

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



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 2023

2023 INTERIM RESULTS HIGHLIGHT

- For the six months ended 30 June 2023 (“**6M2023**”), Q P Group Holdings Limited (the “**Company**”) and its subsidiaries’ (collectively, the “**Group**”) total revenue was approximately HK\$460.7 million, representing a decrease of approximately 30.0% as compared with the total revenue for the six months ended 30 June 2022 (“**6M2022**”). For 6M2023, revenue generated from original equipment manufacturer (“**OEM**”) sales and web sales contributed approximately 79.8% and 20.2% of the total revenue, respectively.
- For 6M2023, the Group’s profit attributable to equity holders of the Company was approximately HK\$35.8 million, representing a decrease of approximately 33.3% as compared with that of 6M2022.
- Basic earnings per share of the Company for 6M2023 was approximately HK6.72 cents (6M2022: HK10.09 cents).
- The board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to declare an interim dividend of HK2.0 cents per share for 6M2023 (6M2022: HK3.0 cents).

The Board announces the unaudited interim condensed consolidated results of the Group for 6M2023, 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 2023

	Note	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	5	460,691	657,770
Cost of sales	8	(306,807)	(457,385)
Gross profit		153,884	200,385
Other gains, net	6	12,731	767
Other income	7	5,060	10,311
Selling and distribution expenses	8	(47,147)	(58,018)
Administrative expenses	8	(87,392)	(90,625)
Operating profit		37,136	62,820
Finance income	9	4,947	270
Finance costs	9	(2,243)	(607)
Finance income/(costs), net		2,704	(337)
Profit before income tax		39,840	62,483
Income tax expense	10	(4,070)	(8,815)
Profit for the period		35,770	53,668
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	6.72	10.09
Other comprehensive loss, net of tax:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(29,185)	(30,044)
Total comprehensive income for the period attributable to equity holders of the Company		6,585	23,624

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	13	411,038	390,839
Investment property		2,135	2,135
Right-of-use assets		150,549	155,653
Intangible assets		28,573	29,072
Deposits and prepayments		32,380	9,558
Deferred income tax assets		11,018	7,868
Debt instruments at amortised cost		–	3,891
Equity investment at fair value through profit or loss		500	–
		<u>636,193</u>	<u>599,016</u>
Current assets			
Inventories		73,734	72,442
Trade receivables	14	156,123	144,432
Deposits, prepayments and other receivables		59,452	47,435
Debt instruments at amortised cost		7,830	11,695
Income tax recoverable		927	9,494
Cash and cash equivalents		184,862	294,721
		<u>482,928</u>	<u>580,219</u>
Total assets		<u><u>1,119,121</u></u>	<u><u>1,179,235</u></u>

		As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	5,320	5,320
Share premium		139,593	139,593
Reserves		645,993	697,928
Total equity		<u>790,906</u>	<u>842,841</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		8,679	9,362
Lease liabilities		452	631
		<u>9,131</u>	<u>9,993</u>
Current liabilities			
Trade payables	16	82,257	68,159
Accruals, provisions and other payables		103,967	101,389
Contract liabilities		12,411	17,153
Current income tax liabilities		19,223	14,297
Borrowings	15	99,781	116,319
Lease liabilities		1,445	2,228
Derivative financial instruments		–	6,856
		<u>319,084</u>	<u>326,401</u>
Total liabilities		<u>328,215</u>	<u>336,394</u>
Total equity and liabilities		<u>1,119,121</u>	<u>1,179,235</u>

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**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 (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (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 2022, 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 2022, 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 2023 and currently relevant to the Group:

HKFRS 17	Insurance Contracts
Amendments HKFRS 17	Insurance Contracts
Amendment HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in Sales and Leaseback	1 January 2024
HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 7 and HKAS 7	Supplier Finance Arrangements (Amendments)	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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 2022.

5 REVENUE AND SEGMENT INFORMATION

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Sales of paper and other products	<u>460,691</u>	<u>657,770</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 2023 and 2022, 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 and assessing performance. The chief operating decision-maker is identified as the executive Directors of the Group. The executive Directors 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 2022.

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 2023 and 2022 are as follows:

	Six months ended 30 June 2023		
	Web sales	OEM sales	Total
	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue from external customers	92,904	367,787	460,691
Cost of sales	(17,984)	(288,823)	(306,807)
Gross profit	74,920	78,964	153,884
Other gains, net			12,731
Other income			5,060
Selling and distribution expenses			(47,147)
Administrative expenses			(87,392)
Finance income, net			2,704
Profit before income tax			39,840
Income tax expense			(4,070)
Profit for the period			<u>35,770</u>

	Six months ended 30 June 2022		
	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	91,016	566,754	657,770
Cost of sales	<u>(21,709)</u>	<u>(435,676)</u>	<u>(457,385)</u>
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			<u>(337)</u>
Profit before income tax			62,483
Income tax expense			<u>(8,815)</u>
Profit for the period			<u><u>53,668</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	
	2023 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)
Customer A	112,531	166,190
Customer B	<u>90,727</u>	<u>136,620</u>

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The United States of America (the “USA”)	317,562	452,514
Europe	69,450	119,228
The People’s Republic of China (including Hong Kong) (the “PRC”)	30,425	36,750
Others	43,254	49,278
	<u>460,691</u>	<u>657,770</u>

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

	As at	As at
	30 June	31 December
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	
The PRC	535,382	536,893
Vietnam	89,293	50,364
	<u>624,675</u>	<u>587,257</u>

6 OTHER GAINS, NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other gains, net		
Foreign exchange gains	11,175	11,501
Fair value gain/(loss) on derivative financial instruments	1,343	(10,740)
Gains on disposal of property, plant and equipment	213	6
	<u>12,731</u>	<u>767</u>

7 OTHER INCOME

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Other income		
Rental income	25	25
Sales of scrap materials	2,908	5,949
Government grants	2,018	4,127
Others	109	210
	<u>5,060</u>	<u>10,311</u>

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Raw materials and consumables used	137,503	227,547
Changes in inventories of finished goods and work in progress	(4,037)	12,099
Provision for inventory obsolescence	2,551	3,041
Employee benefit expenses (including directors' emoluments)	161,655	178,455
Sub-contracting charges	43,306	65,461
Depreciation of property, plant and equipment	25,541	27,149
Transportation expenses	19,393	31,040
Electricity expenses	8,658	10,650
Repair and maintenance expenses	6,208	7,273
Technical maintenance support	3,829	2,189
Amortisation of right-of-use assets	3,393	3,308
Service charges of payment gateways	3,379	3,071
Legal and professional fee	2,650	3,442
Sales commission	2,514	3,989
Auditor's remuneration		
— Audit services	1,110	1,060
— Non-audit services	522	519
Short-term lease expenses	751	626
Amortisation of intangible assets	556	453
Others	21,864	24,656
	<u>441,346</u>	<u>606,028</u>
Total cost of sales, selling and distribution expenses, and administrative expenses	<u>441,346</u>	<u>606,028</u>

9 FINANCE INCOME/(COSTS), NET

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income		
Bank interest income	<u>4,947</u>	<u>270</u>
Finance costs		
Interest expense on bank borrowings	(2,217)	(565)
Interest expense on lease liabilities	<u>(26)</u>	<u>(42)</u>
	<u>(2,243)</u>	<u>(607)</u>
Finance income/(costs), net	<u>2,704</u>	<u>(337)</u>

10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax	7,975	8,915
Deferred income tax	<u>(3,905)</u>	<u>(100)</u>
	<u>4,070</u>	<u>8,815</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 (“**PRC CIT**”) at the rate of 25% during the six months ended 30 June 2023 and 2022.

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 was entitled to the preferential tax rate of 15% until 31 December 2022. Dongguan Zensee Printing Limited (東莞雋思印刷有限公司) is applying for renewal of the identification of high-tech enterprise. In addition, the Group's another subsidiary, Taunus Printing (Heshan) Company Limited* (騰達印刷(鶴山)有限公司) has been accredited as a high-tech enterprise, and is entitled to the preferential tax rate of 15% until 31 December 2023.

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 5.0% (six months ended 30 June 2022: 2.5%) for taxable income of first RMB1 million, and the preferential tax rate of 5.0% (six months ended 30 June 2022: 5.0%) for taxable income ranging from RMB1 million to RMB3 million during the six months ended 30 June 2023.

The subsidiaries established and operated in Vietnam are subject to the Vietnam Corporate Income Tax (“**Vietnam CIT**”) at the rate of 20% during the six months ended 30 June 2023 and 2022.

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 Vietnam 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 Vietnam 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.

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 2023 and 2022, 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\$35,770,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$53,668,000), and the weighted average number of ordinary shares of 532,000,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: 532,000,000).

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

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

Earnings

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company	<u>35,770</u>	<u>53,668</u>

Shares

	Number of shares	
	Six months ended 30 June	
	2023	2022
	<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>6.72</u>	<u>10.09</u>

12 DIVIDENDS

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend declared after the reporting period of HK2.0 cents (six months ended 30 June 2022: HK3.0 cents) per ordinary share	<u>10,640</u>	<u>15,960</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	
	2023	2022
	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 2022: HK11.0 cents) per ordinary share	<u>58,520</u>	<u>58,520</u>

13 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a total cost of approximately HK\$58,104,000 (six months ended 30 June 2022: approximately HK\$23,787,000).

During the six months ended 30 June 2023, the Group disposed property, plant and equipment with a net book value of approximately HK\$380,000 (six months ended 30 June 2022: approximately HK\$88,000).

14 TRADE RECEIVABLES

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
Trade receivables	<u>156,123</u>	<u>144,432</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 2023 and 31 December 2022, the aging analysis of the trade receivables, based on invoice date, were as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
Within 30 days	73,852	63,648
31–60 days	60,414	54,291
61–90 days	21,825	23,150
Over 90 days	32	3,343
	<u>156,123</u>	<u>144,432</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 2023 and 2022, 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 2023 and 2022.

The carrying amounts of trade receivables approximate their fair values as at 30 June 2023 and 31 December 2022.

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

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
United States dollars (“USD”)	89,918	89,535
Hong Kong dollars (“HKD”)	63,031	51,128
Renminbi (“RMB”)	2,966	3,712
Others	208	57
	<u>156,123</u>	<u>144,432</u>

15 BORROWINGS

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
Bank borrowings – amounts due on demand or within one year shown under current liabilities	<u>99,781</u>	<u>116,319</u>

As at 30 June 2023 and 31 December 2022, borrowings of approximately HK\$99,781,000 and HK\$116,319,000, respectively, which were subject to repayable on demand clause.

As at 30 June 2023 and 31 December 2022, the Group's borrowings were repayable as follows:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
Within 1 year	68,721	73,043
Between 1 and 2 years	13,252	19,506
Between 2 and 5 years	11,204	16,793
Over 5 years	6,604	6,977
	<u>99,781</u>	<u>116,319</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 2023 and 31 December 2022 were as follows:

	As at 30 June 2023 (Unaudited)	As at 31 December 2022
Bank borrowings	1-month HIBOR plus 0.1%–1.8%	1-month HIBOR plus 0.3%–1.8%

As at 30 June 2023 and 31 December 2022, the borrowings were pledged by certain assets with carrying values shown below:

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
Right-of-use assets	81,130	82,025
Property, plant and equipment	71,345	73,162
	<u>152,475</u>	<u>155,187</u>

The carrying amounts of borrowings of the Group approximate their fair values as at 30 June 2023 and 31 December 2022.

The Group's borrowings were denominated in HKD.

16 TRADE PAYABLES

	As at 30 June 2023 HK\$'000 (Unaudited)	As at 31 December 2022 HK\$'000
Trade payables	82,257	68,159

As at 30 June 2023 and 31 December 2022, the aging analysis of the trade payables, based on invoice date, were as follows:

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i>
Within 30 days	63,571	49,112
31–60 days	9,051	12,476
61–90 days	3,730	3,671
Over 90 days	5,905	2,900
	<u>82,257</u>	<u>68,159</u>

The carrying amounts of trade payables approximate their fair values as at 30 June 2023 and 31 December 2022.

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

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i>
RMB	63,468	54,167
HKD	10,990	11,785
USD	7,102	1,754
Others	697	453
	<u>82,257</u>	<u>68,159</u>

17 SHARE CAPITAL

	As at 30 June 2023 <i>Number of shares</i> (Unaudited)	As at 31 December 2022 <i>Number of shares</i>	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <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

Established in 1985, the Group is a paper product manufacturing and printing services provider, offering our customers diversified manufacturing and printing solutions for a wide spectrum of products. Headquartered in Hong Kong, we operate production plants at Dongguan and Heshan in Guangdong Province, the PRC and Phu Ly City in Ha Nam Province, Vietnam. Our principal product categories are tabletop games, greeting cards, educational items and premium packaging. Our products are sold to (i) OEM customers who order mass quantities for direct sales and distribution through their own sales network; and (ii) individual and corporate customers who order through online sales channels. We have established stable business relationships with our major OEM customers in the USA and Europe, which include an international greeting cards publisher and multinational children educational products and toys brands.

Business Overview

During the reporting period, the COVID-19 pandemic further subsided, and the social and economic activities fully resumed around the world. However, the global economic growth continued to slow down as the world's major central banks maintained the pace of raising interest rates while the inflationary pressures and other unfavorable factors such as geopolitical conflicts still prevailed. Consumers' tendency to reduce daily expenses in a high-inflation environment weakened retail sentiment. In the face of various challenges, the Group actively promoted the OEM and web sales businesses during the reporting period, including participating in domestic and overseas trade shows and strengthening digital marketing to reach potential customers, and devoting resources to developing new product lines with market potential, so as to push forward long-term business development. On the operations front, the Group entered into a contract with an independent third-party contractor on 1 September 2022 to build its own plant in Ha Nam Province, Vietnam with the aim of consolidating its overall production capacity to support future business expansion, diversifying potential operational risks arising from geopolitical factors, and providing more geographical manufacturing options for its customers. The final stage of the Vietnam plant's interior decoration and equipment installation are being carried out after the completion of construction works in July 2023. The plant is expected to officially commence production in the third quarter of 2023. On the other hand, the Group entered into a construction contract with an independent third party contractor on 28 February 2023 for the construction of an additional factory building in our Heshan plant with the aim of increasing the Group's production capacity and enhancing the overall production and operational efficiency. The construction works are expected to complete in December 2023.

Overall, the Group recorded a net profit of approximately HK\$35.8 million for 6M2023, representing a decrease of approximately HK\$17.9 million or 33.3% from approximately HK\$53.7 million for 6M2022. The net profit margin decreased from approximately 8.2% for 6M2022 to approximately 7.8% for 6M2023. The Group's revenue also decreased by approximately HK\$197.1 million or 30.0% from approximately HK\$657.8 million for 6M2022 to approximately HK\$460.7 million for 6M2023. Such decreases were mainly due to the decrease in the Group's OEM sales revenue from approximately HK\$566.8 million for 6M2022 to approximately HK\$367.8 million for 6M2023, representing a decrease of approximately HK\$199.0 million or 35.1%, which was mainly attributable to the reduced demand for its products from its major OEM customers as a result of weakened consumption sentiment due to continuing inflationary pressures and the slowdown in global economic growth in 6M2023. The Group's web sales revenue during 6M2023 was approximately HK\$92.9 million, representing an increase of approximately HK\$1.9 million or 2.1% from approximately HK\$91.0 million for 6M2022. The number of active registered user accounts, which refers to the registered user accounts with order(s) placed at our major websites, namely www.makeplayingcards.com, www.boardgamesmaker.com, www.createjigsawpuzzles.com, www.printerstudio.com, www.gifthing.com and www.maketotebags.com, increased from approximately 57,100 as at 31 December 2022 to approximately 60,800 as at 30 June 2023.

Future Outlook

Given the overall economic situation and consumption atmosphere, it is expected that the manufacturing market will continue to face considerable challenges in the second half of 2023. In view of such, we will remain steadfast in implementing strategic deployment to consolidate our business and optimise our operations, so as to maintain the competitive advantage of the Group. In the light of the rise of licensed trading card products in the PRC, we will step up efforts to expand the manufacturing business for high-end trading card products. To this end, we have introduced specialised machinery for the trading card product lines; our sales team has also actively increased the Group's exposure in the PRC market, laying a good foundation for further promoting and expanding the high-end trading card business. We will continue to improve the efficiency of production lines and advance the printing processes, and actively reach out to domestic brands and enterprises, so as to stand out in this market and establish a leading market position.

In terms of the web sales business, we will stay focused on the development of Q P Market Network (“QPMN”). In addition to optimising the user experience and product options of QPMN, we look to extend QPMN’s presence in the international market by dedicating human resources to business promotion in North America. Moreover, we have planned to participate in large-scale exhibitions around the world to explore potential customers and enhance the brand recognition of the Group’s e-commerce websites.

In addition to the existing OEM and web sales businesses, we are also exploring the possibility of new business directions. Based on our well-established experience and strength in web sales and manufacturing of card game products, we intend to tap into the original brand manufacturer (“OBM”) business for such products through establishing an own brand with self-designed products and self-managed distribution, in order to further grasp the business opportunities of the relevant products. Moreover, in view of the growing concern over information and cyber security in various industries owing to the increase in penetration and importance of information technology in different business areas, we are planning to invest in the development of cyber security-related maintenance and consultancy services, which will not only strengthen the security of the Group’s web sales platforms and information technology infrastructure, but also allow us to seize the opportunities brought by the demand for relevant services in the local market and increase the diversity of the Group’s business in the long run.

In terms of operations, following the upcoming commencement of operation of the Vietnam plant, we will evaluate and consolidate the positioning of our production bases to achieve more effective production specialisation and better operational efficiency. In the long run, we will strengthen our Dongguan plant’s role and capabilities as the hub of product engineering, R&D and digital production, while our Heshan plant and Vietnam plant will focus on providing end-to-end OEM services to our customers. As some of our corporate customers are undergoing evaluation and adjustment of supply chain strategies due to geopolitical concerns, the newly built Vietnam plant will bring additional geographical advantages to the Group’s supply chain, allowing customers to flexibly choose production sites according to their business needs and cater to their long-term strategic goals, and ultimately boosting the competitiveness of our manufacturing services.

Despite the market challenges, we remain confident about the long-term prospects of the Group. We will continue to devote resources to businesses development in an appropriate manner to expand our business steadily and maintain our competitive advantage. The Group will continue to closely review and evaluate market changes and take corresponding actions and responses to minimise the impact.

FINANCIAL REVIEW

Revenue

The Group achieved revenue of approximately HK\$460.7 million for 6M2023, representing a decrease of approximately 30.0% as compared to approximately HK\$657.8 million for 6M2022. The decrease in the Group's revenue for 6M2023 as compared with that of 6M2022 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			
	2023		2022	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
OEM sales	367,787	79.8	566,754	86.2
Web sales	92,904	20.2	91,016	13.8
Total	<u>460,691</u>	<u>100.0</u>	<u>657,770</u>	<u>100.0</u>

Revenue from OEM sales decreased from approximately HK\$566.8 million for 6M2022 to approximately HK\$367.8 million for 6M2023, representing a decrease of approximately 35.1%. The decrease was mainly attributable to the reduced demand for the Group's products from our major OEM customers as a result of weakened consumption sentiment due to continuing inflationary pressures and the slowdown in global economic growth in 6M2023.

On the other hand, revenue from web sales increased from approximately HK\$91.0 million for 6M2022 to approximately HK\$92.9 million for 6M2023, representing an increase of approximately 2.1%. Although weakened consumption sentiment prevailed in our targeted markets, the revenue from web sales remained stable during the reporting period.

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

	Six months ended 30 June			
	2023		2022	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
The USA	317,562	68.9	452,514	68.8
Europe	69,450	15.1	119,228	18.1
The PRC	30,425	6.6	36,750	5.6
Others	43,254	9.4	49,278	7.5
Total	<u>460,691</u>	<u>100.0</u>	<u>657,770</u>	<u>100.0</u>

The USA and Europe were the two largest overseas markets of the Group which in aggregate accounted for approximately 84.0% and 86.9% of total revenue for 6M2023 and 6M2022, respectively. The decrease in revenue from the USA and European markets was mainly attributable to the decrease in demand for our products from our major OEM customers due to the weakened retail sentiment.

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 a decrease in cost of sales by approximately 32.9% from approximately HK\$457.4 million for 6M2022 to approximately HK\$306.8 million for 6M2023. The decrease in the cost of sales was primarily attributable to the decreased production output resulting from the reduced demand for our OEM products during the reporting period.

Gross profit and gross profit margin

For 6M2023, the gross profit of the Group was approximately HK\$153.9 million, representing a decrease of approximately HK\$46.5 million or approximately 23.2% as compared to approximately HK\$200.4 million for 6M2022. The gross profit margin increased from approximately 30.5% for 6M2022 to approximately 33.4% for 6M2023. The increase was primarily attributable to the higher portion of revenue generated from web sales and the depreciation of the RMB against HKD, and such positive effect was partially offset by the decrease in the benefits of economies of scale resulting from the decrease in sales volume during the reporting period.

Other gains, net

Our Group's other gains, net mainly consist of foreign exchange gain, fair value gain/(loss) on derivative financial instruments and gain on disposal of property, plant and equipment. The increase of other gains, net was primarily due to the depreciation of the RMB against HKD and the Group did not enter into forward foreign currency contracts to hedge against the risk of RMB appreciation against USD during the reporting period.

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 and the decrease 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\$58.0 million for 6M2022, decreased by approximately HK\$10.9 million or 18.7%, to approximately HK\$47.1 million for 6M2023, which was mainly due to the decrease in transportation expenses resulting from the decrease in rate of freight charge and the implementation of relevant improvement strategies during the reporting period.

Administrative expenses

Our administrative expenses mainly comprise staff cost, depreciation and amortisation, and legal and professional fees. The Group's administrative expenses decreased by approximately HK\$3.2 million or 3.6% from approximately HK\$90.6 million for 6M2022 to approximately HK\$87.4 million for 6M2023. The Group's administrative expenses remained stable during the reporting period.

Finance income/(costs), net

The Group recognised finance income, net of approximately HK\$2.7 million for 6M2023, compared with finance cost, net of approximately HK\$0.3 million for 6M2022, due to a higher level of surplus cash being placed in term deposits and debt instruments, and the continuous rise in interest rates since 2022.

Income tax expense

Our income tax expense decreased by approximately HK\$4.7 million or 53.8% from approximately HK\$8.8 million for 6M2022 to approximately HK\$4.1 million for 6M2023. The decrease in income tax expense was primarily due to the decrease in profit recognised during the reporting period.

Profit for the period

The Group's profit decreased by approximately HK\$17.9 million or 33.3% from approximately HK\$53.7 million for 6M2022 to approximately HK\$35.8 million for 6M2023. The net profit margin decreased from approximately 8.2% for 6M2022 to approximately 7.8% for 6M2023.

LIQUIDITY AND FINANCIAL RESOURCES

During 6M2023, 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 2023, the Group reported net current assets of approximately HK\$163.8 million, as compared with approximately HK\$253.8 million as at 31 December 2022. As at 30 June 2023, the Group's cash and cash equivalents was approximately HK\$184.9 million, of which approximately HK\$34.2 million was denominated in HKD, approximately HK\$60.8 million was denominated in RMB, approximately HK\$86.4 million was denominated in USD and the remaining balance was denominated in other currencies (31 December 2022: approximately HK\$294.7 million, of which approximately HK\$168.3 million was denominated in HKD, approximately HK\$29.4 million was denominated in RMB, approximately HK\$93.4 million was denominated in USD and the remaining balance was denominated in other currencies), representing a decrease of approximately HK\$109.8 million as compared to approximately HK\$294.7 million as at 31 December 2022.

As at 30 June 2023, total borrowings and lease liabilities for the Group amounted to approximately HK\$101.7 million (31 December 2022: approximately HK\$119.2 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 2023, the Group had no significant contingent liabilities (31 December 2022: nil).

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had approximately HK\$46.2 million (31 December 2022: approximately HK\$45.0 million) of capital commitments in respect of acquisition of property, plant and equipment.

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.

As at 30 June 2023, the Group did not hold any outstanding forward foreign exchange contract (31 December 2022: the notional principal amounts of the outstanding forward foreign exchange contracts were approximately HK\$109.2 million). For 6M2023, fair value gain on derivative financial instruments of approximately HK\$1.3 million (6M2022: fair value loss of approximately HK\$10.7 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 6M2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any other plans for material investments or capital assets as at the date of this announcement.

SIGNIFICANT INVESTMENTS

The Group did not hold any significant investments for 6M2023.

PLEDGE OF ASSETS

As at 30 June 2023, right-of-use assets amounted to approximately HK\$81.1 million (31 December 2022: approximately HK\$82.0 million), and property, plant and equipment amounted to approximately HK\$71.3 million (31 December 2022: approximately HK\$73.2 million) had been charged as security for bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICY

The Group had a total of 2,434 (31 December 2022: 2,280) employees as at 30 June 2023. The Group's employee benefit expenses mainly included salaries, over time payment, discretionary bonus, other staff benefits and contributions to retirement schemes. For 6M2023, the total staff costs of the Group (including the Directors' remuneration) were approximately HK\$161.7 million (6M2022: approximately HK\$178.5 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 Listing Rules as its own code of corporate governance.

During 6M2023, 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 code provision C.2.1 of the CG Code. 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 had complied with the required standard set out in the Model Code adopted by the Company throughout 6M2023.

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 2023, 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 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, and announcements (“**Announcements**”) of the Company dated 30 March 2022 and 26 August 2022. 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.

As at 30 June 2023, the Company has not yet utilised approximately HK\$3.8 million of the net proceeds from the Listing (the “**Unutilised Net Proceeds**”).

The table below sets out an adjusted allocation as adjusted in the same manner and same proportions as shown in the Prospectus and Announcements and the actual use of the net proceeds as at 30 June 2023:

	Actual net proceeds HK\$'000	Actual use of net proceeds up to 30 June 2023 HK\$'000	Unutilised net proceeds as at 30 June 2023 HK\$'000	Expected timeline for utilising the remaining net proceeds (Note 1)
Enhance the Group’s production capacity and operational flexibility	58,726	(54,918)	3,808	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	27,964	(27,964)	–	N/A
Enhance the Group’s technological capability and upgrading the Group’s IT infrastructure	13,087	(13,087)	–	N/A
Working capital and other general corporate purposes	12,081	(12,081)	–	N/A
	<u>111,858</u>	<u>(108,050)</u>	<u>3,808</u>	

Note 1: 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.

The Unutilised Net Proceeds have been placed as bank deposits with licensed banks in Hong Kong.

CHANGE OF DIRECTORS' INFORMATION

Since May 2023, Prof. Cheng Man Chung Daniel, an independent non-executive Director of the Company, has been appointed as a member of the Council for Carbon Neutrality and Sustainable Development for a period of two years.

Since May 2023, Mr. Chan Hiu Fung Nicholas (“**Mr. Chan**”), an independent non-executive Director of the Company, has been appointed as a member of the Social Development Expert Group under the Chief Executive’s Policy Unit Expert Group for a period of one year.

Since June 2023, Mr. Chan has been appointed as the Chairman of the Innovation and Technology Venture Fund Advisory Committee for a period of two years.

Since July 2023, Mr. Ng Shung, an independent non-executive Director of the Company, has been appointed as the Chairman of the Executive Committee of the Hong Kong Thoroughbred Breeders’ Alliance for a period of two years.

In July 2023, Mr. Cheng Wan Wai, Chairman and an executive Director of the Company, was awarded the Medal of Honour by the Government of Hong Kong Special Administrative Region.

Save as disclosed above, there was no change in the Directors’ biographical details since the date of the 2022 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 6M2023, 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 HK2.0 cents per ordinary share, amounting to a total dividend of approximately HK\$10.6 million for 6M2023. The said interim dividend will be payable on or around Wednesday, 11 October 2023 to the Shareholders whose name appear on the register of members of the Company at the close of business on Friday, 22 September 2023.

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, 20 September 2023 to Friday, 22 September 2023, 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, 19 September 2023.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events affecting the Group after 6M2023 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 6M2023.

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 6M2023 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 6M2023 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, 31 August 2023

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.