QP Group
雋思集團

Q P GROUP HOLDINGS LIMITED
雋思集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1412)

POSITIVE PROFIT ALERT

This announcement is made by Q P Group Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited management accounts of the Group for the five months ended 31 May 2020 and other information currently available to the Board, it is expected that the Group would record an adjusted consolidated profit attributable to equity holders of the Company of not less than HK$34.0 million for the six months ended 30 June 2020 ("**6M2020**"), as compared to that for the six months ended 30 June 2019 ("**6M2019**") of approximately HK$24.3 million, though the Group's revenue dropped by approximately 10% resulting from the decrease in demand of the original equipment manufacturing ("**OEM**") products during 6M2020. The aforementioned adjusted consolidated profit attributable to equity holders of the Company for 6M2020 has not taken into account of the non-recurring listing expenses of approximately HK$1.2 million and HK$3.3 million for 6M2020 and 6M2019, respectively.

The outbreak of Coronavirus Disease 2019 ("**COVID-19**") has adversely affected the OEM sales of the Group during 6M2020. Business operations of several customers located in the United States (the "**U.S.**") and Europe were seriously affected by the widespread stoppage in economic activity due to COVID-19. Despite the challenging business environment, it is expected that the consolidated profit attributable to equity holders of the Company for 6M2020 would be higher than that for 6M2019. The Board believes that such increase is mainly attributable to:

(i) the increase in the proportion of our web sales which has a relatively higher gross profit margin compared to our OEM sales;

(ii) the decrease in production cost of our factories located in the People's Republic of China (the "**PRC**") due to cost control measures imposed by the Group as well as the depreciation of Renminbi against Hong Kong dollars during 6M2020;

(iii) the absence of consultancy fees and taxation charges in relation to the transfer of the land parcels and the application of real estate ownership certificates for certain building blocks in the Dongguan factory recorded during 6M2019; and

(iv) the reduction and exemption of corporate social insurance premiums in the PRC during 6M2020 according to the notice jointly released by the Ministry of Human Resources and Social Security, the Ministry of Finance, and the State Taxation Administrative of the PRC in February 2020.

Nevertheless, the Board considers that the Group's business growth and financial performance sustainability in the second half of 2020 remains uncertain due to the following factors:

(i) impact of the COVID-19 pandemic; and

(ii) the risks brought about by the PRC-US trade conflict since a significant portion of the Group's revenue is generated from the U.S. and the Group's business performance is highly sensitive to the PRC-US trade conflict.

As at the date of this announcement, the Company is still in the process of preparing its interim results for 6M2020. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to unaudited management accounts of the Group for the five months ended 31 May 2020 and other information currently available, which has not been reviewed or audited by the Company's auditors. Actual financial results for 6M2020 may be different from what is disclosed in this announcement. Shareholders of the Company and potential investors are advised to refer to the details in the announcement of the Company for the interim results for 6M2020, which is expected to be published by the end of August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Q P Group Holdings Limited
Mr. Cheng Wan Wai
Chairman

Hong Kong, 10 July 2020

As at the date of this announcement, the Board comprises Mr. CHENG Wan Wai, Mr. YEUNG Keng Wu Kenneth, Ms. LIU Shuk Yu Sanny, Mr. CHAN Wang Tao Thomas, Ms. HUI Li Kwan and Mr. MAK Chin Pang as executive directors; and Mr. CHAN Hiu Fung Nicholas, Prof. CHENG Man Chung Daniel and Mr. NG Shung as independent non-executive directors.