

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement*



**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 RIGHT-OF-USE-ASSET  
IN RELATION TO A LEASE AGREEMENT**

**THE RENEWED LEASING AGREEMENT**

The Board is pleased to announce that, on 13 April 2023, Huizhou Huixing (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with the Landlord (Independent Third Party) in respect of the lease renewal of the Premises for a term of 7 years commencing from 1 October 2025 and ending on 30 September 2032. The Premises are currently used for factory and office of the Group and the existing tenancy of the Premises is due to expire on 30 September 2025.

**LISTING RULES IMPLICATIONS**

As the entering into of the Lease Agreement will be recognised as a right-of-use asset in the Group's consolidated financial statements in accordance with HKFRS 16, the entering into of the Lease Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Company for the purposes of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Lease Agreement are more than 5% but less than 25%, the entering into the Lease Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that, on 13 April 2023, Huizhou Huixing (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with the Landlord (the Independent Third Party) in respect of the lease renewal of the Premises for a term of 7 years commencing from 1 October 2025 and ending on 30 September 2032. The Premises are currently used for factory and office of the Group and the existing tenancy of the Premises is due to expire on 30 September 2025.

## **PRINCIPAL TERMS OF THE LEASE AGREEMENT**

Date:	13 April 2023
Landlord:	博羅縣園洲鎮下南股份經濟合作聯合社(Boluo County Yuanzhou Town Xianan Joint-stock Economic Cooperation Association*)
Tenant:	Huizhou Huixing
Use:	Factory and office
Location:	中國廣東省博羅縣園洲鎮下南村匯星路 (Huixing Road, Xianan Village, Yuanzhou Town, Boluo County, Guangdong Province, China*)
Term:	Seven years commencing 1 October 2025 and ending on 30 September 2032
Rental:	RMB11.0 million (equivalent to approximately HK\$12.5 million) per annum during the period from 1 October 2025 to 30 September 2029  RMB12.1 million (equivalent to approximately HK\$13.8 million) per annum for the the period from 1 October 2029 to 30 September 2032
Payment term:	By monthly payments in advance on the first day of each month
Deposit:	RMB2.8 million (equivalent to approximately HK\$3.2 million)

To the best knowledge, information and belief of the Company's Directors, having made all reasonable enquiries, the Landlord and their ultimate beneficial owners are Independent Third Party.

The rental payment made by Huizhou Huixing will be funded by the Group's internal resources.

## **RIGHT-OF-USE ASSETS**

Pursuant to the HKFRS 16 "Leases", the total consideration under the Lease Agreement represents the aggregate amount of rental payments to be made over the term of the Lease Agreement measured at present value basis, which amounts to approximately RMB67.8 million (equivalent to approximately HK\$77.3 million) as of the date of commencement of the lease.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

The Group has been leasing the Premises as its factory and office in mainland China since 2012 pursuant to the previous lease agreement which was due to expire on 30 September 2025. In evaluating the options of renewal of the existing tenancy or leasing new premises, the Directors consider it beneficial to renew the lease for the Premises so that the Group can continue its operation without any disruption and also save the relocation costs.

The Lease Agreement was entered into by Huizhou Huixing in its ordinary and usual course of business after having considered, among other things, the location of the Premises and the terms offered by the Landlord. The rental paid or payable by Huizhou Huixing was determined after the Landlord invited open tender and with reference to the prevailing market conditions, the rental rate of similar properties in the vicinity and the floor area. The terms of the Lease Agreement were determined after arm's length negotiations between Huizhou Huixing and the Landlord upon normal commercial terms taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises. Having taken into account the above reasons and benefits, the Board therefore considers that the terms of the Lease Agreement are on normal commercial terms, fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

## **GENERAL**

The Company is an investment holding company and the principal business activities of the Group are the provision of printing and publishing.

Huizhou Huixing is a limited liability company incorporated in mainland China and an indirect wholly owned subsidiary of the Company and principally engaged in the production of printed books.

The Landlord is a cooperation association incorporated in mainland China and principally engaged in asset management and investment.

## **LISTING RULES' IMPLICATIONS**

As the entering into of the Lease Agreement will be recognised as a right-of-use asset in the Group's consolidated financial statements in accordance with HKFRS 16, the entering into of the Lease Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Company for the purposes of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Lease Agreement are more than 5% but less than 25%, the entering into the Lease Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

Unless defined otherwise, the terms used in this announcement shall have the following meanings:

"Board"                      the Company's board of Directors

"Company"	Lion Rock Group Limited (獅子山集團有限公司*), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1127)
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
Huizhou Huixing	惠州市匯星印刷有限公司 (Huizhou Huixing Printing Limited*) is a limited liability company incorporated in mainland China and an indirect wholly owned subsidiary of the Company
"Independent Third Party"	person(s) or company (ies) who is (are) independent of and not connected (within the meaning of the Listing Rules) with the Company and its connected persons
"Landlord"	博羅縣園洲鎮下南股份經濟合作聯合社(Boluo County Yuanzhou Town Xianan Joint-stock Economic Cooperation Association*) is a cooperation association incorporated in mainland China and principally engaged in asset management and investment
"Lease Agreement"	the lease agreement dated 13 April 2023 entered into between Houzhou Huixing and the Landlord in relation to the lease renewal of the Premises
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Premises"	中國廣東省博羅縣園洲鎮下南村匯星路(Huixing Road, Xianan Village, Yuanzhou Town, Boluo County, Guangdong Province, China*)
"RMB"	Renminbi, the lawful currency of mainland China
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Hong Kong, 13 April 2023

*For the purpose of illustration only and unless otherwise stated, conversion of RMB to HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.14. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.*

*As at the date of this announcement, the board of directors of the Company comprises Mr. Lau Chuk Kin, Ms. Lam Mei Lan and Mr. Chu Chun Wan as executive directors; Mr. Li Hoi David and Mr. Guo Junsheng as non-executive directors; Mr. Yeung Ka Sing, Prof. Lee Hau Leung, Dr. Ng Lai Man, Carmen and Mr. Ho Tai Wai, David as independent non-executive directors.*

*\* For identification purpose only*