

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

2024 RESULTS HIGHLIGHTS

- For the year ended 31 December 2024 (“**FY2024**”), Q P Group Holdings Limited (the “**Company**”) and its subsidiaries’ (collectively, the “**Group**”) total revenue was approximately HK\$1,210.9 million, representing an increase of approximately 16.5% as compared with that of FY2023. For FY2024, revenue generated from original equipment manufacturer (“**OEM**”) sales and web sales contributed 81.3% and 18.7% of the total revenue, respectively.
- For FY2024, the Group’s profit attributable to the equity holders of the Company was approximately HK\$129.1 million, representing an increase of approximately 61.2% as compared with that of the year ended 31 December 2023 (“**FY2023**”).
- Basic earnings per share of the Company for FY2024 was approximately HK24.27 cents (FY2023: HK15.06 cents).
- The board (the “**Board**”) of directors (the “**Directors**”) of the Company recommends the payment of final dividend of HK11.0 cents per share for FY2024 (FY2023: HK8.0 cents).

The Board announces the audited consolidated results of the Group for FY2024, together with comparative figures for FY2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	1,210,937	1,039,199
Cost of sales		<u>(774,762)</u>	<u>(683,107)</u>
Gross profit		436,175	356,092
Other gains, net	4	4,060	8,428
Other income	5	12,776	10,154
Selling and distribution expenses		(104,718)	(101,603)
Administrative expenses		<u>(202,837)</u>	<u>(182,650)</u>
Operating profit		145,456	90,421
Finance income	7	7,419	7,794
Finance costs	7	<u>(3,772)</u>	<u>(3,997)</u>
Finance income, net		3,647	3,797
Profit before income tax		149,103	94,218
Income tax expense	8	<u>(21,822)</u>	<u>(15,950)</u>
Profit for the year		<u>127,281</u>	<u>78,268</u>
Attributable to:			
Equity holders of the Company		129,116	80,099
Non-controlling interests		<u>(1,835)</u>	<u>(1,831)</u>
		<u>127,281</u>	<u>78,268</u>
Earnings per share for profit attributable to equity holders of the Company			
— Basic and diluted earnings per share (expressed in HK cents per share)	9	<u>24.27</u>	<u>15.06</u>

	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive loss, net of tax		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	<u>(21,245)</u>	<u>(20,129)</u>
Total comprehensive income for the year	<u>106,036</u>	<u>58,139</u>
Attributable to:		
Equity holders of the Company	107,871	59,970
Non-controlling interests	<u>(1,835)</u>	<u>(1,831)</u>
	<u>106,036</u>	<u>58,139</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	11	427,514	426,181
Investment property		2,135	2,135
Right-of-use assets		144,783	149,876
Intangible assets		27,187	28,995
Deposits, prepayments and other receivables		19,957	33,086
Deferred income tax assets		7,039	5,931
Equity investment at fair value through profit or loss		500	500
		629,115	646,704
Current assets			
Inventories		76,309	65,130
Trade receivables	12	151,582	163,323
Deposits, prepayments and other receivables		56,484	49,209
Debt instruments at amortised cost		7,733	3,900
Income tax recoverable		3,184	2,026
Cash and bank balances		246,481	160,365
		541,773	443,953
Total assets		1,170,888	1,090,657
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	15	5,320	5,320
Share premium		139,593	139,593
Reserves		738,074	688,738
Shareholders' funds		882,987	833,651
Non-controlling interests		(751)	1,069
Total equity		882,236	834,720

		2024	2023
	Note	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		14,277	15,184
Lease liabilities		<u>1,627</u>	<u>1,138</u>
		<u>15,904</u>	<u>16,322</u>
Current liabilities			
Trade payables	14	75,227	64,436
Accruals, provisions and other payables		97,803	97,351
Contract liabilities		21,417	17,101
Current income tax liabilities		9,195	11,037
Liabilities under supplier finance arrangements		16,601	—
Borrowings	13	50,150	47,879
Lease liabilities		<u>2,355</u>	<u>1,811</u>
		<u>272,748</u>	<u>239,615</u>
Total liabilities		<u><u>288,652</u></u>	<u><u>255,937</u></u>
Total equity and liabilities		<u><u>1,170,888</u></u>	<u><u>1,090,657</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) unless otherwise stated.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 are set out below. The consolidated financial statements have been prepared under the historical cost convention, except that investment property and equity investment at fair value through profit or loss are measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(i) Amendments to HKFRSs and interpretation adopted by the Group

The following amendments and interpretation to standards are mandatory for the first time for the financial year beginning 1 January 2024 and currently relevant to the Group:

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	1 January 2024

The application of the amendments to HKFRSs and interpretation in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(ii) New and amendments to HKFRSs not yet adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new and amendments to HKFRSs have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group. These new and amendments to HKFRSs are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND SEGMENT INFORMATION

	2024 HK\$'000	2023 HK\$'000
Revenue		
Sales of paper and other products	<u>1,210,937</u>	<u>1,039,199</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 31 December 2024 and 2023, all performance obligations not yet satisfied by the Group were from contracts with original expected duration of less than one year.

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.

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 years ended 31 December 2024 and 2023 are as follows:

	Year ended 31 December 2024		
	Web sales <i>HK\$'000</i>	OEM sales <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	226,100	984,837	1,210,937
Cost of sales	<u>(41,531)</u>	<u>(733,231)</u>	<u>(774,762)</u>
Gross profit	184,569	251,606	436,175
Other gains, net			4,060
Other income			12,776
Selling and distribution expenses			(104,718)
Administrative expenses			(202,837)
Finance income, net			<u>3,647</u>
Profit before income tax			149,103
Income tax expense			<u>(21,822)</u>
Profit for the year			<u><u>127,281</u></u>
	Year ended 31 December 2023		
	Web sales <i>HK\$'000</i>	OEM sales <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue from external customers	193,418	845,781	1,039,199
Cost of sales	<u>(33,282)</u>	<u>(649,825)</u>	<u>(683,107)</u>
Gross profit	160,136	195,956	356,092
Other gains, net			8,428
Other income			10,154
Selling and distribution expenses			(101,603)
Administrative expenses			(182,650)
Finance income, net			<u>3,797</u>
Profit before income tax			94,218
Income tax expense			<u>(15,950)</u>
Profit for the year			<u><u>78,268</u></u>

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
Customer A	274,561	191,056
Customer B	364,360	263,793
Customer C	78,274	106,154

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

	2024 HK\$'000	2023 <i>HK\$'000</i>
The United States of America (the “USA”)	772,747	695,088
Europe	198,277	173,903
The People’s Republic of China (including Hong Kong) (the “PRC”)	106,423	79,981
Others	133,490	90,227
	<u>1,210,937</u>	<u>1,039,199</u>

Non-current assets, other than deferred income tax assets and equity investment at fair value through profit or loss, are located as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
The PRC	510,716	540,596
Vietnam	110,860	99,677
	<u>621,576</u>	<u>640,273</u>

4 OTHER GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other gains, net		
Foreign exchange gain	2,406	7,109
Gain on disposals of derivative financial instruments	2,043	1,343
Loss on disposals of property, plant and equipment	(389)	(24)
	4,060	8,428

5 OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Rental income	53	51
Sales of scrap materials	8,169	7,150
Government grants	4,079	2,753
Others	475	200
	12,776	10,154

6 EXPENSES BY NATURE

Expenses included in cost of sales, administrative and selling and distribution expenses are analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Employee benefit expenses (including directors' emoluments)	381,304	343,897
Depreciation of property, plant and equipment	55,032	51,275
Amortisation of right-of-use assets	5,789	6,206
Auditor's remuneration		
— Audit services	2,329	2,190
— Non-audit services	490	490
Short-term lease expenses	2,089	1,507
Provision for inventory obsolescence	1,923	1,433
Amortisation of intangible assets	1,426	1,233

The research and development expenses charged for the years ended 31 December 2024 and 2023 were approximately HK\$28,939,000 and HK\$28,036,000, respectively which mainly comprised of employee benefit expense, raw materials and consumables used, and depreciation.

7 FINANCE INCOME, NET

	2024 HK\$'000	2023 HK\$'000
Finance income		
Bank interest income	7,058	7,485
Interest income from debt instruments	361	309
	<u>7,419</u>	<u>7,794</u>
Finance costs		
Interest expense on bank borrowings	(3,385)	(3,945)
Interest expense on supplier finance arrangements	(239)	—
Interest expense on lease liabilities	(148)	(52)
	<u>(3,772)</u>	<u>(3,997)</u>
Finance income, net	<u><u>3,647</u></u>	<u><u>3,797</u></u>

8 INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current income tax	23,819	9,147
Deferred income tax	(2,057)	7,868
Under/(over) provision in prior years, net	60	(1,065)
	<u>21,822</u>	<u>15,950</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 (excluding Hong Kong as mentioned above) are subject to the PRC Corporate Income Tax at the rate of 25% during the years ended 31 December 2024 and 2023.

Pursuant to the relevant laws and regulation in the PRC, the Group's subsidiaries, Dongguan Zensee Printing Limited (東莞雋思印刷有限公司) and Taunus Printing (Heshan) Company Limited* (騰達印刷(鶴山)有限公司) were accredited as high-tech enterprises from 2017 and 2021 respectively, and both of them are entitled to the preferential tax rate of 15%.

Pursuant to the relevant laws and regulations in the PRC, certain entities of the Group were qualified as small-scale and marginal profit enterprises. As a result, they were entitled to preferential income tax rate of 5% for taxable income of first Renminbi (“RMB”) 3 million for the year ended 31 December 2024 and 2023.

The subsidiaries established and operated in Vietnam are subject to the Vietnam Corporate Income Tax (“CIT”) at the rate of 20% for the years ended 31 December 2024 and 2023.

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

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, and 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 three 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 Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands for the years ended 31 December 2024 and 2023.

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

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$129,116,000 (2023: approximately HK\$80,099,000), and the weighted average number of ordinary shares of 532,000,000 for the years ended 31 December 2024 and 2023, respectively.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

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

Earnings

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<u>129,116</u>	<u>80,099</u>

Shares

	Number of shares 2024	2023
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>532,000</u>	<u>532,000</u>
Earnings per share (<i>HK cents per share</i>)	<u>24.27</u>	<u>15.06</u>

10 DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Interim dividend declared and paid in respect of the current year of HK3.0 cents (2023: HK2.0 cents) per ordinary share	15,960	10,640
Final dividend declared in respect of the previous financial year, approved and paid during the year of HK8.0 cents (2023: HK11.0 cents) per ordinary share	<u>42,560</u>	<u>58,520</u>
	<u>58,520</u>	<u>69,160</u>
Final dividend proposed after the end of the reporting period of HK11.0 cents (2023: HK8.0 cents) per ordinary share	<u>58,520</u>	<u>42,560</u>

Final dividend proposed after the end of the reporting period is not recognised as a liability as at the end of the reporting period.

11 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group acquired property, plant and equipment with a total cost of approximately HK\$70.5 million (2023: approximately HK\$96.4 million).

During the year ended 31 December 2024, the Group disposed of property, plant and equipment with a net book value of approximately HK\$0.6 million (2023: approximately HK\$0.6 million).

12 TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	<u>151,582</u>	<u>163,323</u>

Trade receivables represented credit sales of goods to third parties. The credit terms granted by the Group are generally 30 to 90 days.

As at 31 December 2024 and 2023, the aging analysis of the trade receivables, based on invoice date, were as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	72,417	70,626
31–60 days	62,120	38,815
61–90 days	15,450	30,598
Over 90 days	1,595	23,284
	151,582	163,323

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 years ended 31 December 2024 and 2023, 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 years ended 31 December 2024 and 2023.

The carrying amounts of trade receivables approximate their fair values as at 31 December 2024 and 2023.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
United States dollars (“USD”)	96,761	69,719
Hong Kong dollars (“HKD”)	50,912	87,836
RMB	3,417	5,480
Others	492	288
	151,582	163,323

13 BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank borrowings	50,150	47,879
Less: amounts due on demand and/or within one year shown under current liabilities	<u>(50,150)</u>	<u>(47,879)</u>
Non-current portion	<u><u>—</u></u>	<u><u>—</u></u>

As at 31 December 2024 and 2023, borrowings of approximately HK\$50,150,000 and HK\$47,879,000, respectively, were subject to repayable on demand clause.

As at 31 December 2024 and 2023, the Group's borrowings were repayable as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year	42,427	20,991
Between 1 and 2 years	694	9,870
Between 2 and 5 years	2,080	10,404
Over 5 years	<u>4,949</u>	<u>6,614</u>
	<u><u>50,150</u></u>	<u><u>47,879</u></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 Group's borrowings were denominated in following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HKD	12,861	47,090
RMB	37,289	—
Vietnamese dong (“VND”)	<u>—</u>	<u>789</u>
	<u><u>50,150</u></u>	<u><u>47,879</u></u>

The effective interest rates of the above loans (per annum) as at 31 December 2024 and 2023 are as follows:

	2024		2023	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Bank borrowings	Hong Kong Interbank Offered Rate (“HIBOR”) +1.1%	12,861	HIBOR +1.0%–1.8%	47,090
	Loan Prime Rate -0.55%	37,289	Fixed rate of 2.6%	789
		<u>50,150</u>		<u>47,879</u>

As at 31 December 2024 and 2023, the borrowings were pledged by certain assets with carrying values shown below:

	2024	2023
	HK\$'000	HK\$'000
Right-of-use assets	78,443	80,234
Property, plant and equipment	63,337	69,527
	<u>141,780</u>	<u>149,761</u>

The carrying amounts of borrowings of the Group approximate their fair values as at 31 December 2024 and 2023.

14 TRADE PAYABLES

	2024	2023
	HK\$'000	HK\$'000
Trade payables	<u>75,227</u>	<u>64,436</u>

As at 31 December 2024 and 2023, the aging analysis of the trade payables, based on invoice date, were as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	50,451	33,861
31–60 days	16,217	15,224
61–90 days	5,502	9,793
Over 90 days	3,057	5,558
	<u>75,227</u>	<u>64,436</u>

The carrying amounts of trade payables approximate their fair values as at 31 December 2024 and 2023.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
RMB	53,770	52,531
HKD	8,088	8,783
USD	6,049	2,151
Others	7,320	971
	<u>75,227</u>	<u>64,436</u>

15 SHARE CAPITAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Authorised:		
2,000,000,000 (2023: 2,000,000,000) ordinary shares of HK\$0.01 each	<u>20,000</u>	<u>20,000</u>
Issued and fully paid:		
532,000,000 (2023: 532,000,000) ordinary shares of HK\$0.01 each	<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 its customers diversified manufacturing and printing solutions for a wide spectrum of products. Headquartered in Hong Kong, the Group operates production plants at Dongguan and Heshan in Guangdong Province, and Phu Ly City in Ha Nam Province, Vietnam. The Group's principal product categories are tabletop games, greeting cards, educational items, trading cards and premium packaging. The Group's 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. The Group has established stable business relationships with its 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

The overall global economy demonstrated modest growth in 2024 despite persistent concerns over inflationary pressure and geopolitical uncertainties. Meanwhile, the intense competition from the PRC and overseas manufacturers posed ongoing challenges to the Group. In such a complex market environment, the Group remained highly focused on steady business expansion and optimisation of operations. During the reporting period, the Group capitalised on its outstanding performance in engineering, production efficiency, and quality, successfully capturing new business opportunities driven by the increasing market demand for its major OEM customers' products, which contributed to an increase in the overall OEM sales. Additionally, the Group made steady progress in diversifying its business across various product lines. With its established strengths in product development, production know-how and operation standard for trading cards production, the Group cultivated business relationships with one of the industry-leading players in the global trading cards and collectibles market, as well as various trading cards publishers in China. In FY2024, the Group's OEM sales increased from approximately HK\$845.8 million for FY2023 to approximately HK\$984.8 million for FY2024, representing an increase of approximately HK\$139.0 million or 16.4%. On the other hand, riding on the well-established market position, enhanced customer experience and effective cost-saving measures, the Group succeeded in achieving steady growth in its web sales business. With constant efforts to enhance the website's infrastructure and functionality, Q P Market Network ("QPMN")

also successfully built business relationships with business partners from all over the world, gradually increasing its presence in the e-commerce market. In FY2024, the Group's web sales amounted to approximately HK\$226.1 million, representing a growth of approximately HK\$32.7 million or 16.9% as compared with approximately HK\$193.4 million for FY2023. The number of active registered user accounts, which refers to the registered user accounts with order(s) placed at the Group's major websites, increased by approximately 21.1% from approximately 64,100 as at 31 December 2023 to approximately 77,600 as at 31 December 2024.

Overall, the revenue of the Group increased from approximately HK\$1,039.2 million for FY2023 to approximately HK\$1,210.9 million for FY2024, representing an increase of approximately 16.5%, which was mainly due to the growth in both OEM sales and web sales. The Group's profit attributable to the equity holders of the Company increased by approximately 61.2% from approximately HK\$80.1 million for FY2023 to approximately HK\$129.1 million for FY2024. The Group's net profit margin increased from approximately 7.5% for FY2023 to approximately 10.5% for FY2024. The increase in the profit attributable to the equity holders of the Company was mainly attributable to the increased demand for the Group's tabletop game and greeting card products from its major OEM customers and the increased demand for the Group's playing card products sold on one of its major websites' sales, which contributed to the increase in OEM sales and web sales and thereby better economies of scales, as well as the continuous enhancement in operational and production efficiency, which were partially offset by the increase in administrative expenses.

In respect of operations, the Vietnam plant commenced full-scale operations during the reporting period, becoming a crucial production hub for the Group. In September 2024, the Group entered into a construction agreement with a contractor for the construction works in relation to the expansion of the Vietnam plant.

Outlook and Prospects

The manufacturing industry is predicted to face a complicated economic landscape characterised by both opportunities and challenges in 2025. The consumer market is expected to show resilience, underpinned by steady economic growth and declining inflation, whereas the imposition of tariffs and heightened protectionism driven by widespread geopolitical tensions will however pose significant impact to the manufacturing sector inevitably. Nevertheless, the Group will continue to stay focused on steady business expansion and optimisation of operations. Looking ahead, the Group intends to further strengthen its OEM solutions by innovating in product structural design, printing and finishing techniques, and the utilisation of new materials. With the continuous efforts to build up its competitive strength in trading card games ("TCG") and trading cards manufacturing, the Group looks to actively participate in relevant exhibitions and trade shows to showcase its capabilities, so as to achieve better penetration into the flourishing

TCG and trading cards market and position the Group to capitalise on the emerging opportunities in it. Meanwhile, the development of QPMN remains the Group's key growth strategy in web sales business in the long run. The Group will focus on enriching its e-commerce solutions for product customisation, expanding its product range and enhancing its integration with popular e-commerce platforms, in order to better align with the market standard and expectations of business partners. For the Original Brand Manufacturer (“OBM”) business, the dedicated team has formulated a series of online and offline approaches, aiming to progressively diversify the brand's sales channels, broaden its market presence and enlarge its customer base. Besides playing cards, the brand will explore the market potential of other products such as TCG, board games, tarot decks, etc. to promote brand awareness and expand revenue streams.

The Group's production operations will continue to evolve in 2025. The construction work of the new factory building in the existing production base in Vietnam is in good progress and is expected to commence operations in the third quarter of 2025. Such expansion will enable the Group to develop a more comprehensive supply chain in Vietnam and further enhance its ability to diversify potential operational risks arising from geopolitical factors. On the other hand, following the recent milestone of achieving the certification of 2i level of Industry 4.0 maturity, the Group is committed to advancing its digital transformation through improvement in utilisation of operational data and scaling up the application of smart operations across more production lines and workshops, with the aim of further boosting its operational efficiency and competitive advantage in the future.

FINANCIAL REVIEW

Revenue

The Group achieved revenue of approximately HK\$1,210.9 million for FY2024, representing an increase of approximately 16.5% as compared with approximately HK\$1,039.2 million for FY2023. The increase in the Group's revenue for FY2024 was attributable to the increase in both OEM sales and web sales.

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

	Year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
OEM sales	984,837	81.3	845,781	81.4
Web sales	226,100	18.7	193,418	18.6
Total	<u>1,210,937</u>	<u>100.0</u>	<u>1,039,199</u>	<u>100.0</u>

Revenue from OEM sales increased from approximately HK\$845.8 million for FY2023 to approximately HK\$984.8 million for FY2024, representing an increase of approximately 16.4%. The increase was primarily due to the increased demand for the Group's tabletop games products and greeting cards products from its major OEM customers.

Revenue from web sales amounted to approximately HK\$226.1 million for FY2024, which represented an increase of approximately 16.9% compared to approximately HK\$193.4 million for FY2023. The increase was primarily due to the increased demand for the Group's playing cards products sold on one of its major websites during the reporting period.

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

	Year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
The USA	772,747	63.8	695,088	66.9
Europe	198,277	16.4	173,903	16.7
The PRC	106,423	8.8	79,981	7.7
Others	133,490	11.0	90,227	8.7
Total	<u>1,210,937</u>	<u>100.0</u>	<u>1,039,199</u>	<u>100.0</u>

The USA and Europe remained the two largest overseas markets of the Group which in aggregate accounted for 80.2% and 83.6% of the total revenue for FY2024 and FY2023, respectively. The decline in sales share of these two markets was primarily attributed to the increase in sales of OEM playing cards products to other countries such as Brazil, Mexico, Australia and Indonesia during the reporting period.

Cost of sales

The Group's cost of sales mainly consists of the cost of raw materials, staff costs in relation to production, sub-contracting charges, depreciation, utilities and factory overheads. The Group recorded increase in cost of sales of approximately 13.4% from approximately HK\$683.1 million for FY2023 to approximately HK\$774.8 million for FY2024. The increase in cost of sales was primarily attributable to the increase in production output as a result of more purchase orders placed by our OEM and web sales customers during the reporting period.

Gross profit and gross profit margin

For FY2024, the gross profit of the Group was approximately HK\$436.2 million, representing an increase of approximately 22.5% as compared with approximately HK\$356.1 million recorded in FY2023. The gross profit margin increased from approximately 34.3% for FY2023 to approximately 36.0% for FY2024, which was primarily attributable to the positive effects of better economies of scale driven by the increase in web sales and OEM sales and the continuous enhancement in operational and production efficiency during the reporting period.

Other gains, net

The Group's other gains, net mainly consist of foreign exchange gain, gain on disposals of derivative financial instruments and loss on disposals of property, plant and equipment. The decrease of other gains, net was primarily due to the fluctuation of the RMB and VND against USD which was less favourable to the Group as compared with the last reporting period.

Other income

The Group's other income mainly consists of sales of scrap materials and government grants. The increase in other income was mainly due to the increase in sales of scrap materials and the increase in receipts of government subsidies in the PRC during the reporting period.

Selling and distribution expenses

The Group's selling and distribution expenses primarily consist of transportation expenses, staff costs of our sales personnel, sales commission and service charges of payment gateways. The Group's selling and distribution expenses increased by approximately 3.1% from approximately HK\$101.6 million for FY2023 to approximately HK\$104.7 million for FY2024. The increase was mainly due to the increase in transportation expenses resulting from the increase in scale of the Group's web sales business during the reporting period.

Administrative expenses

The Group's administrative expenses mainly comprise staff costs, depreciation and amortisation, and legal and professional fees. The Group's administrative expenses increased by approximately 11.1%, from approximately HK\$182.7 million for FY2023 to approximately HK\$202.8 million for FY2024. The increase was primarily attributable to the increase in staff costs during the reporting period.

Finance income, net

The Group recognised finance income, net of approximately HK\$3.6 million and HK\$3.8 million for FY2024 and FY2023, respectively. There was no material fluctuation in finance income, net during the period.

Income tax expense

Our income tax expense increased by approximately 36.8% from approximately HK\$16.0 million for FY2023 to approximately HK\$21.8 million for FY2024. The effective tax rate of the Group for FY2024 and FY2023 was approximately 14.6% and 16.9%, respectively. The decrease in the effective tax rate was mainly due to Q P Enterprise (Vietnam) Company Limited, the Group's indirect wholly-owned subsidiary, being entitled to a tax holiday and the Group had fewer tax losses that were not recognised during the reporting period.

Profit attributable to the equity holders of the Company

The profit attributable to the equity holders of the Company increased by approximately 61.2% from approximately HK\$80.1 million for FY2023 to approximately HK\$129.1 million for FY2024. The Group's net profit margin increased from approximately 7.5% for FY2023 to approximately 10.5% for FY2024. The increase in net profit was primarily attributable to the increase in overall sales and the improvement in gross profit margin as mentioned above during the reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

During FY2024, the Group maintained a healthy liquidity position, with working capital mainly financed by internal resources. The Group adopts a prudent cash and financial management policy. The Group closely reviews trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The Group closely monitors 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 31 December 2024, the Group reported net current assets of approximately HK\$269.0 million, as compared with approximately HK\$204.3 million as at 31 December 2023. As at 31 December 2024, the Group's cash and bank balances was approximately HK\$246.5 million, of which approximately HK\$49.2 million was denominated in HKD, approximately HK\$114.2 million was denominated in USD, approximately HK\$71.0 million was denominated in RMB and the remaining balance was denominated in other currencies (31 December 2023: approximately HK\$160.4 million, of which approximately HK\$28.8 million was denominated in HKD, approximately HK\$109.0 million was denominated in USD, approximately HK\$19.8 million was denominated in RMB and the remaining balance was denominated in other currencies), representing an increase of approximately HK\$86.1 million as compared with that as at 31 December 2023.

As at 31 December 2024, total borrowings, supplier finance arrangements and lease liabilities for the Group amounted to approximately HK\$70.7 million (31 December 2023: approximately HK\$50.8 million). The borrowings were mainly denominated in HKD and RMB, supplier finance arrangements were denominated in RMB and lease liabilities were denominated in HKD and RMB. Bank borrowings and supplier finance arrangements are mostly at floating rates and lease liabilities are at fixed rates.

For FY2024, the net cash generated from operating activities was approximately HK\$204.1 million (FY2023: approximately HK\$112.1 million). The net cash generated from operating activities was mainly derived from the profits recorded during the reporting period. The net cash used in investing activities was approximately HK\$67.0 million (FY2023: approximately HK\$195.0 million). The net cash used in financing activities was approximately HK\$43.4 million (FY2023: approximately HK\$143.6 million). For FY2024, the net cash used in investing activities was mainly attributable to the payments in relation to the purchase of property, plant and equipment, and the net cash used in financing activities was mainly attributable to the dividend payment.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: nil).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had approximately HK\$59.9 million (31 December 2023: approximately HK\$21.0 million) 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 the Group's production facilities are primarily located in the PRC and Vietnam, most of the Group's production costs and operating expenses are primarily denominated in HKD, RMB and VND, while the Group's revenue is mainly denominated in USD and HKD, and the Group is 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 31 December 2024 and 2023, the Group did not hold any outstanding forward foreign exchange contract. For FY2024, gain on disposals of derivative financial instruments of approximately HK\$2.0 million (FY2023: approximately HK\$1.3 million) was recognised in the consolidated statement of profit or loss and other comprehensive income.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during FY2024 and FY2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no other plans for material investments or capital assets.

DISCLOSEABLE TRANSACTION IN RELATION TO CONSTRUCTION OF A FACTORY IN VIETNAM

On 25 September 2024, the Group entered into the construction contract with an independent third party contractor, pursuant to which the contractor agreed, among other things, to undertake the construction works of the factory in Vietnam at a consideration of VND176,600,000,000 (equivalent to approximately HK\$55,992,391), subject to adjustment (if any). The Group intends to expand the existing factory buildings in Vietnam so as to develop a more comprehensive supply chain in that region, with the aim of further enhancing the Group's ability to diversify potential operational risks arising from geopolitical factors. Details of the construction contract were disclosed in the announcement of the Company dated 25 September 2024.

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not hold any significant investments (31 December 2023: nil).

PLEDGE OF ASSETS

As at 31 December 2024, right-of-use assets amounted to approximately HK\$78.4 million (2023: HK\$80.2 million) and property, plant and equipment amounted to approximately HK\$63.3 million (2023: HK\$69.5 million) have been charged as security for bank borrowings and supplier finance arrangements of the Group.

GEARING RATIO

Gearing ratio is calculated by the total debt (being borrowings, supplier finance arrangements and lease liabilities) divided by the total equity as at the end of the respective reporting periods and multiplied by 100%. The Group's gearing ratio was approximately 8.0% and 6.1% as at 31 December 2024 and 2023, respectively.

The Group closely monitors the gearing ratio, analyse the maturity profiles of the Group's borrowings and manage our liquidity level to ensure a sufficient cash flow to service the Group's indebtedness and meet cash requirements arising from the Group's business. The Group also explores various financing opportunities to improve our capital structure and reduce the Group's cost of capital.

SHARE OPTION SCHEME

On 20 December 2019, the Company adopted a 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 the Share Option Scheme and up to 31 December 2024, no options were granted to any of the Directors, eligible employees and other third parties under the Share Option Scheme.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total employees of 2,976 (31 December 2023: 2,677). The Group’s employee benefit expenses mainly included salaries, over time payments and discretionary bonuses, other staff benefits and contributions to retirement schemes. For FY2024, the total staff costs of the Group (including the Directors’ remuneration) were approximately HK\$381.3 million (FY2023: approximately HK\$343.9 million).

The remuneration policy of the Company is reviewed regularly, making reference primarily to the market conditions and performance of the Group 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 the financial performance of our Group and individual performance. During the reporting period, the remuneration policy and remuneration packages of the Directors and senior management are reviewed by the remuneration committee of the Company, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this announcement, there are no significant events affecting the Group after FY2024 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to a high level of corporate governance to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance.

During FY2024, the Company has applied and complied with the CG Code in each case as set out in Appendix C1 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 C3 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 during FY2024.

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, 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 audited financial statements of the Group for FY2024.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Friday, 6 June 2025. A notice convening the AGM will be issued and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

DIVIDEND

The Board recommended the declaration of a final dividend at the rate of HK11.0 cents per share amounting to approximately HK\$58.5 million for the year ended 31 December 2024, which is expected to be paid on or around Wednesday, 25 June 2025 to all persons registered as holders of shares of the Company on Wednesday, 18 June 2025, subject to the approval of the Shareholders at the AGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the qualification as Shareholders of the Company to attend and vote at the AGM to be held on Friday, 6 June 2025, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office 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, no later than 4:30 p.m. on Monday, 2 June 2025, being the last share registration date.

For the purpose of determining the entitlement to the proposed final dividend (subject to the approval of the Shareholders at the AGM), the register of members of the Company will be closed from Monday, 16 June 2025 to Wednesday, 18 June 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to the proposed final dividend, unregistered holders of shares of the Company are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 June 2025.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.qpp.com) and the annual report for the year ended 31 December 2024 containing all information required by the Listing Rules will be despatched to the Shareholders and published on the aforesaid websites on or before 30 April 2025.

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

Hong Kong, 24 March 2025

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; and Mr. CHAN Hiu Fung Nicholas, Prof. CHENG Man Chung Daniel and Mr. NG Shung as independent non-executive Directors.