

*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 2023**

## **2023 RESULTS HIGHLIGHTS**

- For the year ended 31 December 2023 (“**FY2023**”), Q P Group Holdings Limited (the “**Company**”) and its subsidiaries’ (collectively, the “**Group**”) profit attributable to the equity holders of the Company was approximately HK\$80.1 million, representing a decrease of approximately 36.8% as compared with that of the year ended 31 December 2022 (“**FY2022**”).
- For FY2023, the Group’s total revenue was approximately HK\$1,039.2 million, representing a decrease of approximately 18.6% as compared with that of FY2022. For FY2023, revenue generated from original equipment manufacturer (“**OEM**”) sales and web sales contributed 81.4% and 18.6% of the total revenue, respectively.
- Basic earnings per share of the Company for FY2023 was approximately HK15.06 cents (FY2022: HK23.84 cents).
- The board (the “**Board**”) of directors (the “**Directors**”) of the Company recommends the payment of final dividend of HK8.0 cents per share for FY2023 (FY2022: HK11.0 cents).

The Board announces the audited consolidated results of the Group for FY2023, together with comparative figures for FY2022, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2023*

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>1,039,199</b>	1,276,392
Cost of sales	6	<u>(683,107)</u>	<u>(859,628)</u>
<b>Gross profit</b>		<b>356,092</b>	416,764
Other gains, net	4	<b>8,428</b>	2,519
Other income	5	<b>10,154</b>	19,389
Selling and distribution expenses	6	<b>(101,603)</b>	(110,399)
Administrative expenses	6	<u>(182,650)</u>	<u>(185,226)</u>
<b>Operating profit</b>		<b>90,421</b>	143,047
Finance income	7	<b>7,794</b>	2,380
Finance costs	7	<u>(3,997)</u>	<u>(2,294)</u>
Finance income, net		<b>3,797</b>	86
<b>Profit before income tax</b>		<b>94,218</b>	143,133
Income tax expense	8	<u>(15,950)</u>	<u>(16,294)</u>
<b>Profit for the year</b>		<b><u>78,268</u></b>	<b><u>126,839</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		<b>80,099</b>	126,839
Non-controlling interests		<u>(1,831)</u>	<u>—</u>
		<b><u>78,268</u></b>	<b><u>126,839</u></b>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
— Basic and diluted earnings per share (expressed in HK cents per share)	9	<b><u>15.06</u></b>	<b><u>23.84</u></b>

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other comprehensive loss, net of tax</b>			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>(20,129)</u>	<u>(55,832)</u>
<b>Total comprehensive income for the year</b>		<b><u>58,139</u></b>	<b><u>71,007</u></b>
<b>Attributable to:</b>			
Equity holders of the Company		<b>59,970</b>	71,007
Non-controlling interests		<b><u>(1,831)</u></b>	<u>—</u>
		<b><u>58,139</u></b>	<b><u>71,007</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>426,181</b>	390,839
Investment property		<b>2,135</b>	2,135
Right-of-use assets		<b>149,876</b>	155,653
Intangible assets		<b>28,995</b>	29,072
Deposits, prepayments and other receivables		<b>33,086</b>	9,558
Deferred income tax assets		<b>5,931</b>	7,868
Debt instruments at amortised cost		—	3,891
Equity investment at fair value through profit or loss		<b>500</b>	—
		<b>646,704</b>	599,016
<b>Current assets</b>			
Inventories		<b>65,130</b>	72,442
Trade receivables	12	<b>163,323</b>	144,432
Deposits, prepayments and other receivables		<b>49,209</b>	47,435
Debt instruments at amortised cost		<b>3,900</b>	11,695
Income tax recoverable		<b>2,026</b>	9,494
Cash and bank balances		<b>160,365</b>	294,721
		<b>443,953</b>	580,219
<b>Total assets</b>		<b>1,090,657</b>	1,179,235
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	15	<b>5,320</b>	5,320
Share premium		<b>139,593</b>	139,593
Reserves		<b>688,738</b>	697,928
Shareholders' funds		<b>833,651</b>	842,841
Non-controlling interests		<b>1,069</b>	—
<b>Total equity</b>		<b>834,720</b>	842,841

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>15,184</b>	9,362
Lease liabilities		<b>1,138</b>	631
		<u><b>16,322</b></u>	<u>9,993</u>
<b>Current liabilities</b>			
Trade payables	14	<b>64,436</b>	68,159
Accruals, provisions and other payables		<b>97,351</b>	101,389
Contract liabilities		<b>17,101</b>	17,153
Current income tax liabilities		<b>11,037</b>	14,297
Borrowings	13	<b>47,879</b>	116,319
Lease liabilities		<b>1,811</b>	2,228
Derivative financial instruments		<b>—</b>	6,856
		<u><b>239,615</b></u>	<u>326,401</u>
<b>Total liabilities</b>		<u><b>255,937</b></u>	<u>336,394</u>
<b>Total equity and liabilities</b>		<u><b>1,090,657</b></u>	<u>1,179,235</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, equity investment at fair value through profit or loss and derivative financial instruments 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) *New and amendments to HKFRSs adopted by the Group***

The Group has applied the following new and amendments to standards for the first time, for the reporting period commencing 1 January 2023:

HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Insurance Contracts
Amendments to 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 application of the new and amendments to HKFRSs 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) *Amendments to HKFRSs not yet 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 a Sale 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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
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 amendments to HKFRSs have been published that are not mandatory for 31 December 2023 reporting period and have not been early adopted by the Group. These 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

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Sales of paper and other products	<b><u>1,039,199</u></b>	<u>1,276,392</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 2023 and 2022, all performance obligations not yet satisfied 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 unsatisfied 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.

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 2023 and 2022 are as follows:

	<b>Year ended 31 December 2023</b>		
	<b>Web sales</b>	<b>OEM sales</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
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>
	<b>Year ended 31 December 2022</b>		
	<b>Web sales</b>	<b>OEM sales</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Segment revenue from external customers	193,706	1,082,686	1,276,392
Cost of sales	<u>(41,560)</u>	<u>(818,068)</u>	<u>(859,628)</u>
Gross profit	152,146	264,618	416,764
Other gains, net			2,519
Other income			19,389
Selling and distribution expenses			(110,399)
Administrative expenses			(185,226)
Finance income, net			<u>86</u>
Profit before income tax			143,133
Income tax expense			<u>(16,294)</u>
Profit for the year			<u><u>126,839</u></u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A	<b>191,056</b>	302,419
Customer B	<b>263,793</b>	248,739
Customer C	<b>106,154</b>	106,827

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The United States of America (the “USA”)	<b>695,088</b>	866,131
Europe	<b>173,903</b>	232,620
The People’s Republic of China (the “PRC”)	<b>79,981</b>	83,410
Others	<b>90,227</b>	94,231
	<b><u>1,039,199</u></b>	<u>1,276,392</u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The PRC	<b>540,596</b>	536,893
Vietnam	<b>99,677</b>	50,364
	<b><u>640,273</u></b>	<u>587,257</u>

#### 4 OTHER GAINS, NET

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other gains, net</b>		
Foreign exchange gain	<b>7,109</b>	22,414
Fair value gain/(loss) on derivative financial instruments	<b>1,343</b>	(19,879)
Loss on disposal of property, plant and equipment	<b>(24)</b>	(16)
	<u><b>8,428</b></u>	<u>2,519</u>

#### 5 OTHER INCOME

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Other income</b>		
Rental income	<b>51</b>	50
Sales of scrap materials	<b>7,150</b>	11,688
Government grants	<b>2,753</b>	7,291
Others	<b>200</b>	360
	<u><b>10,154</b></u>	<u>19,389</u>

## 6 EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Raw materials and consumables used	<b>316,857</b>	413,383
Changes in inventories of finished goods and work in progress	<b>(1,376)</b>	24,848
Provision for inventory obsolescence	<b>1,433</b>	10,443
Employee benefit expenses (including directors' emoluments)	<b>343,897</b>	356,240
Sub-contracting charges	<b>90,752</b>	121,074
Depreciation of property, plant and equipment	<b>51,275</b>	53,160
Transportation expenses	<b>40,911</b>	54,429
Electricity expenses	<b>20,469</b>	20,770
Repair and maintenance expenses	<b>13,250</b>	13,223
Technical maintenance support	<b>8,611</b>	5,829
Service charges of payment gateways	<b>6,901</b>	6,660
Amortisation of right-of-use assets	<b>6,206</b>	6,419
Legal and professional fee	<b>6,013</b>	5,204
Sales commission	<b>5,661</b>	7,394
Trade credit insurance	<b>2,414</b>	3,275
Auditor's remuneration		
— Audit services	<b>2,190</b>	2,220
— Non-audit services	<b>490</b>	622
Short-term lease expenses	<b>1,507</b>	1,516
Amortisation of intangible assets	<b>1,233</b>	930
Others	<b>48,666</b>	47,614
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses and administrative expenses	<b><u>967,360</u></b>	<b><u>1,155,253</u></b>

The research and development expenses charged for the years ended 31 December 2023 and 2022 were approximately HK\$28,036,000 and HK\$40,839,000, respectively.

## 7 FINANCE INCOME, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Finance income</b>		
Bank interest income	7,485	2,226
Interest income from debt instruments	309	154
	<u>7,794</u>	<u>2,380</u>
<b>Finance costs</b>		
Interest expense on bank borrowings	(3,945)	(2,220)
Interest expense on lease liabilities	(52)	(74)
	<u>(3,997)</u>	<u>(2,294)</u>
<b>Finance income, net</b>	<u><u>3,797</u></u>	<u><u>86</u></u>

## 8 INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax	9,147	16,186
Deferred income tax	7,868	108
Over provision in prior years, net	(1,065)	—
	<u><u>15,950</u></u>	<u><u>16,294</u></u>

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

The subsidiaries established and operated in the PRC are subject to the PRC Corporate Income Tax at the rate of 25% during the years ended 31 December 2023 and 2022.

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 qualified as small-scale and marginal profit enterprises. As a result, they were entitled to preferential income tax rate of 5% (2022: 2.5%) for taxable income of first RMB1 million, and 5% (2022: 5%) for taxable income ranging from RMB1 million to RMB3 million during the year ended 31 December 2023.

The subsidiaries established and operated in Vietnam are subject to the Vietnam Corporate Income Tax (“CIT”) at the rate of 20%, and are entitled to a 30% reduction of CIT payable since their revenue is not exceeding Vietnamese Dong (“VND”) 200 billion for the years ended 31 December 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, 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 during the years ended 31 December 2023 and 2022.

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

## 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, and the weighted average number of ordinary shares of 532,000,000 for the years ended 31 December 2023 and 2022.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

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

### Earnings

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	<b>80,099</b>	126,839

### Shares

	<b>Number of shares</b>	
	<b>2023</b> <i>'000</i>	2022 <i>'000</i>
Weighted average number of ordinary shares in issue	<b>532,000</b>	532,000
Earnings per share ( <i>HK cents per share</i> )	<b>15.06</b>	23.84

## 10 DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interim dividend declared and paid in respect of the current year of HK2.0 cents (2022: HK3.0 cents) per ordinary share	<b>10,640</b>	15,960
Final dividend declared in respect of the previous financial year, approved and paid during the year of HK11.0 cents (2022: HK11.0 cents) per ordinary share	<u><b>58,520</b></u>	<u>58,520</u>
	<u><b>69,160</b></u>	<u>74,480</u>
Final dividend proposed after the end of the reporting period of HK8.0 cents (2022: HK11.0 cents) per ordinary share	<u><b>42,560</b></u>	<u>58,520</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 2023, the additions to property, plant and equipment amounted to approximately HK\$96.4 million (2022: approximately HK\$46.6 million).

During the year ended 31 December 2023, the disposals of property, plant and equipment amounted to approximately HK\$0.6 million (2022: approximately HK\$0.2 million).

## 12 TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<u><b>163,323</b></u>	<u>144,432</u>

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

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<b>70,626</b>	63,648
31–60 days	<b>38,815</b>	54,291
61–90 days	<b>30,598</b>	23,150
Over 90 days	<b>23,284</b>	3,343
	<b>163,323</b>	144,432

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 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 years ended 31 December 2023 and 2022.

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

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
United States dollars (“USD”)	<b>69,719</b>	89,535
Hong Kong dollars (“HKD”)	<b>87,836</b>	51,128
Renminbi (“RMB”)	<b>5,480</b>	3,712
Others	<b>288</b>	57
	<b>163,323</b>	144,432

## 13 BORROWINGS

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings	<b>47,879</b>	116,319
Less: amounts due on demand and/or within one year shown under current liabilities	<u><b>(47,879)</b></u>	<u>(116,319)</u>
Non-current portion	<u><b>—</b></u>	<u>—</u>

As at 31 December 2023 and 2022, borrowings of approximately HK\$47,879,000 and HK\$116,319,000 were subject to repayable on demand clause.

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year	<b>20,991</b>	73,043
Between 1 and 2 years	<b>9,870</b>	19,506
Between 2 and 5 years	<b>10,404</b>	16,793
Over 5 years	<u><b>6,614</b></u>	<u>6,977</u>
	<u><b>47,879</b></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 Group's borrowings were denominated in following currencies:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HKD	<b>47,090</b>	116,319
VND	<u><b>789</b></u>	<u>—</u>
	<u><b>47,879</b></u>	<u>116,319</u>

The effective interest rates of the above loans (per annum) as at 31 December 2023 and 2022 are as follows:

	<b>2023</b>	2022
Bank borrowings	<b>2.60%–7.43%</b>	2.63%–6.30%

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

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Right-of-use assets	<b>80,234</b>	82,025
Property, plant and equipment	<b>69,527</b>	73,162
	<b><u>149,761</u></b>	<u>155,187</u>

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

#### **14 TRADE PAYABLES**

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<b><u>64,436</u></b>	<u>68,159</u>

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	<b>33,861</b>	49,112
31–60 days	<b>15,224</b>	12,476
61–90 days	<b>9,793</b>	3,671
Over 90 days	<b>5,558</b>	2,900
	<b>64,436</b>	68,159

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

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

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
RMB	<b>52,531</b>	54,167
HKD	<b>8,783</b>	11,785
USD	<b>2,151</b>	1,754
Others	<b>971</b>	453
	<b>64,436</b>	68,159

## 15 SHARE CAPITAL

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Authorised:</b>		
2,000,000,000 (2022: 2,000,000,000) ordinary shares of HK\$0.01 each	<b>20,000</b>	20,000
<b>Issued and fully paid:</b>		
532,000,000 (2022: 532,000,000) ordinary shares of HK\$0.01 each	<b>5,320</b>	5,320

# 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, despite the full resumption of social and economic activities around the world upon retreat of the COVID-19 pandemic, the further slowdown in global economic growth and the persistent inflationary pressure in various region weakened consumer sentiment and purchasing power, and in turn affected the sales of the Group's related products. At the same time, the ongoing intense competition from the PRC and overseas manufacturers impeded the Group's business expansion. Amid the challenging market environment, the Group adopted diversified growth strategies in its OEM business, developing new product lines and new customers in a proactive manner and providing existing customers with manufacturing solutions that catered to their business needs. During the reporting period, the Group's OEM sales decreased from approximately HK\$1,082.7 million for FY2022 to approximately HK\$845.8 million for FY2023, representing a decrease of approximately HK\$236.9 million or 21.9%. The aforementioned market environment and competition have also imposed certain challenges to the Group's web sales business. To maintain the competitive advantage and long-term growth of the web sales business, the Group implemented various business strategies during the reporting period including active digital marketing to consolidate the leading position of its brand in search engines and maintain its presence in the e-commerce market. We also launched crowdfunding campaigns for self-designed products to boost sales and brand awareness. Our web sales brands also took part in various exhibitions to further increase their exposure in the relevant markets. Meanwhile, we rationalised our web sales brands to focus on the development of those with better market positions and achieve more effective use of resources. In addition, we continued to strive to strengthen the functions and services of Q P Market Network ("QPMN"), a one-stop e-commerce platform for custom products, so as to enhance the

compatibility of the platform's services in various regions and expand its product offerings, laying a solid foundation for the further expansion of our web sales business in the future. In FY2023, our web sales amounted to approximately HK\$193.4 million which remained at a similar level compared to approximately HK\$193.7 million for FY2022. The number of active registered user accounts, which refers to the registered user accounts with order(s) placed at our major websites, increased by approximately 11.3% from approximately 57,600 as at 31 December 2022 to approximately 64,100 as at 31 December 2023.

In respect of operations, the Group's new plant located at Phu Ly City in Ha Nam Province, Vietnam was put into operation in the third quarter of 2023. Apart from that, on 28 February 2023, the Group entered into a construction agreement with an independent third party contractor in relation to the construction of a new factory building at Heshan production plant, aiming to improve the Group's production capacity and enhance the overall production and operational efficiency. The construction is expected to be completed in the second quarter of 2024.

Overall, the revenue of the Group decreased from approximately HK\$1,276.4 million for FY2022 to approximately HK\$1,039.2 million for FY2023, representing a decrease of approximately 18.6%, which was mainly attributable to weakened consumer sentiment due to continuing inflationary pressures in our major markets and the slowdown in global economic growth in FY2023. The Group's profit attributable to the equity holders of the Company decreased by approximately 36.8% from approximately HK\$126.8 million for FY2022 to approximately HK\$80.1 million for FY2023. The Group's net profit margin decreased from approximately 9.9% for FY2022 to approximately 7.5% for FY2023. The decrease in the profit attributable to the equity holders of the Company was primarily attributable to the decrease in OEM sales during FY2023.

## **Future Outlook**

The slowdown in global economic growth and inflationary pressures are expected to continue in the coming year, posing ongoing challenges to overall consumer demand and the manufacturing market. The potential volatility of the geopolitical situation may bring uncertainties to the manufacturing industry. In view of such, we will continue to adhere to our strategic deployment to actively explore new businesses, consolidate our business and enhance our operations so as to maintain the Group's competitive advantage. In respect of the OEM business, we will review the current business development approach, adopt aggressive strategies and provide competitive services so as to strive for more business opportunities. We will continue to develop trading card game manufacturing business by actively expanding markets in different regions, developing more production processes and elevating our product quality and operation standards, in order to further capture the potential of the relevant markets and achieve diversification of our OEM business. In respect of web sales business, we will continue to carry out both online and offline marketing strategies, including enhancement of digital marketing, new product release

on crowdfunding platforms and participation in more overseas exhibitions and business events. In addition, we have established local and overseas marketing teams for our e-commerce platform QPMN to facilitate new business expansion. With its more mature website infrastructure, we will actively promote QPMN to different geographical markets with the aim of expanding the market share of the Group's web sales business in the long run. Regarding our original brand manufacturer (OBM) business newly developed during the reporting period, we will seek collaboration with brands and licensors, develop other product categories in addition to our existing card products, and add on customisation to enrich customer experience.

In terms of operations, following the commencement of operation of the Vietnam plant and the upcoming completion of Heshan new plant, we will focus on consolidating the positioning of each of our production bases, strengthen the capacity of Dongguan plant as a hub for product engineering, research and development and digital production, and leverage the advantages of Heshan plant and Vietnam plant serving as the manufacturing hubs for the Group's OEM business, so as to strengthen production specialisation and overall operational efficiency of our production bases. We will continue to devote resources to the development of a digitalised and smart operation system, review and optimise the deployment and workflow of different production lines, optimising the overall efficiency and cost in the long run.

Despite the market challenges, we will stay focused on the optimisation of operations and steady business expansion. The Group will continue to closely monitor and evaluate market changes and take corresponding actions and responses to mitigate the impact.

## **FINANCIAL REVIEW**

### **Revenue**

The Group achieved revenue of approximately HK\$1,039.2 million for FY2023, representing a decrease of approximately 18.6% as compared with approximately HK\$1,276.4 million for FY2022. The decrease in the Group's revenue for FY2023 was mainly attributable to the decrease in OEM sales.

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

	<b>Year ended 31 December</b>			
	<b>2023</b>		<b>2022</b>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
OEM sales	<b>845,781</b>	<b>81.4</b>	1,082,686	84.8
Web sales	<b>193,418</b>	<b>18.6</b>	193,706	15.2
<b>Total</b>	<b><u>1,039,199</u></b>	<b><u>100.0</u></b>	<b><u>1,276,392</u></b>	<b><u>100.0</u></b>

OEM sales decreased from approximately HK\$1,082.7 million for FY2022 to approximately HK\$845.8 million for FY2023, representing a decrease of approximately 21.9%. The decrease was primarily due to weakened consumer sentiment due to continuing inflationary pressures in our major markets and the slowdown in global economic growth in FY2023.

Web sales amounted to approximately HK\$193.4 million for FY2023, which remained at a similar level compared to approximately HK\$193.7 million for FY2022.

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

	<b>Year ended 31 December</b>			
	<b>2023</b>		<b>2022</b>	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
The USA	<b>695,088</b>	<b>66.9</b>	866,131	67.9
Europe	<b>173,903</b>	<b>16.7</b>	232,620	18.2
The PRC	<b>79,981</b>	<b>7.7</b>	83,410	6.5
Others	<b>90,227</b>	<b>8.7</b>	94,231	7.4
<b>Total</b>	<b><u>1,039,199</u></b>	<b><u>100.0</u></b>	<b><u>1,276,392</u></b>	<b><u>100.0</u></b>

The USA and Europe remained the two largest overseas markets of the Group which in aggregate accounted for 83.6% and 86.1% of the total revenue for FY2023 and FY2022, respectively. The decrease in sales from these two markets was primarily attributed to the decrease of OEM sales due to the reasons mentioned above.

## **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 a decrease in cost of sales of approximately 20.5% from approximately HK\$859.6 million for FY2022 to approximately HK\$683.1 million for FY2023. The decrease in cost of sales was primarily attributable to the decrease in production output as a result of fewer purchase orders placed by our OEM customers during the reporting period.

## **Gross profit and gross profit margin**

For FY2023, the gross profit of the Group was approximately HK\$356.1 million, representing a decrease of approximately 14.6% as compared with approximately HK\$416.8 million recorded in FY2022. The gross profit margin increased from approximately 32.7% for FY2022 to approximately 34.3% for FY2023, which was primarily attributable to the higher portion of revenue generated from web sales and the depreciation of the Renminbi (“RMB”) against Hong Kong Dollars (“HKD” or “HK\$”), and such positive effect was partially offset by the reduced economies of scale resulting from the decrease in sales volume during the reporting period.

## **Other gains, net**

The Group's other gains, net mainly consist of foreign exchange gain, fair value gain/(loss) on derivative financial instruments and loss on disposals 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 United States Dollars (“USD”) during FY2023.

## **Other income**

The 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.

## **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 decreased by approximately 8.0% from approximately HK\$110.4 million for FY2022 to approximately HK\$101.6 million for FY2023. The decrease was mainly due to the saving in transportation expenses upon the implementation of relevant improvement strategies for delivering goods of our web sales business.

## **Administrative expenses**

The Group's administrative expenses mainly comprise staff costs, depreciation and amortisation, and legal and professional fees. The Group's administrative expenses decreased slightly by approximately 1.4%, from approximately HK\$185.2 million for FY2022 to approximately HK\$182.7 million for FY2023. The Group's administrative expenses for FY2023 remained stable as compared with that in FY2022.

## **Finance income, net**

The Group recognised finance income, net of approximately HK\$3,797,000 for FY2023 as compared with finance income, net of approximately HK\$86,000 for FY2022, as a result of a higher level of surplus cash placed on term deposits and the interest rates remained consistently high throughout FY2023.

## **Income tax expense**

Our income tax expense decreased by approximately 2.1% from approximately HK\$16.3 million for FY2022 to approximately HK\$16.0 million for FY2023. The effective tax rate of the Group for FY2023 and FY2022 was approximately 16.9% and 11.4%, respectively. The increase in the effective tax rate was mainly caused by the increase in non-deductible expenses and unrecognised tax losses, primarily resulting from the establishment of newly formed subsidiaries during the reporting period.

## **Profit attributable to the equity holders of the Company**

The profit attributable to the equity holders of the Company decreased by approximately 36.8% from approximately HK\$126.8 million for FY2022 to approximately HK\$80.1 million for FY2023. The Group's net profit margin decreased from approximately 9.9% for FY2022 to approximately 7.5% for FY2023. The decrease in net profit was primarily attributable to the decrease in OEM sales during the reporting period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During FY2023, 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. 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 31 December 2023, the Group reported net current assets of approximately HK\$204.3 million, as compared with approximately HK\$253.8 million as at 31 December 2022. As at 31 December 2023, the Group's cash and bank balances was 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 (31 December 2022: approximately HK\$294.7 million, of which approximately HK\$168.3 million was denominated in HKD, approximately HK\$93.4 million was denominated in USD, approximately HK\$29.4 million was denominated in RMB and the remaining balance was denominated in other currencies), representing a decrease of approximately HK\$134.3 million as compared with that as at 31 December 2022.

As at 31 December 2023, total borrowings and lease liabilities for the Group amounted to approximately HK\$50.8 million (31 December 2022: approximately HK\$119.2 million). The borrowings were denominated in HKD and VND, and lease liabilities were denominated in HKD and RMB. Bank borrowings are mostly at floating rates and lease liabilities are at fixed rates.

For FY2023, the net cash generated from operating activities was approximately HK\$112.1 million (FY2022: approximately HK\$269.0 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\$195.0 million (FY2022: approximately HK\$82.0 million). The net cash used in financing activities was approximately HK\$143.6 million (FY2022: approximately HK\$47.9 million). For FY2023, the net cash used in investing activities was mainly attributable to payments in relation to the placements of time deposits, 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 payments and the repayment of borrowings.

## **CONTINGENT LIABILITIES**

As at 31 December 2023, the Group had no significant contingent liabilities (31 December 2022: nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group had approximately HK\$21.0 million (31 December 2022: approximately HK\$45.0 million) capital commitments in relation to the purchase 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 costs and operating expenses are primarily denominated in HKD and RMB, while our revenue is mainly denominated in USD and HKD, and 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 31 December 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 FY2023, fair value gain on derivative financial instruments of approximately HK\$1.3 million (FY2022: fair value loss of approximately HK\$19.9 million) was recognised in the 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 during FY2023 and FY2022.

## **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 HESHAN**

On 28 February 2023, 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 Heshan at a consideration of RMB45,000,000 (equivalent to approximately HK\$50,873,000), subject to adjustment (if any). The Group intends to increase overall production capacity in Heshan so as to cater for the continuous growth of our paper products manufacturing business. Under such plan, the Group can also enhance its overall production efficiency and operational efficiency as the management will be able to perform better production planning and more effective allocation of resources to support our production capacity with the increased production space and new machines in Heshan. Details of the construction contract were disclosed in the announcement of the Company dated 28 February 2023.

## **SIGNIFICANT INVESTMENTS**

As at 31 December 2023, the Group did not hold any significant investments (31 December 2022: nil).

## **PLEDGE OF ASSETS**

As at 31 December 2023, right-of-use assets amounted to approximately HK\$80.2 million (2022: HK\$82.0 million) and property, plant and equipment amounted to approximately HK\$69.5 million (2022: HK\$73.2 million) have been charged as security for bank borrowings of the Group.

## **GEARING RATIO**

Gearing ratio is calculated by the total debt (being borrowings 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 6.1% and 14.1% as at 31 December 2023 and 2022, respectively.

We closely monitor our gearing ratio, analyse the maturity profiles of our borrowings and manage our liquidity level to ensure a sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We also explore various financing opportunities to improve our capital structure and reduce our 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 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 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 of the Company’s shares on 16 January 2020 (the “**Listing**”) were approximately HK\$111.9 million (after deduction of the listing expenses).

As at 31 December 2023, the Company had applied 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.

As at 31 December 2023, the net proceeds from the Listing had been fully utilised. The table below sets out an adjusted allocation as adjusted in the same manner and same proportions as shown in the Prospectus and Announcements. The table below summarises the actual use of the net proceeds as at 31 December 2023:

	Actual net proceeds <i>HK\$'000</i>	Actual use of net proceeds up to 31 December 2023 <i>HK\$'000</i>	Unutilised net proceeds as at 31 December 2023 <i>HK\$'000</i>
Enhance the Group's production capacity and operational flexibility	58,726	(58,726)	—
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)	—
Enhance the Group's technological capability and upgrading the Group's IT infrastructure	13,087	(13,087)	—
Working capital and other general corporate purposes	12,081	(12,081)	—
	<u>111,858</u>	<u>(111,858)</u>	<u>—</u>

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total employees of 2,677 (31 December 2022: 2,280). The Group's employee benefit expenses mainly included salaries, over time payments and discretionary bonuses, other staff benefits and contributions to retirement schemes. For FY2023, the total staff costs of the Group (including the Directors' remuneration) were approximately HK\$343.9 million (FY2022: approximately HK\$356.2 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 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 2023, 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 FY2023 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 FY2023, 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 FY2023.

## **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 FY2023.

## **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 FY2023 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, 7 June 2024. 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 HK8.0 cents per share amounting to approximately HK\$42.6 million for the year ended 31 December 2023, which is expected to be paid on or around Tuesday, 25 June 2024 to all persons registered as holders of shares of the Company on Tuesday, 18 June 2024, 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, 7 June 2024, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, 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, 3 June 2024, 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 Friday, 14 June 2024 to Tuesday, 18 June 2024, 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 Thursday, 13 June 2024.

## **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](http://www.hkexnews.hk)) and the website of the Company ([www.qpp.com](http://www.qpp.com)) and the annual report for the year ended 31 December 2023 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 2024.

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

Hong Kong, 26 March 2024

*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.*