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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)**

**PROFIT ALERT ANNOUNCEMENT**

This announcement is made by Qinqin Foodstuffs Group (Cayman) Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review and assessment on the Group’s draft unaudited consolidated management accounts for the six months ended 30 June 2021 and the information currently available to the Group, it is expected that the Group may record an approximate 14% increase in revenue for the six months ended 30 June 2021 as compared to the corresponding period in 2020. The increase in revenue was mainly due to the increase in sales volume resulting from (i) the Group’s continuous adjustments on product mix and sales strategies; and (ii) the increase in revenue attributable to the e-commerce business.

While the Board expects an increase in revenue for the six months ended 30 June 2021, it is expected that the Group would record a loss not exceeding RMB10 million for the six months ended 30 June 2021 as compared to a consolidated net profit of approximately RMB50 million for the corresponding period in 2020 due to the following key contributing factors:

- (i) the Group strategically invested additional efforts and resources into e-commerce channels to achieve sales volume growth and increased the percentage of new retail channels in the Group’s total revenue to facilitate further long-term growth of the Group’s business. As such, the revenue from e-commerce business increased during the current period, representing approximately 8.3% of the Group’s total revenue for the six months ended 30 June 2021 (for the six months ended 30 June 2020: 3.6%). However, the products sold by the Group through e-commerce channels carried a lower net selling price due to higher intensity of product promotional activities and channel expenses, including volume discounts, free gifts and other expenses payable to online platforms which have been deducted from the gross revenue. In addition, e-commerce business incurred higher distribution costs and resulted a net loss in the e-commerce business of approximately RMB17 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: net loss of RMB0.4 million);

- (ii) the Group's four new production bases in Mainland China have commenced operations in the second half of 2020 and the first half of 2021. This resulted in an increase in production costs and administrative expenses as it would take time to achieve economies of scale, which reduced the Group's net profit for the period by approximately RMB16 million;
- (iii) the increase in unit production costs for the Group's products in the first half of 2021, mainly attributable to the increase in certain raw material prices, manufacturing overheads from the deployment of new production equipment and labor costs increase due to the increase in overall wages, which reduced the Group's net profit for the period by approximately RMB13 million; and
- (iv) as the Hong Kong dollar (“**HKD**”) and the United States Dollar (“**USD**”) depreciated against the Renminbi (“**RMB**”) during the six months ended 30 June 2021, the Group recorded a foreign exchange loss in relation to its cash and cash equivalent denominated in HKD and USD totaling approximately RMB3 million, whereas a foreign exchange gain of approximately RMB9 million was recorded in the corresponding period in 2020 when HKD and USD appreciated against RMB.

The Company is still in the process of finalising the financial results of the Group for the six months ended 30 June 2021. This profit alert announcement is only based on the Board's preliminary assessment of the draft unaudited consolidated management accounts of the Group and information currently available to the Board which are subject to finalisation and other potential adjustments, if any, and have not been confirmed or audited by the Company's auditor. Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Company for the six months ended 30 June 2021, which is expected to be published in August 2021.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 21 July 2021

*As of the date of this announcement, the Board comprises 12 directors, of which three are executive Directors, namely Mr. Hui Ching Lau (Chairman), Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary) and Mr. Wu Wenxu (Chief Executive Officer); five are non-executive Directors, namely Mr. Hui Lin Chit, Mr. Sze Man Bok, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; 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.*