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**Qinqin Foodstuffs Group (Cayman) Company Limited**  
**親親食品集團(開曼)股份有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1583)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017**

<b>FINANCIAL HIGHLIGHTS</b>			
<b>KEY FINANCIAL PERFORMANCE</b>			
<b>Consolidated Income Statement</b>	<b>Unaudited</b>		
	<b>Six months ended 30 June</b>		
	<b>2017</b>	2016	<b>% of</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>change</b>
Revenue	<b>567,964</b>	617,746	-8.1%
Operating profit	<b>32,386</b>	33,062	-2.0%
Profit attributable to shareholders	<b>20,052</b>	19,248	4.2%
Earnings per share			
— Basic and diluted	<b>RMB0.042</b>	RMB0.040	
<b>Consolidated Balance Sheet</b>	<b>30 June</b>	31 December	
	<b>2017</b>	2016	<b>% of</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>change</b>
Cash and cash equivalents	<b>319,841</b>	346,308	-7.6%
Bank borrowing	<b>NIL</b>	NIL	N/A
Net current assets	<b>316,814</b>	279,786	13.2%
Net assets	<b>696,916</b>	676,697	3.0%
<b>KEY FINANCIAL RATIOS</b>			
	<b>30 June</b>	30 June	<b>Change</b>
	<b>2017</b>	2016	<b>(% points)</b>
Gross profit margin	<b>41.2%</b>	45.5%	4.3
Return on equity (annualised)	<b>5.8%</b>	5.7%	0.1
Current ratio (times)	<b>3.9</b>	2.6	
Finished goods turnover days	<b>15 days</b>	7 days	
Trade receivables turnover days	<b>4 days</b>	6 days	

## **INTERIM FINANCIAL INFORMATION**

The Board of Directors of Qinqin Foodstuffs Group (Cayman) Company Limited (the “**Company**”) (the “**Board**”) is pleased to present the unaudited interim condensed consolidated income statements, comprehensive income, changes in equity and cash flows of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017, and the unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2017, together with the comparative figures and selected explanatory notes. The interim financial information has been reviewed by the Company’s audit committee and the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	6	<b>567,964</b>	617,746
Cost of sales		<b>(334,139)</b>	(336,921)
<b>Gross profit</b>		<b>233,825</b>	280,825
Other income and other gains — net		<b>9,898</b>	3,514
Distribution costs		<b>(182,696)</b>	(194,596)
Administrative expenses		<b>(28,641)</b>	(56,681)
<b>Operating profit</b>		<b>32,386</b>	33,062
Finance income		<b>2,411</b>	3,812
Finance costs		<b>(5,275)</b>	(113)
<b>Finance costs — net</b>		<b>(2,864)</b>	3,699
<b>Profit before income tax</b>	7	<b>29,522</b>	36,761
Income tax expense	8	<b>(9,470)</b>	(17,513)
<b>Profit for the period, all attributable to shareholders of the Company</b>		<b>20,052</b>	19,248
<b>Earnings per share attributable to shareholders of the Company</b>			
— Basic and diluted	9	<b>RMB0.042</b>	RMB0.040
<b>Dividends</b>	10	—	—

The notes on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>20,052</b>	19,248
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Currency translation differences	—	2,368
<b>Other comprehensive income for the period</b>	<b>20,052</b>	21,616
<b>Total comprehensive income for the period, all attributable to shareholders of the Company</b>	<b>20,052</b>	21,616

The notes on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2017

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2017</b>	2016
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>314,150</b>	327,779
Construction-in-progress	<i>11</i>	<b>755</b>	1,110
Land use rights	<i>11</i>	<b>39,896</b>	40,373
Intangible assets	<i>11</i>	<b>4,657</b>	4,993
Prepayments for non-current assets		<b>5,956</b>	6,740
Deferred income tax assets		<b>14,688</b>	15,916
		<hr/> <b>380,102</b> <hr/>	<hr/> 396,911 <hr/>
<b>Current assets</b>			
Inventories		<b>77,051</b>	120,202
Trade receivables	<i>12</i>	<b>13,535</b>	12,393
Other receivables, prepayments and deposits		<b>17,019</b>	19,040
Cash and cash equivalents	<i>13</i>	<b>319,841</b>	346,308
		<hr/> <b>427,446</b> <hr/>	<hr/> 497,943 <hr/>
<b>Total assets</b>		<hr/> <b>807,548</b> <hr/>	<hr/> 894,854 <hr/>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)***AS AT 30 JUNE 2017*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2017</b>	2016
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the company</b>			
Share capital		4,097	4,097
Other reserves		186,430	186,238
Retained earnings		506,389	486,362
		<hr/>	<hr/>
<b>Total equity</b>		<b>696,916</b>	<b>676,697</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	15	40,775	60,773
Other payables and accrued charges		68,446	155,167
Current income tax liabilities		1,411	2,217
		<hr/>	<hr/>
		<b>110,632</b>	218,157
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>110,632</b>	218,157
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>807,548</b>	894,854
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<i>Note</i>	<b>Unaudited</b>			<b>Total equity</b>
		<b>Attributable to the Company's shareholders</b>			
		<b>Share capital</b>	<b>Other reserves</b>	<b>Retained earnings</b>	
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Balance at 1 January 2017</b>		<b>4,097</b>	<b>186,238</b>	<b>486,362</b>	<b>676,697</b>
Profit for the period		—	—	<b>20,052</b>	<b>20,052</b>
Total comprehensive income		—	—	<b>20,052</b>	<b>20,052</b>
Equity-settled share option arrangement	<i>14</i>	—	<b>167</b>	—	<b>167</b>
Appropriation to statutory reserves		—	<b>25</b>	<b>(25)</b>	—
<b>Balance at 30 June 2017</b>		<b>4,097</b>	<b>186,430</b>	<b>506,389</b>	<b>696,916</b>
<b>Balance at 1 January 2016</b>		—	180,514	464,720	645,234
Profit for the period		—	—	19,248	19,248
Currency translation differences		—	2,368	—	2,368
Total comprehensive income		—	2,368	19,248	21,616
Appropriation to statutory reserves		—	2,782	<b>(2,782)</b>	—
<b>Balance at 30 June 2016</b>		—	185,664	481,186	666,850

The notes on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	<b>(8,631)</b>	149,689
Income tax paid	<b>(9,048)</b>	(23,887)
	<hr/>	<hr/>
Net cash generated from operating activities	<b>(17,679)</b>	125,802
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including additions of construction-in-progress	<b>(6,150)</b>	(10,493)
Proceeds from disposal of property, plant and equipment and land use rights	<b>101</b>	282
Interest received	<b>2,411</b>	3,812
	<hr/>	<hr/>
Net cash used in investing activities	<b>(3,638)</b>	(6,399)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Dividends paid to the then shareholders in related to dividends declared prior to 1 January 2013	<b>—</b>	(6,083)
	<hr/>	<hr/>
Net cash used in financing activities	<b>—</b>	(6,083)
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21,317)</b>	113,320
Cash and cash equivalents at beginning of the period	<b>346,308</b>	220,395
Effect of foreign exchange rate changes in cash and cash equivalents	<b>(5,150)</b>	2,574
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	<b>319,841</b>	336,289
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 22 form an integral part of this interim condensed consolidated financial information.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2017*

**1. GENERAL INFORMATION**

Qinqin Foodstuffs Group (Cayman) Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing, distribution and sale of food and snack products in the People’s Republic of China (the “**PRC**”).

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2013 revision) of the Cayman Islands. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 8 July 2016.

This interim condensed consolidated financial information is presented in Renminbi (“**RMB**”), unless otherwise stated.

This interim condensed consolidated financial information has been approved for issue by the Board of Directors on 15 August 2017.

This interim condensed consolidated financial information has been reviewed, not audited.

**2. BASIS OF PREPARATION**

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting”. The interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

**2.1 Going concern basis**

The Group meets its day-to-day working capital requirements through its cash on hand or at bank and operating cash flows. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial information.

### 3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this interim condensed consolidated financial information are consistent with those of the annual consolidated financial statements for the year ended 31 December 2016, as described in those annual financial statements except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017 as set out below.

#### (a) New and amended standards adopted by the Group

The following new standards and amendments to standards relevant to the Group are mandatory adopted for the first time for the financial year beginning on or after 1 January 2017:

- HKAS 7 (Amendments) “Statement of cash flows” is effective for annual periods beginning on or after 1 January 2017. The amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Group assessed the adoption of these standards and concluded that it did not have a significant impact on the Group’s results and financial position.

#### (b) Standards, amendments and interpretations to existing standards effective in 2017 but not relevant to the Group

The following new standards and amendments are effective for the first time for the financial year beginning on 1 January 2017 and not relevant to the Group’s operations (although they may affect the accounting for future transactions and events):

		<b>Effective for annual periods beginning on or after</b>
HKFRS 12 (Amendment)	Disclosure of interests in other entities	1 January 2017
HKAS 12 (Amendments)	Income taxes	1 January 2017

### 3. ACCOUNTING POLICIES *(Continued)*

- (c) **New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group:**

		<b>Effective for annual periods beginning on or after</b>
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 2 (Amendment)	Share based payments	1 January 2018
HKFRS 4 (Amendment)	Insurance contracts	1 January 2018
HKFRS 9 (Amendment)	Financial instruments	1 January 2018
HKFRS 15 (Amendment)	Revenue from contracts with customers	1 January 2018
HKAS 40 (Amendment)	Investment property	1 January 2018

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

### 4. ESTIMATES

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2016.

### 5. FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

## 5. FINANCIAL RISK MANAGEMENT *(Continued)*

### 5.1 Financial risk factors *(Continued)*

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016.

There have been no changes in the risk management policies since year end.

### 5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <b>RMB'000</b>	Audited 31 December 2016 <i>RMB'000</i>
<b>Less than 1 year</b>		
Trade and other payables	<b>74,802</b>	85,756

### 5.3 Fair value estimation of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's current financial assets (including cash and cash equivalents and trade and other receivables) and current financial liabilities (including trade and other payables) approximated their fair values as at the balance sheet date due to their short maturities.

## 6. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

- i. Jelly Products
- ii. Crackers and Chips
- iii. Seasoning Products
- iv. Bakery, Confectionery and Other Products

## 6. SEGMENT INFORMATION (Continued)

The board of directors of the Company monitors the gross profit of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the board of directors of the Company for review:

The segment information for the six months ended 30 June 2017 is as follows:

	Unaudited				Group RMB'000
	Jelly Products RMB'000	Crackers and Chips RMB'000	Seasoning Products RMB'000	Bakery, Confectionery and Other Products RMB'000	
<b>Revenue</b>					
Sales to external customers	366,796	138,891	51,296	10,981	567,964
Cost of goods sold	(216,069)	(79,101)	(30,082)	(8,887)	(334,139)
<b>Results of reportable segments</b>	<b>150,727</b>	<b>59,790</b>	<b>21,214</b>	<b>2,094</b>	<b>233,825</b>

A reconciliation of results of reportable segments to profit for the period is as follows:

<b>Results of reportable segments</b>	233,825
Other income and other gains-net	9,898
Distribution costs	(182,696)
Administrative expenses	(28,641)
Finance income	2,411
Finance costs	(5,275)
<b>Profit before income tax</b>	<b>29,522</b>
Income tax expense	(9,470)
<b>Profit for the period</b>	<b>20,052</b>

Other segment information is as follows:

Depreciation and amortisation charge					
Allocated	11,101	3,019	1,444	943	16,507
Unallocated					1,305
					<b>17,812</b>
Capital expenditure					
Allocated	2,019	330	14	—	2,363
Unallocated					901
					<b>3,264</b>

## 6. SEGMENT INFORMATION (Continued)

The segment information for the six months ended 30 June 2016 is as follows:

	Unaudited				Group RMB'000
	Jelly Products RMB'000	Crackers and Chips RMB'000	Seasoning Products RMB'000	Bakery, Confectionery and Other Products RMB'000	
<b>Revenue</b>					
Sales to external customers	383,101	155,131	59,756	19,758	617,746
Cost of goods sold	(205,039)	(82,516)	(34,935)	(14,431)	(336,921)
<b>Results of reportable segments</b>	<u>178,062</u>	<u>72,615</u>	<u>24,821</u>	<u>5,327</u>	<u>280,825</u>

A reconciliation of results of reportable segments to profit for the period is as follows:

<b>Results of reportable segments</b>	280,825
Other income and other gains-net	3,514
Distribution costs	(194,596)
Administrative expenses	(56,681)
Finance income	3,812
Finance costs	(113)
<b>Profit before income tax</b>	36,761
Income tax expense	(17,513)
<b>Profit for the period</b>	<u>19,248</u>

Other segment information is as follows:

Depreciation and amortisation charge					
Allocated	11,509	3,075	1,560	1,722	17,866
Unallocated					1,159
					<u>19,025</u>
Capital expenditure					
Allocated	775	414	—	18	1,207
Unallocated					2,223
					<u>3,430</u>

## 6. SEGMENT INFORMATION *(Continued)*

### Geographical information

Since over 90% of the Group's revenue and operating profit were generated from the sales in Mainland China and over 90% of the Group's non-current assets were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 "Operating Segments".

### Major customer

Since none of the Group's sales to a single customer amounting to 10% or more of the Group's total revenue for the year, no major customer information is presented in accordance with HKFRS 8 "Operating Segments".

## 7. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after crediting and charging the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	<b>RMB'000</b>
<b><i>Crediting</i></b>		
Interests income from cash and cash equivalents	<b>2,411</b>	3,809
Government grant income	<b>10,505</b>	3,088
Exchange gain from financing activities — net	—	3
<b><i>Charging</i></b>		
Depreciation of property, plant and equipment <i>(Note 11)</i>	<b>16,999</b>	18,243
Amortisation of land use rights <i>(Note 11)</i>	<b>477</b>	476
Amortisation of intangible assets <i>(Note 11)</i>	<b>336</b>	306
Employee benefit expense, including directors' emoluments	<b>70,866</b>	73,599
Loss on disposal of property, plant and equipment	<b>148</b>	1
Operating lease rentals	<b>2,573</b>	2,538
(Reversal of provision)/provision for impairment of trade receivables	<b>(357)</b>	1,718
Reversal of provision for decline in value of inventories	<b>(828)</b>	(417)
Exchange loss from operating activities — net	<b>5,993</b>	163
Miscellaneous taxes and levies	<b>8,369</b>	6,794
	<b>—————</b>	<b>—————</b>

## 8. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Current income tax	8,242	24,240
Deferred income tax, net	1,228	(6,727)
	<hr/>	<hr/>
Income tax expense	<b>9,470</b>	17,513
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits of the Group's company in Hong Kong for the period.

Taxation on PRC income has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Corporate Income Tax at the rate of 25% (2016: 25%).

Deferred income tax is calculated on temporary differences under the liability method using the prevailing tax rates applicable to the PRC subsidiaries of the Group.

The profits of the PRC subsidiaries of the Group derived since 1 January 2008 are subject to withholding tax at a rate of 5% upon the distribution of such profits to foreign investors in Hong Kong. Deferred income tax liabilities have been provided for in this regard based on the expected dividends to be distributed from the Group's PRC subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.



## 9. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the company by the weighted average number of ordinary shares in issue during the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
Profit attributable to shareholders of the Company (RMB'000)	<b>20,052</b>	19,248
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>475,696,557</b>	475,696,557
Basic earnings per share	<b>RMB0.042</b>	RMB0.040

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversation of all dilutive potential ordinary shares.

The Company's share options are dilutive potential ordinary shares. The diluted earnings per share is the same as the basic earnings per share for the six months ended 30 June 2017 as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

For the six months ended 30 June 2016, basic earnings per share and diluted earnings per share are the same as there is no dilutive potential ordinary shares.

## 10. DIVIDENDS

At a meeting of the board of directors held on 15 August 2017, the directors resolved not to declare an interim dividend to shareholders for the six months ended 30 June 2017.

## 11. CAPITAL EXPENDITURE — NET BOOK VALUE

	Unaudited			
	Property, plant and equipment <i>RMB'000</i>	Construction-in progress <i>RMB'000</i>	Land use rights <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
At 1 January 2017	327,779	1,110	40,373	4,993
Additions	1,978	1,286	—	—
Transfer from construction-in-progress	1,641	(1,641)	—	—
Disposals	(249)	—	—	—
Depreciation/amortisation	(16,999)	—	(477)	(336)
At 30 June 2017	<u>314,150</u>	<u>755</u>	<u>39,896</u>	<u>4,657</u>
At 1 January 2016	360,198	1,781	41,327	5,130
Additions	1,720	1,710	—	—
Transfer from construction-in-progress	578	(578)	—	—
Disposals	(283)	—	—	—
Depreciation/amortisation	(18,243)	—	(476)	(306)
At 30 June 2016	<u>343,970</u>	<u>2,913</u>	<u>40,851</u>	<u>4,824</u>

As at 30 June 2017, a subsidiary of the Company was still in the process of applying for the ownership certificates of a plot of land with a total site area of approximately 91,349 sq.m and buildings erected thereon situated within the Jinjiang Industrial Zone, Fujian province, the PRC with aggregated carrying amounts of approximately RMB12,230,000 and RMB64,478,000 respectively.

## 12. TRADE RECEIVABLES

	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <i>RMB'000</i>	Audited 31 December 2016 <i>RMB'000</i>
Trade receivables	14,427	13,642
Less: provision for impairment	(892)	(1,249)
Trade receivables, net	<u>13,535</u>	<u>12,393</u>

The credit period ranges from 30 to 90 days. The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at 31 December 2016 and 30 June 2017 was as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <i>RMB'000</i>	Audited 31 December 2016 <i>RMB'000</i>
Within 30 days	3,737	5,507
31 — 180 days	9,798	6,868
181 — 365 days	—	18
Over 365 days	892	1,249
	<u>14,427</u>	<u>13,642</u>

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. As the credit terms are short and most of the trade receivables are due for settlement within one year, the carrying value of the trade receivables approximated their fair values as at the balance sheet date.

## 13. CASH AND CASH EQUIVALENTS

	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <i>RMB'000</i>	Audited 31 December 2016 <i>RMB'000</i>
Cash and cash equivalents	<u>319,841</u>	<u>346,308</u>

The cash and cash equivalents represented cash deposits held at call with banks and in hand and deposits with short-term maturity.

#### 14. SHARE OPTION SCHEME

The Company adopted a share option scheme on 16 May 2017 (the “Scheme”). On 6 June 2017, 9,630,000 share options (“Options”) to subscribe for a total of 9,630,000 ordinary shares of the Company were granted to a director and certain employees of the Group pursuant to the Scheme. Out of the 9,630,000 Options, 9,480,000 Options were accepted by the grantees.

The table below discloses movement of Options held by the director and the employees:

	<b>Number of share options</b>
At 1 January 2017	—
Granted during the period	9,630,000
Cancelled/lapsed during the period	(150,000)
	<hr/>
At 30 June 2017	9,480,000
	<hr/> <hr/>
Exercisable at the end of the reporting period	—
	<hr/> <hr/>

In relation to the Options granted during the period, 50% of the Options shall be exercisable from 7 June 2019 to 6 June 2022 and the remaining 50% of the Options shall be exercisable from 7 June 2020 to 6 June 2022.

The fair value of the Options determined at the date of grant using the Binomial Model was approximately RMB5,341,000. For the six months ended 30 June 2017, total share-based payments of RMB167,000 has been charged to the consolidated income statement, the remaining unamortised fair value of the Options of approximately RMB5,174,000 will be charged to the consolidated income statement in the future years.

The following assumptions were used to calculate the fair values of the Options:

	<b>6 June 2017</b>
Grant date share price	HK\$2.56
Exercise price	HK\$2.56
Expected life	5 years
Expected volatility ( <i>note a</i> )	33%
Risk-free rate ( <i>note b</i> )	0.94%
Dividend yield ( <i>note c</i> )	1.49%
	<hr/> <hr/>

#### 14. SHARE OPTION SCHEME (Continued)

Notes:

- (a) Expected volatility is estimated with reference to the historical share price of the Company and a set of comparable companies.
- (b) Risk-free rate is determined with reference to the yield of Hong Kong Exchange Fund Notes.
- (c) Dividend yield is estimated by reference to the historical share price and dividend paid of the Company and a set of comparable companies.

#### 15. TRADE PAYABLES

The ageing analysis of trade payables was as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <b>RMB'000</b>	Audited 31 December 2016 RMB'000
Within 30 days	<b>20,381</b>	40,338
31 — 180 days	<b>19,859</b>	20,207
181 — 365 days	<b>420</b>	86
Over 365 days	<b>115</b>	142
	<hr/> <b>40,775</b> <hr/>	<hr/> 60,773 <hr/>

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates due to short-term maturity.

#### 16. CONTINGENT LIABILITIES

At 30 June 2017, the Group had no material contingent liabilities (31 December 2016: Nil).

## 17. CAPITAL COMMITMENTS

As at 30 June 2017 and 31 December 2016, the Group had the following commitments:

	<b>Unaudited</b> <b>30 June</b> <b>2017</b> <b>RMB'000</b>	Audited 31 December 2016 RMB'000
Contracted but not provided for in respect of:		
Machinery and equipment	<b>3,352</b>	3,614
Buildings	<b>699</b>	1,138
	<b>4,051</b>	4,752

## 18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties during the periods.

### (a) Transactions with related parties

	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2017</b> <b>RMB'000</b>	2016 RMB'000
Leasing of office		
— Lianjie Sports Investments Limited (“Lianjie Sports”)	<b>213</b>	—

Lianjie Sports is a company wholly owned by Mr. Hui Ching Lau, the Company's director. Mr. Wong Wai Leung and Mr. Hui Ching Lau, the Company's directors, are also directors of Lianjie Sports.

### (b) Key management compensation

For the six months ended 30 June 2017, the key management compensation amounted to approximately RMB2,866,000 (2016: RMB1,072,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

Qinqin Foodstuffs Group (Cayman) Company Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) is a renowned food and snacks company with strong brand recognition in the People’s Republic of China (the “**PRC**”). The Group is principally engaged in the manufacturing, distribution and sale of jelly products, crackers and chips, seasoning products, and bakery, confectionery and other products. The Group is committed to providing consumers with healthy and safe products. The Group continues to optimise its product portfolio and improve its product competitiveness in order to satisfy new consumer preferences and increase market share, and to further consolidate the leading position of the Group in food and snacks industry.

### INDUSTRY ENVIRONMENT

In the first half of 2017, in the context of the new normal economy, Chinese economy maintained steady growth, though the overall growth rate has decreased. China’s economic development is under structural adjustment. The gross domestic product for the first half of the year grew by 6.9% year-on-year, the national per capita disposable income grew by 7.3% year-on-year. The effect of the general economic environment also brought certain effects and pressure on the food and snacks market in the PRC.

While the food and snacks industry of the PRC remains challenging due to intense market competition, the Group believes that the industry is also under continuing structural adjustment. As consumers pursue healthier and personalised products and favor high quality and innovative products, product development in this industry is becoming more diversified. Under such changes, enterprises have to focus on product innovation and product quality improvement, and introduce new products to adapt to changes in consumer demand and preferences. In addition, sales and distribution channels are also undergoing structural adjustments, resulting in the need for improvement on corporate sales and marketing strategies.

### BUSINESS OVERVIEW

The Group’s total revenue for the first half of 2017 was approximately RMB568.0 million (first half of 2016: RMB617.7 million), representing a decrease of approximately 8.1% over the same period last year.

The Group is facing the problem of product ageing, the attractiveness of certain best-selling key products in the past have been reduced among mainstream consumer groups as consumer preferences and needs are ever-changing. The Group did not launch any new products in the first half of 2017. Part of the existing products lack young and fashionable elements, and their packaging, taste and design are lack of significant changes and enhancement. These products have no significant differentiation in the market, which attributable to the slowdown of sales. As a result, the Group streamlined certain products with relatively weak in sales volume in the first half of 2017, and with these adjustments, the overall number of products and the overall sales volume has been affected temporarily, which also resulted in the decline in sales in the first half of the year.

In the first half of 2017, the Group's gross profit was approximately RMB233.8 million (first half of 2016: RMB280.8 million), representing a decrease of approximately 16.7% over the same period last year; Gross profit margin was approximately 41.2% (first half of 2016: 45.5%), representing a decrease of approximately 4.3 percentage points over the same period last year. In the first half of 2017, the profit attributable to the Company's shareholders was approximately RMB20.1 million (first half of 2016: RMB19.2 million), which recorded a significant decrease compared to the consolidated net profit for the same period in 2016 (before one-off listing expenses and net of related tax impact) of approximately RMB39.6 million. The decrease in gross profit margin was mainly due to the significant increase in the prices of raw materials and packaging materials in the first half of 2017. The prices of major materials, such as sugar, palm oil, shrimp, polypropylene and cartons, increased by double-digit over the same period last year. The rising cost and declining sales volume resulted in the decrease in gross profit and consolidated net profit during the reporting period.

### **Jelly Products**

Sales of jelly products for the first half of 2017 were approximately RMB366.8 million (first half of 2016: RMB383.1 million), representing a decrease of approximately 4.3% over the same period last year and accounting for 64.6% (first half of 2016: 62.0%) of total revenue of the Group. The decline in sales of jelly products was attributable to the ageing of part of our products and hence reduced competitiveness, and the absence of new product introduction during the period. The Group streamlined certain products with relatively weak in sales volume in the first half of 2017 accordingly, and with these adjustments, the overall number of products and the overall sales volume has been affected temporarily, which also resulted in the decline in sales in the first half of the year.



Since 2017, the Group continued to optimise the product portfolio for its major jelly products. The Group engaged external marketing company to re-adjust the branding and product strategies on jelly products, and has accelerated the development of our new products, such as the new jelly series, flexible pouches packaging jelly, canned fruit products. The Group has also upgraded the packaging of certain products with the aim to improve the performance of jelly business in the future.

### **Crackers and Chips**

Sales of crackers and chips for the first half of 2017 were approximately RMB138.9 million (first half of 2016: RMB155.1 million), representing a decrease of approximately 10.5% over the same period last year and accounting for 24.5% (first half of 2016: 25.1%) of total revenue of the Group. The decline in sales of crackers and chips was attributable to the ageing of part of our products and hence reduced competitiveness, and the absence of new product introduction during the period. The Group streamlined certain products with relatively weak in sales volume in the first half of 2017 accordingly, and with these adjustments, the overall number of products and the overall sales volume has been affected temporarily, which also resulted in the decline in sales in the first half of the year.

Since 2017, the Group continued to optimise the product portfolio for its crackers and chips. The Group fully upgraded the packaging and taste of prawn crackers, and engaged external marketing company to create new product package design. The Group will continue to introduce new and stylish favour crackers and chips in order to recover the growth trend of crackers and chips business.

### **Seasoning Products**

Sales of seasoning products for the first half of 2017 were approximately RMB51.3 million (first half of 2016: RMB59.8 million), representing a decrease of approximately 14.2% over the same period last year and accounting for 9.0% (first half of 2016: 9.7%) of total revenue of the Group. The decline in sales of seasoning products was attributable to the ageing of part of our products and hence reduced competitiveness, and the absence of new product introduction during the period. The Group streamlined certain products with relatively weak in sales volume in the first half of 2017 accordingly, and with these adjustments, the overall number of products and the overall sales volume has been affected temporarily, which also resulted in the decline in sales in the first half of the year.

Since 2017, the Group continued to strengthen its promotion efforts on seasoning products through two major sales channels, namely food and beverage markets and agricultural trade and wholesale markets. The Group will launch new products to meet the demand of food and beverage markets, and strengthened our marketing and promotion efforts on the existing products to accelerate sales.

### **Bakery, Confectionery and Other Products**

Sales of bakery, confectionery and other products for the first half of 2017 were approximately RMB11.0 million (first half of 2016: RMB19.8 million), representing a decrease of approximately 44.4% over the same period last year and accounting for 1.9% (first half of 2016: 3.2%) of total revenue of the Group. Sales of bakery, confectionery and other products contributed relatively small proportion to the overall sales of the Group.

### **FUTURE PROSPECTS AND STRATEGIES**

Looking forward to the second half of 2017, to capture the opportunities of consumer upgrades, the Group remains customer-centric and will continue to enhance our product portfolio and promote product innovation and upgrades. The products of the Group will be developed towards more natural, healthy, safe and high-end to meet different consumer demand and enhance their competitiveness.

The Group will also aim at the rising of younger generation consumers with the trend to prefer modern style. The Group will revitalise the “Qinqin” brand, create a “younger, more fashionable, more internet style” characteristic to our brand. The Group’s marketing strategies will also be developed towards more digital, through the use the new media to actively approach and attract younger generation customers, and make full use of WeChat, Weibo platforms for effective interaction with customers to rejuvenate brand vitality.

### **Research and Development and Product Upgrade**

The Group is committed to develop safe, convenient and no preservatives new products. The Group is also committed to establish a high-quality and no preservatives brand and product image to consumers. During the first half of the year under review, the Group recruited a number of highly skilled technical personnel and restructured our research and development center. The upcoming new products under development and/or to be launched include but not limited to, the new jelly series, flexible pouches packaging jelly, canned fruit products and all-new favour prawn crackers, etc.

The Group believes that PRC food industry is in its transition period. With the upgrade of consumers and rise of consumption, health-consciousness and food safety are the major concerns of consumers. Any product upgrade must follow the trend of low sugar, low salt, and with no preservatives in order to meet consumer demand and preferences.

### **Channel Expansion**

Along with product upgrades, the Group will strive to maintain its existing market share and distributors network. The Group will further expand and upgrade its distribution network through sales to snack food branded stores, convenience stores, campus snack stores and other channels. The Group will also increase promotion of its online sales platform and export sales channels to increase sales.

While the Group continues to strengthen our traditional distribution network, in 2017, the Group has increased its investment and expansion on modern retail channel. The main focus is the supermarkets in Jiangsu, Shandong, Guangdong, Zhejiang and Fujian provinces.

With the significant changes in consumption habits among the younger generation, the penetration rate of online purchase continues to rise. The Group continues the expansion of online sales. In the first half of 2017, the Company has established an independent e-commerce company and recruited e-commerce professional team to manage the online business operation. The team is also required to develop products that meet the characteristics of e-commerce channels and increase the product selling price. The Group focuses on the development of Tmall and JD e-commerce platforms during the year, and the Group's e-commerce business recorded a high growth in sales during the first half of the year.

### **Production Facilities Improvement**

The Group aimed to reduce the impact of increasing labor costs by increasing the level of our production facilities automation. In the first half of the year, the Group proposed and continued to promote “equipment transformation, production process enhancement, quality improvement”. The Group also upgraded the existing production lines, and will gradually promote “high-speed, high-yield, low-loss rates and high automation” benchmarking production line in each production base. The Group believes that a more advanced and automated production process with an upgraded production capability will allow the Group to reduce its reliance on labor, improve production efficiency and accelerate the time-to-market for our products. In addition, the Group continued to adopt measures to save energy and lower consumption and products defective rate.

Although the market is full of challenges, the Group will continue to adhere to its diversified products strategy. The Group will focus on the enhancement of product quality, optimising product portfolio and strengthen the market position of its key products. The Group will also further develop its distribution channels, strengthen its traditional distribution network and develop other new market access such as e-commerce and restaurants channel in order to increase market penetration. The Group will also improve its production facilities, production process and product quality and enhance production capacity and efficiency. The Group will refine its internal management team and process and recruit senior personnel in the industry to raise its standard in corporate management and technology improvement. The Group is confident to that it will create greater value for its shareholders through the capture of opportunities brought by consumer upgrade in the PRC and to provide consumers with safe and assured products.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group maintained a solid financial position and was in a net cash position as at 30 June 2017. As at 30 June 2017, the Group had cash and bank balances of RMB319.8 million (31 December 2016: RMB346.3 million). Cash and bank balances were mainly denominated in Hong Kong dollars, United States dollars and Chinese Renminbi. The Group's working capital or net current assets were RMB316.8 million (31 December 2016: RMB279.8 million). The current ratio, represented by current assets divided by current liabilities, was 3.9 (31 December 2016: 2.3).

As at 30 June 2017, the Group's total equity was RMB696.9 million (31 December 2016: RMB676.7 million), representing an increase of 3.0%.

The Group did not have any borrowings as at 30 June 2017 (31 December 2016: Nil).

## **COMMITMENTS AND CONTINGENCIES**

As at 30 June 2017, the Group had total capital commitments (contracted but not provided for) of RMB4.1 million (31 December 2016: RMB4.8 million).

As at 30 June 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases of RMB3.2 million (31 December 2016: RMB5.4 million). As at 30 June 2017, the lessors of our leased properties in Taian city, Shandong province and Xianyang, Shaanxi province were still in the process of obtaining the relevant title documents to the properties.

The Group had no material contingent liabilities as at 30 June 2017 and 31 December 2016.

## **SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the period under review.

## **CHARGE ON ASSETS**

There was no charge on the Group's assets during the period under review.

## **HUMAN RESOURCES AND MANAGEMENT**

As at 30 June 2017, the Group had approximately 2,750 (31 December 2016: 2,900) employees. For the period under review, total employee benefit expenses, including directors' emoluments, was approximately RMB70.9 million (first half of 2016: RMB73.6 million). The Group aims to create a strong sense of community and a motivating environment for its employees to excel. The Group recruit employees based on a number of factors, including their educational background, work experience and vacancies within the Group. The Group determines employees' compensation based on their qualifications, work experience, position and performance. In addition to salaries, the Group provides a comprehensive range of staff benefits to its employees, including performance or contribution-based bonuses and allowances for meals and free dormitories. Besides, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

The Group also committed to continuing education and development of its employees, and the Group provides various education and training programs both internally and externally to cultivate its employees in improving their skills and developing their potential.

## **FOREIGN EXCHANGE RISK**

The Group operates its businesses primarily in the PRC and its functional currency is RMB. Foreign exchange risk arises mainly from future commercial transactions of sales and purchases with overseas customers and suppliers by the Group and recognised assets or liabilities, such as cash and cash equivalent, and trade and other receivables and payables of its subsidiaries, which are denominated in Hong Kong dollars, United States dollars and other currencies.

The Group is exposed to minimal foreign exchange risk exposure as the Group focus its sales and purchase within the PRC market.

## **INTERIM DIVIDEND**

No interim dividend was declared by the Board for the six months ended 30 June 2017 (30 June 2016: Nil).

## **OTHER INFORMATION**

### **CORPORATE GOVERNANCE CODE**

The Group recognised the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited.

In the opinion of the directors of the Company, the Company has complied with all code provisions as set out in the CG Code throughout the six months ended 30 June 2017 and, where appropriate, the applicable recommended best practices of the CG Code.

### **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code, all directors have confirmed that they complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2017.

### **CHANGES IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION**

Mr. Hui Lin Chit ceased to be the chairman of the Board (the "**Chairman**") and the chairman and member of nomination committee of the Board (the "**Nomination Committee**") with effect from 12 April 2017.

Mr. Hui Ching Lau has been redesignated as the Chairman and the chairman and member of the Nomination Committee with effect from 12 April 2017. Mr. Hui Ching Lau has also been redesignated from a non-executive director to an executive director of the Company with effect from 16 May 2017.

Mr. Zhu Hong Bo, the Chief Executive Officer of the Group, has been elected as an executive director of the Company at the annual general meeting held on 16 May 2017.

Save for information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

### **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee of the Company, which comprises four independent non-executive directors, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2017 and has recommended their adoption to the Board.

In addition, the Company's auditor, PricewaterhouseCoopers, has also conducted a review of the aforesaid unaudited interim financial information in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### **ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I extend my gratitude to all our staff for their hard work and dedication.

By Order of the Board of  
**Qinqin Foodstuffs Group (Cayman) Company Limited**  
**Hui Ching Lau**  
*Chairman and Executive Director*

Hong Kong, 15 August 2017

*As of the date of this announcement, the Board comprises 12 Directors, of which five are non-executive Directors, namely Mr. Hui Lin Chit, Mr. Sze Man Bok, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; three are executive Directors, namely Mr. Hui Ching Lau (Chairman), Mr. Zhu Hong Bo (Chief Executive Officer) and Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary); and four are independent non-executive Directors, namely Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil.*