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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

2020 INTERIM RESULTS HIGHLIGHT

- For the six months ended 30 June 2020 ("**6M2020**"), Q P Group Holdings Limited (the "**Company**") and its subsidiaries' (collectively, the "**Group**") profit attributable to equity holders of the Company was approximately HK$39.2 million, representing an increase of approximately 86.8% as compared with that of the six months ended 30 June 2019 ("**6M2019**"). The Group achieved an adjusted net profit (excluding the non-recurring listing expenses) attributable to equity holders of the Company of approximately HK$40.4 million for 6M2020, representing an increase of approximately 66.0% as compared with that of 6M2019.

- The Group's total revenue for 6M2020 was approximately HK$505.6 million, representing a decrease of approximately HK$59.3 million or about 10.5% as compared with that of approximately HK$564.9 million for 6M2019. For 6M2020, revenue generated from original equipment manufacturer ("**OEM**") sales and web sales contributed 86.6% and 13.4% of the total revenue, respectively.

- Basic earnings per share of the Company for 6M2020 were approximately HK7.53 cents (6M2019: HK5.27 cents).

- The board (the "**Board**") of directors (the "**Director(s)**") of the Company has resolved to declare an interim dividend of HK2.0 cents per share for 6M2020.

The Board announces the unaudited consolidated interim results of the Group for 6M2020, together with comparative figures for 6M2019, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	
Revenue	5	**505,586**	564,858
Cost of sales	8	**(344,227)**	(404,118)
Gross profit		**161,359**	160,740
Other gains, net	6	**258**	1,122
Other income, net	7	**6,075**	5,712
Selling and distribution expenses	8	**(45,610)**	(47,253)
Administrative expenses	8	**(72,031)**	(90,271)
Operating profit		**50,051**	30,050
Finance income	9	**1,384**	59
Finance costs	9	**(2,691)**	(3,750)
Finance costs, net		**(1,307)**	(3,691)
Profit before income tax		**48,744**	26,359
Income tax expense	10	**(9,495)**	(5,347)
Profit for the period		**39,249**	21,012
Earnings per share for profit attributable to equity holders of the Company			
— Basic and diluted earnings per share (expressed in HK cents per share)	11	**7.53**	5.27
Other comprehensive loss, net of tax:			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(10,764)**	(876)
Total comprehensive income for the period attributable to equity holders of the Company		**28,485**	20,136

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Note	As at 30 June 2020 HK$'000 (Unaudited)	As at 31 December 2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**330,647**	343,985
Investment property		**2,135**	2,135
Right-of-use assets		**120,447**	120,759
Intangible assets		**26,183**	25,814
Deposits		**21,961**	18,917
Deferred income tax assets		**11,071**	9,023
		512,444	520,633
Current assets			
Inventories		**68,946**	85,706
Trade receivables	14	**198,665**	167,007
Prepayments, deposits and other receivables		**42,957**	58,650
Income tax recoverable		**373**	19,108
Pledged deposits		**385**	381
Cash and cash equivalents		**194,211**	104,775
		505,537	435,627
Total assets		**1,017,981**	956,260
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	**5,320**	1
Share premium		**139,593**	3,762
Reserves		**511,339**	530,734
Total equity		**656,252**	534,497

	Note	As at 30 June 2020 HK$'000 (Unaudited)	As at 31 December 2019 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	15	**43,194**	83,002
Deferred income tax liabilities		**16,173**	15,843
Lease liabilities		**3,348**	1,841
		62,715	100,686
Current liabilities			
Trade payables	16	**96,941**	92,095
Accruals, provisions and other payables		**88,798**	104,136
Current income tax liabilities		**30,301**	17,069
Borrowings	15	**79,651**	105,285
Lease liabilities		**3,323**	2,492
		299,014	321,077
Total liabilities		**361,729**	421,763
Total equity and liabilities		**1,017,981**	956,260

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and trading of paper products.

The Company was incorporated in the Cayman Islands on 19 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

Pursuant to a written resolution of the shareholders (the "**Shareholders**") of the Company, a total of 398,845,200 shares of HK$0.01 each were allotted and issued at par value to the Shareholders immediately before the listing of the Company's shares on 16 January 2020 (the "**Listing Date**") by way of capitalisation of HK$3,988,452 (the "**Capitalisation Issue**") from the Company's share premium account on the Listing date.

On the Listing Date, 133,000,000 new shares were issued at a price of HK$1.18 per share in connection with the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited. The net proceeds from the global offering, after deducting the underwriting commission and related expenses payable by the Company in the global offering, is estimated to be approximately HK$111.9 million.

The condensed consolidated interim financial information is presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendments)	Definition of Material	1 January 2020
HKFRS 3 (Amendments)	Definition of a Business	1 January 2020
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform	1 January 2020
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions	1 January 2020

(b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2022
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018 — 2020		1 January 2022

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Revenue		
Sales of paper and other products	**505,586**	564,858

Sales of goods are recognised at the point in time when a group entity has delivered products to customers and fulfilled all the performance obligations as stipulated in the sales contracts.

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used for making strategic decisions. The chief operating decision-maker is identified as the executive directors of the Group. The executive directors consider the business from a service perspective and assess the performance of the operating segments based on a measure of gross profit for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as the consolidated financial statements for the year ended 31 December 2019.

The management has identified two reportable segments based on the types of products, namely (i) Web sales products and (ii) OEM products.

The segment information provided to the executive directors for the six months ended 30 June 2020 and 2019 are as follows:

	Six months ended 30 June 2020		
	Web sales	**OEM sales**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Segment revenue from external customers	**67,974**	**437,612**	**505,586**
Cost of sales	**(19,311)**	**(324,916)**	**(344,227)**
Gross profit	**48,663**	**112,696**	**161,359**
Other gains, net			**258**
Other income, net			**6,075**
Selling and distribution expenses			**(45,610)**
Administrative expenses			**(72,031)**
Finance costs, net			**(1,307)**
Profit before income tax			**48,744**
Income tax expense			**(9,495)**
Profit for the period			**39,249**

	Six months ended 30 June 2019		
	Web sales	OEM sales	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue from external customers	45,094	519,764	564,858
Cost of sales	(11,944)	(392,174)	(404,118)
Gross profit	33,150	127,590	160,740
Other gains, net			1,122
Other income, net			5,712
Selling and distribution expenses			(47,253)
Administrative expenses			(90,271)
Finance costs, net			(3,691)
Profit before income tax			26,359
Income tax expense			(5,347)
Profit for the period			21,012

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Group:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Customer A	**133,397**	254,906
Customer B	**137,265**	88,736

Revenue from external customers by location, based on the destination of delivery:

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
The United States of America	**341,619**	424,297
Europe	**86,198**	63,436
The PRC (including Hong Kong)	**44,351**	48,278
Others	**33,418**	28,847
	505,586	564,858

Non-current assets, other than deferred income tax assets, are located as follows:

	As at	As at
	30 June	31 December
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
The PRC (including Hong Kong)	**501,373**	510,889
The United States of America	**—**	721
	501,373	511,610

6 OTHER GAINS, NET

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Other gains, net		
Foreign exchange gain	**670**	2,586
Fair value loss on investment property	**—**	(140)
Loss on disposal of property, plant and equipment	**(412)**	(1,324)
	258	1,122

7 OTHER INCOME, NET

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Other income, net		
Rental income	**24**	24
Sale of scrap materials	**4,587**	5,220
Government grant	**1,242**	310
Others	**222**	158
	6,075	5,712

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Raw materials and consumables used	**170,069**	191,105
Changes in inventories of finished goods and work in progress	**14,843**	8,041
Sub-contracting charges	**52,813**	73,564
Electricity expenses	**7,424**	9,280
Repair and maintenance	**6,070**	8,202
Transportation expenses	**22,142**	23,628
Employee benefits expenses (including directors' emoluments)	**132,178**	154,028
Lease expenses	**202**	862
Technical maintenance support	**1,785**	4,025
(Reversal of provision)/provision of inventory obsolescence	**(864)**	77
Amortisation of right-of-use assets	**3,428**	3,783
Amortisation of intangible assets	**174**	88
Depreciation of property, plant and equipment	**21,143**	23,601
Legal and professional fee	**2,157**	1,700
Auditor's remuneration	**1,200**	169
Listing expenses	**1,166**	3,331
Others	**25,938**	36,158
Total cost of sales, selling and distribution expenses and administrative expenses	**461,868**	541,642

9 FINANCE COSTS, NET

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Finance income		
Bank interest income	**1,384**	59
Finance costs		
Interest expense on bank borrowings	**(2,632)**	(3,679)
Interest expense on lease liabilities	**(59)**	(71)
	(2,691)	(3,750)
Finance costs, net	**(1,307)**	(3,691)

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Current income tax	**11,308**	9,410
Deferred income tax	**(1,813)**	(4,063)
	9,495	5,347

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2020 and 2019.

The subsidiaries established and operated in the PRC are subject to the PRC Corporate Income Tax at rate of 25% during the six months ended 30 June 2020 and 2019.

Pursuant to the relevant laws and regulation in the PRC, the Group's subsidiary, Dongguan Zensee Printing Limited (東莞雋思印刷有限公司), was accredited as a high-tech enterprise, and is entitled to the preferential tax rate of 15% for three years since 2017. The Company is applying for renewal of the identification of high-tech enterprise.

Pursuant to the relevant laws and regulation in the PRC, certain entities of the Group qualified as small-scale and marginal profit enterprises. As a result, they were entitled to a preferential tax rate of 20% and a reduction in tax base of between 50% and 75% during the six months ended 30 June 2020 and 2019.

No provision for the US corporate income tax has been made for the six months ended 30 June 2020 and 2019 as the Group did not generate any assessable profits arising in the United States of America during the six months ended 30 June 2020 and 2019.

No provision for Vietnam corporate income tax has been made for the six months ended 30 June 2020 as the Group did not generate any assessable profits in Vietnam during the six months ended 30 June 2020.

Pursuant to the laws and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands during the six months ended 30 June 2020 and 2019.

11 EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the six months ended 30 June 2020 attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 521,038,462 (six months ended 30 June 2019: 398,922,600), as if the 398,845,200 new shares issued pursuant to the Capitalisation Issue (as defined in note 1) had been issued on 1 January 2019.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 and 2019.

The calculations of basic and diluted earnings per share are based on:

Earnings

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	
Profit attributable to equity holders of the Company, used in the basic and diluted earnings per share calculations	**39,249**	21,012

Shares

	Number of shares Six months ended 30 June	
	2020	2019
	'000	*'000*
	(Unaudited)	
Weighted average number of ordinary shares used in the basic and diluted earnings per share calculations	**521,038**	398,923

12 DIVIDENDS

During the six months ended 30 June 2020, a final dividend in respect of the year ended 31 December 2019 of HK9.0 cents per ordinary share, amounting to a total dividend of HK$47,880,000 was declared and paid to the owners of the Company.

On 28 August 2020, the Board has resolved to declare an interim dividend of HK2.0 cents per ordinary share, amounting to a total dividend of HK$10,640,000 for the six months ended 30 June 2020.

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group purchased property, plant and equipment with a total cost of approximately HK$15,823,000 (six months ended 30 June 2019: approximately HK$38,524,000).

During the six months ended 30 June 2020, the Group disposed property, plant and equipment with a net book value of approximately HK$590,000 (six months ended 30 June 2019: approximately HK$2,751,000).

14 TRADE RECEIVABLES

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Trade receivables	**198,665**	167,007

Trade receivables represent proceeds from goods sold to third parties. The credit terms granted by the Group are generally 30 to 90 days.

As at 30 June 2020 and 31 December 2019, the aging analysis of the trade receivables, based on invoice date, were as follows:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Less than 30 days	**94,123**	74,297
31–60 days	**60,105**	52,396
61–90 days	**37,302**	20,045
Over 90 days	**7,135**	20,269
	198,665	167,007

The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. The Group does not hold any collateral as security.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the credit risk characteristics and the days past due to measure the expected credit losses. During the reporting periods, the expected losses for customers of sales of goods is minimal and the expected credit loss rate is close to zero, given there is no history of significant defaults from customers and no adverse change is anticipated in the future business environment. No provision for impairment of trade receivables has been made throughout the reporting periods.

The carrying amounts of trade receivables approximate their fair values as at 30 June 2020 and 31 December 2019.

The Group's trade receivables were denominated in the following currencies:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
HK$	**115,323**	58,245
US$	**79,263**	103,796
RMB	**3,896**	4,085
EUR	**119**	167
Others	**64**	714
	198,665	167,007

15 BORROWINGS

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Bank borrowings	**122,845**	188,287
Less: amounts due on demand or within one year shown under current liabilities	**(79,651)**	(105,285)
Non-current portion	**43,194**	83,002

As at 30 June 2020 and 31 December 2019, borrowings of approximately HK$37,593,000 and HK$53,655,000 are subject to repayable on demand clause.

As at 30 June 2020 and 31 December 2019, the Group's borrowings were repayable as follows:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Within 1 year	**56,747**	80,719
Between 1 and 2 years	**43,498**	54,429
Between 2 and 5 years	**6,660**	35,632
Over 5 years	**15,940**	17,507
	122,845	188,287

The above amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The effective interest rates of the above loans (per annum) at the reporting dates are as follows:

	As at 30 June 2020 (Unaudited)	As at 31 December 2019
Bank borrowings	**1-month/ 3-month HIBOR plus 1%–2%**	1-month HIBOR plus 1%–2%

As at 30 June 2020 and 31 December 2019, the borrowings are pledged by certain assets with carrying values shown below:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Right-of-use assets	**59,745**	60,379
Property, plant and equipment	**35,828**	36,636
Bank deposits	**385**	381
	95,958	97,396

The Group's borrowings of approximately HK$188,287,000 as at 31 December 2019 were guaranteed by the directors, namely Mr. Cheng Wan Wai and Mr. Yeung Keng Wu Kenneth. The above guarantees were released during the six months ended 30 June 2020.

The carrying amounts of borrowings of the Group approximate their fair values as at 30 June 2020 and 31 December 2019. The Group's borrowings were denominated in HKD.

16 TRADE PAYABLES

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Trade payables	**96,941**	92,095

As at 30 June 2020 and 31 December 2019, the aging analysis of the trade payables, based on invoice date, were as follows:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
Less than 30 days	**53,437**	45,256
31–60 days	**17,864**	25,951
61–90 days	**19,811**	15,427
Over 90 days	**5,829**	5,461
	96,941	92,095

The carrying amounts of trade payables approximate their fair values as at 30 June 2020 and 31 December 2019.

The Group's trade payables were denominated in the following currencies:

	As at 30 June 2020 *HK$'000* **(Unaudited)**	As at 31 December 2019 *HK$'000*
HK$	**15,828**	16,255
US$	**4,016**	8,162
RMB	**77,097**	67,678
	96,941	92,095

17 SHARE CAPITAL

	As at 30 June 2020 *Number of shares*	As at 31 December 2019 *Number of shares*	As at 30 June 2020 *HK$'000* (Unaudited)	As at 31 December 2019 *HK$'000*
Authorised:				
At beginning of the period/year	**2,000,000,000**	—	**20,000**	—
Ordinary share capital of HK$0.01 each on 19 April 2018 (the date of incorporation of the Company)	**—**	39,000,000	**—**	390
Increase in share capital *(note a)*	**—**	1,961,000,000	**—**	19,610
At end of the period/year	**2,000,000,000**	2,000,000,000	**20,000**	20,000
Issued and fully paid:				
At beginning of the period/year	**77,400**	—	**1**	—
Issue of shares at date of incorporation of the Company	**—**	1	**—**	—
Issue of shares pursuant to the Reorganisation	**—**	77,399	**—**	1
Paid up of capital	**77,400**	—	**1**	—
Capitalisation issue *(note b)*	**398,845,200**	—	**3,988**	—
New issue of shares from Global Offering *(note c)*	**133,000,000**	—	**1,330**	—
	532,000,000	77,400	**5,320**	1

Notes:

a. On 20 December 2019, the authorised share capital of the Company was increased from 39,000,000 shares of HK$0.01 each to 2,000,000,000 shares of HK$0.01.

b. Pursuant to a written resolution of the Shareholders, a total of 398,845,200 shares of HK$0.01 each were allotted and issued at par value to the Shareholders as of the date immediately before 16 January 2020 on a pro rata basis by way of capitalisation of HK$3,988,452 from the Company's share premium account on that day.

c. On 16 January 2020, 133,000,000 new shares were issued at a price of HK$1.18 per share in connection with the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Corporate Profile

The Group is a long-established paper product manufacturing and printing services provider. Headquartered in Hong Kong, we operate two key production plants at Dongguan and Heshan in Guangdong Province of the People's Republic of China (the "**PRC**"), with the capability to offer value-adding and customised product engineering services and printing solutions to our customers for a wide spectrum of products. We have over 30 years of operating history, and have established stable business relationships with our major customers in the United States of America (the "**U.S.**") and countries in Europe.

Our principal product categories are tabletop games, greeting cards, educational items and premium packaging. Our products are sold to (i) OEM customers who generally order mass quantities for direct sales and distribution through their own sales network; and (ii) individual and corporate customers who generally order smaller quantities through online sales channels. Our major OEM customers include an international greeting cards publisher, and multinational children educational products and toys brands.

Business Overview

Despite the substantial economic challenges inflicted by the outbreak of Coronavirus Disease 2019 ("**COVID-19**"), during the six months ended 30 June 2020 ("**6M2020**"), the Group was able to achieve significant growth in net profit of HK$18.2 million or 86.8% from approximately HK$21.0 million for the six months ended 30 June 2019 ("**6M2019**") to approximately HK$39.2 million for 6M2020, with an increase in net profit margin to approximately 7.8% for 6M2020 from approximately 3.7% for 6M2019. The Group recorded revenue of approximately HK$505.6 million for 6M2020, representing a decrease of approximately 10.5% from approximately HK$564.9 million for 6M2019, which was mainly attributable to the decrease in OEM sales.

Since January 2020, several disease prevention measures and restrictions have been imposed by countries and regions around the world in response to the outbreak of COVID-19. The Group suspended the operation of our factories in the PRC for a short period of time in compliance with the prevention and control measures of COVID-19 imposed by the relevant authorities. Our PRC factories have gradually resumed operations since February 2020 and did not encounter any significant disturbance in the supply chain or any major hindrance in our PRC factories during 6M2020.

The outbreak of COVID-19 has adversely affected the OEM sales of the Group during 6M2020. Business operations of several customers located in the United States of America (the "**U.S.**") and Europe suffered from the widespread disruption to economic activities due to COVID-19. As a result, the delivery schedule of our OEM products was affected as some of our customers requested us to postpone the delivery of the products and the freight forwarding companies showed a slow resumption of operations. The revenue derived from the OEM sales recorded a decrease of approximately HK$82.2 million or 15.8% from approximately HK$519.8 million for 6M2019 to approximately HK$437.6 million for 6M2020.

On the other hand, the Group achieved a considerable growth in the web sales business during 6M2020. Since the outbreak of COVID-19, certain geographies around the world were once put on lockdown and gradually began to reopen, consumers have changed their behaviours accordingly. Consumers have been shifting to online and digital solutions as well as reduced-contact channels to purchase goods. Our self-operated websites have been and are well prepared for capturing such an opportunity of business growth. During 6M2020, our web sales business yielded a remarkable increase in revenue by approximately HK$22.9 million or 50.7% from approximately HK$45.1 million for 6M2019 to approximately HK$68.0 million for 6M2020. In particular, the Group recognised a significant growth of approximately 480.2% in sales amount of jigsaw puzzles products through www.createjigsawpuzzles.com for 6M2020 compared to that of 6M2019, which resulted from the increased time spent on those products by people in the U.S., and hence the rising demand, due to the social distancing measure for COVID-19 in the U.S. that indoor activities within household are encouraged. Meanwhile, the number of active registered user accounts, which refers to the number of registered user accounts with order(s) placed in our five major websites namely www.makeplayingcards.com, www.boardgamesmaker.com, www.createjigsawpuzzles.com, www.printerstudio.com and www.gifthing.com, also increased by approximately 18.6% from approximately 34,900 as at 31 December 2019 to approximately 41,400 as at 30 June 2020.

Since the proportion of OEM sales of the Group is relatively large and major customers in the U.S. have reduced orders substantially, the total revenue of the Group dropped by approximately HK$59.3 million or 10.5% from approximately HK$564.9 million for 6M2019 to approximately HK$505.6 million for 6M2020. Notwithstanding various unfavourable conditions and the drop in revenue during 6M2020, the adjusted net profit excluding the non-recurring listing expenses of the Group increased by approximately HK$16.1 million or 66.0% from approximately HK$24.3 million for 6M2019 to approximately HK$40.4 million for 6M2020. Such increase was 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 PRC due to cost control measures imposed by the Group as well as the depreciation of Renminbi ("**RMB**") against Hong Kong dollars ("**HKD**") 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.

Future Outlook

Adhering to our long-term business development strategies, we have been striving to continuously grow our web sales business and to diversify our sales in different markets. We are pleased to have witnessed some desirable outcomes including the encouraging performance of our web sales business and the increases in both volume and proportion of our sales in European in 6M2020. Thus, we expect to continue devoting efforts and resources to such strategies in order to further expand our customer base and increase our revenue.

Expansion of manufacturing capacities outside PRC remains a key strategy of the Group. As disclosed in the Company's prospectus dated 31 December 2019 (the "**Prospectus**"), the Company intends to set up a production site in Vietnam and acquire machines for use in such production site. The Group entered into a memorandum of understanding ("**MOU**") with a vendor in June 2020 pursuant to which it intends to acquire certain land, factories, machines and assets located at Hai Duong Province, Vietnam. We believe that such acquisition will allow us to set up our own production site in order to tackle the impacts arising from the PRC-U.S. trade conflict and perform end-to-end production of the Group's principal products to our customers in the U.S. as well as to diversify the operational risks. Details of the MOU in relation to such proposed acquisition were disclosed in the announcement of the Company dated 30 June 2020.

Amidst the continuous weakened market sentiment since the outbreak of COVID-19, the disruption to certain economic activities and the implementation of disease prevention and control measures may imply potential adverse impact on the demand for our products and hence our operations and financial performance. In response to the challenging business environment, the Group has closely monitored the market conditions and has implemented a series of cost control measures, including but not limited to continuously streamlining operations of the factories as well as reducing unnecessary expenses.

Nevertheless, the Group considers that the business growth and financial performance sustainability in the second half of 2020 remain uncertain due to (i) the impact of the COVID-19 pandemic; and (ii) the risks brought about by the PRC-U.S. 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-U.S. trade conflict.

Although the global economic outlook is sluggish, the Group remains confident in the growth of overseas tabletop games market especially through online sales channels. The Group will continue to employ additional staff and reinforce our resources of the web sales business segment in order to enhance our competitive advantage and further expand our customer base. Besides, the Group will continue to monitor the overall development of COVID-19 and will make timely adjustments to the changing market conditions and strive for better business performance for the Group.

FINANCIAL REVIEW

Revenue

The Group achieved a revenue of approximately HK$505.6 million for 6M2020, representing a decrease of approximately 10.5% as compared to approximately HK$564.9 million for 6M2019. The decrease in the Group's revenue for 6M2020 as compared to 6M2019 was driven by the decrease in OEM sales.

The following table sets forth a breakdown of total revenue for the periods indicated by business segment:

	Six months ended 30 June			
	2020		2019	
	HK$'000	*%*	*HK$'000*	*%*
OEM sales	**437,612**	**86.6**	519,764	92.0
Web sales	**67,974**	**13.4**	45,094	8.0
Total	**505,586**	**100.0**	564,858	100.0

The OEM sales decreased from approximately HK$519.8 million for 6M2019 to approximately HK$437.6 million for 6M2020, representing a decrease of approximately 15.8%. The decrease was due to the outbreak of COVID-19 which seriously affected the global retail market during 6M2020. Business operations of several customers located in the U.S. and Europe were seriously affected by the widespread suspension in economic activities due to the COVID-19. Besides, freight forwarding companies showed a slow resumption of operations which also affected the delivery schedule of our products.

On the other hand, the web sales increased from approximately HK$45.1 million for 6M2019 to approximately HK$68.0 million for 6M2020, representing an increase of approximately 50.7%. The increase was primarily due to the surging orders of jigsaw puzzles as people spent more time at home during the outbreak of COVID-19 pandemic.

The table below summarises the geographical revenue segment based on the delivery for the periods:

	Six months ended 30 June			
	2020		2019	
	HK$'000	***%***	*HK$'000*	*%*
The United States of America	**341,619**	**67.6**	424,297	75.1
Europe	**86,198**	**17.0**	63,436	11.2
The PRC (including Hong Kong)	**44,351**	**8.8**	48,278	8.6
Others	**33,418**	**6.6**	28,847	5.1
Total	**505,586**	**100.0**	564,858	100.0

The U.S. and Europe were the two largest overseas markets of the Group which in aggregate accounted for 84.6% and 86.3% of total revenue for 6M2020 and 6M2019, respectively. The decrease in sales of the U.S. market was mainly attributable to the decrease in demand for greeting card products of one of our major customers, which is headquartered in the U.S. and principally engages in the sales of greeting cards, gift wrap and related products during the outbreak of COVID-19. The increase in sales of Europe market was mainly due to the increasing demand for tabletop games during the lockdown period in response to the COVID-19 pandemic in Europe.

Cost of sales

Our Group's cost of sales mainly consists of cost of raw materials, direct staff cost, sub-contracting charges, depreciation, utilities and factory overhead. The Group recorded a decrease in cost of sales by approximately 14.8% from approximately HK$404.1 million for 6M2019 to approximately HK$344.2 million for 6M2020. The decrease in cost of sales was primarily attributable to (i) the decrease in raw materials cost as a result of the depreciation of RMB against HKD during 6M2020 and decrease in usage of auxiliary accessories and other materials in our production over the comparable periods; (ii) the decrease in staff cost incurred in cost of sales as a result of the decrease in number of production staff and the reduction and exemption of corporate social insurance premiums for enterprises in the PRC during the reporting period; (iii) the decrease in sub-contracting charges as a result of the decrease in sales of greeting cards products during 6M2020 for which we generally engage our subcontractors for assembly work of greeting cards.

Gross Profit and Gross Profit Margin

For 6M2020, the gross profit of the Group was approximately HK$161.4 million, representing an increase of approximately HK$0.7 million or approximately 0.4% as compared to approximately HK$160.7 million for 6M2019. The gross profit margin increased from approximately 28.5% for 6M2019 to approximately 31.9% for 6M2020 and such increment was primarily attributable to (i) the increase in the portion of our web sales which has a relatively higher gross profit margin comparing to our OEM sales; (ii) the depreciation of RMB against HKD; and (iii) the reduction and exemption of several corporate social insurance premiums for enterprises in the PRC during 6M2020.

Other gains, net

Our Group's other gains, net mainly consist of foreign exchange gain and loss on disposal of property, plant and equipment. The decrease in other gains, net has mainly attributable to the decrease in the foreign exchange gain which was mainly due to the fluctuation of the exchange rate of RMB against HKD during 6M2020.

Other income, net

Our Group's other income, net mainly consists of sales of scrap materials and government grants. The increase in other income, net was mainly due to the increase of government grant; and offset by the decrease in sales of scrap materials, which represent income from remaining paper parts after production which cannot be reused.

Selling and distribution expenses

Our selling and distribution expenses primarily consist of (i) transportation expenses; (ii) staff cost of our sales personnel; (iii) commission paid to our sales representatives; and (iv) services charges of payment gateways. The selling and distribution expenses amounted to approximately HK$47.3 million for 6M2019, decreased slightly by approximately HK$1.7 million or 3.5%, to approximately HK$45.6 million for 6M2020, which was mainly due to (i) the decrease in transportation expenses, which mainly represent expenses incurred in relation to delivery of finished goods; and (ii) the decrease in staff cost related to sales and distribution activities.

Administrative expenses

Our administrative expenses mainly comprise staff cost, listing expenses, depreciation and amortisation, rent and rates, office supplies, legal and professional fees and motor vehicle and travelling expenses. The Group's administrative expenses decreased by approximately 20.2% from approximately HK$90.3 million for 6M2019 to approximately HK$72.0 million for 6M2020. Such decrease was primarily attributable to (i) the absence of consultancy fees and taxation charge in relation to the transfer of the land parcels and the application of real estate ownership certificate for certain building blocks in our Dongguan factory during 6M2019; (ii) the decrease in number of staff during 6M2020 as compared to 6M2019 as a result of cost control measures imposed by the Group during the period; and (iii) the decrease in listing expenses.

Finance costs, net

Our finance costs, net decreased by approximately HK$2.4 million or 64.6% from approximately HK$3.7 million for 6M2019 to approximately HK$1.3 million for 6M2020, mainly due to the decrease in average bank borrowings balance for 6M2020 in comparison to the corresponding period in 6M2019.

Income tax expense

Our income tax expense increased by approximately HK$4.2 million, or 77.6% from approximately HK$5.3 million for 6M2019 to approximately HK$9.5 million for 6M2020. The increase was primarily due to the increase in profit before income tax from approximately HK$26.4 million for 6M2019 to approximately HK$48.7 million for 6M2020. Our effective tax rate was approximately 20.3% and 19.5% for 6M2019 and 6M2020, respectively.

Profit for the period

The Group's profit increased by approximately HK$18.2 million or 86.8% from approximately HK$21.0 million for 6M2019 to approximately HK$39.2 million for 6M2020. The net profit margin also increased from approximately 3.7% in 6M2019 to approximately 7.8% in 6M2020. Before taking into account the listing expenses, the adjusted net profit attributable to equity holders of the Company increased by approximately 66.0% from approximately HK$24.3 million in 6M2019 to approximately HK$40.4 million in 6M2020, the adjusted net profit margin also increased from approximately 4.3% in 6M2019 to approximately 8.0% in 6M2020.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.0 cents per ordinary share, amounting to a total dividend of approximately HK$10.6 million for 6M2020. The said interim dividend will be payable on or around Friday, 16 October 2020 to the shareholders whose name appear on the Register of Members of the Company at the close of business on Friday, 25 September 2020.

LIQUIDITY AND FINANCIAL RESOURCES

During 6M2020, the Group maintained a healthy liquidity position, with working capital financed mainly by internal resources. The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and substantial cash is generally deposited with banks in Hong Kong and denominated mostly in Hong Kong dollars.

As at 30 June 2020, the Group reported net current assets of approximately HK$206.5 million, as compared with approximately HK$114.6 million as at 31 December 2019. As at 30 June 2020, the Group's cash and cash equivalents was approximately HK$194.2 million, representing an increase of approximately HK$89.4 million as compared to approximately HK$104.8 million as at 31 December 2019.

As at 30 June 2020, total borrowings and lease liabilities for the Group amounted to approximately HK$129.5 million (31 December 2019: approximately HK$192.6 million). The borrowings were denominated in Hong Kong dollars and lease liabilities were denominated in Hong Kong dollars and Renminbi. All bank borrowings are at floating rates and lease liabilities are in fixed rates. Details of the maturity profile of borrowings are set out in note 15 to the unaudited condensed consolidated interim financial information.

For 6M2020, the net cash generated from operating activities was approximately HK$77.7 million (6M2019: approximately HK$41.5 million). The net cash generated from operating activities was mainly derived from the profits recorded during the period. The net cash used in investing activities was approximately HK$18.7 million (6M2019: approximately HK$27.2 million). The net cash generated from financing activities was approximately HK$31.3 million (6M2019: net cash used in financing activities of approximately HK$17.0 million). For 6M2020, the net cash used in investing activities was mainly attributable to payment in relation to the purchase of property, plant and equipment, and the net cash generated from financing activities was mainly attributable to the proceeds from the Listing, and partially offset by the net repayment of borrowings and the dividend payment.

CONTINGENT LIABILITIES

As at 30 June 2020, the Group had no significant contingent liabilities (31 December 2019: Nil).

CAPITAL COMMITMENTS

As at 30 June 2020, the Group had approximately HK$8.8 million (31 December 2019: approximately HK$11.5 million) of capital commitments in relation to the purchase of property, plant and equipment.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

While our headquarters is located in Hong Kong and our production facilities are primarily located in the PRC, most of our production cost and operating expenses are primarily denominated in HKD and RMB. Whereas our revenue is mainly denominated in U.S. Dollars and HKD, we are exposed to foreign currency risks primarily as a result of revenue that is denominated in foreign currencies other than HKD and purchases that are denominated in foreign currencies other than HKD. The Group's foreign currency exposure also comprises assets and liabilities denominated in currencies other than the subsidiaries' functional currencies. During 6M2020, the Group did not employ any financial instruments for hedging purpose. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider to employ financial instruments for hedging according to the hedge policy should the need arises.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 30 June 2020, the Group entered into the non-legally binding MOU with a vendor, an independent third party, to acquire certain land, factories, machines and assets in Vietnam. Details of the MOU in relation to such proposed acquisition were disclosed in the announcement of the Company dated 30 June 2020. As at the date of this announcement, no binding agreement in relation to the proposed acquisition has been entered into. In the event that a binding agreement is entered into by the parties, the Group will make further announcement as and when appropriate.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for 6M2020 (6M2019: Nil).

SIGNIFICANT INVESTMENTS

As at 30 June 2020, the Group did not hold any significant investments (31 December 2019: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the Prospectus or otherwise in this announcement, there were no other plans for material investments or capital assets during the period under review.

PLEDGE OF ASSETS

As at 30 June 2020, right-of-use assets amounted to approximately HK$59.7 million (31 December 2019: approximately HK$60.4 million), property, plant and equipment amounted to approximately HK$35.8 million (31 December 2019: approximately HK$36.6 million) and bank deposits amounted to approximately HK$0.4 million (31 December 2019: approximately HK$0.4 million) have been charged as security for bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 2,396 (31 December 2019: 2,554) full time employees as at 30 June 2020. The Group's employee benefit expenses mainly included salaries, over time payment and discretionary bonus, other staff benefits and contributions to retirement schemes. For the six months ended 30 June 2020, the total staff costs of the Group (including the Directors' remuneration) was approximately HK$132.2 million (six months ended 30 June 2019: approximately HK$154.0 million). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

From the Listing Date up to 30 June 2020, no options were granted to any of the Directors, eligible employees and other third parties under the Share Option Scheme.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to high corporate governance to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

Since the Listing Date and up to the date of this announcement, the Company has applied and complied with the CG Code in each case as set out in Appendix 14 to the Listing Rules, except for the deviation from the CG Code of code provision A.2.1. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Cheng Wan Wai currently holds both positions of the chairman of the Board and the chief executive officer of the Company, being responsible for the effective functioning of the Board in accordance with good corporate governance practice and implementing objectives, policies and strategies approved by members of the Board from time to time. Mr. Cheng has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and, more importantly, the determination of the overall direction of the Group since 1985. The Board considers that having Mr. Cheng acting as both our chairman and chief executive officer provides strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. Also, the Board considers there are adequate safeguards in place to ensure sufficient balance of powers within the Board, such as major issues affecting the operations of the Company are made in consultation with experienced and high caliber Directors in regular Board meetings, the delegation of authorities to the management and the supervision of the management by the members of the Board and the relevant Board committees. Having considered the factors mentioned above, the Board considers Mr. Cheng is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Group and the Shareholders as a whole. The Board will continue to review and consider segregating the roles of the chairman and chief executive officer at an appropriate time, taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard indicated by the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code adopted by the Company since the Listing Date and up to the date of this announcement.

SHARE OPTION SCHEME

On 20 December 2019, the Company adopted the Share Option Scheme (the "**Share Option Scheme**") for the purpose of providing incentives or rewards to selected eligible persons for their contributions to the Group. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules. The details of the Share Option Scheme are set out in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix V of the Prospectus.

Since the Listing Date and up to 30 June 2020, no options were granted to any of the Directors, eligible employees and other third parties under the Share Option Scheme.

USE OF PROCEEDS

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020 of which 133,000,000 ordinary shares (comprising 13,300,000 Hong Kong offer shares and 119,700,000 international placing shares) had been allotted by global offering, at an offer price of HK$1.18 per Share. The actual net proceeds from the Listing were approximately HK$111.9 million (after deduction of the listing expenses).

As at the date of this announcement, the Company intends to continue to apply the net proceeds in the manner consistent with that described in the section headed "Future Plans and Use of Proceeds" in the Prospectus. However, the Directors will continue to evaluate the Group's business objectives and will change or modify the plans according to the changing market condition to create greater value for the Shareholders. Should there be any material change in the intended use of the net proceeds, the Company will make appropriate announcement(s) in due course.

The table below sets out an adjusted allocation as adjusted in the same manner and same proportions as shown in the Prospectus and the actual use of the net proceeds as at 30 June 2020:

Intended use of proceeds as stated in the Prospectus		**Actual net proceeds** *HK$'000*	**Actual use of net proceeds up to 30 June 2020** *HK$'000*	**Unutilised net proceeds as at 30 June 2020** *HK$'000*	**Expected timeline for utilising the remaining net proceeds** *(Note)*
(i)	Enhance the Group's production capacity and operational flexibility	58,726	1,104	57,622	By 31 December 2021
(ii)	Optimise the Group's product mix and production specialisation by, among others, reallocating the Group's production capacity to Heshan and enhancing the Group's operational efficiency	27,964	—	27,964	By 31 December 2021
(iii)	Enhance the Group's technological capability and upgrading the Group's IT infrastructure	13,087	94	12,993	By 31 December 2021
(iv)	Working capital and other general corporate purposes	12,081	12,081	—	N/A
		111,858	13,279	98,579	

The unutilised net proceeds have been placed as bank deposits with licensed banks in Hong Kong as at the date of this announcement.

Note: The expected timeline for utilising the remaining net proceeds is based on the best estimation of future market conditions made by the Group and is consistent with that as described in the Prospectus. It might be subject to changes based on the current and future development of the market conditions.

CHANGE OF DIRECTORS' INFORMATION

Since May 2020, Mr. Chan Hiu Fung Nicholas, an independent non-executive Director of the Company, has been re-designated as vice chairman of eBRAM International Online Dispute Resolution Centre Limited, an independent and not-for-profit organisation under Hong Kong law as a company limited by guarantee.

In March 2020, the term of service of Prof. Cheng Man Chung Daniel, an independent non-executive Director of the Company, as a member of the Advisory Committee on Water Supplies has ended.

Save as disclosed above, there was no change in the Directors' biographical details since the date of the 2019 annual report of the Company which are required to be disclosed pursuant to Rules 13.51B(1) and 13.51(2) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim dividend, the register of members of the Company will be closed from Wednesday, 23 September 2020 to Friday, 25 September 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to the proposed interim dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 22 September 2020.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events affecting the Group after the six months ended 30 June 2020 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. NG Shung, Mr. CHAN Hiu Fung Nicholas and Prof. CHENG Man Chung Daniel as members, has reviewed, together with the participation of the management, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2020.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION BY INDEPENDENT AUDITOR

The unaudited consolidated interim financial information has been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The review report of the independent auditor will be included in the interim report to be sent to the Shareholders.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement for 6M2020 required by the Listing Rules will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.qpp.com. The interim report for 6M2020 containing all the information required by the Listing Rules will be despatched to the Shareholders of the Company and made available on the above websites in due course.

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

Hong Kong, 28 August 2020

As at the date of this announcement, the board of directors of the Company 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, Mr. CHAN Hiu Fung Nicholas, Prof. CHENG Man Chung Daniel and Mr. NG Shung as independent non-executive Directors.