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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

KEY FINANCIAL PERFORMANCE AND RATIOS

For the year ended 31 December	2024	2023	Changes
	RMB'000	*RMB'000*	
Revenue	**996,497**	981,574	**1.5%**
Gross profit	**282,068**	258,859	**9.0%**
Gross profit margin	**28.3%**	26.4%	**1.9% points**
Profit/(loss) attributable to equity shareholders of the Company	**21,130**	(2,002)	**11.6 times**
Adjusted EBITDA [(1)]	**101,306**	91,861	**10.3%**
Earnings/(loss) per share			
– Basic	**RMB0.028**	RMB(0.003)	
– Diluted	**RMB0.028**	RMB(0.003)	
Final dividend per share (proposed)	**RMB0.020**	Nil	

As at 31 December	2024	2023	Changes
	RMB'000	*RMB'000*	
Total assets	**1,943,865**	1,964,073	**-1.0%**
Net cash position[(2)]	**415,079**	228,442	**81.7%**
Net current assets	**182,113**	153,485	**18.7%**
Total equity attributable to equity shareholders of the Company	**1,219,861**	1,201,338	**1.5%**
Return on equity[(3)]	**1.7%**	-0.2%	**1.9% points**
Net asset per share	**RMB1.6**	RMB1.6	
Finished goods turnover days[(4)]	**12 days**	16 days	
Trade receivables turnover days[(5)]	**4 days**	2 days	

Notes:

(1) Adjusted EBITDA is not measure of performance under Hong Kong Financial Reporting Standards ("**HKFRSs**"). This measure does not represent, and should not be used as substitute for, net profit or cash flows from operations as determined in accordance with HKFRSs. Therefore, it is not necessarily an indication of whether cash flow will be sufficient to fund the cash requirements of the Group. In addition, Adjusted EBITDA referred to in this announcement does not have a standardised meaning prescribed by HKFRSs and therefore may not be comparable to other similarly titled measures used by other listed issuers. The reconciliation from profit/(loss) for the year to Adjusted EBITDA and related explanation notes are set out in the section headed "Management Discussion and Analysis" on page 28 of this announcement.

(2) Net cash position is equal to cash and bank balances net of bank borrowings.

(3) Return on equity is equal to profit or loss attributable to equity shareholders divided by total shareholders' equity at the end of the relevant year.

(4) Finished goods turnover days is equal to the average balance of finished goods divided by the cost of sales and multiplied by the number of days in the relevant year.

(5) Trade receivables turnover days is equal to the average balance of trade receivables divided by the revenue and multiplied by the number of days in the relevant year.

RESULTS

The Board of Directors of Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**996,497**	981,574
Cost of goods sold	*4*	**(714,429)**	(722,715)
Gross profit		**282,068**	258,859
Distribution cost and selling expenses	*4*	**(128,236)**	(123,255)
Administrative expenses	*4*	**(140,291)**	(137,227)
Other income and other gains/(losses) – net	*5*	**6,618**	(1,142)
Operating profit/(loss)		**20,159**	(2,765)
Finance income	*6*	**12,781**	16,145
Finance costs	*6*	**(8,743)**	(9,859)
Finance income – net		**4,038**	6,286
Share of net losses of associates		**(133)**	(769)
Profit before income tax		**24,064**	2,752
Income tax expense	*7*	**(2,934)**	(4,808)
Profit/(loss) for the year		**21,130**	(2,056)
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		**21,130**	(2,002)
Non-controlling interests		**–**	(54)
		21,130	(2,056)
Earnings/(loss) per share			
– Basic earnings/(loss) per share (expressed in RMB per share)	*8*	**RMB0.028**	RMB (0.003)
– Diluted earnings/(loss) per share (expressed in RMB per share)	*8*	**RMB0.028**	RMB (0.003)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit/(loss) for the year	**21,130**	(2,056)
Other comprehensive income/(loss)		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**–**	(1)
Item that may not be reclassified to profit or loss		
Gain on revaluation of a property, net of tax	**1,044**	–
Fair value losses on financial assets at fair value through other comprehensive income, net of tax	**(3,837)**	(31,421)
Other comprehensive loss for the year, net of tax	**(2,793)**	(31,422)
Total comprehensive income/(loss) for the year	**18,337**	(33,478)
Total comprehensive income/(loss) for the year is attributable to:		
Equity shareholders of the Company	**18,337**	(33,424)
Non-controlling interests	**–**	(54)
	18,337	(33,478)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**1,011,799**	1,035,126
Construction-in-progress		**15,407**	99,586
Right-of-use assets	*10*	**70,465**	77,323
Investment property	*11*	**34,232**	–
Intangible assets		**1,417**	1,794
Prepayments for non-current assets		**5,852**	7,856
Deferred income tax assets		**22,027**	20,355
Investments in associates	*12*	**10,270**	10,403
Financial assets at fair value through other comprehensive income	*13*	**18,867**	23,561
		1,190,336	1,276,004
Current assets			
Inventories		**129,174**	136,948
Trade receivables	*14*	**15,037**	6,216
Other receivables, prepayments and deposits		**17,795**	22,169
Financial assets at fair value through profit or loss	*15*	**2,000**	2,000
Current income tax recoverable		**1,977**	–
Cash and bank balances		**587,546**	520,736
		753,529	688,069
Total assets		**1,943,865**	1,964,073

CONSOLIDATED BALANCE SHEET *(Continued)*

	Notes	As at 31 December **2024** *RMB'000*	2023 *RMB'000*
Equity			
Share capital		**6,433**	6,433
Other reserves		**699,907**	698,508
Retained earnings		**513,521**	496,397
Total equity		**1,219,861**	1,201,338
Liabilities			
Non-current liabilities			
Borrowings	*17*	**143,734**	213,828
Lease liabilities	*10*	**–**	7,169
Deferred income tax liabilities		**8,854**	7,154
		152,588	228,151
Current liabilities			
Trade and bills payables	*16*	**316,148**	125,859
Other payables and accrued charges		**160,804**	243,485
Contract liabilities		**65,731**	83,366
Current income tax liabilities		**–**	3,408
Borrowings	*17*	**28,733**	78,466
		571,416	534,584
Total liabilities		**724,004**	762,735
Total equity and liabilities		**1,943,865**	1,964,073

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 Act 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 address of the Company's principal business place is Unit 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Admiralty, 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.

The ultimate holding company of the Company is Sure Wonder Limited, a company incorporated in the British Virgin Islands, which is wholly owned by Mr. Hui Ching Lau. The ultimate controlling party of the Group is Mr. Hui Ching Lau.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(1) Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for their annual reporting period commencing on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 & HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(2) New and amended standards not yet adopted

The following new and amended standards relevant to the Group have been issued but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

Standards		**Effective for annual periods beginning on or after**
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES INFORMATION *(Continued)*

(2) New and amended standards not yet adopted *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the income statement; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the income statement and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

Except for the above, no significant impact on the financial performance and position of the Group is expected when these new or amended standards become effective.

3 REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to the operating profit by business segments is as follows:

	Year ended 31 December 2024				
	Jelly Products *RMB'000*	**Crackers and Chips** *RMB'000*	**Seasoning Products** *RMB'000*	**Confectionery and Other Products** *RMB'000*	**Group** *RMB'000*
Revenue – recognised at a point in time					
Sales to external customers	**530,638**	**311,725**	**73,684**	**80,450**	**996,497**
Cost of goods sold	**(378,837)**	**(225,393)**	**(48,079)**	**(62,120)**	**(714,429)**
Results of reportable segments	**151,801**	**86,332**	**25,605**	**18,330**	**282,068**

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

Results of reportable segments	**282,068**
Distribution cost and selling expenses	**(128,236)**
Administrative expenses	**(140,291)**
Other income and other gains – net	**6,618**
Finance income	**12,781**
Finance costs	**(8,743)**
Share of net losses of associates	**(133)**
Profit before income tax	**24,064**
Income tax expense	**(2,934)**
Profit for the year	**21,130**

Other segment information is as follows:

	Jelly Products	Crackers and Chips	Seasoning Products	Confectionery and Other Products	Group
Depreciation and amortisation charges					
Allocated	**45,351**	**26,501**	**5,701**	**8,334**	**85,887**
Unallocated					**81**
					85,968
Capital expenditures					
Allocated	**4,716**	**2,441**	**2,550**	**3,203**	**12,910**
Unallocated					**9**
					12,919

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Year ended 31 December 2023				
	Jelly Products *RMB'000*	Crackers and Chips *RMB'000*	Seasoning Products *RMB'000*	Confectionery and Other Products *RMB'000*	Group *RMB'000*
Revenue – recognised at a point in time					
Sales to external customers	567,185	274,205	78,859	61,325	981,574
Cost of goods sold	(411,338)	(204,321)	(53,876)	(53,180)	(722,715)
Results of reportable segments	155,847	69,884	24,983	8,145	258,859

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

Results of reportable segments	258,859
Distribution cost and selling expenses	(123,255)
Administrative expenses	(137,227)
Other income and other losses – net	(1,142)
Finance income	16,145
Finance costs	(9,859)
Share of net losses of associates	(769)
Profit before income tax	2,752
Income tax expense	(4,808)
Loss for the year	(2,056)

Other segment information is as follows:

	Jelly Products *RMB'000*	Crackers and Chips *RMB'000*	Seasoning Products *RMB'000*	Confectionery and Other Products *RMB'000*	Group *RMB'000*
Depreciation and amortisation charges					
Allocated	36,160	27,730	6,499	7,952	78,341
Unallocated					124
					78,465
Capital expenditures					
Allocated	51,312	4,008	3,387	4,480	63,187
Unallocated					–
					63,187

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

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

Major customers

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

4 EXPENSES BY NATURE

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

	2024	2023
	RMB'000	*RMB'000*
Raw materials and consumables used	**490,083**	495,477
Changes in inventories of work-in-progress and finished goods	**6,445**	5,553
Employee benefit expense, including directors' emoluments	**196,798**	208,977
Utilities and various office expenses	**90,670**	86,367
Transportation and packaging expenses	**56,960**	52,864
Depreciation of property, plant and equipment	**83,715**	75,609
Travelling expenses	**18,136**	19,626
Marketing and advertising expenses	**8,037**	4,593
Research and development expenses	**6,052**	5,908
Provision for/(reversal of) decline in value of inventories	**1,006**	(2,475)
Short-term lease expenses *(note 10)*	**1,222**	1,184
Amortisation of right-of-use assets *(note 10)*	**1,876**	2,461
Auditor's remuneration	**1,260**	1,200
Amortisation of intangible assets	**377**	395
Others	**20,319**	25,458
Total cost of sales, distribution cost and selling expenses and administrative expenses	**982,956**	983,197

5 OTHER INCOME AND OTHER GAINS/(LOSSES) – NET

	2024 *RMB'000*	2023 *RMB'000*
Government grants	**1,754**	9,046
Net fair value losses on financial assets at fair value through profit or loss	**–**	(7,788)
Net fair value gain on an investment property *(note 11)*	**3,287**	–
Compensation payment from suppliers	**58**	1,032
Loss on deemed disposal of an associate *(note 12)*	**–**	(8,616)
Gain on early termination of a lease contract	**3,061**	–
Penalty income	**1,083**	704
Gains on write-off of payables	**337**	739
(Losses)/gains on disposal of property, plant and equipment – net	**(6,026)**	1,116
Operating lease income	**4,060**	3,875
Others	**(996)**	(1,250)
	6,618	(1,142)

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

6 FINANCE INCOME AND FINANCE COSTS

	2024 *RMB'000*	2023 *RMB'000*
Finance income:		
Exchange gains	**741**	1,238
Interest income from bank deposits	**12,040**	14,907
	12,781	16,145
Finance costs:		
Interest expense for borrowings	**(7,058)**	(9,356)
Interest expense for lease liabilities	**(151)**	(260)
Other finance charges	**(1,534)**	(243)
	(8,743)	(9,859)
Finance income – net	**4,038**	6,286

7 INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024	2023
	RMB'000	*RMB'000*
Current income tax – PRC Enterprise Income Tax ("**EIT**")	**2,397**	2,882
Deferred income tax, net	**537**	1,926
Income tax expense	**2,934**	4,808

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the statutory income tax rate of the Company and its PRC subsidiaries is 25% for both years.

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 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.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB45,766,000 (2023: RMB49,176,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. As at 31 December 2024, deferred income tax liabilities of approximately RMB2,288,000 (2023: RMB2,459,000) have not been recognised for the withholding tax that would be payable on such unremitted earnings of those PRC subsidiaries.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2024	2023
Profit/(loss) attributable to equity shareholders of the Company *(RMB'000)*	**21,130**	(2,002)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**755,096,557**	755,096,557
Basic earnings/(loss) per share	**RMB0.028**	RMB(0.003)

(b) Diluted

Diluted earnings/(loss) per share is the same as basic earnings/(loss) per share for the years ended 31 December 2024 and 2023, as the share options had no dilutive effect on ordinary shares for the year because the exercise price of the Company's share options was higher than the average market price of the Company's shares in the year.

9 DIVIDENDS

A final dividend in respect of the year ended 31 December 2024 of RMB0.02 per share, amounting to a total dividend of approximately RMB15,102,000 was proposed by the Board of Directors at a meeting held on 17 March 2025, subject to the final approval by the shareholders of the Company at the annual general meeting to be held on 16 May 2025. These financial statements do not reflect this dividend payable.

The proposed final dividend declared in RMB will be paid in HKD (payable in cash). The exchange rate adopted by the Company is the middle rate of HKD to RMB as announced by the People's Bank of China for the business day preceding the date of this announcement. The proposed final dividend of RMB0.02 per ordinary share equivalent to HKD0.021668 per share using the exchange rate of HKD to RMB on 14 March 2025, which is 0.92303.

10 LEASES (INCLUDING LAND USE RIGHTS)

Right-of-use assets and lease liabilities as at year end:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	**–**	4,363
Land use rights	**70,465**	72,960
	70,465	77,323
Lease liabilities		
Buildings		
– Non-current	**–**	7,169

	2024	2023
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within a period of more than one year but not exceeding two years	**–**	483
Within a period of more than two years but not exceeding five years	**–**	2,556
Within a period of more than five years	**–**	4,130
	–	7,169

10 LEASES (INCLUDING LAND USE RIGHTS) *(Continued)*

Movements in right-of-use assets during the year are analysed as follows:

	Buildings	Land use rights	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	4,875	74,765	79,640
Reassessment of incremental borrowing rate	144	–	144
Amortisation charges *(note 4)*	(656)	(1,805)	(2,461)
At 31 December 2023 and 1 January 2024	4,363	72,960	77,323
Transfer to investment property *(note 11)*	–	(723)	(723)
Early termination of a lease contract *(note (b))*	(4,259)	–	(4,259)
Amortisation charges *(note 4)*	(104)	(1,772)	(1,876)
At 31 December 2024	–	70,465	70,465

Note (a): As at 31 December 2024, certain land use rights of the Group that are situated within the Jinjiang Industrial Zone, Fujian Province, the PRC, with carrying amount of approximately RMB5,892,000 (2023: RMB6,040,000) were still in the process of applying for the ownership certificates.

Note (b): As at 31 December 2023, the Group leased a production property with rental period of 10 years. The lease was early terminated during the year ended 31 December 2024.

The total cash outflow for short-term leases in 2024, not considering the receipt of government grant, was RMB1,222,000 (2023: RMB1,184,000).

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods within 1 year but may have extension options as described below.

Extension options are included in a number of office leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease was reasonably certain to be extended.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

11 INVESTMENT PROPERTY

	RMB'000
Fair value	
At 1 January 2024	–
Transfer from construction-in-progress	28,830
Transfer from right-of-use assets *(note 10)*	723
Surplus on valuation	1,392
Increase in fair value recognised in profit or loss *(note 5)*	3,287
At 31 December 2024	34,232

During the year ended 31 December 2024, the Group transferred certain factory units located in the PRC classified under construction-in-progress and right-of-use assets to investment property and leased them to independent third parties for rental income. Upon transfer to investment property, the asset was revalued with a surplus on revaluation of RMB1,392,000 credited to property revaluation reserve.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment property.

The Group leases out factory units under operating leases with rentals payable monthly with lease term of 5 years. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair value of the Group's investment property at the date of transfer and at 31 December 2024 was determined by an independent qualified professional valuer. The Group's finance department includes a team that works closely with the professional valuer to establish the appropriate valuation techniques and inputs to the model. The team reports the findings to the senior management and the audit committee of the Company at the balance sheet date to explain the cause of fluctuations in the fair value of the property.

12 INVESTMENTS IN ASSOCIATES

	2024	2023
	RMB'000	*RMB'000*
At 1 January	**10,403**	35,917
Loss on deemed disposal of an associate *(note 5)*	**–**	(8,616)
Share of results	**(133)**	(769)
Transfer to financial assets at FVOCI *(note 13)*	**–**	(16,129)
At 31 December	**10,270**	10,403

Huajia Food

In July 2021, the Group invested RMB25,000,000 in Huajia Food Technology (Shanghai) Co., Ltd. ("**Huajia Food**") for a 16.13% equity interest with one board seat in Huajia Food. Huajia Food was established on 21 April 2011 and is engaged in the business of the manufacture and sale of wheat extract and oatmeal.

Prior to 18 December 2023, the Group considered that it had the practical ability to exercise significant influence on Huajia Food even though it owned less than 20% of the ownership interest and voting control taking into account i) the Group's ownership interest was significant relative to other shareholders due to the wide dispersion of shareholding interests; ii) the representation or right to appoint/nominate 1 director out of 6 board seats on the board of directors of Huajia Food; and iii) the requirement for unanimous approval by the board of directors of Huajia Food for policy-making decisions, including dividends and other distribution.

On 18 December 2023, the Group entered into a supplementary agreement with Huajia Food and other shareholders of Huajia Food to amend the scope of authority of the board of directors of Huajia Food, pursuant to which all material operational and financial policies and decisions of Huajia Food require approval from two-third, instead of the whole, of the board of directors of Huajia Food. As such, the Group considered that it ceased to have significant influence over Huajia Food effective from 18 December 2023 as the Group only had the representation or right to appoint/nominate 1 director out of 6 board seats on the board of directors of Huajia Food and since then the Group's investment in Huajia Food has been accounted for as unlisted equity investment at fair value through other comprehensive income (see Note 13). On loss of significant influence over Huajia Food, the Group made an irrevocable election to account for the interest in the entity as financial assets at FVOCI. The directors estimated the fair value of the Group's interest in Huajia Food on the date of transfer to financial assets at FVOCI, and a loss on deemed disposal of the associate of RMB8,616,000, being the difference between the carrying amount of entity and its fair value on that date, was recognised in profit or loss.

12 INVESTMENTS IN ASSOCIATES *(Continued)*

Hangzhou Zhuanxiang

In September 2021, the Group invested RMB11,520,000 in Hangzhou Zhuanxiang Culture Communication Co., Ltd. (杭州磚巷文化傳播有限公司) ("**Hangzhou Zhuanxiang**") for a 30.00% equity interest in Hangzhou Zhuanxiang with one board seat. Hangzhou Zhuanxiang was established on 28 March 2016 and is in the business of the manufacture and sale of customised beer products.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
	RMB'000	*RMB'000*
Unlisted equity investments		
At 1 January	**23,561**	49,155
Transfer from investments in associates *(note 12)*	**–**	16,129
Fair value changes	**(4,694)**	(41,723)
At 31 December	**18,867**	23,561

As at 31 December 2024, the Group held equity investments in a number of consumer products companies and foodstuff and beverage manufacturing companies.

As at 31 December 2024 and 2023, the Group intended to invest in these unlisted equity investments for long-term purposes and did not expect any immediate disposal of these unlisted equity investments in the short term. Accordingly, these unlisted equity investments are classified as non-current assets and designated at FVOCI.

14 TRADE RECEIVABLES

The credit period ranges from 30 to 90 days (2023: 30 to 90 days). The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at 31 December 2024 was as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**13,384**	4,505
31 – 180 days	**1,613**	1,526
181 – 365 days	**40**	185
	15,037	6,216

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	*RMB'000*
Unlisted equity investment	**2,000**	2,000

16 TRADE AND BILLS PAYABLES

The ageing analysis of trade and bills payables based on invoice date as at 31 December 2024 was as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**82,890**	125,747
31 – 180 days	**232,686**	50
181 – 365 days	**194**	24
Over 365 days	**378**	38
	316,148	125,859

17 BORROWINGS

	2024	2023
	RMB'000	*RMB'000*
Current		
Bank loans – unsecured	**1,000**	40,800
Bank loans – secured	**27,733**	37,666
	28,733	78,466
Non-current		
Bank loans – unsecured	**7,500**	16,500
Bank loans – secured	**136,234**	197,328
	143,734	213,828
Total borrowings	**172,467**	292,294

17 BORROWINGS *(Continued)*

The secured borrowings of the Group as at 31 December 2024 and 2023 were secured by the Group's land use rights and buildings.

For the year ended 31 December 2024, the weighted average effective interest rates on borrowings were 2.71% (2023: 3.03%).

The carrying amounts of borrowings are denominated in RMB.

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

The maturity analysis of borrowings is as follows:

	2024	2023
	RMB'000	*RMB'000*
The carrying amounts of the above borrowings are repayable:		
– Within one year	**28,733**	78,466
– Within a period of more than one year but not exceeding two years	**38,733**	46,266
– Within a period of more than two years but not exceeding five years	**100,081**	134,042
– Within a period of more than five years	**4,920**	33,520
	172,467	292,294
Less: Amounts due within one year shown under current liabilities	**(28,733)**	(78,466)
Amounts shown under non-current liabilities	**143,734**	213,828

The exposure of borrowings is as follows:

	2024	2023
	RMB'000	*RMB'000*
Fixed-rate borrowings	**–**	38,800
Variable-rate borrowings	**172,467**	253,494
	172,467	292,294

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.

INDUSTRY ENVIRONMENT

2024 remained a challenging year for PRC's economy. Competition in the food and snacks industry in the PRC is intense. The rapid growth of new snack food chains in PRC also posed an impact on the business of certain sales channels such as unchained grocers, supermarket and convenience stores. Along with economic uncertainties, geopolitical risks and moderating consumption, the Group believed that consumers have become more price-sensitive and caused negative impact on the Group's business operations. Despite the ever-changing operating environment, the Group continues to make timely response and implement immediate strategies with the goal of maintaining revenue growth and ameliorating the impact of rising costs, in order to reduce operating risks and enhance profit growth.

With the improvement of consumers' health concept and living standards, consumers' consumption pattern is changing towards pursuing good value-for-money products with focus on flavor, nutrition, enjoyment and function. Enterprises have to introduce new innovative products with high-quality and nutrition value timely to adapt to changes in consumers' demand and preferences. Coupled with factors such as the increasing imported food competitions, rising raw material prices and labor costs, snack food companies have to compete with both domestic and foreign industry companies. Despite facing various challenges, the Group still believes that food and snack industry in the PRC will continue to develop with the overall economic development and rising consumer demand in PRC, and expected that it still has huge development potential in the future.

BUSINESS OVERVIEW

For the year ended 31 December 2024 (the "**Reporting Period**"), the Group's total revenue was approximately RMB996.5 million (2023: RMB981.6 million), representing an increase of approximately RMB14.9 million or 1.5% year-on-year. Revenue growth during the Reporting Period was primarily driven by increased sales of crackers and chips, confectionery, and other products, partially offset by the decline in jelly products sales.

For the Reporting Period, the Group's gross profit and gross profit margin both increased. Gross profit for the Reporting Period was approximately RMB282.1 million (2023: RMB258.9 million), representing an increase of approximately RMB23.2 million or 9.0% year-on-year; gross profit margin was 28.3% (2023: 26.4%), representing an increase of approximately 1.9 percentage points year-on-year. During the Reporting Period, the Group recorded a profit for the year attributable to the equity shareholders of the Company of approximately RMB21.1 million, as compared to a loss for the year attributable to the equity shareholders of the Company of approximately RMB2.0 million for the year ended 31 December 2023, representing an increase in net profit of approximately RMB23.1 million year-on-year.

The increase in gross profit, gross profit margin and net profit of the Group in the Reporting Period was mainly attributable to the following combined net factors:

(i) the increase in revenue of the Group by approximately 1.5% in the Reporting Period, the decrease in cost of certain raw materials of the Group slightly, and the improved production and management efficiency of the Group's production bases, resulted in an increase in gross profit and gross profit margin of approximately RMB23.2 million and 1.9 percentage points respectively for the Reporting Period when compared to 2023;

(ii) the Group recorded a loss on deemed disposal of an associate of approximately RMB8.6 million in 2023. No such losses were recorded in the Reporting Period;

(iii) the Group fully redeemed the unlisted investment fund units held by the Group and recorded a net loss of approximately RMB7.8 million in 2023 due to changes in their fair value. No such losses were recorded in the Reporting Period;

(iv) the Group recorded loss on disposal of property, plant and equipment of approximately RMB6.0 million in the Reporting Period (2023: disposal gain of approximately RMB1.1 million). It mainly arose from the close-down of the production base in Ningxia City, Ningxia Hui Autonomous Region during the Reporting Period due to the continuous losses incurred by the Group since the establishment of that production base. Consequently, it resulted in a one-off loss on disposal of property, plant and equipment of its production facilities of RMB6.1 million during this Reporting Period; and

(v) the amount of government grants received by the Group from various local government authorities in Mainland China decreased by approximately RMB7.2 million from RMB9.0 million in 2023 to RMB1.8 million in the Reporting Period.

Jelly products

Sales of jelly products in the Reporting Period were approximately RMB530.6 million (2023: RMB567.2 million), representing a decrease of approximately 6.5% year-on-year, and accounting for 53.2% (2023: 57.8%) of total revenue of the Group. Gross profit was approximately RMB151.8 million (2023: RMB155.8 million), representing a decrease of approximately 2.6% year-on-year. Gross profit margin was approximately 28.6% (2023: 27.5%), representing an increase of approximately 1.1 percentage points year-on-year.

With the rapid growth of new snack food chains in PRC, sales of the Group's jelly products through distributors to traditional sales channels such as unchained grocers and supermarket have been decreased. During the Reporting Period, although the Group has recorded an increase in sales through new snack food chains, such increase could not fully offset by the decrease in sales of jelly products through traditional sales channels, which contributed to the overall decrease in sales. In addition, sales of jelly products of the Group during the Reporting Period have been negatively impacted by the competition resulting from the introduction of lower-priced products by competitors and the Group's sales volume and gross profit decreased accordingly. During the Reporting Period, the cost of certain raw materials decreased slightly while production and management efficiency of the Group's production bases have been improved, resulting in an increase in gross profit margin.

Although sales of jelly products have been decreased in 2024 and have not met the target of the Group, the Group will continue to implement strategies and measures to increase sales and improve the profitability of this segment.

Crackers and Chips

Sales of crackers and chips in the Reporting Period were approximately RMB311.7 million (2023: RMB274.2 million), representing an increase of approximately 13.7% year-on-year, and accounting for 31.3% (2023: 27.9%) of total revenue of the Group. Gross profit was approximately RMB86.3 million (2023: RMB69.9 million), representing an increase of approximately 23.5% year-on-year. Gross profit margin was approximately 27.7% (2023: 25.5%), representing an increase of approximately 2.2 percentage points year-on-year.

The sales of crackers and chips maintained a steady growth in the Reporting Period, mainly because of the Group's continuous expansion of distribution channels during the Reporting Period, and continued to develop markets in southern China where the sales were relatively weak and new markets in the southwest and northwest, resulting in an increase in overall sales. The Group continued to optimize its product mix and sales strategies, and focused on the continual expansion and launch of new product series such as「薯片」and「親親圈」. In addition, the Group has further expanded its export business to other countries and developed OEM business to increase utilisation of its production facilities and to drive revenue growth. The increase in sales volume coupled with the improvement in the production and management efficiency of the Group's production bases, has contributed to the growth in sales, gross profit and gross profit margin during the Reporting Period.

Seasoning Products

Sales of seasoning products in the Reporting Period were approximately RMB73.7 million (2023: RMB78.9 million), representing a decrease of approximately 6.6% year-on-year, and accounting for 7.4% (2023: 8.0%) of total revenue of the Group. Gross profit was approximately RMB25.6 million (2023: RMB25.0 million), representing an increase of approximately 2.4% year-on-year. Gross profit margin was approximately 34.7% (2023: 31.7%), representing an increase of approximately 3.0 percentage points year-on-year.

During the Reporting Period, the costs of major raw materials has declined as compared to last year, resulting in the increase in gross profit and gross profit margin during the Reporting Period.

Confectionery and Other Products

Confectionery and other products include confectionary products, new snack products under the brand of "A Snack Shop (親親物語)" such as candies, dried fruits, nuts, biscuits, bakery and dried meat and vegetarian snack products and rice wine and sesame candy products. Sales of confectionery and other products in the Reporting Period were approximately RMB80.5 million (2023: RMB61.3 million), representing an increase of approximately 31.3% year-on-year, and accounting for 8.1% (2023: 6.2%) of total revenue of the Group. Gross profit was approximately RMB18.3 million (2023: RMB8.1 million), representing an increase of approximately 125.9% year-on-year. Gross profit margin was approximately 22.7% (2023: 13.3%), representing an increase of approximately 9.4 percentage points year-on-year.

The increase in sales during the Reporting Period was mainly attributable to the increase in sales of new rice wine products. Since the new rice wine production base was established and the new rice wine products have been launched, there has been a gradual increase in sales over the previous years due to the continuous effort in the promotion and distribution of products into different sales channels. There was also an improvement in gross margin for rice wine products along with the increase in sales volume and decrease in production costs due to improvement on economy of scale.

Distribution Cost and Selling Expenses

Distribution cost and selling expenses mainly represented staff costs, transportation costs, marketing and advertising expenses and other selling related expenses. Distribution cost and selling expenses in the Reporting Period were approximately RMB128.2 million (2023: RMB123.3 million), representing an increase of 4.0% year-on-year, and accounting for 12.9% (2023: 12.6%) of total revenue of the Group. The year-over-year increase in distribution cost and selling expenses was mainly attributable to the increase in distribution costs on crackers and chips products during the Reporting Period due to the increase in sales volume of these products. Distribution costs on crackers and chips products were higher than other products though crackers and chips products were more light-weighted but bulkier in size.

Administrative Expenses

Administrative expenses mainly represented staff costs, depreciation of property, plant and equipment, property and land-use taxes, utilities and various office expenses and other administrative expenses. Administrative expenses in the Reporting Period were approximately RMB140.3 million (2023: RMB137.2 million), representing an increase of 2.3% year-on-year, and accounting for 14.1% (2023: 14.0%) of total revenue of the Group. The year-over-year increase was mainly attributable to the increase in depreciation of property, plant and equipment and property and land-use taxes totaling RMB8.4 million after the new production bases were in full operation which was partly offset by the decrease in employee salaries and benefit expenses of approximately RMB4.2 million and other office expenses as the Group has implemented measures to tighten the control over expenses during the Reporting Period, these measures also included simplifying and optimizing the department structure and staff costs decreased accordingly during the Reporting Period.

Adjusted EBITDA

The profit/(loss) for the year is the primary performance indicator of the Group, which reflects the totality of the Group's performance based on Hong Kong Financial Reporting Standards ("**HKFRSs**") and has been discussed in the management discussion in this announcement. The relevant disclosures on Adjusted EBITDA are intended to provide an additional measure for investors to understand the Group's core operating performance based on elimination of impact that the management considers is not reflective of the core operations of the Group.

The following table sets out the reconciliation from profit/(loss) for the year to Adjusted EBITDA and explanation notes:

For the year ended 31 December	*Notes*	**2024** *(RMB'000)*	2023 *(RMB'000)*
Profit/(loss) for the year (HKFRS measure)		**21,130**	(2,056)
Finance income	*(i)*	**(12,781)**	(16,145)
Finance costs (excluded other finance charges)	*(i)*	**7,209**	9,616
Income tax	*(i)*	**2,934**	4,808
Depreciation	*(i)*	**83,715**	75,609
Amortisation	*(i)*	**2,253**	2,856
EBITDA (non-HKFRS measure)	*(i)/(vi)*	**104,460**	74,688
Added: Net fair value changes on financial assets at fair value through profit or loss	*(ii)*	**–**	7,788
Added: Share of net losses of associates	*(iii)*	**133**	769
Added: Loss on deemed disposal of an associate	*(iii)*	**–**	8,616
Deducted: Net fair value gain on an investment property	*(iv)*	**(3,287)**	–
Adjusted EBITDA(non-HKFRS measure)	*(v)/(vi)*	**101,306**	91,861

Notes:

(i) EBITDA represents profit or loss for the year before finance income, finance costs (excluded other finance charges), income tax, depreciation and amortisation. In the opinion of the directors, it is an additional tool for users of the financial information to understand the cash profit generated by the Group's operations, by eliminating the impact of taxes, interest income (finance income), cost of debts (finance costs) and non-cash depreciation of right-of-use assets and property, plant and equipment and amortisation. EBITDA can also represent the financial outcome of operating management decisions by eliminating the impact of non-operating management decisions, such as tax expenses, interest income, interest expenses, depreciation and amortisation, which enables shareholders and investors to assess the substantive profitability of the Group net of income and expenses dependent on financing decisions, tax strategy, and discretionary depreciation schedules.

(ii) Net fair value changes on financial assets at fair value through profit or loss represent fair value changes of investments held by the Group. As part of the Group's treasury management to manage surplus cash assets, the Group purchased unlisted investment fund units to achieve higher interest income without interfering with the business operations or capital expenditures. Such investment fund units held by the Group does not form part of the Group's core business operations and subject to fair value changes from time to time with fair value gains or losses recognised in the consolidated income statement. In the opinion of the directors, such gains or losses associated with the investment is not reflective of the daily business operations of the Group, and removal of such gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(iii) Share of net losses on associates and loss on deemed disposal of an associate are not reflective of the daily business operations of the Group, and the removal of such losses would enable the users of the financial information to better understand the core operating performance of the Group.

(iv) Net fair value gain on an investment property reflect the fair value changes of the Group's investment properties held by the Group. The Group's investment properties are factory buildings held for rental purpose, are not part of the Group's core business operations and are subject to periodic fair value changes with fair value gains or losses recognised in the consolidated income statement. The directors considered that such gains or losses are not indicative of the Group's daily business operations and removal of such gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(v) The relevant disclosures on Adjusted EBITDA in this announcement are intended to provide an additional measure for shareholders and investors to understand the Group's core operating performance by elimination of impacts that the management considers not reflective of the core operations of the Group.

(vi) EBITDA and Adjusted EBITDA are not measures of performance under HKFRSs. These measures do not represent, and should not be used as substitute for, net profit or cash flows from operations as determined in accordance with HKFRSs. Therefore, they are not necessarily indications of whether cash flow will be sufficient to fund the cash requirements of the Group. In addition, EBITDA and Adjusted EBITDA referred to in this announcement do not have a standardised meaning prescribed by HKFRSs and therefore may not be comparable to other similarly titled measures used by other listed issuers.

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 synergy with the Group's business. In the Reporting Period, the Group had no new investment projects. These companies mainly engage in the production or sale of food, beverage and alcohol products in the PRC and abroad.

During the Reporting Period, there was a decrease in the fair value of the investments of the Group due to the general weakening consumer and business sentiment, which affected the business performance of the investee companies. As a result, the Group recognised a fair value loss through other comprehensive income of RMB3.8 million (2023: RMB31.4 million).

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 and 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, the Group will continue to develop products to improve gross profit, focus on increasing the sales of key products and continue to launch innovative, healthy and delicious products and keep adjusting marketing strategies for new products. In 2023, the Group launched a new product「零卡可吸凍」, which precisely aligns with the healthy eating trend. It features a zero-fat, zero-calorie, and zero-sucrose formula while incorporating dual nutritional ingredients— collagen peptides and vitamin E. With its differentiated competitive advantage, the product has performed well in the market. During the Reporting Period, the Group further introduced two new flavors, achieving a 20% year-on-year increase in sales revenue. The Group believes that with the continual introduction and launch of new products, it will contribute to the sustainable development and growth of the jelly product business.

For crackers and chips, the Group will continue to deepen the leading position of the prawn cracker. Through a series of measures such as improving taste, upgrading packaging and increasing flavors, the Group will continue to develop new products to meet consumers' demand for healthy snacks. During the Reporting Period, the Group introduced「海苔脆果」, a new non-fried crackers and chips product made with real seaweed and zero trans fats, designed to meet the healthy consumption trend. In addition, the Group will keep focusing on the continual expansion of key products series such as「薯片」and「親親圈」, increase the development and exposure of promotional activities at retail terminals, and continue to consolidate 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, develop more sales points, and launch more 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 stores and catering supply chain customers.

For other snacks products, the Group will continue to develop new snack food, including candy, chocolate, biscuits, bakery and rice wine snacks products. As consumers gradually increase attention to healthy diets, the Group will conduct in-depth research on consumer habits, and develop new snack products with a healthy concept, in order to provide consumers with products with different tastes and flavour, and continue to expand new product categories to increase sales revenue.

Promotion and Marketing

The Group will continue to strengthen the management of distribution channels and retail terminals, increase the number of retail sales points, and expand product sales in the areas surrounding production bases. The Group will continue to focus on promoting key products and crossover products, re-optimise key products and upgrade their packaging, so as to better support brand exposure.

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 addition, the Group will continue to cooperate with certain strategic partners to jointly promote the Group's and their products on e-commerce channels, 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 and gas stations. During the Reporting Period, there was a rise in number of snack food branded stores in PRC. The Group captured the opportunity to expand its distribution network through this new access channel to market and the Group's sales through these new snack food chains has increased to a great extent accordingly during the Reporting Period. However, the rapid growth of new snack food chains in PRC also posed an impact on the business of certain traditional sales channels such as unchained grocers, supermarket and convenience stores as the price of the products sold at the new snack food chains were usually lower than the retail price sold at traditional sales channels. Therefore, the Group's sales to traditional sales channels have decreased accordingly during the Reporting Period.

The Group's development strategies on its e-commerce business was to reduce the sales of low-margin products through e-commerce channels, and increasing the proportion of the sale of self-produced products with higher gross profit to improve the overall profitability of the Group. The e-commerce business will continue to promote and sell products through online platforms and live streaming channels, and employ e-commerce as the main channel for the Group's brand promotion and some of its new product launches. With the advantages of the Group's production bases and supply chain, transportation and distribution costs will be reduced and the Group will aim to increase its overall revenue and profits. Besides, the Group will continue to actively cooperate with new retailers such as Alibaba, JD and Pinduoduo to develop new retail channels. On this basis, the Group believes that it will further realise growth for this business and generate profits for the Group in the future.

The Group also expanded its presence in the export business and OEM manufacturing sectors. During the Reporting Period, the Group successfully acquired new overseas clients. Leveraging the exceptional factory environment and product quality, the sales volume in the OEM manufacturing business has seen continued growth. The Group will commit to further expand the export and OEM operations and actively pursuing new opportunities to drive long-term growth.

Production Facilities Improvement

The Group has formulated a clear development plan for its production facilities and equipment. In the past few years, the Group completed the development and construction of five new production bases located in different regions in the PRC including Xiantao City, Hubei Province, Xiaogan City, Hubei Province, Jining City, Shandong Province, Meishan City, Sichuan Province and Ningxia City, Ningxia Hui Autonomous Region and the expansion project for the production base in Quanzhou City, Fujian Province was also completed in 2023. Not only did it improve the production capacity, quality and efficiency of the Group for its long-term development, it also reduced supply chain logistics costs and laid the foundation for further expanding the sales of products in the local surrounding areas.

During the Reporting Period, the Group decided to close-down the production base in Ningxia City, Ningxia Hui Autonomous Region due to the continuous losses incurred by the Group since the establishment of the production base. The production base was established by the Group in 2021 on a leased property and the production and sales operations in that region were both below expectation. After a thorough assessment on the business considering the future profitability and cashflow of the Group, the Group decided to close-down the production base. Therefore, the Group recorded an one-off loss on disposal of property, plant and equipment of its production facilities in Ningxia City, Ningxia Hui Autonomous Region of RMB6.1 million in the Reporting Period.

The total capital expenditure of the Group in the Reporting Period regarding revamping of existing production bases projects was approximately RMB12.9 million. 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 continuous upgrades on plants and equipment to improve its production facilities, production processes and product quality, as well as the improvement of production capacity and efficiency.

The Group entered into certain construction contracts in relation to the construction of production bases in Jining City, Shandong Province, Xiantao City, Hubei Province and Quanzhou City, Fujian Province, which constituted as disclosable transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities of the Stock Exchange. For details, please refer to the Company's announcement dated 27 April 2022.

The Group aimed to reduce the impact of increasing labour costs by increasing the automation level of our production facilities. The Group continued to conduct "equipment transformation, production process enhancement and 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, ISO14001 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, channel expansion, 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 and good value-for-money 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, expand export and OEM manufacturing business, and further develop other new market access such as snack food branded stores and restaurants channels in order to increase market penetration.

- Continued to improve production facilities, production processes and product quality, to enhance environmental efficiency and move towards green production and to enhance production capacity and efficiency that will meet the long-term development of the Group.

- Refine internal management process and strengthen the integration of various software and digital transformation to improve efficiency, 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 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 31 December 2024. The Group's net cash position is equal to cash and bank balances net of bank borrowings. As at 31 December 2024, the Group had cash and bank balances of RMB587.6 million (2023: RMB520.7 million) and bank borrowings of RMB172.5 million (2023: RMB292.3 million).

As at 31 December 2024, the Group's working capital or net current assets were RMB182.1 million (2023: RMB153.5 million). The current ratio, represented by current assets divided by current liabilities, was 1.3 (2023: 1.3). The Group's total equity was RMB1,219.9 million (2023: RMB1,201.3 million), representing an increase of 1.5%.

Cash and bank balances were mainly denominated in RMB, HKD and USD. The increase in net cash position from RMB228.4 million as at 31 December 2023 to RMB415.1 million as at 31 December 2024 was mainly attributable to the utilisation of short-term trade finance facilities at comparatively lower-cost to replace the longer-term bank borrowings with higher interest rates and the improvement of net operating cashflow of the Group.

As at 31 December 2024, the Group's bank borrowings denominated in RMB bore interest rates ranged from 1.30% to 3.60% per annum (2023: 1.30% to 3.75% per annum) with an effective interest rate of 2.71% (2023: 3.03%). In addition, the Group has obtained trade finance facilities with a total amount of RMB340.0 million from banks for the issuance of bills payable to settle trade payables, of which RMB233.0 million (2023: RMB62.5 million) has been utilised by the Group as at 31 December 2024. The interest rates of trade finance facilities ranged from 0.78% to 1.35% per annum (2023: 0.95% to 1.25% per annum) with an effective interest rate of 1.03% (2023: 1.19%). Gearing ratio is equal to net debt position of the Group divided by its shareholders' equity. As the Group was in net cash position as at 31 December 2024 and 31 December 2023, no gearing ratio was presented.

In 2024, the Group invested RMB12.9 million on capital expenditure (2023: RMB63.2 million). The capital expenditure was mainly incurred for the purchase of new production equipment in PRC to facilitate the Group's long term business development plan. It is expected that the upcoming capital expenditure requirements will be funded by both internal and external resources of the Group. Overall, the Group's financial position remains sound for continued business expansion.

COMMITMENTS AND CONTINGENCIES

As at 31 December 2024, the Group had total capital commitments (contracted but not provided for) of RMB26.2 million (2023: RMB39.8 million).

As at 31 December 2024, the Group had future aggregate minimum lease payments under non-cancellable short-term leases of RMB2.1 million (2023: RMB2.1 million).

The Group had no material contingent liabilities as at 31 December 2024 and 31 December 2023.

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 year.

CHARGE ON ASSETS

As at 31 December 2024, certain land use rights and buildings of the Group with net book value of RMB362.9 million (2023: RMB586.0 million) were pledged for bank borrowings of RMB164.0 million (2023: RMB235.0 million).

In addition, the Group also had short-term trade finance facilities of RMB225.9 million, which was pledged by the restricted bank deposits of the Group in the amount of RMB43.2 million as at 31 December 2024. There was no such restricted bank deposits as at 31 December 2023.

HUMAN RESOURCES AND MANAGEMENT

As at 31 December 2024, the Group had approximately 2,400 (2023: 2,500) employees. For the year ended 31 December 2024, total employee benefit expenses, including directors' emoluments, was approximately RMB196.8 million (2023: RMB209.0 million). In order to improve the overall profitability and profit margin, the Group has implemented measures to tighten the control over expenses and these measures included simplifying and optimising the department structure. The Group also reduced the use of workers by increasing the automation level of its production facilities. As a result, staff costs decreased accordingly during the year.

The Group aims to create a strong sense of community and a motivating environment for its employees to excel. The Group recruit employees based on a number of factors, including their educational background, work experience and vacancies within the Group. The Group determines employees' compensation based on their qualifications, work experience, position and performance. In addition to salaries, the Group provides a comprehensive range of staff benefits to its employees, including performance or contribution-based bonuses and allowances for meals and free dormitories. Besides, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

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

FOREIGN EXCHANGE RISK

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

During the year ended 31 December 2024, the Group recorded foreign exchange gain in relation to its cash and cash equivalent totaling RMB0.7 million (2023: net foreign exchange gain totaling RMB1.2 million). In order to limit this exchange rate risk, the Group closely monitors HKD and USD exposure to an acceptable level by buying or selling foreign currencies at spot rates where necessary. 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.

PROPOSED FINAL DIVIDEND

The board of directors have resolved to recommend the payment of a final dividend of RMB0.02 (2023: Nil) per share to shareholders, whose names appear in the register of members of the Company on Tuesday, 10 June 2025 (the "**Proposed Final Dividend**"). The Proposed Final Dividend declared in RMB is proposed to be paid in HKD (payable in cash), which is based on the middle rate of HKD to RMB as announced by the People's Bank of China for the business day preceding the date of this announcement. Subject to the passing of the necessary resolution at the forthcoming annual general meeting to be held on Friday, 16 May 2025 (the "**2025 AGM**"), the Proposed Final Dividend will be payable on Wednesday, 25 June 2025.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The notice of 2025 AGM will be published on the website of the Company (www.fjqinqin.com) and the designated website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk), and despatched to shareholders of the Company accordingly.

CLOSURE OF REGISTER OF MEMBERS

(1) For determining the entitlement to attend and vote at the 2025 AGM

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company (the "**Shareholders**") will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, unregistered holders of shares should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 12 May 2025.

(2) For determining the entitlement to the Proposed Final Dividend

For determining the entitlement to the Proposed Final Dividend for the year ended 31 December 2024, the register of members of the Company will also be closed from Monday, 9 June 2025 to Tuesday, 10 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6 June 2025.

RAISING OF FUNDS AND USE OF PROCEEDS

The Company did not have any unutilised proceeds from fund raising activities brought forward from previous financial years and did not have any fund raising activity during the year ended 31 December 2024 and up to the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group recognises 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 C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

In the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the year ended 31 December 2024.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules on the Stock Exchange as the code of conduct for dealing in securities of the Company by the directors of the Company (the "**Directors**"). All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024. To ensure Directors' dealings in the securities of the Company (the "**Securities**") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the Chairman in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from all three Independent Non-executive Directors, namely Mr. Chan Yiu Fai Youdey, Mr. Paul Marin Theil and Ms. Tan Wenjie in accordance with Rule 3.13 of the Listing Rules.

The Board, through the Nomination Committee, has reviewed the independence of all Independent Non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the Independent Non-executive Directors has been impaired up to the date of this announcement.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed Securities or has sold or transferred of any treasury shares of the Company during the year ended 31 December 2024.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee, which comprises all three Independent Non-executive Directors of the Company, has reviewed with the management in conjunction with the auditor, the accounting principles and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters including the review of the draft consolidated financial statements of the Group for the year ended 31 December 2024.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2024 have been agreed by the Company's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Baker Tilly on the preliminary announcement.

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, 17 March 2025

As of the date of this announcement, the Board comprises 9 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); three are non-executive Directors, namely Mr. Sze Man Bok, Mr. Wu Huolu and Mr. Wu Yinhang; and three are independent non-executive Directors, namely Mr. Chan Yiu Fai Youdey, Mr. Paul Marin Theil and Ms. Tan Wenjie.