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LION ROCK GROUP LIMITED

獅子山集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1127)

DISCLOSEABLE TRANSACTION: ACQUISITION OF LISTED SHARES

THE ACQUISITION

The Board wishes to announce that during the period from 6 October 2017 to 6 February 2018 (both dates inclusive), 1010 Printing, a wholly-owned subsidiary of the Company, acquired an aggregate of 3,914,929 Quarto Shares in the open market for an aggregate consideration of approximately GBP5,156,520 (equivalent to approximately HK\$56,206,068) (excluding stamp duty and related expenses) and at an average price of approximately GBP1.32 (equivalent to approximately HK\$14.36) per Quarto Share.

Immediately before the Acquisition, the Group did not hold any Quarto Shares. Immediately upon settlement of the acquisition of the Quarto Shares on 6 February 2018, the Group will hold an aggregate of 3,914,929 Quarto Shares, representing approximately 19.15% of the issued share capital of Quarto. The Group intend to hold the Quarto Shares for long-term investment purpose.

IMPLICATIONS UNDER THE LISTING RULES

While each of the acquisition of the Quarto Shares by 1010 Printing, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, the Acquisition, when aggregated as a whole, constitute as a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

Reference is made to the Company's announcement dated 19 December 2017. As stated in the announcement dated 19 December 2017, 1010 Printing, a wholly-owned subsidiary of the Company, started to acquire Quarto Shares on 6 October 2017 and held 3,259,929 Quarto Shares as at 19

December 2017. 1010 Printing further acquired 655,000 Quarto Shares after 19 December 2017. As at 6 February 2018, 1010 Printing acquired an aggregate of 3,914,929 Quarto Shares in the open market.

As all the Quarto Shares acquired by 1010 Printing under the Acquisition were acquired in the open market, the Company is not aware of the identities of the seller(s) of such Quarto Shares and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the seller(s) of such Quarto Shares and their ultimate beneficial owners is an Independent Third Party.

Assets acquired

Immediately before the Acquisition, the Group did not hold any Quarto Shares. Immediately upon settlement of the acquisition of the Quarto Shares on 6 February 2018, the Group will hold an aggregate of 3,914,929 Quarto Shares, representing approximately 19.15% of the issued share capital of Quarto.

Consideration

The aggregate consideration for the 3,914,929 Quarto Shares was approximately GBP5,156,520 (equivalent to approximately HK\$56,206,068) (excluding stamp duty and related expenses), representing an average price of approximately GBP1.32 (equivalent to approximately HK\$14.36) per Quarto Share. As the Acquisition was conducted in the open market, the price of each trade represented the then market price of the Quarto Shares at the relevant time of Acquisition.

The consideration of the Acquisition has been funded by the Group's internal resources.

Completion

Settlement for the 80,000 Quarto Shares acquired by 1010 Printing on 6 February 2018 will take place on the second trading day after the orders regarding such acquisition have been made.

INFORMATION OF QUARTO

Quarto is a company incorporated in the United States and the issued shares of which are listed on the London Stock Exchange (LSE: QRT). Quarto is principally engaged in illustrated book publishing.

Set out below is a summary of certain audited consolidated financial information of Quarto for the two years ended 31 December 2015 and 31 December 2016:

	Profit before tax from continuing operations	Profit after tax from continuing operations
	<i>US\$'000</i>	<i>US\$'000</i>
For the year ended 31 December 2016 (<i>restated figure extracted from 30 June 2017 published interim results</i>)	13,035	9,279

	Profit before tax	Profit after tax
	<i>US\$'000</i>	<i>US\$'000</i>
For the year ended 31 December 2015 (<i>restated figure extracted from annual report for year ended 31 December 2016</i>)	12,208	8,523

The unaudited consolidated total asset value and net asset value of Quarto as at 30 June 2017 were approximately US\$179,442,000 and US\$37,087,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of printing services to international book publishers, trade, professional and educational publishing conglomerates and print media companies. As stated in the Company announcement dated 19 December 2017, one of the driving forces for the Group in moving forward is diversification. The further acquisition of shares in Quarto is to implement our strategy of investing upstream.

Quarto is a leading global illustrated non-fiction book publisher and one of the Group's top five customers which has been trading with the Group since 2007. The Board is optimistic about the Acquisition and is of the view that the Acquisition will bring complement the Group's existing printing business. The Group intends to hold the Quarto Shares for long-term investment purpose.

Given that all the Quarto Shares acquired under the Acquisition were acquired in the open market of the London Stock Exchange, the Directors (including the independent non-executive Directors) consider that all the Quarto Shares were acquired at the then prevailing market prices and terms of the Acquisition are on normal commercial terms and are fair and reasonable, and the Acquisition are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

While each of the acquisition of the Quarto Shares by 1010 Printing, on a standalone basis, does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, the Acquisition, when aggregated as a whole, constitute as a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is accordingly subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“1010 Printing” 1010 Printing Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

“Acquisition”	the acquisition of an aggregate of 3,914,929 Quarto Shares by 1010 Printing in the open market for an aggregate consideration of approximately GBP5,156,520 (equivalent to approximately HK\$56,206,068) (excluding stamp duty and related expenses) during the period from 6 October 2017 to 6 February 2018 (both dates inclusive)
“Board”	the board of Directors
“Company”	Lion Rock Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (Stock code: 1127)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“GBP”	British pound sterling, the lawful currency of the United Kingdom of Great Britain and Northern Ireland
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Quarto”	The Quarto Group, Inc., a company incorporated in the United States and the issued shares of which are listed on the London Stock Exchange (LSE: QRT)
“Quarto Share(s)”	share(s) of US\$0.1 each in the issued share capital of Quarto
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States

“0%”

per cent.

By Order of the Board
Lion Rock Group Limited
Yeung Ka Sing
Chairman

Hong Kong, 7 February 2018

As at the date of this announcement, the Board comprises Mr. Lau Chuk Kin, Ms. Lam Mei Lan, Mr. Lam Wing Yip and Mr. Chu Chun Wan as executive directors; Mr. Guo Junsheng and Mr. Li Hoi David, as non-executive directors; Mr. Yeung Ka Sing, Prof. Lee Hau Leung, Mr. Tsui King Chung, David and Dr. Ng Lai Man, Carmen as independent non-executive directors.

** For identification purpose only*