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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 2022

2022 INTERIM RESULTS HIGHLIGHT

- For the six months ended 30 June 2022 (“**6M2022**”), Q P Group Holdings Limited (the “**Company**”) and its subsidiaries’ (collectively, the “**Group**”) total revenue was approximately HK\$657.8 million, representing an increase of approximately HK\$68.2 million or about 11.6% as compared with that of approximately HK\$589.6 million for the six months ended 30 June 2021 (“**6M2021**”). For 6M2022, revenue generated from original equipment manufacturer (“**OEM**”) sales and web sales contributed 86.2% and 13.8% of the total revenue, respectively.
- For 6M2022, the Group’s profit attributable to equity holders of the Company was approximately HK\$53.7 million, representing an increase of approximately 65.1% as compared with that of 6M2021.
- Basic earnings per share of the Company for 6M2022 was approximately HK10.09 cents (6M2021: HK6.11 cents).
- The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to declare an interim dividend of HK3.0 cents per share for 6M2022 (6M2021: HK2.0 cents).

The Board announces the unaudited interim condensed consolidated results of the Group for 6M2022, together with comparative figures, as follows:

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

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	5	657,770	589,579
Cost of sales	8	(457,385)	(410,992)
Gross profit		200,385	178,587
Other gains/(losses), net	6	767	(577)
Other income	7	10,311	11,066
Selling and distribution expenses	8	(58,018)	(62,222)
Administrative expenses	8	(90,625)	(86,569)
Operating profit		62,820	40,285
Finance income	9	270	726
Finance costs	9	(607)	(735)
Finance costs, net		(337)	(9)
Profit before income tax		62,483	40,276
Income tax expense	10	(8,815)	(7,763)
Profit for the period		53,668	32,513
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	10.09	6.11
Other comprehensive (loss)/income, net of tax:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(30,044)	5,203
Total comprehensive income for the period attributable to equity holders of the Company		23,624	37,716

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	404,864	421,732
Investment property		2,135	2,135
Right-of-use assets		140,027	145,514
Intangible assets		29,460	30,746
Deposits and prepayments		35,909	34,473
Deferred income tax assets		9,095	8,867
Financial assets at amortised cost		3,888	—
		<u>625,378</u>	<u>643,467</u>
Current assets			
Inventories		100,391	116,545
Trade receivables	14	275,593	241,139
Deposits, prepayments and other receivables		57,306	50,527
Derivative financial instruments		—	9,497
Income tax recoverable		60	61
Cash and cash equivalents		134,137	158,781
		<u>567,487</u>	<u>576,550</u>
Total assets		<u><u>1,192,865</u></u>	<u><u>1,220,017</u></u>

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
	<i>Note</i>		
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	5,320	5,320
Share premium		139,593	139,593
Reserves		666,505	701,401
Total equity		811,418	846,314
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		10,451	10,434
Lease liabilities		221	1,639
		10,672	12,073
Current liabilities			
Trade payables	16	139,667	130,779
Accruals, provisions and other payables		107,188	124,865
Contract liabilities		9,087	10,549
Current income tax liabilities		9,156	8,159
Borrowings	15	97,013	84,439
Lease liabilities		2,929	2,839
Derivative financial instruments		5,735	—
		370,775	361,630
Total liabilities		381,447	373,703
Total equity and liabilities		1,192,865	1,220,017

NOTES TO THE INTERIM CONDENSED CONSOLIDATED 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 71 Fort Street, P.O. Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 January 2020.

The interim condensed consolidated financial information is presented in thousands of Hong Kong dollars ("**HK\$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 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.

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, 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 2021, 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) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2022 and currently relevant to the Group:

- Amendments to HKAS 16, HKAS 37, HKFRS 3 and Annual Improvements to HKFRSs 2018-2020

The adoption of these new standards and amendments to standards did not have significant impacts on the Group's results and financial position and did not require retrospective adjustments.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023

The Group is still assessing the impacts of adopting these new standards and amendments to standards in future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of interim condensed consolidated 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 interim condensed consolidated financial information, the significant judgements made by the 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 2021.

5 REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Sales of paper and other products	<u>657,770</u>	<u>589,579</u>

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.

As at 30 June 2022 and 2021, all performance obligations not yet fulfilled by the Group were from contracts with original expected duration of less than one year. Therefore, as permitted by the relevant practical expedient under HKFRS 15, the transaction price allocated to these unfulfilled performance obligations were not disclosed.

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 2021.

The management has identified two reportable segments based on sales channels, namely (i) web sales; and (ii) OEM sales.

The segment information provided to the executive Directors for the six months ended 30 June 2022 and 2021 are as follows:

	Six months ended 30 June 2022		
	Web sales	OEM sales	Total
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue from external customers	91,016	566,754	657,770
Cost of sales	(21,709)	(435,676)	(457,385)
Gross profit	69,307	131,078	200,385
Other gains, net			767
Other income			10,311
Selling and distribution expenses			(58,018)
Administrative expenses			(90,625)
Finance costs, net			(337)
Profit before income tax			62,483
Income tax expense			(8,815)
Profit for the period			<u>53,668</u>

	Six months ended 30 June 2021		
	Web sales <i>HK\$'000</i> (Unaudited)	OEM sales <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue from external customers	93,165	496,414	589,579
Cost of sales	<u>(25,131)</u>	<u>(385,861)</u>	<u>(410,992)</u>
Gross profit	68,034	110,553	178,587
Other losses, net			(577)
Other income			11,066
Selling and distribution expenses			(62,222)
Administrative expenses			(86,569)
Finance costs, net			<u>(9)</u>
Profit before income tax			40,276
Income tax expense			<u>(7,763)</u>
Profit for the period			<u><u>32,513</u></u>

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Customer A	166,190	151,904
Customer B	<u>136,620</u>	<u>108,618</u>

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

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The United States of America (the “USA”)	452,514	406,414
Europe	119,228	102,649
The People’s Republic of China (including Hong Kong) (the “PRC”)	36,750	42,480
Others	49,278	38,036
	<u>657,770</u>	<u>589,579</u>

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

	As at	As at
	30 June	31 December
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	
The PRC	573,691	609,806
Vietnam	42,592	24,794
	<u>616,283</u>	<u>634,600</u>

6 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other gains/(losses), net		
Foreign exchange gain/(loss)	11,501	(3,820)
Fair value (loss)/gain on derivative financial instruments	(10,740)	3,458
Gain/(loss) on disposal of property, plant and equipment	6	(215)
	<u>767</u>	<u>(577)</u>

7 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income		
Rental income	25	25
Sales of scrap materials	5,949	7,425
Government grants	4,127	2,902
Others	210	714
	<u>10,311</u>	<u>11,066</u>

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Raw materials and consumables used	227,547	235,786
Changes in inventories of finished goods and work in progress	12,099	(35,408)
Provision for/(reversal of) inventory obsolescence	3,041	(2,272)
Employee benefit expenses (including directors' emoluments)	178,455	165,584
Sub-contracting charges	65,461	69,161
Transportation expenses	31,040	34,637
Depreciation of property, plant and equipment	27,149	24,592
Electricity expenses	10,650	8,915
Repair and maintenance expenses	7,273	7,510
Sales commission	3,989	4,926
Legal and professional fee	3,442	2,726
Amortisation of right-of-use assets	3,308	3,433
Service charges of payment gateways	3,071	3,556
Technical maintenance support	2,189	3,182
Auditor's remuneration		
— Audit services	1,060	825
— Non-audit services	519	500
Short-term lease expenses	626	293
Amortisation of intangible assets	453	231
Others	24,656	31,606
	<u>606,028</u>	<u>559,783</u>
Total cost of sales, selling and distribution expenses, and administrative expenses	<u>606,028</u>	<u>559,783</u>

9 FINANCE COSTS, NET

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Bank interest income	<u>270</u>	<u>726</u>
Finance costs		
Interest expense on bank borrowings	(565)	(663)
Interest expense on lease liabilities	<u>(42)</u>	<u>(72)</u>
	<u>(607)</u>	<u>(735)</u>
Finance costs, net	<u>(337)</u>	<u>(9)</u>

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	8,915	9,790
Deferred income tax	<u>(100)</u>	<u>(2,027)</u>
	<u>8,815</u>	<u>7,763</u>

Under the two-tiered profits tax rates regime of Hong Kong profits tax, the first HK\$2 million of assessable profits of a qualifying group entity in Hong Kong will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The subsidiaries established and operated in the PRC are subject to the PRC Corporate Income Tax at the rate of 25% during the six months ended 30 June 2022 and 2021.

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 from 2017. Dongguan Zensee Printing Limited (東莞雋思印刷有限公司) has renewed the accreditation as high-tech enterprise for three years from 2020. In addition, the Group's another subsidiary, Taunus Printing (Heshan) Company Limited* (騰達印刷(鶴山)有限公司) was also accredited as a high-tech enterprise, and is entitled to the preferential tax rate of 15% for three years from 2021.

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 are entitled to the preferential tax rate of 2.5% for first RMB1 million of profits, and the preferential tax rate of 10% for profits ranging from RMB1 million to RMB3 million during the six months ended 30 June 2022 and 2021.

The subsidiaries established and operated in Vietnam are subject to the Vietnam Corporate Income Tax ("CIT") at the rate of 20%, and are entitled to a 30% reduction of CIT payable since their respective revenue did not exceed Vietnamese Dong ("VND") 200 billion during the six months ended 30 June 2022 and 2021.

Pursuant to the relevant laws and regulations in Vietnam, the Group's subsidiary, Q P Enterprise (Vietnam) Company Limited, which was undertaking a new investment project in an industrial park, is entitled to tax holiday under which its taxable income would be fully exempted from CIT for two years from the first year an enterprise has taxable income from a new investment project eligible for tax incentives after offsetting prior year tax losses, followed by 50% reduction in CIT in next four years. If an enterprise has no taxable income for the first 3 years, counting from the first year if it has turnover from a new investment project, the tax exemption or reduction duration shall be counted from the fourth year.

The subsidiary established and operated in the USA is subject to the Federal and State income tax of 21% and 8.84%, respectively during the six months ended 30 June 2021. No provision for the Federal and State income tax has been made during the six months ended 30 June 2021 as the USA subsidiary did not generate any taxable profits in the USA for the period. The subsidiary was deregistered during the year of 2021.

Pursuant to the laws and regulations of the British Virgin Islands ("BVI") and the Cayman Islands, the Group was not subject to any income tax in the BVI and the Cayman Islands during the six months ended 30 June 2022 and 2021, respectively.

* The English translation of company name is for reference only. The official name is in Chinese.

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 attributable to ordinary equity holders of the Company of approximately HK\$53,668,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$32,513,000), and the weighted average number of ordinary shares of 532,000,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: 532,000,000).

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

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

Earnings

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	<u>53,668</u>	<u>32,513</u>

Shares

	Number of shares	
	Six months ended 30 June	
	2022	2021
	<i>'000</i>	<i>'000</i>
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares	<u>532,000</u>	<u>532,000</u>
Earnings per share (HK cents per share)	<u>10.09</u>	<u>6.11</u>

12 DIVIDENDS

(a) **Interim dividend payable to equity holders of the Company declared after the reporting period**

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared after the reporting period of HK3.0 cents (six months ended 30 June 2021: HK2.0 cents) per ordinary share	<u>15,960</u>	<u>10,640</u>

The interim dividend declared after the end of the reporting period was not recognised as a liability as at the end of the reporting period.

(b) **Final dividend payable to equity holders of the Company attributable to the previous financial year, approved and paid during the reporting period**

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous financial year, approved and paid during the reporting period, of HK11.0 cents (six months ended 30 June 2021: HK12.0 cents) per ordinary share	<u>58,520</u>	<u>63,840</u>

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group purchased property, plant and equipment with a total cost of approximately HK\$23,787,000 (six months ended 30 June 2021: approximately HK\$21,789,000).

During the six months ended 30 June 2022, the Group disposed property, plant and equipment with a net book value of approximately HK\$88,000 (six months ended 30 June 2021: approximately HK\$326,000).

14 TRADE RECEIVABLES

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
Trade receivables	<u>275,593</u>	<u>241,139</u>

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

As at 30 June 2022 and 31 December 2021, the aging analysis of the trade receivables, based on invoice date, were as follows:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
Within 30 days	119,804	98,619
31–60 days	88,507	87,256
61–90 days	49,917	38,311
Over 90 days	<u>17,365</u>	<u>16,953</u>
	<u>275,593</u>	<u>241,139</u>

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 six months ended 30 June 2022 and 2021, the expected losses for customers of sales of goods are minimal, 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 six months ended 30 June 2022 and 2021.

The carrying amounts of trade receivables approximate their fair values as at 30 June 2022 and 31 December 2021.

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000
United States dollars (“USD”)	132,501	122,511
Hong Kong dollars (“HKD”)	137,858	111,566
Renminbi (“RMB”)	5,069	6,854
Euro (“EUR”)	111	125
Others	54	83
	<u>275,593</u>	<u>241,139</u>

15 BORROWINGS

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000
Bank borrowings – amounts due on demand or within one year shown under current liabilities	<u>97,013</u>	<u>84,439</u>

As at 30 June 2022 and 31 December 2021, borrowings of approximately HK\$97,013,000 and HK\$76,980,000, respectively, which were subject to repayable on demand clause.

As at 30 June 2022 and 31 December 2021, the Group's borrowings were repayable as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000
Within 1 year	66,898	61,363
Between 1 and 2 years	15,917	5,914
Between 2 and 5 years	10,618	12,023
Over 5 years	3,580	5,139
	<u>97,013</u>	<u>84,439</u>

The above amounts due are based on the respective 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) as at 30 June 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 (Unaudited)	As at 31 December 2021
Bank borrowings	1-month HIBOR plus 1.0%–1.8%	1-month HIBOR plus 1.0%–2.0%

As at 30 June 2022 and 31 December 2021, the borrowings were pledged by certain assets with carrying values shown below:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000
Right-of-use assets	82,921	57,845
Property, plant and equipment	75,046	33,403
	<u>157,967</u>	<u>91,248</u>

The carrying amounts of borrowings of the Group approximate their fair values as at 30 June 2022 and 31 December 2021.

The Group's borrowings were denominated in HKD.

16 TRADE PAYABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000
Trade payables	<u>139,667</u>	<u>130,779</u>

As at 30 June 2022 and 31 December 2021, the aging analysis of the trade payables, based on invoice date, were as follows:

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
Within 30 days	82,370	63,799
31–60 days	30,125	45,039
61–90 days	17,661	15,870
Over 90 days	9,511	6,071
	<u>139,667</u>	<u>130,779</u>

The carrying amounts of trade payables approximate their fair values as at 30 June 2022 and 31 December 2021.

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

	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
RMB	99,824	102,169
HKD	33,692	23,688
USD	5,822	3,747
Others	329	1,175
	<u>139,667</u>	<u>130,779</u>

17 SHARE CAPITAL

	As at 30 June 2022 <i>Number of shares</i> (Unaudited)	As at 31 December 2021 <i>Number of shares</i>	As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i>
Authorised:				
At beginning and end of the period/year	2,000,000,000	2,000,000,000	20,000	20,000
Issued and fully paid:				
At beginning and end of the period/year	<u>532,000,000</u>	<u>532,000,000</u>	<u>5,320</u>	<u>5,320</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Corporate Profile

The Group is a long-established paper product manufacturing and printing services provider offering comprehensive manufacturing solutions for a wide spectrum of products. Headquartered in Hong Kong, we operate two key production plants at Dongguan and Heshan in Guangdong Province of the PRC. We have over 30 years of operating history, and have established stable business relationships with our major customers in the USA and 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

During the reporting period, the coronavirus disease 2019 (“**COVID-19**”) continued to affect the global economy and business operations. Due to the emergence of small-scale local outbreaks of the highly transmissible Omicron variant of COVID-19 in Guangdong Province, our Dongguan plant was forced to implement short-term closed-loop management in the first quarter of 2022 to minimise transmission. The 5th wave of COVID-19 in Hong Kong since January 2022 also brought an unprecedented surge in the number of infected cases and wreaked havoc, causing many companies including the Group to re-activate work-from-home arrangement during the peak of the wave to reduce employees’ risk of infection. Despite the challenges, with the experience accumulated in the recent years in coping with the pandemic and effective preparation, the Group managed to maintain normal business operations in general. The development of a self-owned production plant in Ha Nam Province, Vietnam is also in progress, with the expected completion remaining in the third quarter of 2023 in spite of the slight delay in commencement of construction due to the impact of COVID-19. On the other hand, the Group weathered the global supply chain chaos over the past year and had its order fulfilment resumed to normal during the reporting period. Also, the Group successfully captured the business opportunities derived from the strong demand for tabletop games and educational items in the European and the USA markets extending from the previous years and achieved growth in the related business. Amid the challenges and opportunities, the Group yielded a net profit of approximately HK\$53.7 million for 6M2022, representing an increase of approximately 65.1% from approximately HK\$32.5 million for 6M2021, with

an increase in net profit margin to approximately 8.2% for 6M2022 from approximately 5.5% for 6M2021. Such increases were mainly attributable to the continuous growth of the Group's OEM business which benefited from the increase in demand for tabletop games and educational items.

The Group recorded revenue of approximately HK\$657.8 million for 6M2022, representing an increase of approximately 11.6% from approximately HK\$589.6 million for 6M2021, which was mainly attributable to the increase in OEM sales. The revenue derived from OEM sales recorded an increase of approximately HK\$70.3 million or 14.2% from approximately HK\$496.4 million for 6M2021 to approximately HK\$566.8 million for 6M2022. The revenue derived from our web sales business during 6M2022 was approximately HK\$91.0 million, representing a slight decrease of approximately HK\$2.1 million or 2.3% from approximately HK\$93.2 million for 6M2021. The number of active registered user accounts, which refers to the number of registered user accounts with order(s) placed in our major websites namely www.makeplayingcards.com, www.boardgamesmaker.com, www.createjigsawpuzzles.com, www.printerstudio.com, www.gifthing.com and www.maketotebags.com, decreased by approximately 2.6% from approximately 54,700 as at 31 December 2021 to approximately 53,300 as at 30 June 2022.

Future Outlook

Notwithstanding the strong economic rebound in the past year after outbreaks of COVID-19, the global economy is widely expected to be buffeted by a confluence of factors including the exacerbating inflationary pressures, extraordinary strength of USD, escalating transportation costs and ongoing geopolitical instability, which will likely give rise to considerable uncertainties and cloud the outlook of global economic growth. In particular, high inflation affects growth in real income and thus erodes consumers' purchasing power and willingness to spend. The super-strong USD presents extensive challenges for certain markets including European markets as it makes imports to those markets more expensive than before. Meanwhile, although the global supply chain disruption appeared to have eased off, its ripple effect on the escalation of transportation costs still prevails. It is expected that these factors may possibly derail the recovery of the global economy and curtail the continuous growth of demand for tabletop games in our major markets, and hence our overall business growth.

While we remain cautious about the business environment for the rest of the year, we will continue to stay highly focused on consolidating our business. As many countries are accelerating steps to roll back COVID-19 restrictions, we will actively reach out existing and potential corporate customers in the USA and Europe physically through exhibitions, trade shows and client visits by our overseas sales representatives to explore OEM business opportunities and foster business relationships. For web sales business, development of Q P Market Network ("QPMN"), a business-to-business-to-consumer online platform offering one-stop product customisation solutions, will continue to be our key strategy. We will make determined efforts to promote the mutually beneficial business model of QPMN to potential

partners including brand owners, enterprises, designers and organisations to extend our market reach. We will actively network with the design communities and institutes to build up QPMN's brand awareness and reputation in the field. Expansion of the product range will be another important part of development of QPMN in the long run, so that our platform can cater to the market demand for diversified customised products and the business needs of potential business partners. Besides QPMN, we will also introduce new products for our other web sales platforms and market our new launch through crowdfunding so as to further increase our brands' market presence and brand exposure in the global online market.

Amid this increasingly uncertain and challenging time, the Group will stay alert and take proactive measures to strengthen the Group's foundation through application of innovative business operating models, steady business expansion and continuous improvement in our operational excellence, so as to continuously pursue business success through stability and create value for our shareholders and society.

FINANCIAL REVIEW

Revenue

The Group achieved revenue of approximately HK\$657.8 million for 6M2022, representing an increase of approximately 11.6% as compared to approximately HK\$589.6 million for 6M2021. The increase in the Group's revenue for 6M2022 as compared to 6M2021 was driven by the increase 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			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
OEM sales	566,754	86.2	496,414	84.2
Web sales	91,016	13.8	93,165	15.8
Total	<u>657,770</u>	<u>100.0</u>	<u>589,579</u>	<u>100.0</u>

The OEM sales increased from approximately HK\$496.4 million for 6M2021 to approximately HK\$566.8 million for 6M2022, representing an increase of approximately 14.2%. The increase was primarily due to the increase in sales to our major customers who principally purchase tabletop games from us.

On the other hand, the web sales decreased from approximately HK\$93.2 million for 6M2021 to approximately HK\$91.0 million for 6M2022, representing a decrease of approximately 2.3%. The decrease was primarily due to the decrease in demand for jigsaw puzzles caused by the easing of COVID-19-related restrictions in the USA, which was partially offset by the steady increase in demand for our playing cards and board games products.

The table below summarises the geographical revenue based on the destination of delivery for the periods indicated:

	Six months ended 30 June			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
The USA	452,514	68.8	406,414	68.9
Europe	119,228	18.1	102,649	17.4
The PRC	36,750	5.6	42,480	7.2
Others	49,278	7.5	38,036	6.5
Total	<u>657,770</u>	<u>100.0</u>	<u>589,579</u>	<u>100.0</u>

The USA and Europe were the two largest overseas markets of the Group which in aggregate accounted for approximately 86.9% and 86.3% of total revenue for 6M2022 and 6M2021, respectively. The increase in sales of both the USA and European markets was mainly attributable to the increase in demand for tabletop games from our major OEM customers.

Cost of sales

Our Group's cost of sales mainly consists of cost of raw materials, staff cost in relation to production, sub-contracting charges, depreciation, utilities and factory overheads. The Group recorded an increase in cost of sales by approximately 11.3% from approximately HK\$411.0 million for 6M2021 to approximately HK\$457.4 million for 6M2022. The increase in cost of sales was primarily attributable to the increased production output to cater for the increase in demand of our OEM products.

Gross profit and gross profit margin

For 6M2022, the gross profit of the Group was approximately HK\$200.4 million, representing an increase of approximately HK\$21.8 million or approximately 12.2% as compared to approximately HK\$178.6 million for 6M2021. The gross profit margin increased slightly from approximately 30.3% for 6M2021 to approximately 30.5% for 6M2022 and such increase was primarily attributable to the benefits of economies of scale brought by the increase in sales volume.

Other gains/(losses), net

Our Group's other gains/(losses), net mainly consist of foreign exchange gain/(loss), fair value (loss)/gain on derivative financial instruments and gain/(loss) on disposal of property, plant and equipment. The fluctuation of other gains/(losses), net was primarily due to fluctuation of the exchange rate of RMB against HKD for 6M2022 as compared to 6M2021.

Other income

Our Group's other income mainly consists of sales of scrap materials and government grants. The decrease in other income was mainly due to the decrease in sales of scrap materials, which was partially offset by the increase in receipts of government subsidies in the PRC (including Hong Kong).

Selling and distribution expenses

Our selling and distribution expenses primarily consist of transportation expenses, staff cost of our sales personnel, sales commission and service charges of payment gateways. The selling and distribution expenses amounted to approximately HK\$62.2 million for 6M2021, decreased by approximately HK\$4.2 million or 6.8%, to approximately HK\$58.0 million for 6M2022, which was mainly due to the slight decrease in revenue derived from our web sales business and decrease in transportation expenses due to implementation of relevant improvement strategies.

Administrative expenses

Our administrative expenses mainly comprise staff cost, depreciation and amortisation, and legal and professional fees. The Group's administrative expenses increased by approximately HK\$4.0 million or 4.7% from approximately HK\$86.6 million for 6M2021 to approximately HK\$90.6 million for 6M2022. Such increase was mainly due to recruitment of additional senior staff for the purpose of expanding our web sales business.

Finance costs, net

Our finance costs, net increased by approximately HK\$328,000 from approximately HK\$9,000 for 6M2021 to approximately HK\$337,000 for 6M2022, mainly due to the decrease in interest income as less time deposits were placed with banks for 6M2022 as compared to 6M2021.

Income tax expense

Our income tax expense increased by approximately HK\$1.0 million or 13.6% from approximately HK\$7.8 million for 6M2021 to approximately HK\$8.8 million for 6M2022. Our effective tax rate decreased from approximately 19.3% for 6M2021 to approximately 14.1% for 6M2022. Such decrease was mainly due to one of the Group's subsidiaries becoming accredited as high-tech enterprise in Guangdong Province, the PRC and thus entitled to a preferential tax rate.

Profit for the period

The Group's profit increased by approximately HK\$21.2 million or 65.1% from approximately HK\$32.5 million for 6M2021 to approximately HK\$53.7 million for 6M2022. The net profit margin increased from approximately 5.5% for 6M2021 to approximately 8.2% for 6M2022.

LIQUIDITY AND FINANCIAL RESOURCES

During 6M2022, 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. We closely review trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. We closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements to manage liquidity risk.

As at 30 June 2022, the Group reported net current assets of approximately HK\$196.7 million, as compared with approximately HK\$214.9 million as at 31 December 2021. As at 30 June 2022, the Group's cash and cash equivalents was approximately HK\$134.1 million, of which approximately HK\$65.9 million was denominated in HKD, approximately HK\$28.1 million was denominated in RMB, approximately HK\$38.2 million was denominated in USD and the remaining balance was denominated in other currencies (31 December 2021: approximately HK\$158.8 million, of which approximately HK\$62.5 million was denominated in HKD, approximately HK\$30.0 million was denominated in RMB, approximately HK\$64.5 million was denominated in USD and the remaining balance was denominated in other currencies), representing a decrease of approximately HK\$24.7 million as compared to approximately HK\$158.8 million as at 31 December 2021.

As at 30 June 2022, total borrowings and lease liabilities for the Group amounted to approximately HK\$100.2 million (31 December 2021: approximately HK\$88.9 million). The borrowings were denominated in HKD and lease liabilities were denominated in HKD and RMB. All bank borrowings are at floating rates and lease liabilities are at fixed rates.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: nil).

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had approximately HK\$14.7 million (31 December 2021: approximately HK\$25.0 million) of capital commitments in relation to the purchase of property, plant and equipment and leasehold land.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As the Group is headquartered 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, while our revenue is mainly denominated in USD and HKD, we are exposed to foreign currency risks primarily as a result of revenue, production costs and operating expenses 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.

The Group has set up a policy to manage its foreign currency risk by closely monitoring the movement of the foreign currency rates and employing financial instruments for hedging should the need arise. The Group does not adopt a formal hedge accounting policy. During 6M2022, the Group entered into certain forward foreign currency contracts based on actual demand to sell USD and purchase RMB with licensed financial institutions in Hong Kong. The Group categorises these contracts as being entered into for hedging purpose.

As at 30 June 2022, the notional principal amounts of the outstanding forward foreign exchange contracts were approximately HK\$280.8 million (31 December 2021: HK\$358.8 million). For 6M2022, fair value loss on derivative financial instruments of approximately HK\$10.7 million (6M2021: fair value gain of approximately HK\$3.5 million) was recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income.

MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for 6M2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in this announcement, there were no plans for material investments or capital assets as of the date of this announcement.

SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not hold any significant investments (31 December 2021: nil).

PLEDGE OF ASSETS

As at 30 June 2022, right-of-use assets amounted to approximately HK\$82.9 million (31 December 2021: approximately HK\$57.8 million), and property, plant and equipment amounted to approximately HK\$75.0 million (31 December 2021: approximately HK\$33.4 million) have been charged as security for bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 2,729 (31 December 2021: 2,568) employees as at 30 June 2022. The Group's employee benefit expenses mainly included salaries, over time payment, discretionary bonus, other staff benefits and contributions to retirement schemes. For 6M2022, the total staff costs of the Group (including the Directors' remuneration) were approximately HK\$178.5 million (6M2021: approximately HK\$165.6 million).

The remuneration policy of the Company is reviewed regularly, making reference primarily to the market conditions and performance of the Company and individual staff members (including the Directors). Remuneration packages include, as the case may be, a basic salary, Director's remuneration, contribution to pension schemes, discretionary bonus relating to financial performance of our Group and individual performance. The remuneration policy and remuneration packages of the Directors and senior management are reviewed and recommended

by the remuneration committee of the Company and the Board, with consideration given in regard to experience, duties and responsibilities, performance and achievement of the individuals, with reference to the market condition in relation to the Group's performance and profitability.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to a high level of corporate governance to safeguard the interests of the shareholders of the Company (the “**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.

During 6M2022, 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 C.2.1. Under code provision C.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 throughout 6M2022.

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 of the Company dated 31 December 2019 (the “**Prospectus**”).

Since the date of adoption of Share Option Scheme and up to 30 June 2022, 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 (the “**Shares**”) were listed on the Main Board of 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 and issued under the global offering, at an offer price of HK\$1.18 per share. The actual net proceeds from the listing (the “**Listing**”) were approximately HK\$111.9 million (after deduction of the Listing expenses).

As at 30 June 2022 and date of this announcement, the Company's unutilised net proceeds from the Listing (the “**Unutilised Net Proceeds**”) amounted to approximately HK\$56.8 million and approximately HK\$56.2 million, respectively.

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:

	Actual net proceeds <i>HK\$'000</i>	Actual use of net proceeds up to 30 June 2022 <i>HK\$'000</i>	Unutilised Net Proceeds as at 30 June 2022 <i>HK\$'000</i>	Unutilised Net Proceeds as at 26 August 2022 <i>HK\$'000</i>	Adjusted allocation of the Unutilised Net Proceeds <i>HK\$'000</i>	Expected timeline for utilising the remaining net proceeds <i>(Note 1)</i>
Enhance the Group's production capacity and operational flexibility	58,726	(12,208)	46,518	46,518	46,518	By 31 December 2023
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						
— Constructing an additional factory building in Heshan <i>(Note 2)</i>	18,904	(18,904)	—	—	9,060	By 31 December 2023
— Acquiring new machines and equipment for the additional factory building in Heshan <i>(Note 2)</i>	9,060	—	9,060	9,060	—	N/A
Enhance the Group's technological capability and upgrading the Group's IT infrastructure	13,087	(11,907)	1,180	572	572	By 31 December 2023
Working capital and other general corporate purposes	12,081	(12,081)	—	—	—	N/A
	<u>111,858</u>	<u>(55,100)</u>	<u>56,758</u>	<u>56,150</u>	<u>56,150</u>	

Note 1: Due to the uncertain economic and market conditions primarily driven by the outbreak of COVID-19, certain plans as stated in the Prospectus have been deferred. The expected timeline for utilising the remaining net proceeds is based on the best estimation of the future market conditions made by the Group. It might be subject to changes based on the current and future development of the market conditions.

Note 2: As disclosed in the Prospectus, for the portion of net proceeds from the Listing which is intended to “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”, the Group originally intended to utilise the net proceeds of (i) approximately HK\$18.9 million for constructing an additional factory building in Heshan; and (ii) approximately HK\$9.1 million for acquiring new machines and equipment for the additional factory building in Heshan. Due to the deferred completion of the additional factory building in Heshan and the ongoing changes to the global economic environment and uncertainty with regard to the future, the Group remains cautious in investing in capital assets and therefore it is expected that the proceeds for acquiring new machines and equipment for the additional factory building in Heshan would not be fully utilised in the near future. Accordingly, the Board has resolved to reallocate a total of approximately HK\$9.1 million from the Unutilised Net Proceeds which was set for “acquiring new machines and equipment for the additional factory building in Heshan” and to re-designate such amount for the purpose of “constructing an additional factory building in Heshan”. The Board does not consider the above change to be a material change in use of proceeds as the re-designated use still aims to help the Group to expand its production capacity in the Heshan plant and enhance the Group’s operational efficiency. The Board is of the view that the adjusted allocation of the Unutilised Net Proceeds will allow the Group to meet the expansion needs of production capacity and is in the best interest of the Group and its Shareholders as a whole. Save as disclosed in this announcement, the Board confirms that there are no other changes to the use of the other net proceeds from the Listing. The Board will continuously assess the plan for the use of the Unutilised Net Proceeds and may revise or amend such plan when necessary to cope with the changing market conditions, and strive for better business performance of the Group.

The Unutilised Net Proceeds have been placed as bank deposits with licensed banks in Hong Kong as at the date of this announcement.

CHANGE OF DIRECTORS' INFORMATION

Since June 2022, Mr. Chan Hiu Fung Nicholas (“**Mr. Chan**”), an independent non-executive Director of the Company, has become an independent non-executive director of the board of Genertec Universal Medical Group Company Limited (Stock Code: 2666).

Since May 2022, Mr. Chan has also been appointed as the director of AALCO Hong Kong Regional Arbitration Centre, which is established under the auspices of the Asian-African Legal Consultative Organization, an intergovernmental organisation comprising almost all the major states in Asia and Africa, and with major support from the Central People's Government.

Since May 2022, Mr. Chan has retired from the board of directors of eBRAM International Online Dispute Resolution Centre Limited (formerly known as eBRAM Centre Limited), an independent and not-for-profit organisation established under Hong Kong law as a company limited by guarantee, where he previously served as Chairman and Vice Chairman.

In June 2022, Prof. Cheng Man Chung Daniel, an independent non-executive Director of the Company, has completed his term of office as a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development.

Save as disclosed above, there was no change in the Directors' biographical details since the date of the 2021 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 6M2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.0 cents per ordinary share, amounting to a total dividend of approximately HK\$16.0 million for 6M2022. The said interim dividend will be payable on or around Tuesday, 11 October 2022 to the Shareholders whose name appear on the register of members of the Company at the close of business on Friday, 23 September 2022.

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, 21 September 2022 to Friday, 23 September 2022, 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 the Shares 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, 20 September 2022.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events affecting the Group after 6M2022 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company, which consists of three independent non-executive Directors, namely 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 interim condensed consolidated financial statements of the Group for 6M2022.

REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION BY INDEPENDENT AUDITOR

The unaudited interim condensed consolidated 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 6M2022 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 6M2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available on the above websites in due course.

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

Hong Kong, 26 August 2022

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.