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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 2021**

<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>2021</b>	<b>2020</b>	<b>% of</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>change</b>
Revenue	505,620	445,498	13.5%
Operating profit	273	49,377	-99.4%
(Loss)/profit attributable to shareholders	(8,653)	50,255	-117.2%
(Loss)/earnings per share (expressed in RMB per share)			
— Basic	RMB(0.011)	RMB0.074	
— Diluted	RMB(0.011)	RMB0.074	
<b>Consolidated Balance Sheet</b>	<b>Unaudited</b>	<b>Audited</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>% of</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>change</b>
Cash and bank balances	532,366	711,018	-25.1%
Borrowings	87,800	70,199	25.1%
Net current assets	341,954	492,577	-30.6%
Net assets	1,338,359	1,335,958	0.2%
<b>KEY FINANCIAL RATIOS</b>			
	<b>30 June</b>	<b>30 June</b>	<b>Change</b>
	<b>2021</b>	<b>2020</b>	<b>(% points)</b>
Gross profit margin	25.7%	34.6%	(8.9)
Return on equity (annualised)	-1.3%	8.3%	(9.6)
Current ratio (times)	1.9	3.6	
Finished goods turnover days	18 days	11 days	
Trade receivables turnover days	4 days	4 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 statement, statement of comprehensive income, changes in equity and cash flows of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2021, and the unaudited interim condensed consolidated balance sheet of the Group as at 30 June 2021, 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 2021**

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	6	<b>505,620</b>	445,498
Cost of goods sold	7	<b>(375,846)</b>	(291,433)
<b>Gross profit</b>		<b>129,774</b>	154,065
Distribution and selling expenses	7	<b>(79,998)</b>	(67,043)
Administrative expenses	7	<b>(63,446)</b>	(44,840)
Net impairment (losses)/reversal on financial assets		<b>1,186</b>	(1,933)
Other income and other gains — net	8	<b>12,757</b>	9,128
<b>Operating profit</b>		<b>273</b>	49,377
Finance income	9	<b>5,869</b>	18,042
Finance costs	9	<b>(3,908)</b>	(144)
<b>Finance income — net</b>		<b>1,961</b>	17,898
Share of net gain/(loss) of investments accounted for using the equity method		<b>1,766</b>	(1,379)
<b>Profit before income tax</b>		<b>4,000</b>	65,896
Income tax expense	10	<b>(12,653)</b>	(15,641)
<b>(Loss)/profit for the period, all attributable to shareholders of the Company</b>		<b>(8,653)</b>	50,255
<b>(Loss)/earnings per share for (loss)/profit attributable to shareholders of the Company</b>			
— Basic (loss)/earnings per share (expressed in RMB per share)	11	<b>RMB(0.011)</b>	RMB0.074
— Diluted (loss)/earnings per share (expressed in RMB per share)	11	<b>RMB(0.011)</b>	RMB0.074

The notes on pages 8 to 30 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 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
<b>(Loss)/profit for the period</b>	<b>(8,653)</b>	50,255
<b>Other comprehensive income</b>		
<i>Items that may not be reclassified to profit or loss</i>		
Fair value gains on financial assets at fair value through other comprehensive income	10,898	19,000
<b>Other comprehensive income for the period</b>	<b>10,898</b>	19,000
<b>Total comprehensive income for the period, all attributable to shareholders of the Company</b>	<b>2,245</b>	69,255

The notes on pages 8 to 30 form an integral part of this interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2021

		Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	468,493	402,413
Construction-in-progress	13	308,786	231,452
Right-of-use assets	14	83,282	85,938
Intangible assets	13	2,715	2,502
Prepayments for non-current assets		21,955	24,773
Deferred income tax assets		39,367	51,106
Investments accounted for using the equity method		654	2,539
Financial assets at fair value through other comprehensive income	5.3	93,899	61,610
		<b>1,019,151</b>	<b>862,333</b>
<b>Current assets</b>			
Inventories		95,449	150,556
Trade receivables	15	8,986	11,040
Other receivables, prepayments and deposits		45,681	51,039
Financial assets at fair value through profit or loss	5.3	58,879	56,942
Cash and bank balances	16	532,366	711,018
		<b>741,361</b>	<b>980,595</b>
<b>Total assets</b>		<b>1,760,512</b>	<b>1,842,928</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	17	6,433	6,433
Other reserves		755,220	736,801
Retained earnings		576,706	592,724
<b>Total equity</b>		<b>1,338,359</b>	<b>1,335,958</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	14	6,358	6,654
Deferred income tax liabilities		16,388	12,298
		<b>22,746</b>	<b>18,952</b>
<b>Current liabilities</b>			
Trade payables	19	62,916	86,347
Other payables and accrued charges		219,660	229,375
Contract liabilities		20,684	78,751
Current income tax liabilities		8,347	22,238
Borrowings	20	87,800	70,199
Lease liabilities	14	—	1,108
		<b>399,407</b>	<b>488,018</b>
<b>Total liabilities</b>		<b>422,153</b>	<b>506,970</b>
<b>Total equity and liabilities</b>		<b>1,760,512</b>	<b>1,842,928</b>

The notes on pages 8 to 30 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 2021**

	Note	Unaudited			
		Attributable to the Company's shareholders			
		Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
<b>Balance at 1 January 2021</b>		<b>6,433</b>	<b>736,801</b>	<b>592,724</b>	<b>1,335,958</b>
<b>Comprehensive income</b>					
Loss for the period		—	—	(8,653)	(8,653)
<b>Other comprehensive income</b>					
Fair value gains on financial assets at fair value through other comprehensive income		—	10,898	—	10,898
<b>Total comprehensive income for the period ended 30 June 2021</b>		<b>—</b>	<b>10,898</b>	<b>(8,653)</b>	<b>2,245</b>
<b>Transaction with equity holders</b>					
Equity-settled share option arrangement	18	—	157	—	157
Appropriation to statutory reserves		—	7,365	(7,365)	—
<b>Total transaction with equity holders</b>		<b>—</b>	<b>7,522</b>	<b>(7,365)</b>	<b>157</b>
<b>Balance at 30 June 2021</b>		<b>6,433</b>	<b>755,220</b>	<b>576,706</b>	<b>1,338,359</b>
<b>Balance at 1 January 2020</b>		<b>5,758</b>	<b>553,231</b>	<b>587,771</b>	<b>1,146,760</b>
<b>Comprehensive income</b>					
Profit for the period		—	—	50,255	50,255
<b>Other comprehensive income</b>					
Fair value gains on financial assets at fair value through other comprehensive income		—	19,000	—	19,000
<b>Total comprehensive income for the period ended 30 June 2020</b>		<b>—</b>	<b>19,000</b>	<b>50,255</b>	<b>69,255</b>
<b>Transaction with equity holders</b>					
Equity-settled share option arrangement	18	—	1,122	—	1,122
Appropriation to statutory reserves		—	4,804	(4,804)	—
<b>Total transaction with equity holders</b>		<b>—</b>	<b>5,926</b>	<b>(4,804)</b>	<b>1,122</b>
<b>Balance at 30 June 2020</b>		<b>5,758</b>	<b>578,157</b>	<b>633,222</b>	<b>1,217,137</b>

The notes on pages 8 to 30 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	22,379	85,564
Income tax paid	(14,365)	(13,497)
Interest paid	(718)	—
	<u>7,296</u>	<u>72,067</u>
Net cash generated from operating activities		
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, including additions of construction-in-progress	(188,443)	(52,919)
Payments for term deposits	(68,271)	—
Payments for financial assets at fair value through other comprehensive income	(17,696)	(2,000)
Payments for investments accounted for using the equity method	(5,000)	—
Purchase of land use rights	(74)	(13,423)
Interest received	5,869	9,403
Proceeds from disposal of investments accounted for using the equity method	3,651	—
Proceeds from disposal of property, plant and equipment	667	1,820
Payments for financial assets at fair value through profit or loss	—	(56,197)
	<u>(269,297)</u>	<u>(113,316)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	69,800	56,730
Pledged bank deposits	14,325	(254,738)
Repayment of bank borrowings	(52,199)	—
Repayment of lease liabilities	—	(773)
	<u>31,926</u>	<u>(198,781)</u>
Net cash generated from/(used in) financing activities		
<b>Net decrease in cash and cash equivalents</b>	<b>(230,075)</b>	<b>(240,030)</b>
Cash and cash equivalents at beginning of the period	547,241	732,033
Effect of foreign exchange rate changes in cash and cash equivalents	(2,523)	8,639
	<u>314,643</u>	<u>500,642</u>
<b>Cash and cash equivalents at 30 June</b>	<b>314,643</b>	<b>500,642</b>

The notes on pages 8 to 30 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 2021*

**1. GENERAL INFORMATION**

Qinqin Foodstuffs Group (Cayman) Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 January 2016 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The address of the Company’s principal business place is Unit 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong.

The Company is an investment holding 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’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 13 August 2021.

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 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting”. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), except for the adoption of the new and amended standards as disclosed in Note 3 below.



### 3. SIGNIFICANT 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 2020 and the corresponding interim financial period, except for the adoption of new and amended standards as set out below.

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

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

<b>Standards</b>	<b>Effective for annual periods beginning on or after</b>
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform 1 January 2021

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

- (b) **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 2021 and have not been early adopted by the Group.**

<b>Standards</b>		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment Proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to HKFRS Standards 2018-2020		1 January 2022

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

### 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 2020.

## 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 exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

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 2020.

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

### 5.2 Liquidity risk

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					Total <i>RMB'000</i>
	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>		
At 30 June 2021						
Trade payables	62,916	—	—	—		62,916
Other payables (excluding non-financial liabilities)	124,985	—	—	—		124,985
Borrowings	90,762	—	—	—		90,762
Lease liabilities	—	—	1,647	7,137		8,784
	<b>278,663</b>	<b>—</b>	<b>1,647</b>	<b>7,137</b>		<b>287,447</b>
	Audited					Total <i>RMB'000</i>
	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>		
At 31 December 2020						
Trade payables	86,347	—	—	—		86,347
Other payables (excluding non-financial liabilities)	136,473	—	—	—		136,473
Borrowings	70,805	—	—	—		70,805
Lease liabilities	1,141	421	1,098	7,686		10,346
	<b>294,766</b>	<b>421</b>	<b>1,098</b>	<b>7,686</b>		<b>303,971</b>

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation of financial instruments

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 30 June 2021:

	<b>Unaudited</b> <b>30 June 2021</b> <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
<b>Financial assets</b>		
Financial assets at fair value through other comprehensive income (“FVOCI”)		
— Level 3	<b>93,899</b>	61,610
Financial assets at fair value through profit or loss (“FVPL”)		
— Level 3	<b>58,879</b>	56,942
	<b>152,778</b>	118,552

During the six months ended 30 June 2021, there are no transfers among levels of the fair value hierarchy used in measuring the fair value of financial instruments, and also no changes in the classification of financial assets as a result of a change in the purpose or use of those assets.

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value estimation of financial instruments (Continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2021:

	<b>Unaudited</b> <b>30 June 2021</b> <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Opening balance	118,552	23,146
Additions-FVOCI	17,696	9,800
Additions-FVPL	—	56,197
Fair value changes — gain to profit or loss	1,937	745
Fair value changes — gain to comprehensive income	14,593	28,664
	<hr/>	<hr/>
Closing balance	<b>152,778</b>	118,552

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

The fair value of the following financial assets and liabilities approximate their carrying amount as at the balance sheet date:

- Trade receivables
- Other receivables and deposits
- Cash and bank balances
- Trade payables
- Other payables
- Borrowings
- Lease liabilities

## 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. Confectionery and Other Products

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.

## 6. SEGMENT INFORMATION (Continued)

The segment information for the six months ended 30 June 2021 is as follows:

	Unaudited				Group RMB'000
	Jelly Products RMB'000	Crackers and Chips RMB'000	Seasoning Products RMB'000	Confectionery and Other Products RMB'000	
<b>Revenue — recognised at a point in time</b>					
Sales to external customers	314,601	108,542	43,438	39,039	505,620
Cost of goods sold	<u>(221,552)</u>	<u>(80,297)</u>	<u>(29,975)</u>	<u>(44,022)</u>	<u>(375,846)</u>
<b>Results of reportable segments</b>	<u>93,049</u>	<u>28,245</u>	<u>13,463</u>	<u>(4,983)</u>	<u>129,774</u>

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

<b>Results of reportable segments</b>	129,774
Distribution and selling expenses	(79,998)
Administrative expenses	(63,446)
Reversal of impairment losses on financial assets	1,186
Other income and other gains — net	12,757
Finance income — net	1,961
Share of net gain of investments accounted for using the equity method	<u>1,766</u>
<b>Profit before income tax</b>	4,000
Income tax expense	<u>(12,653)</u>
<b>Loss for the period</b>	<u><u>(8,653)</u></u>

Other segment information is as follows:

Depreciation and amortisation charge					
Allocated	<u>10,896</u>	<u>4,474</u>	<u>2,384</u>	<u>2,932</u>	20,686
Unallocated					<u>555</u>
					<u><u>21,241</u></u>
Capital expenditure					
Allocated	<u>24,997</u>	<u>71,732</u>	<u>5,046</u>	<u>1,962</u>	103,737
Unallocated					<u>61,058</u>
					<u><u>164,795</u></u>

## 6. SEGMENT INFORMATION (Continued)

The segment information for the six months ended 30 June 2020 is as follows:

	Unaudited				Group RMB'000
	Jelly Products RMB'000	Crackers and Chips RMB'000	Seasoning Products RMB'000	Confectionery and Other Products RMB'000	
<b>Revenue — recognised at a point in time</b>					
Sales to external customers	276,573	119,235	36,003	13,687	445,498
Cost of goods sold	(184,195)	(73,820)	(24,416)	(9,002)	(291,433)
<b>Results of reportable segments</b>	<b>92,378</b>	<b>45,415</b>	<b>11,587</b>	<b>4,685</b>	<b>154,065</b>

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

<b>Results of reportable segments</b>					154,065
Distribution and selling expenses					(67,043)
Administrative expenses					(44,840)
Net impairment losses on financial assets					(1,933)
Other income and other gains — net					9,128
Finance income — net					17,898
Share of net loss of investments accounted for using the equity method					(1,379)
<b>Profit before income tax</b>					<b>65,896</b>
Income tax expense					(15,641)
<b>Profit for the period</b>					<b>50,255</b>

Other segment information is as follows:

Depreciation and amortisation charge					
Allocated	8,305	3,087	1,291	363	13,046
Unallocated					1,984
					15,030
<b>Capital expenditure</b>					
Allocated	16,285	3,661	1,131	—	21,077
Unallocated					43,708
					64,785



## 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, therefore no geographical information is presented in accordance with HKFRS 8 Operating Segments.

### Major customer

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

## 7. EXPENSES BY NATURE

Expenses included in cost of goods sold, distribution and selling expenses and administrative expenses were analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Raw materials and consumables used	244,373	200,976
Changes in inventories of work-in-progress and finished goods	40,820	10,127
Employee benefit expense, including directors' emoluments	104,312	79,815
Transportation and packaging expenses	35,070	24,409
Utilities and various office expenses	35,043	34,703
Depreciation of property, plant and equipment <i>(note 13)</i>	19,776	13,250
Travelling expenses	9,381	6,676
Marketing and advertising expenses	6,065	12,650
Repair and maintenance expenses	4,470	1,857
Rental expenses for leases of properties <i>(note 14)</i>	2,820	3,191
Amortisation of right-of-use assets <i>(note 14)</i>	1,237	1,653
Auditor's remuneration	450	450
Amortisation of intangible assets <i>(note 13)</i>	228	127
(Reversal of)/provision for decline in value of inventories	(2,757)	2,780
Others	18,002	10,652
	<hr/>	<hr/>
Total cost of sales, distribution and selling expenses and administrative expenses	<b>519,290</b>	<b>403,316</b>

## 8. OTHER INCOME AND OTHER GAINS — NET

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	10,737	7,417
(Losses)/gains on disposal of property, plant and equipment — net	(423)	1,337
Net fair value gains/(losses) on financial assets at fair value through at fair value through profit or loss ( <i>note 5.3</i> )	1,937	(449)
Exchange (losses)/gains from operating activities — net	(26)	220
Others	532	603
	<u>12,757</u>	<u>9,128</u>

Governments grants received during the year primarily comprised financial subsidies received from various local government authorities in Mainland China. There are no unfulfilled conditions or contingencies relating to these governments grants.

## 9. FINANCE INCOME AND FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income:		
Interest income from bank deposits	5,869	9,403
Exchange gains	—	8,639
	<u>5,869</u>	<u>18,042</u>
Finance costs:		
Exchange losses	(2,523)	—
Interest expense for borrowings	(931)	(27)
Interest expense for lease liabilities ( <i>note 14</i> )	(116)	(9)
Other finance charges	(338)	(108)
	<u>(3,908)</u>	<u>(144)</u>
Finance income — net	<u>1,961</u>	<u>17,898</u>

## 10. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax	363	16,404
Deferred income tax, net	12,290	(763)
Income tax expense	<u>12,653</u>	<u>15,641</u>

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department from the year of assessment 2019/20 onwards, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax during the six months ended 30 June 2021 is subject to a tax rate of 8.25%. The Group's remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

Taxation on Mainland China income has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in Mainland China in which the Group operates. The Company's subsidiaries incorporated in Mainland China are subject to Corporate Income Tax at the rate of 25% (2020: 25%).

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

The profits of the Mainland China subsidiaries of the Group derived since 1 January 2008 are subject to withholding income tax at a rate of 5% upon the distribution of such profits to foreign investors in Hong Kong. The Group provides for the deferred income tax liabilities on the unremitted earnings except for those amount expected to be reinvested. As at 30 June 2021, deferred income tax liabilities of approximately RMB2,970,000 (31 December 2020: RMB5,068,000) have not been recognised for the withholding income tax that would be payable on the unremitted earnings amounting to RMB59,409,000 (31 December 2020: RMB101,362,000) of certain Mainland China subsidiaries of the Group.

## 11. (LOSS)/EARNINGS PER SHARE

### (a) Basic

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
(Loss)/profit attributable to shareholders of the Company ( <i>RMB '000</i> )	<u>(8,653)</u>	<u>50,255</u>
Weighted average number of ordinary shares for basic (loss)/earnings per share	<u>755,096,557</u>	<u>675,096,557</u>
Basic (loss)/earnings per share	<u>RMB(0.011)</u>	<u>RMB0.074</u>

### (b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options.

	Unaudited	
	Six months ended 30 June	
	2021	2020
(Loss)/profit attributable to shareholders of the Company ( <i>RMB '000</i> )	<u>(8,653)</u>	<u>50,255</u>
Weighted average number of ordinary shares in issue	<u>755,096,557</u>	<u>675,096,557</u>
Adjustments for share options	<u>—</u>	<u>424,478</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share	<u>755,096,557</u>	<u>675,521,035</u>
Diluted (loss)/earnings per share	<u>RMB(0.011)</u>	<u>RMB0.074</u>

## 12. DIVIDENDS

At a meeting of the Board of Directors held on 13 August 2021, the Directors resolved not to declare an interim dividend to shareholders for the six months ended 30 June 2021 (2020: Nil).

## 13. PROPERTY, PLANT AND EQUIPMENT, CONSTRUCTION-IN-PROGRESS AND INTANGIBLE ASSETS

	Unaudited		
	Property, plant and equipment <i>RMB'000</i>	Construction-in progress <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
At 1 January 2021	402,413	231,452	2,502
Additions	50,977	113,303	441
Transfers	35,969	(35,969)	—
Disposals	(1,090)	—	—
Depreciation/amortisation	(19,776)	—	(228)
At 30 June 2021	<u>468,493</u>	<u>308,786</u>	<u>2,715</u>
At 1 January 2020	247,600	112,075	2,179
Additions	5,170	38,855	—
Transfers	88,467	(88,467)	—
Disposals	(483)	—	—
Depreciation/amortisation	(13,250)	—	(127)
At 30 June 2020	<u>327,504</u>	<u>62,463</u>	<u>2,052</u>

As at 30 June 2021, certain land use rights (note 14) and buildings of the Group, with a total net book value of RMB78,492,000 (31 December 2020: RMB14,966,000), were pledged as security for borrowings of the Group amounting to RMB79,800,000 (31 December 2020: RMB10,000,000) as disclosed in note 20.

## 14. LEASES

### (i) Amounts recognised in the consolidated balance sheet

	<b>Unaudited</b> <b>30 June 2021</b> <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
<b>Right-of-use assets</b>		
Buildings	5,789	7,587
Land use rights	77,493	78,351
	<u>83,282</u>	<u>85,938</u>
<b>Lease liabilities</b>		
Buildings		
— Current	—	1,108
— Non-current	6,358	6,654
	<u>6,358</u>	<u>7,762</u>

As at 30 June 2021, certain land lots of the Group that are situated within the Jinjiang Industrial Zone, Fujian Province, Mainland China, with carrying amount of approximately RMB6,340,000 (31 December 2020: RMB6,414,000), were still in the process of applying for the ownership certificates.

## 14. LEASES (Continued)

### (ii) Amounts recognised in the consolidated income statement

	Unaudited					
	Six months ended 30 June					
	2021			2020		
	Land use			Land use		
	Buildings	rights	Total	Buildings	rights	Total
<b>Amortisation charges</b>						
Cost of goods sold	—	—	—	473	—	473
Administrative expenses	305	932	1,237	377	803	1,180
	<u>305</u>	<u>932</u>	<u>1,237</u>	<u>850</u>	<u>803</u>	<u>1,653</u>
Interest expense			116			9
Operating lease expenses in respect of buildings (Note 7)			2,820			3,191
Total charges to income statement			<u>4,173</u>			<u>4,853</u>

The total cash outflow for leases during the period, not considering the receipt of government grant, was RMB3,574,000 (2020: RMB773,000).

## 15. TRADE RECEIVABLES

	Unaudited	Audited
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Trade receivables	9,033	12,496
Less: provision for impairment	(47)	(1,456)
Trade receivables, net	<u>8,986</u>	<u>11,040</u>

## 15. TRADE RECEIVABLES (Continued)

The credit period of the Group's trade receivables ranges from 30 to 90 days. The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at 31 December 2020 and 30 June 2021 was as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	<b>Audited</b> <b>31 December</b> <b>2020</b> <b>RMB'000</b>
Within 30 days	2,783	9,792
31-180 days	6,188	1,251
Over 365 days	62	1,453
	<u>9,033</u>	<u>12,496</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.

## 16. CASH AND BANK BALANCES

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <b>RMB'000</b>	<b>Audited</b> <b>31 December</b> <b>2020</b> <b>RMB'000</b>
Cash and cash equivalents	314,643	547,241
Restricted bank deposits — current	51,621	65,946
Term deposits — current	166,102	97,831
	<u>532,366</u>	<u>711,018</u>

The cash and cash equivalents represented cash deposits held at call with banks and in hand and deposits with original maturity within three months.

The restricted bank deposits are deposits held at bank for bank facilities and secured bank overdraft of the Group (note 20).

The term deposits — current have original maturities over three months and within one year at inception.



## 17. SHARE CAPITAL

	Unaudited			
	2021 <i>Shares</i>	2021 <i>RMB'000</i>	2020 <i>Shares</i>	2020 <i>RMB'000</i>
As at 1 January	755,096,557	6,433	675,096,557	5,758
Issue of shares	—	—	—	—
As at 30 June	<u>755,096,557</u>	<u>6,433</u>	<u>675,096,557</u>	<u>5,758</u>

## 18. 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 to subscribe for a total of 9,630,000 ordinary shares of the Company at an exercise price of HK\$2.56 per share 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.

On 16 August 2018, 11,000,000 share options to subscribe for a total of 11,000,000 ordinary shares of the Company at an exercise price of HK\$2.31 per share were granted to two directors and certain employees of the Group pursuant to the Scheme. All options were accepted by the grantees.

Movements in the number of share options granted are as follows:

	Options granted on 6 June 2017 Number of Options	Options granted on 16 August 2018 Number of Options	Total Number of Options
At 1 January 2021	4,900,000	6,760,000	11,660,000
Cancelled/lapsed during the period	<u>(350,000)</u>	<u>(520,000)</u>	<u>(870,000)</u>
At 30 June 2021	<u>4,550,000</u>	<u>6,240,000</u>	<u>10,790,000</u>
At 1 January 2020	5,350,000	7,620,000	12,970,000
Cancelled/lapsed during the period	<u>(170,000)</u>	<u>(510,000)</u>	<u>(680,000)</u>
At 30 June 2020	<u>5,180,000</u>	<u>7,110,000</u>	<u>12,290,000</u>

## 18. SHARE OPTION SCHEME (continued)

Share options outstanding as at 30 June 2021 have the following expiry dates and exercise prices:

Grant date	Exercisable date	Expiry date	Exercise price	Number of share options 30 June 2021
6 June 2017	7 June 2019	6 June 2022	HK\$2.56	2,275,000
6 June 2017	7 June 2020	6 June 2022	HK\$2.56	2,275,000
16 August 2018	17 August 2020	16 August 2023	HK\$2.31	3,120,000
16 August 2018	17 August 2021	16 August 2023	HK\$2.31	3,120,000
Total				10,790,000

The total amount of the fair value of share options granted to directors and selected employees is expensed over the vesting period. The equity-settled share-based payment expense for the six months ended 30 June 2021 amounted to RMB157,000 (six months ended 30 June 2020: RMB1,122,000), and the remaining unamortised fair value of share options granted of approximately RMB120,000 (30 June 2020: RMB1,349,000) will be charged to the consolidated income statement in the future.

The following assumptions were used to calculate the fair values of share options by using the Binomial Model:

	Options granted on 6 June 2017	Options granted on 16 August 2018
Grant date share price	HK\$2.56	HK\$2.29
Exercise price	HK\$2.56	HK\$2.31
Expected life	5 years	5 years
Expected volatility (Note a)	33%	34%
Risk-free rate (Note b)	0.94%	2.06%
Dividend yield (Note c)	1.49%	1.91%

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.

## 19. TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Within 30 days	<b>61,153</b>	83,961
31 - 180 days	<b>1,763</b>	2,386
	<hr/> <b>62,916</b> <hr/>	<hr/> 86,347 <hr/>

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

## 20. BORROWINGS

	<b>Unaudited</b> <b>30 June 2021</b> <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
<b>Current</b>		
Short-term bank loans — unsecured	<b>8,000</b>	8,000
Short-term bank loans — secured	<b>79,800</b>	10,000
Bank overdraft, secured	<b>—</b>	52,199
	<hr/> <b>87,800</b> <hr/>	<hr/> 70,199 <hr/>

The secured short term bank loans of the Group as at 30 June 2021 and 31 December 2020 were secured by the Group's land use rights and buildings (note 13).

The bank overdraft of the Group as at 31 December 2020 were secured by restricted bank deposits of the Group (note 16).

For the six months ended 30 June 2021, the weighted average effective interest rates on borrowings were 3.21% (year ended 31 December 2020: 2.48%).

The fair values of borrowings approximate their carrying amounts as of the balance sheet date.

## 20. BORROWINGS (Continued)

During the six months ended 30 June 2021, movements in borrowings are analysed as follows:

	<b>Unaudited</b>	
	<b>2021</b>	2020
As at 1 January	<b>70,199</b>	—
Proceeds from borrowings	<b>69,800</b>	56,730
Repayment of borrowings	<b>(52,199)</b>	—
	<hr/>	<hr/>
As at 30 June	<b>87,800</b>	56,730
	<hr/> <hr/>	<hr/> <hr/>

## 21. COMMITMENTS

As at 30 June 2021 and 31 December 2020, the Group had the following commitments:

### (a) Capital commitments

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Contracted but not provided for in respect of:		
Machinery and equipment	<b>55,142</b>	62,063
Buildings and land use rights	<b>237,980</b>	316,582
	<hr/>	<hr/>
	<b>293,122</b>	378,645
	<hr/> <hr/>	<hr/> <hr/>

## 21. COMMITMENTS (Continued)

### (b) Other commitments

As at 30 June 2021 and 31 December 2020, the Group had future aggregate minimum lease payments under non-cancellable operating leases and other non-cancellable contracts as follows:

	<b>Unaudited</b> <b>30 June</b> <b>2021</b> <i>RMB'000</i>	Audited 31 December 2020 <i>RMB'000</i>
Not later than 1 year	1,841	1,097
Later than 1 year and not later than 5 years	1,641	—
	<u>3,482</u>	<u>1,097</u>

As at 30 June 2021 and 31 December 2020, the operating leases were in respect of the lease of SAP system and short-term office leases.

## 22. 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>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Leases of offices		
— Lianjie Sports Investments Limited (“Lianjie Sports”)	200	217
— Lianjie Investments Group Limited (“Lianjie Investments”)	1,241	1,318
	<u>1,441</u>	<u>1,535</u>

## 22. RELATED PARTY TRANSACTIONS *(Continued)*

### (a) Transactions with related parties *(Continued)*

Lianjie Sports is a company wholly owned by Mr Hui Ching Lau (“**Mr. Hui**”), the Company’s controlling shareholder and Chairman.

Lianjie Investments is a company controlled by Mr. Hui and his associates.

### (b) Key management compensation

For the six months ended 30 June 2021, the key management comprised the directors (excluding independent non-executive directors) and certain senior management, and their compensation amounted to approximately RMB2,163,000 (2020: RMB1,951,000).

## 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, confectionery, rice wine and other food and snacks products under “Qinqin (親親)”, “Shangerry (香格里)” and “A Snack Shop (親親物語)” brands.

The Group has restated its vision, mission and values since 2018. In the past three years, the management team has adhered to the “people-oriented” philosophy to carry out its business. In the first half of 2021, the Group also redefined its corporate culture of “family, joy and sharing”, aiming to allow employees to grow together with us and to share the success along with the corporate development. On the other hand, it also allowed consumers to enjoy the pleasure from its product brand enhancement and product quality upgrades.

In the past three years, the Group has first put its effort into finishing all tough work, including the construction, transformation, and innovation of production bases as well as the improvement of its overall operating efficiency and the remodeling of corporate culture, which not only required heavy investment, but also required additional time to result for the performance.

Despite the operating performance of the Group was not satisfactory during the past three years, the Group believes that it is on the right path towards the goal of becoming a century-old store! Adhering to the people-oriented philosophy along with continuous self-upgrades, the Group will become a bright star in China’s food and snacks industry.

In the first half of 2021, the Group continued to develop its businesses and focused on establishing a more solid foundation to support its future development and growth. The key development accomplishments during the period are as follows:

- Overall business of the Group continued to grow, with revenue in the first half of 2021 increased by 13.5% over the same period last year.
- Continuing growth in e-commerce business, with revenue in the first half of 2021 increased by 1.7 times over the same period last year, representing 8.4% of total revenue in the first half of 2021.

- The Group continued to achieve success in strategic investments in a number of fast-growing consumer goods companies with their fair value increased by RMB14.6 million in the first half of 2021.
- In the second half of 2020 and the first half of 2021, the Group completed the development and construction of four new production bases in different areas of the PRC, to enhance the Group's production capacity, quality and efficiency, and to further expand product sales in the local surrounding areas.

## **INDUSTRY ENVIRONMENT**

The outbreak of the COVID-19 pandemic has brought upon challenges and uncertainty on China's economic development. Under the impact of the pandemic, the food and snacks industry was also facing new challenges and opportunities with the gradual changes in working and consumption habits of people in PRC.

Although the pandemic in Mainland China continued to be under control, the overall economy as well as the food and snacks industry remained challenging. The Group believes that the food and snacks industry in PRC is still with great appeal and development potential. With the increase in consumers' health awareness and income level, new market opportunities are developing. As consumers pursue healthier and personalised products and favour high quality and innovative products, product development in this industry is becoming more diversified. Under such changes, enterprises have to constantly focus on product innovation and product quality improvement and introduce new products timely to adapt to changes in consumers' demand and preferences. In addition, sales and distribution channels are undergoing structural adjustments, in particular with the impact of the pandemic and new online and offline channels, resulting in the need for improvement in corporate sales and marketing strategies.

## **BUSINESS OVERVIEW**

The Group continued to focus its efforts on increasing revenue growth with the aim to drive its long-term corporate development and future profit growth. In the first half of 2021, the Group's total revenue was approximately RMB505.6 million (first half of 2020: RMB445.5 million), representing an increase of 13.5% over the same period last year. The increase in revenue was mainly due to the growth in product sales volume, which in turn was mainly attributable to the Group's continuous adjustments on product mix and sales strategies, and its focus on new product development to enrich the product portfolio, so as to increase overall product sales volume and market share. Moreover, the Group strategically invested additional efforts and resources into e-commerce channels which led to an increase in revenue of e-commerce business.



Although there was an increase in revenue in the first half of 2021, both the gross profit and gross profit margin for the period dropped. The gross profit for the period was approximately RMB129.8 million (first half of 2020: RMB154.1 million), representing a decrease of 15.8% over the same period last year; while the gross profit margin was 25.7% (first half of 2020: 34.6%), representing a decrease of approximately 8.9 percentage points over the same period of last year. In addition, in the first half of 2021, the Group recorded the loss attributable to the shareholders of the Company of approximately RMB8.7 million, while as of the same period in 2020, the Group recorded a consolidated net profit of approximately RMB50.3 million. The main reasons for such change were as follows:

- (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 8.4% 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, ecommerce business incurred higher distribution costs and resulted a net loss in the ecommerce business of approximately RMB16.7 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 RMB15.8 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 RMB13.0 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 bank balances denominated in HKD and USD totaling approximately RMB2.5 million, whereas a foreign exchange gain of approximately RMB8.6 million was recorded in the corresponding period in 2020 when HKD and USD appreciated against RMB.

As of the first half of 2021, there was an increase in the fair value of the Group's investments in a number of consumer goods companies with fast-growing potential and synergy with the Group's business. As a result, the Group recorded a fair value gain through comprehensive income (after deduction of related income tax provision) of RMB10.9 million in the first half of 2021.

### **Jelly products**

Sales of jelly products for the first half of 2021 were approximately RMB314.6 million (first half of 2020: RMB276.6 million), representing an increase of 13.7% over the same period last year, and accounting for 62.2% (first half of 2020: 62.1%) of total revenue of the Group. Gross profit margin was 29.6% (first half of 2020: 33.4%), representing a decrease of approximately 3.8 percentage points as compared with the same period of last year.

In the first half of 2021, the Group continued to adjust its product mix, on the basis of its existing products, developing and launching new products, including products such as 「乳益悠悠」, 「小芯意擠擠果凍」, 「小小可吸果凍」, 「濃郁芝士布丁」 and 「乳酸菌味棒冰棒」. As the target promotion products of new jelly products, 「乳益悠悠」 and 「小芯意擠擠果凍」 used the new squeeze-bag for individual packaging instead of the small-cup packaging, and consumers can enjoy a new experience that is safer, hygiene, healthier and more convenient. The 「小Q仔布丁」, which targets the children's market, also completed the appearance and packaging upgrade of the entire series of product during the period. After the addition of new products, new flavors and packaging upgrade, jelly products have a richer variety. During the period, the Group slightly lowered the net selling price of certain products to increase product sales volume, resulting in the increase in both revenue and gross profit of new products and existing products. However, as the selling prices of certain products decreased and there was also an increase in certain raw material prices, manufacturing overheads from the deployment of new production equipment and labor costs (due to the increase in overall wages) during the period, resulting in an increase in the unit production cost of the Group's products and a decrease in gross profit margin.

### **Crackers and Chips**

Sales of crackers and chips for the first half of 2021 were approximately RMB108.5 million (first half of 2020: RMB119.2 million), representing a decrease of 9.0% as compared with the same period of last year and accounting for 21.5% (first half of 2020: 26.8%) of the total revenue of the Group. The gross profit margin was 26.0% (first half of 2020: 38.1%), representing a decrease of approximately 12.1 percentage points as compared with the same period of last year.

During the period, the performance of crackers and chips business was relatively unsatisfactory, mainly due to a decline in overall product sales volume and the increase in production costs. The Group's resources allocated to the point-of-sales and related sales strategy were tended towards the launching and marketing of its new products, including 「鷄味塊」, 「親親圈」, 「洋蔥圈」 and 「薯片」, during the period to facilitate its expansion. As consumers' acceptance and sales volume of new products have yet to be more developed, and sales of key existing products have decreased during the period due to less point-of-sales resources were allocated towards these existing products, which led to a decrease in sales revenue of crackers and chips during the period. In addition, there was also an increase in certain raw material prices, manufacturing overheads from the deployment of new production equipment and labor costs (due to the increase in overall wages) during the period, resulting in an increase in the unit production cost of the Group's products and a decrease in gross profit margin.

### **Seasoning Products**

Sales of seasoning products for the first half of 2021 were approximately RMB43.4 million (first half of 2020: RMB36.0 million), representing an increase of 20.7% as compared with the same period of last year and accounting for 8.6% (first half of 2020: 8.1%) of the total revenue of the Group. The gross profit margin was 31.0% (first half of 2020: 32.2%), representing a decrease of approximately 1.2 percentage points as compared with the same period of last year.

In the first half of 2021, the consumption habits of consumers gradually changed due the impact of the pandemic, thus created a stay-at-home culture and demand for home cooking have also increased. The Group focused on increasing resources into its point-of-sales and developed more seasoning products for households, which led to an increase in sales volume, sale revenue and gross profit during the period. As additional expenses and other promotion expenditure were incurred on its point-of-sales supported from its sales strategy, despite the proportion of high-margin products increased, the gross profit margin still slightly dropped during the period.

## **Confectionery and Other Products**

Sales of confectionery and other products for the first half of 2021 were approximately RMB39.0 million (first half of 2020: RMB13.7 million), representing an increase of 1.9 times as compared with the same period of last year and accounting for 7.7% (first half of 2020: 3.1%) of the total revenue of the Group. During the period, the significant growth in revenue was mainly attributable to the increase in sales from “A Snack Shop (親親物語)” brand product business, other new snack food products such as seafood type snack food, bakery products and rice wine and sesame candy products. As the new products under this segment were mainly sold through e-commerce channels and the products sold 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, thus resulted in gross loss for the Group. Moreover, the Group’s new production bases for its rice wine and sesame candy business in Mainland China have just commenced operations in the second half of 2020, more time would be required to achieve more product sales. This resulted in an increase in production costs and administrative expenses during the period as it would take time to achieve economies of scale. Due to the above reasons, the gross profit margin of confectionery and other products was -12.8% (first half of 2020: 34.2%).

## **Strategic Development Investment Projects**

As part of the strategic development plans and business expansion strategies of the Group, the Group has invested in a number of consumer goods companies with fast-growing potential and synergy with the Group’s business. These companies mainly engage in the production or sale of food, beverage and alcohol products in the PRC and abroad.

In the first half of 2021, the Group recorded a fair value gain through comprehensive income of RMB10.9 million due to the increase in fair value of these investments. The Group believes that the strategic investments in these companies will be beneficial to the long-term development and industrial layout of the Group.

## **Product Development and Upgrade**

The Group is committed to developing popular, natural and healthy products with high nutritious value and quality. The Group’s product management center, leveraging its outstanding professional technical talents as well as research and development capabilities for innovative products, has enhanced its creativity in areas such as product development, packaging design and brand marketing. The Group has increased its investment in product innovation, production facilities and quality inspection equipment, thereby ensuring the speed and efficiency of the development and launching of new products.

For jelly products,「乳益悠悠」and「小芯意擠擠果凍」were mainly promoted to target younger mothers and children market while the products such as「蒟蒻果凍」,「小Q仔布丁」which targets the children market. The Group believes that the continuous launching and distribution of new products to the market will be beneficial to the continuing development and growth of its jelly product business.

For crackers and chips, while maintaining its leading position in seafood crackers and chips, the Group will continue to promote its newly-developed products. Through a series of upgrades in terms of production processes, packaging, product and flavour, the Group sought to enhance its brand influence and market share as well as upgraded its product quality by improving tastes and expanding flavours to cater to the preferences of young consumers and regional features. Meanwhile, the Group has also been enriching the diversified layout of production bases and production equipment, optimising the Group's supply chain system, and stabilising the Group's leading position in the market.

For seasoning products, the Group will continue to adopt “make cooking easier” as the target goal for its product and brand development. The Group will aim to increase the proportion of high-margin products through a series of upgrades on packaging and to increase market share and brand influence. The Group will continue to step up the promotion of its seasoning products in two channels, namely the catering market and the household market, and to launch products to meet the demands of the catering and household markets. Meanwhile, with the aim of seeking market opportunities and new growth drivers in the process of industrialisation of the catering industry, the Group will continue to provide customised products and services to catering chain customers and catering supply chain customers.

For other snacks products, the Group will continue to develop new snack food, including candy, chocolate, biscuits and bakery snacks in the second half of 2021. For sesame candy and rice wine, the Group has engaged a senior product research and development team and an excellent design team to further develop and research sesame candy and rice wine, with the goal of creating healthy and diversified rice wine as well as cultural brands, and to expand its products to rice wine for snacks and rice wine for drinks.

## **Promotion and Marketing**

The Group continued to make adjustments to its promotion and marketing strategies and extended its promotion and marketing activities into different promotion and advertising channels.

The Group appointed up-and-coming actor Jin Haochen (金澯辰) as its brand ambassador to appear in commercials for its「蒟蒻果凍」and Qinqin prawn cracker.

The Group made full use of social media including WeChat, Weibo, TikTok, Xiaohongshu and bilibili to establish effective interaction with young consumers, took an advantage of fan economy and built a private community for large-scale marketing exposure to increase its brand awareness. In terms of sales channels, 「蒟蒻可吸凍」 and 「小芯意果凍」 were mainly promoted through e-commerce and convenience stores in first and second tier cities based on the behavioral changes of young consumers of this generation, being favourable and competitive in the market in the PRC.

In addition, the Group will continue to cooperate with certain of its strategic investment partners to jointly promote the Group's and their products on both e-commerce channels and food fairs and exhibition to attract new customers.

### **Channel Expansion**

Along with product upgrades, the Group continued to broaden its existing distributors network by expanding to new channels such as snack food branded stores, convenience stores, campus snack stores, gas stations.

Based on the Group's strategic decision, the Group increased the intensity of internet marketing and product promotional activities for its e-commerce business in the first half of 2021 with the aim to achieve sales volume growth and increase market share. However, 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. This results in a net loss in e-commerce business during the current period. The Group will further develop and allocate more high margin products for sales through e-commerce channels. In addition, the Group will continue to actively work with new retailers including Alibaba, JD and Pinduoduo to develop new retail channels, which the Group believes it can build on this foundation to achieve a further growth in this business and bring additional profits to the Group in the future.

### **Production Facilities Improvement**

The Group has formulated a clear development plan for its production facilities and equipment. In the second half of 2020 and the first half of 2021, the Group completed the development and construction of four new production bases located in difference regions in the PRC including Xiaogan City, Hubei Province, Jining City, Shandong Province, Meishan City, Sichuan Province and Ningxia City, Gansu Province. This has improved the production capacity, quality and efficiency of the Group in order to meet the long-term development of the Group, and it will further expand the sales of products in the local surrounding areas. The total capital expenditure in the first half of 2021 was approximately RMB164.8 million.

Since the new production bases have just commenced operations, it will take time to achieve economies of scale, leading to an increase in production costs and administrative expenses during the period, which is expected to have an impact on the short-term performance of the Group. However, the Group believes that the long-term development and future profit growth of the enterprise will be driven by the optimisation of the Group's resources, the construction and renovation of plants, equipment upgrades to improve its production facilities, production processes and product quality, as well as the improvement of production capacity and efficiency.

The Group aimed to reduce the impact of increasing labour costs by increasing the level of our production facilities automation. The Group continued to conduct "equipment transformation, production process enhancement, quality improvement" for its production facilities and cooperated with various foreign equipment enterprises for bringing in production lines including jelly products as well as crackers and chips with the world advanced standards. The Group believes that a highly automated production process with technologically-more-advanced equipment 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.

The Group strived to provide consumers with healthy and safe products, and it has always strictly complied with the stringent international production standards. Hence, the Group has been awarded the HALAL, SC, KOSHER and ISO9001 certifications in respect of its production facilities, quality control and management system.

## **FUTURE PROSPECTS AND STRATEGIES**

The Group's strategic initiatives in recent years, particularly to stay focus on investing in new products, e-commerce business, information management system and new production facilities and equipment, has laid a firm foundation for the next chapter in the Group's business development.

Although the market is full of challenges, we are looking forward to the future as the Group will continue to focus our efforts in the following areas, to drive further growth of the Group's business and thereby creating greater value for its shareholders.

- Capture the opportunities of consumer upgrades through continuous product innovations, thereby adhering to its diversified product strategies, focusing on enhancement of product quality, optimisation of product portfolio and strengthening market position of our key products in terms of operation.

- Expand our distribution channels, strengthen our traditional distribution network, develop and allocate more high margin products for sales through e-commerce channels and further develop other new market access such as snack food branded stores and restaurants channels in order to increase market penetration.
- Continued to complete the construction and transformation of our production bases and upgrade equipment to improve production facilities, production processes and product quality and to enhance production capacity and efficiency that will meet the long-term development of the Group.
- Refine internal management process, strengthen the integration of various softwares, invest in talent development and information management system to raise corporate management standards, improve the Group’s operating efficiency and core competitiveness, and to enhance sustainable development of the Group.
- Explore investment opportunities in consumer goods companies with fast-growing potential and synergy with the Group’s business, alliances with strategic investment partners to facilitate long-term development and business growth of the Group.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group maintained a solid financial position and was in a net cash position as at 30 June 2021. As at 30 June 2021, the Group had cash and bank balances of RMB532.4 million (31 December 2020: RMB711.0 million) and bank borrowings of RMB87.8 million (31 December 2020: RMB70.2 million).

As at 30 June 2021, the Group’s working capital or net current assets were RMB342.0 million (31 December 2020: RMB492.6 million). The current ratio, represented by current assets divided by current liabilities, was 1.9 (31 December 2020: 2.0). The Group’s total equity was RMB1,338.4 million (31 December 2020: RMB1,336.0 million), representing an increase of 0.2%.

Cash and bank balances were mainly denominated in Hong Kong dollars (“**HKD**”), United States dollars (“**USD**”) and Chinese Renminbi (“**RMB**”). As at 30 June 2021, pledged bank deposits of HKD62.0 million (equivalent to RMB51.6 million) (31 December 2020: RMB66.0 million) were being used as the security for a banking facility of USD8.0 million (equivalent to RMB51.7 million) (31 December 2020: RMB52.2 million) granted by a bank for certain short term credit facility arrangement.



As part of treasury management activities with respect to the Group's surplus cash assets, the Group has invested, at fair value, of RMB58.9 million as at 30 June 2021 (31 December 2020: RMB56.9 million) in units in investment funds measured at fair value through profit or loss. During the period under review, there was a net gain of RMB1.9 million (first half of 2020: net deficit of RMB0.5 million) recorded in profit or loss due to the fair value change of these investments.

As at 30 June 2021, the Group's bank borrowings denominated in RMB bore fixed interest rates ranged from 2.55% to 3.55% per annum. As the Group was in net cash position as at 30 June 2021 and 31 December 2020, no gearing ratio was presented.

## **COMMITMENTS AND CONTINGENCIES**

As at 30 June 2021, the Group had total capital commitments (contracted but not provided for) of RMB293.1 million (31 December 2020: RMB378.6 million).

As at 30 June 2021, the Group had future aggregate minimum lease payments under non-cancellable operating leases of RMB3.5 million (31 December 2020: RMB1.1 million).

The Group had no material contingent liabilities as at 30 June 2021 and 31 December 2020.

## **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**

As at 30 June 2021, certain land use rights and buildings of the Group with net book value of RMB78.5 million (31 December 2020: RMB15.0 million) were pledged for bank borrowings of RMB79.8 million (31 December 2020: RMB10.0 million). In addition, the Group had a banking facility of USD8.0 million (equivalent to RMB51.7 million) (31 December 2020: RMB52.2 million) granted by a bank for certain short term credit facility arrangement which was pledged by the bank deposits of the Group in the amount of HKD62.0 million (equivalent to RMB51.6 million) (31 December 2020: RMB66.0 million) as at 30 June 2021.

## **HUMAN RESOURCES AND MANAGEMENT**

As at 30 June 2021, the Group had approximately 2,600 (30 June 2020: 2,400) employees. For the period under review, total employee benefit expenses, including directors' emoluments, was approximately RMB104.3 million (first half of 2020: RMB79.8 million). The increase in total employee benefit expenses was mainly attributable to the increase in number of employees during the period to facilitate the business expansion of the Group and salary increment.

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 bank balances, trade and other receivables and payables, and bank borrowings of the Group, which are denominated in HKD, USD and other currencies.

During the period under review, HKD and USD devalued against RMB. The Group recorded foreign exchange loss in relation to its cash and bank balances in HKD and USD totaling RMB2.5 million (first half of 2020: net foreign exchange gain totaling RMB8.6 million). Save as disclosed above, 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 2021 (30 June 2020: 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 (the “**Stock Exchange**”).

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 2021 and, where appropriate, the applicable recommended best practices of the CG Code, except that the Chairman, Mr. Hui Ching Lau, also oversaw the responsibilities of the Chief Executive Officer (“**CEO**”) of the Group prior to Mr. Wu Wenxu's appointment as the CEO on 6 May 2021. Under the code provision A.2.1 of the CG Code, the roles of the Chairman and the CEO should be separate and should not be performed by the same individual. In view of Mr. Hui Ching Lau is the Chairman and executive director of the Company and he has accumulated over 16 years of experience in the food and snacks business since he became a director of some of the subsidiaries of the Group in April 2003, the Board believed that it was in the best interest of the Group to have Mr. Hui Ching Lau to oversee the responsibilities of the CEO with the support of the senior management team of the Group prior to the appointment of new CEO on 6 May 2021, thereafter the Company complied with all the code provision 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 2021.

## CHANGES IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of information of the Directors are set out below:

### **Executive Director — Mr. Hui Ching Lau**

Mr. Hui has been appointed as the Chief Executive Officer of Hengan International Group Company Limited with effect from 18 August 2021 (a company listed on the Main Board of the Stock Exchange, stock code: 1044).

### **Executive Director — Mr. Wong Wai Leung**

On 12 May 2021, Mr. Wong resigned as an independent non-executive director of Zhongchang International Holdings Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 859).

### **Executive Director — Mr. Wu Wenxu**

Mr. Wu's minimum annual remuneration has been increased from RMB382,200 to RMB560,420 with effect from 1 August 2021.

## RAISING OF FUNDS AND USE OF PROCEEDS

- (a) Pursuant to the subscription agreements dated 22 March 2019 entered into between the Company and the subscribers, an aggregate of 104,400,000 ordinary shares of the Company of HKD0.01 each in the share capital of the Company (the “**Shares**”) were issued at HKD2.2 per Share (the “**2019 Subscription Price**”) to the subscribers on 1 April 2019 (the “**2019 Subscription**”). The aggregate nominal value of the Shares under the 2019 Subscription was HKD1,044,000. The 2019 Subscription Price represented (i) a premium of approximately 1.38% to the closing price of HKD2.17 per Share as quoted on the Stock Exchange on 21 March 2019, the date on which the terms of the subscription agreement were fixed; and (ii) a discount of approximately 1.43% to the average closing price of approximately HKD2.232 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including 21 March 2019. The subscribers were independent professional or individual investors. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the subscribers (and their respective ultimate beneficial owners, if applicable) were third parties independent of the Company and its connected persons. Details of the 2019 Subscription were disclosed in the Company's announcements dated 22 March 2019 and 1 April 2019.

The gross and net proceeds of the 2019 Subscription were approximately HKD229.68 million (equivalent to approximately RMB197.0 million) and approximately HKD229.48 million (equivalent to approximately RMB196.8 million), respectively. The net subscription price, after deducting such fees, costs and expenses, was therefore approximately HKD2.198 per Share under the 2019 Subscription.

Sets out below is a summary of the intended and actual use of proceeds from the 2019 Subscription:

<b>Intended use of proceeds as announced and actual use of proceeds</b>	<b>Net proceeds</b>	<b>Amount of proceeds utilised up to 30 June 2021</b>	<b>Amount of proceeds unutilised up to 30 June 2021</b>
	<i>(Approximate)</i> <i>(RMB in million)</i>	<i>(Approximate)</i> <i>(RMB in million)</i>	<i>(Approximate)</i> <i>(RMB in million)</i>
Upgrade of enterprise resource planning (ERP) system of the Group	15.4	13.0	2.4
Purchase of machinery and equipment	29.2	29.2	—
Promotion and marketing campaigns	25.7	25.7	—
Provide funding for land acquisition and development costs of sesame candy and rice wine production facilities in Xiaogan City, Hubei Province, PRC	126.5	126.5	—
<b>Total</b>	<b>196.8</b>	<b>194.4</b>	<b>2.4</b>

As at the date of this announcement, the Company expects that the unutilised proceeds will be used according to the intended use of proceeds as previously announced. As the Company is in the process of upgrading its ERP system, it is expected that the unutilised proceeds as at 30 June 2021 will be fully utilised in the financial year 2021.

- (b) Pursuant to the subscription agreements dated 22 December 2020 entered into between the Company and the subscribers, an aggregate of 80,000,000 Shares were issued at HKD2.2 per Share (the “**2020 Subscription Price**”) to the subscribers on 29 December 2020 (the “**2020 Subscription**”). The aggregate nominal value of the Shares under the 2020 Subscription is HKD800,000. The 2020 Subscription Price (i) equaled the closing price of HKD2.2 per Share as quoted on the Stock Exchange on 21 December 2020, the date on which the terms of the subscription agreement were fixed; and (ii) represented a discount of approximately 4.51% to the average closing price of approximately HKD2.304 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including 21 December 2020. The subscribers are independent professional corporate and/or individual investors. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the subscribers (and their respective ultimate beneficial owners, if applicable) are third parties independent of the Company and its connected persons. Details of the 2020 Subscription were disclosed in the Company’s announcements dated 22 December 2020 and 29 December 2020.

The gross and net proceeds of the 2020 Subscription were approximately HKD176.0 million (equivalent to approximately RMB148.6 million) and approximately HKD175.8 million (equivalent to approximately RMB148.4 million), respectively. The net subscription price, after deducting such fees, costs and expenses, is therefore approximately HKD2.198 per Share under the 2020 Subscription.

Sets out below is a summary of the intended and actual use of proceeds from the 2020 Subscription:

<b>Intended use of proceeds as announced and actual use of proceeds</b>	<b>Net proceeds</b>	<b>Amount of proceeds utilised up to 30 June 2021</b>	<b>Amount of proceeds unutilised up to 30 June 2021</b>
	<i>(Approximate)</i> <i>(RMB in million)</i>	<i>(Approximate)</i> <i>(RMB in million)</i>	<i>(Approximate)</i> <i>(RMB in million)</i>
Purchase of machinery and equipment	30.2	23.3	6.9
Promotion and marketing campaigns	16.9	16.9	—
Provide funding for land acquisition and development costs of new production facilities	101.3	45.7	55.6
	<hr/>	<hr/>	<hr/>
Total	148.4	85.9	62.5
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As at the date of this announcement, the Company expects that the unutilised proceeds will be used according to the intended use of proceeds as previously announced. The Company expected that the unutilised proceeds as at 30 June 2021 will be fully utilised in the financial year 2021.

Save as disclosed herein, the Company did not have any other fund raising activity during the six months ended 30 June 2021 and up to the date of this announcement.

## **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 2021.

## **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 2021 as well as this interim announcement 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, 13 August 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.*