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 2016

FINANCIAL SUMMARY

	Unaudited		
	Six months ended 30 June		
	2016	2015	**% of**
	RMB'000	*RMB'000*	**change**
Revenue	**617,746**	687,709	-10.2%
Operating profit	**33,062**	41,213	-19.8%
Profit attributable to shareholders	**19,248**	35,704	-46.1%
Profit attributable to shareholders before one-off listing expenses, net of related tax impact	**39,556**	35,704	10.8%
Gross profit margin	**45.5%**	44.1%	
Earnings per share			
— Basic	**RMB0.040**	RMB0.075	
— Diluted	**N/A**	N/A	
Finished goods turnover days	**7 days**	9 days	
Trade receivables turnover days	**6 days**	9 days	
Rate of return (annualised)	**5.8%**	11.1%	

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 statements of income, comprehensive income, changes in equity and cash flows of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016, and the unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2016, 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 STATEMENT OF INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Unaudited	
		Six months ended 30 June	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Revenue	*7*	**617,746**	687,709
Cost of sales		**(336,921)**	(384,195)
Gross profit		**280,825**	303,514
Other income and other gains — net		**3,514**	8,043
Distribution costs		**(194,596)**	(234,077)
Administrative expenses		**(56,681)**	(36,267)
Operating profit		**33,062**	41,213
Finance income		**3,812**	6,188
Finance costs		**(113)**	(117)
Finance costs — net		**3,699**	6,071
Profit before income tax	*8*	**36,761**	47,284
Income tax expense	*9*	**(17,513)**	(11,580)
Profit for the period, all attributable to shareholders of the Company		**19,248**	35,704
Earnings per share attributable to shareholders of the Company	*10*		
— Basic and Diluted		**RMB0.040**	RMB0.075
Dividends	*11*	**—**	—

The notes on pages 9 to 23 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 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Profit for the period	**19,248**	35,704
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
— Currency translation differences	**2,368**	9
Other comprehensive income for the period	**21,616**	35,713
Total comprehensive income for the period, all attributable to shareholders of the Company	**21,616**	35,713

The notes on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	Note	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**343,970**	360,198
Construction-in-progress	*12*	**2,913**	1,781
Land use rights	*12*	**40,851**	41,327
Intangible assets	*12*	**4,824**	5,130
Prepayments for non-current assets		**5,905**	867
Deferred income tax assets		**11,089**	8,154
		409,552	417,457
Current assets			
Inventories		**57,161**	98,837
Trade receivables	*13*	**20,921**	22,669
Other receivables, prepayments and deposits		**6,441**	15,642
Cash and cash equivalents	*14*	**336,289**	220,395
		420,812	357,543
Total assets		**830,364**	775,000

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

AS AT 30 JUNE 2016

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the company			
Share capital		—	—
Other reserves		**185,664**	180,514
Retained earnings			
— Unappropriated retained earnings		**481,186**	464,720
Total equity		**666,850**	645,234
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		—	3,792
		—	3,792
Current liabilities			
Trade payables	*15*	**43,327**	36,963
Other payables and accrued charges		**115,124**	78,246
Dividend payable		—	6,055
Current income tax liabilities		**5,063**	4,710
		163,514	125,974
Total liabilities		**163,514**	129,766
Total equity and liabilities		**830,364**	775,000

The notes on pages 9 to 23 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 2016

	Unaudited			
	Attributable to the Company's shareholders			
	Share capital	Other reserves	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2016	—	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	(2,782)	—
Balance at 30 June 2016	—	185,664	481,186	666,850
Balance at 1 January 2015	—	174,718	408,942	583,660
Profit for the period	—	—	35,704	35,704
Currency translation differences	—	9	—	9
Total comprehensive income	—	9	35,704	35,713
Appropriation to statutory reserves	—	7,974	(7,974)	—
Balance at 30 June 2015	—	182,701	436,672	619,373

The notes on pages 9 to 23 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**149,689**	133,891
Income tax paid	**(23,887)**	(17,718)
Net cash generated from operating activities	**125,802**	116,173
Cash flows from investing activities		
Purchase of property, plant and equipment, including additions of construction-in-progress	**(10,493)**	(10,167)
Purchases of intangible asset	**—**	(422)
Proceeds from disposal of property, plant and equipment and land use rights	**282**	90
Interest received	**3,812**	6,164
Net cash used in investing activities	**(6,399)**	(4,335)
Cash flows from financing activities		
Advances from the ultimate holding company	**—**	61,140
Dividends paid to the then shareholders in related to dividends declared prior to 1 January 2013	**(6,083)**	(61,160)
Net cash used in financing activities	**(6,083)**	(20)
Net increase in cash and cash equivalents	**113,320**	111,818
Cash and cash equivalents at beginning of the period	**220,395**	250,975
Effect of foreign exchange rate changes	**2,574**	(39)
Cash and cash equivalents at 30 June	**336,289**	362,754

The notes on pages 9 to 23 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 2016

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, Ugland 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 (the "**Stock Exchange**") since 8 July 2016 (the "**Listing**").

This interim condensed consolidated financial information was approved for issue by the Board of Directors on 25 August 2016.

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

2. REORGANISATION

In preparation for the Listing, the Company and other companies now comprising the Group have undergone a reorganisation (the "**Reorganisation**") pursuant to which the Company has become the holding company of the companies now comprising the Group. The major steps which have been undertaken to effect the Reorganisation were as follows:

On 14 January 2016, the Company was incorporated in Cayman Islands with an authorised share capital of HKD380,000, consisting 38,000,000 shares of HKD0.01 each. Upon incorporation, one nil-paid share was issued to the subscriber, who transferred the share to Hengan International Group Company Limited ("**Hengan**").

On 14 April 2016, Hengan transferred the one nil-paid share to Ever Town Investments Limited ("**Ever Town**"), a wholly-owned subsidiary of Hengan holding 51% equity interest in QinQin Foodstuffs Group Company Limited ("**QinQin BVI**"), a company incorporated in the British Virgin Islands and the then holding company of the companies now comprising the Group. On the same date, the Company alloted and issued 50 nil-paid Shares and 49 nil-paid Shares to Ever Town and Total Good Group Limited ("**Total Good**"), a company holding the remaining 49% of QinQin BVI, so that the Company was owned as to 51% by Ever Town and 49% by Total Good. On the same date, Ever Town and Total Good (each as a transferor) transferred their respective entire interest in QinQin BVI to the Company through share swap. After the share transfers, QinQin BVI became a wholly-owned subsidiary of the Company.

2. REORGANISATION *(Continued)*

Upon the completion of the Reorganisation, the Company has direct and indirect interests in the subsidiaries.

3. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2016 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 financial statements in the Accountant's Report included in Appendix I to the Company's listing document dated 24 June 2016 ("**Listing Document**"), which has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

Pursuant to the Reorganisation as set out above, which was completed on 14 April 2016, the Company became the holding company of the Group. Accordingly, the interim condensed consolidated financial information of the Group for the six months ended 30 June 2016 had been prepared as if the Group had always been in existence throughout the period presented, or since the respective dates of incorporation or establishment of the group companies.

3.1 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 condensed consolidated interim financial information.

4. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, accounting policies applied in the preparation of the interim condensed consolidated financial information are consistent with those in the Listing Document.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(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 1 January 2016:

4. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

HKFRS 7 (Amendments) "Financial instruments: Disclosures" is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies that the additional disclosure required by the amendments to HKFRS 7 "Disclosure — Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by HKAS 34.

HKAS 34 (Amendments) "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2016. This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

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 2016 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 2016 and not relevant to the Group's operations (although they may affect the accounting for future transactions and events):

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 (Amendment)	Property, plant and equipment	1 January 2016
HKAS 19 (Amendment)	Employee benefits	1 January 2016
HKAS 27 (Amendment)	Separate financial statements	1 January 2016
HKAS 38 (Amendment)	Intangible assets	1 January 2016
HKAS 41 (Amendment)	Agriculture	1 January 2016
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Application of the disclosure requirements to a servicing contract	1 January 2016
HKFRS 11 (Amendment)	Joint arrangements	1 January 2016
HKFRS 12 (Amendment)	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016

4. SIGNIFICANT 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 2016 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 (Amendment)	Consolidated financial statements	To be determined
HKAS 28 (Amendment)	Investment in associates	To be determined

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.

5. 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 in the Listing Document.

6. FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Accountant's Report included in the Listing Document.

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

6. FINANCIAL RISK MANAGEMENT *(Continued)*

6.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows 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.

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Less than 1 year		
Trade and other payables	**114,984**	53,140

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

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

7. 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

The board of directors of the Company monitor 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:

7. SEGMENT INFORMATION *(Continued)*

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

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

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

Results of reportable segments	**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)**
Profit before income tax	**36,761**
Income tax expense	**(17,513)**
Profit for the period	**19,248**

Other segment information is as follows:

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

7. **SEGMENT INFORMATION** *(Continued)*

The segment information for the six months ended 30 June 2015 is as follows:

	Unaudited				
	Jelly Products	**Crackers and Chips**	**Seasoning Products**	**Bakery, Confectionery and Other Products**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Sales to external customers	478,300	129,807	53,488	26,114	687,709
Cost of sales	(262,323)	(69,330)	(33,378)	(19,164)	(384,195)
Results of reportable segments	215,977	60,477	20,110	6,950	303,514

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

Results of reportable segments	303,514
Other income and other gains-net	8,043
Distribution costs	(234,077)
Administrative expenses	(36,267)
Finance income	6,188
Finance costs	(117)
Profit before income tax	47,284
Income tax expense	(11,580)
Profit for the period	35,704

Other segment information is as follows:

	Jelly Products	Crackers and Chips	Seasoning Products	Bakery, Confectionery and Other Products	Group
Depreciation and amortisation charge					
Allocated	12,074	2,856	1,741	1,797	18,468
Unallocated					1,346
					19,814
Capital expenditure					
Allocated	2,471	265	72	—	2,808
Unallocated					2,602
					5,410

7. 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 identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with HKFRS 8 "Operating Segments".

Information about a major customer

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

8. PROFIT BEFORE INCOME TAX

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

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Crediting		
Interests income from cash and cash equivalents	**3,809**	6,164
Government grant income	**3,088**	8,073
Exchange gain from financing activities — net	**3**	24
Exchange gain from operating activities — net	**—**	37
Charging		
Depreciation of property, plant and equipment *(Note 12)*	**18,243**	19,046
Amortisation of land use rights (*Note 12)*	**476**	481
Amortisation of intangible assets *(Note 12)*	**306**	287
Employee benefit expense, including directors' emoluments	**73,599**	86,502
Loss on disposal of property, plant and equipment	**1**	338
Operating lease rentals	**2,538**	2,654
Provision for impairment of trade receivables	**1,718**	553
(Reversal of provision)/provision for decline in value of inventories	**(417)**	1,694
Exchange loss from operating activities — net	**163**	—
Miscellaneous taxes and levies	**6,794**	7,119

9. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Current income tax	**24,240**	14,074
Deferred income tax, net	**(6,727)**	(2,494)
Income tax expense	**17,513**	11,580

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 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% (2015: 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.

10. EARNINGS PER SHARE

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 respective periods. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 14 April 2016 and the Bonus Issue of ordinary shares (as defined in the Listing Document) which took place on 7 July 2016.

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**19,248**	35,704
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**475,696,557**	475,696,557
Basic earnings per share	**RMB0.040**	RMB0.075

Basic earnings per share and diluted earnings per share are the same as there is no dilutive potential ordinary share during both the six months ended 30 June 2016 and 2015.

11. DIVIDENDS

At a meeting of the board of directors held on 25 August 2016, the directors resolved not to declare an interim dividend to shareholders for the six months ended 30 June 2016.

12. CAPITAL EXPENDITURE — NET BOOK VALUE

	Unaudited			
	Property, plant and equipment *RMB'000*	**Construction-in progress** *RMB'000*	**Land use rights** *RMB'000*	**Intangible assets** *RMB'000*
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	**343,970**	**2,913**	**40,851**	**4,824**
At 1 January 2015	385,628	2,137	42,286	4,886
Additions	3,332	1,656	—	422
Transfer from construction-in-progress	2,205	(2,205)	—	—
Disposals	(428)	—	—	—
Depreciation/amortisation	(19,046)	—	(481)	(287)
At 30 June 2015	371,691	1,588	41,805	5,021

As at 30 June 2016, 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 RMB12,499,000 and RMB67,509,000, respectively.

In addition, the Group was still in the process of obtaining the environmental protection acceptance approval from the relevant environmental protection administration authority for the above mentioned factory located at Jinjiang Industrial Zone, Fujian province, the PRC as at 30 June 2016, and currently expected that such approval will be granted in December 2016 after completion of the facilities upgrading project.

13. TRADE RECEIVABLES

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Trade receivables	**22,639**	22,669
Less: provision for impairment	**(1,718)**	—
Trade receivables, net	**20,921**	22,669

The credit period granted to customers ranges from 30 to 90 days. The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at 31 December 2015 and 30 June 2016 was as follows:

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Within 30 days	**6,822**	3,144
31-180 days	**9,380**	15,273
181-365 days	**3,320**	2,317
Over 365 days	**3,117**	1,935
	22,639	22,669

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.

14. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Cash and cash equivalents	**336,289**	220,395

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

15. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Within 30 days	**24,763**	19,171
31-180 days	**18,344**	17,200
181-365 days	**59**	387
Over 365 days	**161**	205
	43,327	36,963

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 2016, the Group had no material contingent liabilities (31 December 2015: Nil).

17. CAPITAL COMMITMENTS

As at 30 June 2016 and 31 December 2015, the Group had the following commitments:

	Unaudited 30 June 2016 *RMB'000*	Audited 31 December 2015 *RMB'000*
Contracted but not provided for in respect of:		
Machinery and equipment	**6,915**	5,712
Buildings	**1,726**	2,773
	8,641	8,485

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, and balances arising from related party transactions as at six months ended 30 June 2016 and 31 December 2015.

(a) Transactions with related parties

	Unaudited	
	Six months ended 30 June	
	2016	2015
Funds received from related parties:	***RMB'000***	*RMB'000*
Hengan	—	61,140

The funds received from related parties were unsecured and interest free and were applied to pay dividends to the then shareholders of the Group.

The Group shared certain offices, warehouses and information technology facilities owned or leased by Hengan and its subsidiaries during the periods without consideration or compensation.

(b) Significant balances with related parties

	Unaudited	Audited
	30 June	31 December
	2016	2015
	RMB'000	*RMB'000*
Dividend payable to the then shareholders	—	6,055

As at 30 June 2016 and 31 December 2015, dividend payable to the then shareholders were unsecured, interest free and repayable on demand.

(c) Key management compensation

For the six months ended 30 June 2016, the key management compensation amounted to approximately RMB1,072,000 (2015: RMB1,071,000).

19. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The following events took place subsequent to 30 June 2016:

On 7 July 2016, the Company carried out a bonus issue of 475,696,457 new shares to the shareholders whose names appear on the register of members of the Company pursuant to the Reorganisation (as defined in the Listing Document) and the Distribution (as defined in the Listing Document) has accordingly been completed.

On 8 July 2016, the shares of the Company were listed on the Main Board of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to the First Half 2016 China Annual Economic Report issued by the National Bureau of Statistics of China, China's gross domestic product for the first half of 2016 grew by 6.7% year-on-year, 0.2 percentage points lower than the annual growth rate for 2015. Retail sales of consumer products market for the first half of 2016 grew by 9.7% year-on-year, 0.4 percentage points lower than the annual growth rate for 2015. In the first half of 2016, the Chinese economy maintained steady growth, though the overall growth rate has decreased. With the PRC domestic and overseas economic outlook remains challenging, there is still downward pressure on overall economy, which will also affect the consumer products and the food and snacks market.

As a renowned PRC domestic food and snacks company with strong brand recognition, Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**", together with its subsidiaries known as the "**Group**"), are committed to providing safe and high quality products. The Group continued to optimise its products portfolio in order to improve product competitiveness for meeting changing consumer preferences and to increase market share. The Group also continued to strengthen its distribution network and explore new market channels to capture new business opportunities contributed to the demand of upgrade of food and snacks products due to the improvement in PRC consumers' lifestyle and purchasing power.

BUSINESS OVERVIEW

On 8 July 2016, the shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), this major milestone has set up a platform to enable the management team of the Group to focus on the development of the food and snacks business.

The Group's total revenue for the first half of 2016 was approximately RMB617.7 million (first half of 2015: RMB687.7 million), representing a decrease of approximately 10.2% over the same period last year. Gross profit for the period was approximately RMB280.8 million (first half of 2015: RMB303.5 million), representing a decrease of approximately 7.5% over the same period last year. The decline was mainly attributable to during the first half of 2016, the Group did not engage in any sales and marketing campaign of a scale similar to an enhanced sales and marketing campaign it conducted in the first half of 2015 which had a short term positive effect on the revenue and gross profit for the first half of 2015.

In the first half of 2016, the Group's gross profit margin increased to approximately 45.5% (first half of 2015: 44.1%). Profit attributable to the Company's shareholders during the period was approximately RMB19.2 million (first half of 2015: RMB35.7 million), the decrease was mainly attributable to the recognition of one-off listing expenses of approximately RMB21.5 million by the Group during the first half of 2016. Net profit ratio for the period before one-off listing expenses, net of related tax impact, was approximately 6.4% (first half of 2015: 5.2%).

Effective tax rate for the first half of 2016 increased to approximately 47.6% (first half of 2015: 24.5%) as the Group has paid dividend withholding tax on the amount of dividend remitted to holding company out of mainland China during the period and has provided dividend withholding tax for the dividend which may be remitted in the foreseeable future.

Jelly Products

Sales of jelly products for the first half of 2016 were approximately RMB383.1 million (first half of 2015: RMB478.3 million), representing a decrease of approximately 19.9% over the same period last year and accounting for 62.0% (first half of 2015: 69.5%) of total revenue of the Group. Since the first half of 2016, the Group continued to optimise its product portfolio and upgraded the packaging of its major jelly products. Except as stated above regarding the enhanced sales and marketing campaign that the Group conducted in the first half of 2015 but not in the first half of 2016, the decrease in the sales of jelly products was also attributable to the revised inventory strategies of distributors, which they preferred to lower inventory level to maintain product freshness. A widespread flooding in Southern China during the peak season of our jelly sales and fierce price competition amongst competitors, all of which had a negative impact on jelly sales. In addition, slowing Chinese economy also contributed to the decreased consumer spending on non-necessities products in the Group's target markets.

In the second half of 2016, the Group will further intensify its efforts in product innovation, devote more efforts into the marketing and promotion of our new jelly products and enhance brand recognition. It is expected that sales of jelly products will improve in the second half of the year.

Crackers and Chips

Sales of crackers and chips for the first half of 2016 were approximately RMB155.1 million (first half of 2015: RMB129.8 million), representing an increase of approximately 19.5% over the same period last year and accounting for 25.1% (first half of 2015: 18.9%) of total revenue of the Group. The increase in the sales of crackers and chips was mainly attributable to the launch and promotion of new products including potato chips, Qinqin potato rings and french fries, as well as the continuous improvement in the packaging and flavours of prawn crackers products. As such, potato crackers and chips and prawn crackers products recorded year-on-year growth for the first half of the year.

In the second half of 2016, the Group will further diversify and improve the flavours of prawn crackers products and potato chips, the Group will also continue to upgrade the packaging of potato chips and expand its potato chips markets from Northern China to Southern China in order to maintain the growth of sales of crackers and chips.

Seasoning Products

Sales of seasoning products for the first half of 2016 were approximately RMB59.8 million (first half of 2015: RMB53.5 million), representing an increase of approximately 11.7% over the same period last year and accounting for 9.7% (first half of 2015: 7.8%) of total revenue of the Group. The increase in sales of seasoning products was mainly attributable to the launch of new products including essence of vegetable and rich chicken essence, and the new promotional campaign to promote sales in the first half of 2016.

In the second half of 2016, the Group will continue to strengthen our marketing and promotion efforts for seasoning products through two major sales channels, namely food and beverage markets and agricultural trade and wholesale markets. The Group will also allocate more resources to the promotion of seaweed products in order to maintain the growth of sales of seasoning products.

Bakery, Confectionery and Other Products

Sales of bakery, confectionery and other products for the first half of 2016 were approximately RMB19.8 million (first half of 2015: RMB26.1 million), representing a decrease of approximately 24.3% over the same period last year and accounting for 3.2% (first half of 2015: 3.8%) of total revenue of the Group. Bakery products include waffles and steamed custard cakes. Sales of waffles still grew by 36.0% for the first half of the year, while sales of custard cakes decreased by 46.0% over the same period last year as a result of fierce price competition amongst competitors and absence of new product upgrade. Sales of confectionery products decreased by 47.0% year-on-year due to seasonal factor.

With the seasonality of confectionery product sales, which are generally at peak in the second half of 2016, the Group will organise trade fairs in various regions for its customers to place orders for confectionery products, and it is expected that sales of confectionery products will improve in the second half of the year.

Channel Expansion

While the Group continued to strengthen our traditional distribution network, in the first half of 2016, the Group has enhanced its coverage of key accounts (mostly supermarkets, community stores and convenience stores) through its distributors. The Group's main focus was on Guangdong, Zhejiang, Hebei and Henan provinces and its point of sales have been expanded to 45 new stores in these four provinces in the first half of the year, which also increased its distribution network coverage accordingly. In addition, the Group will also continue to expand its online sales channels.

Service Transformation

In response to the new normal sales order preference from its customers which favoured multiple batches, small volume and customised orders, the Group has refined its production plan in order to optimise order production efficiency and to improve order fulfilment rate, whilst minimising its level of inventories at the same time. The Group set a maximum limit of inventory level by products to ensure product freshness.

To further enhance production efficiency, the Group aimed to reduce the impact of increasing labor costs by increasingly automating our production facilities. 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 labour, 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.

FUTURE PROSPECTS AND STRATEGIES

Looking forward to the second half of 2016, the PRC domestic and overseas economic outlook remains challenging. There have been signs of initial general economic recovery for the second half of 2016 and the Group believes the expected long term steady growth of the Chinese economy will drive up consumer purchasing power, which provides positive support for the improvement in the performance of the food and snacks market.

To capture the opportunities in the PRC food and snacks market, the Group will strive to expand our product portfolio to meet changing consumer preferences and continue to enhance its brand recognition. The Group will continue to strengthen its distribution network in the PRC by enhancing existing relationships with distributors and its coverage to key accounts through distributors and expand online sales platform to increase sales. The Group will upgrade its production facilities and equipment to improve production efficiency and capability and will continue to uphold stringent food safety and quality control standards.

In order to drive up sales, the Group will also intensify its efforts in market planning and brand promotion. Through internal and external design teams to improve stylishness and individuality of its products and to revitalise brand awareness.

With its strong brand recognition and nation-wide distribution network and channels, the Group is confident that it will maintain steady business growth and create greater value for its shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Group maintained a solid financial position and was in a net cash position as at 30 June 2016. As at 30 June 2016, the Group had cash and bank balances of RMB336.3 million (31 December 2015: RMB220.4 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 RMB257.3 million (31 December 2015: RMB231.6 million). The current ratio, represented by current assets divided by current liabilities, was 2.6 (31 December 2015: 2.8).

As at 30 June 2016, the Group's total equity was RMB666.9 million (31 December 2015: RMB645.2 million), representing an increase of 3.4%.

The Group did not have any borrowings as at 30 June 2016 (31 December 2015: Nil).

COMMITMENTS AND CONTINGENCIES

As at 30 June 2016, the Group had total capital commitments (contracted but not provided for) of RMB8.6 million (31 December 2015: RMB8.5 million).

As at 30 June 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases of RMB4.4 million (31 December 2015: RMB2.9 million). As at 30 June 2016, 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 2016 and 31 December 2015.

HUMAN RESOURCES AND MANAGEMENT

As at 30 June 2016, the Group had approximately 3,000 employees. 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.

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 Dollar, United States Dollar and other currencies.

The Group is exposed to minimal foreign exchange risk exposure as the Group focused on 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 2016 (30 June 2015: Nil).

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

As the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2016, the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the six months ended 30 June 2016. The Company has adopted and complied with all code provisions and, where applicable, the recommended best practices of the CG Code, as its corporate governance code of practices upon listing on the Stock Exchange on 8 July 2016.

The Board is committed to maintaining high standard of corporate governance practices to safeguard the interests of the Company's shareholders and to enhance corporate value and accountability. These can be achieved by an effective Board, segregation of duties with clear responsibility, sound internal control, appropriate risk assessment procedures and transparency to all the shareholders.

COMPLIANCE WITH THE MODEL CODE

As the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2016, the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules was not applicable to the Company during the period from 1 January 2016 to 30 June 2016. The Company has adopted the Model Code upon listing on 8 July 2016. 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 period from the date of listing on 8 July 2016 up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As the shares of the Company were not yet listed on the Stock Exchange as at 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2016.

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 2016 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 Lin Chit
Chairman and Non-executive Director

Hong Kong, 25 August 2016

As of the date of this announcement, the Board comprises 12 directors, of which six are Non-executive Directors, namely Mr. Hui Lin Chit (Chairman), Mr. Sze Man Bok, Mr. Hui Ching Lau, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; two are Executive Directors, namely Mr. Cheng Yong (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.