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 2016

FINANCIAL SUMMARY

	For the year ended 31 December		
	2016	2015	**% of**
	RMB'000	*RMB'000*	**change**
Revenue	**980,902**	1,020,051	-3.8%
Operating profit	**41,904**	76,160	-45.0%
Profit attributable to shareholders	**31,522**	63,752	-50.6%
Gross profit margin	**42.9%**	42.2%	
Earnings per share			
— Basic and diluted	**RMB0.066**	RMB0.134	
Finished goods turnover days	**19 days**	11 days	
Trade receivables turnover days	**7 days**	11 days	
Return on equity	**4.7%**	9.9%	

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 2016, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**980,902**	1,020,051
Cost of goods sold		**(559,911)**	(589,114)
Gross profit		**420,991**	430,937
Other income and other gains — net		**11,113**	8,934
Distribution costs		**(296,831)**	(294,300)
Administrative expenses		**(93,369)**	(69,411)
Operating profit		**41,904**	76,160
Finance income		**15,736**	11,859
Finance costs		**(191)**	(198)
Finance costs — net		**15,545**	11,661
Profit before income tax	*4*	**57,449**	87,821
Income tax expense	*5*	**(25,927)**	(24,069)
Profit for the year, all attributable to shareholders of the Company		**31,522**	63,752
Earnings per share attributable to shareholders of the Company	*6*		
— Basic and diluted		**RMB 0.066**	RMB 0.134

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2016	2015
	RMB'000	*RMB'000*
Profit for the year	**31,522**	63,752
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
— Currency translation differences	**(59)**	(2,178)
Total comprehensive income for the year, all attributable to shareholders of the Company	**31,463**	61,574

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**327,779**	360,198
Construction-in-progress		**1,110**	1,781
Land use rights		**40,373**	41,327
Intangible assets		**4,993**	5,130
Prepayments for non-current assets		**6,740**	867
Deferred income tax assets		**15,916**	8,154
		396,911	417,457
Current assets			
Inventories		**120,202**	98,837
Trade receivables	*8*	**12,393**	22,669
Other receivables, prepayments and deposits		**19,040**	15,642
Cash and cash equivalents		**346,308**	220,395
		497,943	357,543
Total assets		**894,854**	775,000

CONSOLIDATED BALANCE SHEET *(Continued)*

		As at 31 December	
		2016	2015
	Note	***RMB'000***	*RMB'000*
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital		**4,097**	—
Other reserves		**186,238**	180,514
Retained earnings		**486,362**	464,720
Total equity		**676,697**	645,234
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		—	3,792
		—	3,792
Current liabilities			
Trade payables	*9*	**60,773**	36,963
Other payables and accrued charges		**155,167**	78,246
Current income tax liabilities		**2,217**	4,710
Dividend payable		—	6,055
		218,157	125,974
Total liabilities		**218,157**	129,766
Total equity and liabilities		**894,854**	775,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 (2013 revision) of the Cayman Islands in preparation for a listing of the Company's shares ("**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**"). 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, 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 completed its initial public offering in July 2016 and the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 8 July 2016.

(1) Reorganisation

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

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

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

1. GENERAL INFORMATION *(Continued)*

(1) Reorganisation *(Continued)*

Upon completion of the Reorganisation on 14 April 2016, the Company has direct and indirect interests in the subsidiaries.

(2) Basis of presentation

Pursuant to the Reorganisation as set out above, which was completed on 14 April 2016, the Company became the holding company of the Group. Accordingly, the consolidated financial statements of the Group for the year ended 31 December 2016 had been prepared as if the Group had always been in existence throughout the year presented, or since the respective dates of incorporation or establishment of the group companies.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and is set out below. The Consolidated Financial Statements have been prepared under the historical cost convention.

(a) New and amended standards adopted by the Group

The following amendments to standards relevant to the Group are mandatory adopted for the first time for the financial year beginning on or after 1 January 2016:

Annual improvements 2014 include changes from the 2012-2014 cycle of the annual improvements project, that affect 3 standards, only the below are effective for relevant transactions on or after 1 January 2016:

— Amendments to HKFRS 7 'Financial instruments: Disclosures condensed interim financial statements' clarifies that the additional disclosure required by the amendments to HKFRS 7, 'Disclosure-Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by HKAS 34.

— Amendments to HKAS 16 and HKAS 38 'Clarification of acceptable methods of depreciation and amortisation' clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate. The amendment to HKAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate.

2. **BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

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

— Amendments to HKAS 34 'Interim financial reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information. This amendments is retrospective.

(b) Standards, amendments and interpretations to existing standards effective in 2016 but not relevant to the Group

The following new standards and amendments are effective for the first time for the financial year beginning on 1 January 2016 and not relevant to the Group's operations (although they may affect the accounting for future transactions and events):

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted by the Group:

A number of new standards and amendments to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2016, and have not been early adopted by the Group in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intents to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

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

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

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 2016				
	Jelly Products *RMB'000*	**Crackers and Chips** *RMB'000*	**Seasoning Products** *RMB'000*	**Bakery, Confectionery and Other Products** *RMB'000*	**Group** *RMB'000*
Revenue					
Sales to external customers	**529,086**	**280,284**	**109,955**	**61,577**	**980,902**
Cost of sales	**(298,343)**	**(150,817)**	**(64,626)**	**(46,125)**	**(559,911)**
Results of reportable segments	**230,743**	**129,467**	**45,329**	**15,452**	**420,991**

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

Results of reportable segments	**420,991**
Other income and other gains-net	**11,113**
Distribution costs	**(296,831)**
Administrative expenses	**(93,369)**
Finance income	**15,736**
Finance costs	**(191)**
Profit before income tax	**57,449**
Income tax expense	**(25,927)**
Profit for the year	**31,522**

Other segment information is as follows:

Depreciation and amortisation charge					
Allocated	**22,365**	**6,165**	**3,171**	**3,489**	**35,190**
Unallocated					**2,641**
					37,831
Capital expenditure					
Allocated	**3,922**	**629**	**18**	**99**	**4,668**
Unallocated					**3,891**
					8,559

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Year ended 31 December 2015				
	Jelly Products *RMB'000*	**Crackers and Chips** *RMB'000*	**Seasoning Products** *RMB'000*	**Bakery, Confectionery and Other Products** *RMB'000*	**Group** *RMB'000*
Revenue					
Sales to external customers	613,800	246,328	104,838	55,085	1,020,051
Cost of sales	(353,328)	(132,418)	(64,498)	(38,870)	(589,114)
Results of reportable segments	260,472	113,910	40,340	16,215	430,937

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

Results of reportable segments	430,937
Other income and other gains-net	8,934
Distribution costs	(294,300)
Administrative expenses	(69,411)
Finance income	11,859
Finance costs	(198)
Profit before income tax	87,821
Income tax expense	(24,069)
Profit for the year	63,752

Other segment information is as follows:

Depreciation and amortisation charge					
Allocated	22,937	5,866	3,394	3,714	35,911
Unallocated					3,310
					39,221
Capital expenditure					
Allocated	4,246	668	68	3,214	8,196
Unallocated					4,983
					13,179

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

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

Major customer

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

4. PROFIT BEFORE INCOME TAX

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

	2016	2015
	RMB'000	*RMB'000*
Crediting		
Interests income from cash and cash equivalents	**6,030**	11,818
Government grant income *(Note(a))*	**9,841**	11,384
Exchange gain from financing activities — net	**9,706**	41
Exchange gain from operating activities — net	**7**	—
Charging		
Depreciation of property, plant and equipment	**36,252**	37,686
Amortisation of land use rights	**954**	959
Amortisation of intangible assets	**625**	576
Loss on disposal of property, plant and equipment	**80**	422
Employee benefit expense, including directors' emoluments	**136,186**	148,567
Marketing and advertising expenses	**178,800**	174,000
Operating lease rentals	**5,408**	5,078
Provision for impairment of trade receivables	**1,249**	5
(Reversal of provision)/provision for decline in value of inventories	**(786)**	528
Property, plant and equipment impairment charge	**4,238**	—
Exchange loss from operating activities — net	—	3,578

Note(a): Governments 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 governments grants.

5. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Current income tax	**37,481**	23,734
Deferred income tax, net	**(11,554)**	335
Income tax expense	**25,927**	24,069

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits during the year.

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to Corporate Income Tax at the rate of 25% (2015: 25%).

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

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 14 April 2016 and the Bonus Issue of ordinary shares which took place on 7 July 2016.

	2016	2015
	RMB'000	*RMB'000*
Profit attributable to shareholders of the Company	**31,522**	63,752
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**475,696,557**	475,696,557
Basic earnings per share	**RMB 0.066**	RMB 0.134

Basic earnings per share and diluted earnings per share are the same as there is no dilutive potential ordinary share during both the year ended 31 December 2016 and 2015.

7. DIVIDENDS

At a meeting of the board of directors held on 20 March 2017, the Board did not recommend the payment of final dividend to shareholders for the year ended 31 December 2016.

8. TRADE RECEIVABLES

The credit period granted to customers ranges from 30 to 90 days. The ageing analysis of trade receivables based on invoice date as at 31 December 2016 was as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**5,507**	3,144
31-180 days	**6,868**	15,273
181- 365 days	**18**	2,317
Over 365 days	**1,249**	1,935
	13,642	22,669
Less: provision for impairment	**(1,249)**	—
Trade receivables, net	**12,393**	22,669

9. TRADE PAYABLES

The ageing analysis of trade payables based on invoice date as at 31 December 2016 was as follows :

	2016	2015
	RMB'000	*RMB'000*
Within 30 days	**40,338**	19,171
31-180 days	**20,207**	17,200
181-365 days	**86**	387
Over 365 days	**142**	205
	60,773	36,963

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to the report issued by the National Bureau of Statistics of China, China's gross domestic product for 2016 grew by 6.7% year-on-year, 0.2 percentage points lower than the annual growth rate for 2015. Retail sales of consumer products market for 2016 grew by 9.6% year-on-year, 1 percentage points lower than the annual growth rate for 2015. In 2016, the Chinese economy maintained steady growth, though the overall growth rate has decreased. With the PRC domestic and overseas economic outlook remains challenging, there is still downward pressure on overall economy, which will also affect the consumer products and the food and snacks market.

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

BUSINESS OVERVIEW

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

The Group's total revenue for 2016 was approximately RMB980.9 million (2015: RMB1,020.1 million), representing a decrease of approximately 3.8% as compared with last year. Gross profit for the year was approximately RMB421.0 million (2015: RMB430.9 million), representing a decrease of approximately 2.3% as compared with last year. The decline was mainly attributable to a decrease in sales volume of some of our products. The Company believes that sales volume decrease was mainly attributable to the slowdown in economic growth in the PRC and as well as weakened consumer spending in our target markets across all of our product segments in 2016.

In 2016, the Group's gross profit margin increased to approximately 42.9% (2015: 42.2%). Profit attributable to the Company's shareholders during the year was approximately RMB31.5 million (2015: RMB63.8 million), the decrease was mainly attributable to the recognition of one-off listing expenses of approximately RMB23.2 million by the Group in 2016. Besides, there were additional withholding tax charges of approximately RMB6.0 million in 2016 as compared to 2015 on the distribution and payment of the profits of the Company's subsidiaries in the PRC to a subsidiary in Hong Kong.

Jelly Products

Sales of jelly products in 2016 were approximately RMB529.1 million (2015: RMB613.8 million), representing a decrease of approximately 13.8% as compared with last year and accounting for 53.9% (2015: 60.2%) of total revenue of the Group. Since 2016, the Group continued to optimise its product portfolio and upgraded the packaging of its major jelly products. Except as stated above regarding the slowdown in economic growth in the PRC, the decrease in the sales of jelly products was also attributable to the ageing of part of our jelly products and hence reduced competitiveness. In addition, this was also resulted from negative consumer sentiment affecting the overall jelly products following the media reports regarding the use of toxic gelatin in food production by some of our competitors in the industry in 2012, and again in 2014.

As consumer's demand escalates, the Group will further intensify its efforts in product innovation and upgrade in 2017, devote more efforts into the marketing and promotion of our new jelly products and enhance brand recognition, in order to facilitate the growth of sales of jelly products.

Crackers and Chips

Sales of crackers and chips in 2016 were approximately RMB280.3 million (2015: RMB246.3 million), representing an increase of approximately 13.8% as compared with last year and accounting for 28.6% (2015: 24.1%) of total revenue of the Group. The increase in the sales of crackers and chips was mainly attributable to the launch and promotion of new potato chips products, as well as the continuous improvement in the packaging and flavours of prawn crackers products. As such, potato crackers and chips and prawn crackers products recorded year-on-year growth in 2016.

In 2017, the Group will further diversify and improve the packaging and flavours of potato crackers and chips and prawn crackers products, the Group will also continue to introduce new and stylish crackers and chips products in order to maintain the growth of sales of crackers and chips.

Seasoning Products

Sales of seasoning products in 2016 were approximately RMB110.0 million (2015: RMB104.8 million), representing an increase of approximately 4.9% as compared with last year and accounting for 11.2% (2015: 10.3%) of total revenue of the Group. The increase in sales of seasoning products was mainly attributable to the launch of new products including rich chicken essence, and the enhanced promotional campaign on existing products to promote sales in 2016.

In 2017, the Group will continue to strengthen our marketing and promotion efforts on seasoning products through two major sales channels, namely food and beverage markets and agricultural trade and wholesale markets. The Group will also increase upgrading the packaging of seasoning products in order to maintain the growth of sales of seasoning products.

Bakery, Confectionery and Other Products

Sales of bakery, confectionery and other products in 2016 were approximately RMB61.6 million (2015: RMB55.1 million), representing an increase of approximately 11.8% as compared with last year and accounting for 6.3% (2015: 5.4%) of total revenue of the Group. The increase in sales of bakery products was mainly attributable to the continuous promotional activities on small package products. The increase in sales of confectionery products as the Group has enriched the confectionery product line during the second half of 2016 and organised trade fairs in various regions before peak season for its customers to place orders for confectionery products. For the year ended 31 December 2016, a provision for impairment of approximately RMB4.2 million (net of tax RMB3.2 million) was made on two production lines of a subsidiary for the manufacturing of waffle cakes. The impairment provision expense has been charged to manufacturing overheads included in cost of goods sold in the consolidated income statement.

In 2017, the Group will continue to improve the flavours of bakery products and enrich product line on confectionery products. The Group will also increase sales efforts during peak season in order to maintain the growth of sales of bakery and confectionery products.

Channel Expansion

While the Group continued to strengthen our traditional distribution network, in 2016, the Group has enhanced its coverage of key accounts (mostly supermarkets, community stores and convenience stores) through its distributors. Main focus was in Guangdong, Zhejiang, Hebei and Henan provinces. In addition, the Group will also continue to expand its online sales channels.

Service Transformation

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

To further enhance production efficiency, the Group aimed to reduce the impact of increasing labor costs by increasingly automating our production facilities. The Group believes that a more advanced and automated production process with an upgraded production capability will allow the Group to reduce its reliance on labour, improve production efficiency and accelerate the time-to-market for our products. In addition, the Group continued to adopt measures to save energy and lower consumption and products defective rate.

FUTURE PROSPECTS AND STRATEGIES

Looking forward to 2017, the PRC domestic and overseas economic outlook remains challenging, but the Group believes that there will be opportunities during challenging periods. The Chinese Government are firmly taking steps to maintain its economy with a steady growth momentum. These steps aimed to pursue economic development, promote urbanisation, and expand consumer demand, which will drive up consumer purchasing power and provide positive support on the performance of food and snacks industry.

To capture the opportunities of consumer upgrades, the Group remains customer-centric and will continue to enhance our product portfolio and promote product innovation and upgrades. In order to enhance competitiveness of the Group's products, the Group's products will be developed towards more natural, healthy, safe and high-end, to serve the mainstream consumer groups.

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

The Group will also aim at the rising of middle class with the trend to prefer modern style. The Group will revitalise the "Qinqin" brand, create a "younger, more fashionable, more internet style" characteristic to our brand. The Group will also utilise the new media to actively approach and attract young generation customers to rejuvenate brand vitality.

In order to balance the seasonality effect of part of our products, the Group will develop products suitable for off-peak season sales, in order to further enhance the utilisation rate of our production capacity. The Group will also continue to uphold stringent food safety and quality control standards.

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

LIQUIDITY AND CAPITAL RESOURCES

The Group maintained a solid financial position and was in a net cash position as at 31 December 2016. As at 31 December 2016, the Group had cash and bank balances of RMB346.3 million (2015: RMB220.4 million). Cash and bank balances were mainly denominated in Hong Kong dollars ("**HKD**"), United States dollars ("**USD**") and Chinese Renminbi ("**RMB**"). The Group's working capital or net current assets were RMB279.8 million (2015: RMB231.6 million). The current ratio, represented by current assets divided by current liabilities, was 2.3 (2015: 2.8).

As at 31 December 2016, the Group's total equity was RMB676.7 million (2015: RMB645.2 million), representing an increase of 4.9%.

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

COMMITMENTS AND CONTINGENCIES

As at 31 December 2016, the Group had total capital commitments (contracted but not provided for) of RMB4.8 million (2015: RMB8.5 million).

As at 31 December 2016, the Group had future aggregate minimum lease payments under non-cancellable operating leases of RMB5.4 million (2015: RMB2.9 million). As at 31 December 2016, the lessors of our leased properties in Taian city, Shandong province and Xianyang, Shaanxi province were still in the process of obtaining the relevant title documents to the properties.

The Group had no material contingent liabilities as at 31 December 2016 and 31 December 2015.

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

Save for those disclosed in this result 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

There was no charge on the Group's assets during the year.

FOREIGN EXCHANGE RISK

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

During the year, RMB devalued against HKD and USD. The Group's records foreign exchange gain in relation to its cash and cash equivalent in HKD and USD totaling RMB9.7 million. Save as disclosed above, the Group is exposed to minimal foreign exchange risk exposure as the Group focused on its sales and purchase within the PRC market.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2016 (2015: Nil).

OTHER INFORMATION

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company (the “**Shareholders**”) will be closed from Thursday, 11 May 2017 to Tuesday, 16 May 2017 (both days inclusive), for the purpose of determining Shareholders’ entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 16 May 2017 (the “**2017 AGM**”), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2017 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 10 May 2017.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 16 May 2017, notice of which will be published on the website of the Company (www.fjqinqin.com) and the designated issuer website of the Stock Exchange (www.hkexnews.hk), and despatched to shareholders of the Company accordingly.

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 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”).

In the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code throughout the period from the Listing Date to 31 December 2016 and, where appropriate, the applicable recommended best practices of the CG Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 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 during the period from the Listing Date to 31 December 2016. 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 four Independent Non-executive Directors, namely Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil in accordance with Rule 3.13 of the Listing Rules.

The Board 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 during the period from the Listing Date to 31 December 2016.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The audit committee, which comprises all four 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 2016.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Company's auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC 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 PwC 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 Lin Chit
Chairman and Non-executive Director

Hong Kong, 20 March 2017

As of the date of this announcement, the Board comprises 11 directors, of which six are non-executive Directors, namely Mr. Hui Lin Chit (Chairman), Mr. Sze Man Bok, Mr. Hui Ching Lau, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; one executive Director, namely Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary); and four are independent non-executive Directors, namely Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil.