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Qinqin Foodstuffs Group (Cayman) Company Limited
親親食品集團（開曼）股份有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1583)

PROFIT ALERT – EXPECTED REDUCTION IN LOSS

This announcement is made by Qinqin Foodstuffs Group (Cayman) Company Limited (the “**Company**”, and together with its subsidiaries, collectively as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review and assessment of the Group’s draft unaudited consolidated management accounts for the year ended 31 December 2022 (the “**Reporting Period**”) and the information currently available to the Board, it is expected that the Group may record an increase in revenue of approximately RMB97 million for the Reporting Period, representing an increase of 11% as compared to the year ended 31 December 2021 and the Group may record a consolidated net loss of approximately RMB1 million for the Reporting Period as compared to the consolidated net loss of approximately RMB81 million in the year ended 31 December 2021, with a significant reduction of net losses of approximately RMB80 million.

The increase in revenue and the significant decrease in consolidated net loss of the Group for the Reporting Period was mainly attributable to the following factors:

- (i) there was an increase in overall product sales volume during the Reporting Period as the Group strengthened the management of distribution channels and retail terminals and there were expansion of sales of products in the local surrounding areas of the Group’s several new production bases. In addition, there was an increase in revenue from the sales of major products and certain new products, resulting in an increase in overall sales. The Group also increased product prices in the Reporting Period to offset the impact of increased costs, which resulted in the increase in gross profit and gross profit margin by approximately RMB33 million and 1% in the Reporting Period, respectively;
- (ii) the Group reduced the sales of low-margin products through e-commerce channels during the Reporting Period, and related selling and administrative expenses also decreased accordingly, resulting in a decrease in overall loss by RMB14 million;

- (iii) the Group recorded a reversal of deferred tax assets in relation to tax losses recognised in prior years for certain of the Group's subsidiaries in Mainland China of RMB25 million in the year ended 31 December 2021, considering that the utilisation of tax losses was no longer probable, whereas there were no such losses recorded by the Group in the Reporting Period; and
- (iv) the Group recorded a net loss of approximately RMB9 million in the Reporting Period (2021: net loss of RMB15 million) due to the fair value change of the Group's investment in an unlisted units in investment fund, which were measured at fair value through profit or loss. The relevant net loss decreased by approximately RMB6 million during the Reporting Period.

The Company is still in the process of finalising the financial results of the Group for the Reporting Period. This announcement is only based on the Board's preliminary review and assessment of the draft unaudited consolidated management accounts of the Group and information currently available to the Board which are subject to finalisation and other potential adjustments, if any, and have not been reviewed or audited by the Company's auditor or reviewed by the Audit Committee of the Company. Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Company for the Reporting Period, which is expected to be published in March 2023.

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

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

Hong Kong, 9 February 2023

As of the date of this announcement, the Board comprises 12 directors, of which three are executive Directors, namely Mr. Hui Ching Lau (Chairman), Mr. Wong Wai Leung (Chief Financial Officer and Company Secretary) and Mr. Wu Wenxu (Chief Executive Officer); five are non-executive Directors, namely Mr. Hui Lin Chit, Mr. Sze Man Bok, Mr. Wu Huolu, Mr. Wu Sichuan and Mr. Wu Yinhang; and four are independent non-executive Directors, namely Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil.