THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Share Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Qinqin Foodstuffs Group (Cayman) Company Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s), or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Share Offer.

Sure Wonder Limited
(Incorporated in the British Virgin Islands with limited liability)

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)

COMPOSITE OFFER AND RESPONSE DOCUMENT

MANDATORY CONDITIONAL CASH OFFER BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF SURE WONDER LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SURE WONDER LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to the Offeror

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited

Independent Financial Adviser to the Independent Board Committee

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Holders of the Offer Shares should inform themselves of and observe any applicable legal or regulatory requirements. See "Important Notices" on page iv of this Composite Document and "General matters relating to the Share Offer — Overseas Shareholders" of the letter from Deloitte Corporate Finance beginning on page 8 of this Composite Document.

Capitalised terms used in this cover page have the same meaning as those defined in the section headed "Definitions" in this Composite Document. A letter from Deloitte Corporate Finance containing, among other things, the details of the terms and conditions of the Share Offer are set out on pages 8 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 23 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in respect of the Share Offer is set out on pages 24 to 25 of this Composite Document. A letter from Goldin Financial containing its advice to the Independent Board Committee in respect of the Share Offer is set out on pages 26 to 41 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Share Offer should be received by the Registrar, by no later than 4:00 p.m. on Friday, 25 May 2018 or such later time or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the section headed "General matters relating to the Share Offer — Overseas Shareholders" in the letter from Deloitte Corporate Finance in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Share Offer to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Share Offer.

4 May 2018

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The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be announced by the Offeror and the Company as and when appropriate.

Despatch date of this Composite Document	Friday, 4 May 2018
Opening date of the Share Offer	Friday, 4 May 2018
First Closing Date *(Note 1)*	Friday, 25 May 2018
Latest time for acceptance of the Share Offer on the first Closing Date *(Note 2)*	4:00 p.m. on Friday, 25 May 2018
Announcement of the results of the Share Offer as at the first Closing Date to be posted on the website of the Stock Exchange	7:00 p.m. on Friday, 25 May 2018
Latest date for posting of remittances to Shareholders in respect of valid acceptances received by the first Closing Date, **assuming** the Share Offer becomes, or is declared, unconditional on the first Closing Date *(Note 3)*	Tuesday, 5 June 2018
Latest time and date for acceptance of the Share Offer **assuming** the Share Offer becomes, or is declared, unconditional on the first Closing Date *(Note 4)*	4:00 p.m. on Friday, 8 June 2018
Latest time and date by which the Share Offer can become or be declared unconditional in all respects *(Note 5)*	7:00 p.m. on Tuesday, 3 July 2018

Notes:

1. The Share Offer will be closed for acceptances at 4:00 p.m. on 25 May 2018 unless the Offeror revises or extends the Share Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Share Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). In the event that the Share Offer has not become unconditional on the first Closing Date, the Offeror will issue an announcement stating whether the Share Offer (i) has lapsed or (ii) has been revised or extended to (a) another Closing Date or (b) until further notice. In case (ii)(b) as aforementioned, at least fourteen (14) days' notice in writing must be given before the Share Offer is closed to the Offer Shareholders who have not accepted the Share Offer.

2. Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

   Acceptances of the Share Offer are irrevocable and are not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of Withdrawal" in Appendix I of this Composite Document.

3. Remittances in respect of the consideration for the Offer Shares tendered under the Share Offer will be posted to those Offer Shareholders accepting the Share Offer as soon as possible, but in any event within seven Business Days from the later of the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Share Offer complete and valid, and the date on which the Share Offer becomes or is declared unconditional in all respects.

4. In accordance with the Takeovers Code, when the Share Offer becomes or is declared unconditional in all respects, at least 14 days' notice in writing must be given before the Share Offer is closed to those Offer Shareholders who have not accepted the Share Offer. The date set out here is indicative only as the actual date on which the Share Offer becomes or is declared unconditional in all respects is yet to be confirmed.

5. In accordance with the Takeovers Code, except with the consent of the Executive, the Share Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the Share Offer has previously become unconditional as to acceptances, the Share Offer will lapse on 3 July 2018 unless extended with the consent of the Executive.

All time and date references contained in this Composite Document and accompanying Form of Acceptance are to Hong Kong times and dates.

NOTICE TO SHAREHOLDERS OUTSIDE OF HONG KONG

The making and implementation of the Share Offer to holders of the Offer Shares who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such holders are located. Such holders should inform themselves about and observe any applicable legal or regulatory requirements.

Please refer to the section headed "General matters relating to the Share Offer — Overseas Shareholders" of the "Letter from Deloitte Corporate Finance" in this Composite Document for further information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.

"Acquisition"	the purchase of the Sale Shares by the Offeror from the Vendors pursuant to terms set out in the Transfer Documents
"Announcement"	the joint announcement issued by the Offeror and the Company on 13 April 2018 in relation to, among others, the Share Offer and the Option Offer
"An Ping"	An Ping Holdings Limited, a limited liability company incorporated in the Bahamas indirectly owned by Seletar Limited and Serangoon Limited as nominee on trust for Credit Suisse Trust Limited, the trustee of the Hui Family Trust. Mr. Hui LC is settlor and beneficiary of the Hui Family Trust, and is deemed to be beneficially interested in An Ping and its interests in the Company
"An Ping Sale Shares"	44,933,950 Shares, being such number of Shares acquired by the Offeror from An Ping pursuant to the An Ping Transfer Document, representing 7.87 % of the issued Shares as at the Latest Practicable Date
"An Ping Transfer Document"	the sale and purchase agreement entered into between An Ping and the Offeror on 13 April 2018 in relation to the sale and purchase of 44,933,950 Shares
"acting in concert"	has the meaning ascribed to it in the Takeovers Code
"associate"	has the meaning ascribed to it in the Takeovers Code
"Board"	the board of directors of the Company
"Business Day"	a day on which the Stock Exchange is open for transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Class (6)"	class (6) of the definition of parties who are presumed to be acting in concert with each other under the Takeovers Code
"Class (8)"	class (8) of the definition of parties who are presumed to be acting in concert with each other under the Takeovers Code

"Closing Date"	the date stated in this Composite Document as the first closing date of the Share Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
"Company"	Qinqin Foodstuffs Group (Cayman) Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1583)
"Composite Document"	this composite document issued jointly by the Offeror and the Company to the Offer Shareholders in connection with the Share Offer in compliance with the Takeovers Code
"Conditions"	the conditions of the Share Offer, as set out under the section headed "Conditions to the Share Offer" of the "Letter from Deloitte Corporate Finance" of this Composite Document
"Deloitte Corporate Finance"	Deloitte & Touche Corporate Finance Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Share Offer
"Despatch Date"	4 May 2018, the date of despatch of this Composite Document
"Easy Success"	Easy Success International Investment Limited, a limited liability company incorporated in the British Virgin Islands legally and beneficially owned as to 50% by Mr. Wu HL and 50% by Mr. Wu YD
"Easy Success Sale Shares"	40,000,000 Shares, being such number of Shares acquired by the Offeror from Easy Success pursuant to the Easy Success Transfer Document, representing 7.01 % of the issued Shares as at the Latest Practicable Date
"Easy Success Transfer Document"	the sale and purchase agreement entered into between Easy Success and the Offeror on 13 April 2018 in relation to the sale and purchase of 40,000,000 Shares

"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
"Form of Acceptance"	the form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document
"Goldin Financial" or "Independent Financial Adviser"	Goldin Financial Limited, a licensed corporation registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activities as defined in the SFO, being the independent financial adviser to the Independent Board Committee in connection with the Share Offer
"Group"	the Company and its subsidiaries
"Hengan"	Hengan International Group Company Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange (Stock Code: 1044)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hui Family Trust"	the family trust of which Mr. Hui LC is settlor and beneficiary
"Independent Board Committee"	the independent board committee of the Board, comprising Mr. Wu Sichuan, Mr. Wu Yinhang, Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil, formed for the purpose of advising the Offer Shareholders in respect of the Share Offer
"King Terrace"	King Terrace Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Hui CL
"Investor Participant"	the person admitted to participate in CCASS as investor participants
"Irrevocable Undertakings"	the irrevocable undertakings by all the Offer Optionholders to the Offeror and the Company not to accept the Option Offer

"Last Trading Day"	12 April 2018, being the last full trading day prior to the publication of the Announcement
"Latest Practicable Date"	2 May 2018, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	an unsecured loan in the amount of HK$904,000,000 granted by King Terrace to the Offeror
"Mr. Hui CL"	Mr. Hui Ching Lau, an executive Director and Chairman of the Company, and the sole legal and beneficial owner of the Offeror
"Mr. Hui LC"	Mr. Hui Lin Chit, a non-executive Director of the Company
"Mr. Wu HL"	Mr. Wu Huolu, a non-executive Director of the Company, and legally and beneficially owns 50% of Easy Success
"Mr. Wu YD"	Mr. Wu Yongde, a brother of Mr. Wu HL, and legally and beneficially owns 50% of Easy Success
"Offer Shareholder(s)"	holder(s) of Share(s), other than members of the Offeror Concert Party Group
"Offer Share(s)"	all and any of the Shares that are subject to the Share Offer
"Offer Optionholder(s)"	holder(s) of Option(s), other than members of the Offeror Concert Party Group
"Offer Option(s)"	all and any of the Options held by the Offer Optionholders(s), which was intended to be subjected to the Option Offer pursuant to the Announcement
"Offeror"	Sure Wonder Limited, a limited liability company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Hui CL

"Offeror Concert Party Group"	the Offeror and parties acting in concert with the Offeror (including King Terrace, Event Star Limited, Mr. Hui CL, An Ping, Mr. Hui LC, Tin Lee Investments Limited, Mr. Sze Man Bok, Easy Success, Mr. Wu HL, Mr. Wu YD, Ms. Cai Liqiong and Mr. Wong Wai Leung) or party as specified and as determined in accordance with the Takeovers Code
"Offer Period"	has the meaning given to it in the Takeovers Code, which commenced on 13 April 2018, being the date of the Announcement, and ending on the Closing Date
"Optionholders"	the holders of the Options
"Option Offer"	the mandatory conditional cash offer intended to be made by Deloitte Corporate Finance for and on behalf of the Offeror to cancel all the Offer Options in accordance with the Takeovers Code. For the avoidance of doubt, the Option Offer will not be made pursuant to the Irrevocable Undertakings by all the Offer Optionholders to the Offeror and the Company
"Option Offer Announcement"	the joint announcement issued by the Offeror and the Company on 24 April 2018 in relation to, inter alia, the Irrevocable Undertakings and the Option Offer
"Overseas Shareholder(s)"	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
"Option(s)"	share options granted by the Company pursuant to the Share Option Scheme of the Company
"PRC"	the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"QinQin BVI"	QinQin Foodstuffs Group Company Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company
"Registrar"	Tricor Investor Services Limited
"Relevant Period"	the period from 13 October 2017, being the date six months before the date of the Announcement, up to and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC; in this Composite Document, the conversion of RMB into HK$ is based on the exchange rate of RMB1 to HK$1.2473 for illustration purpose only

"Sale Shares"	collectively, An Ping Sale Shares and Easy Success Sale Shares, and "Sale Share" means any of such Shares
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinances (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the mandatory conditional cash offer by Deloitte Corporate Finance, for and on behalf of the Offeror, to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror Concert Party Group in accordance with the Takeovers Code
"Share Offer Price"	HK$2.3 per Share, being the price at which the Share Offer is to be made
"Share Option Scheme"	the share option scheme adopted by the Company on 16 May 2017
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscribers"	the six subscribers of 95,000,000 Shares in aggregate at HK$2.11 per Share under the Subscription Agreements and "Subscriber" means any one of them
"Subscription Agreements"	the subscription agreements entered into between each of the Subscribers and the Company on 20 January 2018 in relation to the subscription and allotment of 95,000,000 Shares in aggregate at the subscription price of HK$2.11 per Share
"Sze's Family Trust"	the family trust of which Mr. Sze Man Bok is settlor and beneficiary
"subsidiaries"	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers of Hong Kong

"Third Party Rights"	any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above or any other third party rights of any nature
"Transfer Documents"	collectively, the An Ping Transfer Document and the Easy Success Transfer Document
"US$"	United States dollars, the lawful currency of the United States of America
"Vendors"	collectively, An Ping and Easy Success
"%"	per cent.

1. All time and date references contained in this Composite Document refer to Hong Kong times and dates.

2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.

3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.

4. The singular includes the plural and vice versa, unless the context otherwise requires.

5. References to any Appendix, paragraph and any sub-paragraphs of them are references to the Appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.

6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.

7. Reference to one gender is a reference to all or any genders.

Deloitte. 德勤

Deloitte & Touche Corporate Finance Limited
39/F, One Pacific Place
88 Queensway
Hong Kong

4 May 2018

To the Offer Shareholders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
DELOITTE & TOUCHE CORPORATE FINANCE LIMITED
FOR AND ON BEHALF OF
SURE WONDER LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED
BY SURE WONDER LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Announcement. After trading hours of the Stock Exchange on 13 April 2018, the Offeror entered into (i) the Easy Success Transfer Document with Easy Success, pursuant to which Easy Success has agreed to sell and the Offeror has agreed to purchase 40,000,000 Shares, representing approximately 7.01% of the issued Shares as at the date of the Announcement, for a total cash consideration of HK$92,000,000 (being HK$2.3 per Share); and (ii) the An Ping Transfer Document with An Ping, pursuant to which An Ping has agreed to sell and the Offeror has agreed to purchase 44,933,950 Shares, representing approximately 7.87% of the issued Shares as at the date of the Announcement, for a total cash consideration of HK$1.

Completion of the Acquisition took place on 18 April 2018.

Immediately before the completion of the Acquisition, the Offeror was interested in 29,555,978 Shares, representing approximately 5.18% of the issued Shares. Immediately after completion of the Acquisition, the Offeror is interested in 114,489,928 Shares, representing approximately 20.06% of issued Shares.

As the Vendors are members of the Offeror Concert Party Group, the number of Shares in which the Offeror Concert Party Group is interested in remains unchanged at 226,907,306 Shares immediately before and after completion of the Acquisition, representing approximately 39.76% of the issued Shares. However, given the leader of the Offeror Concert Party Group has changed as a result of the Acquisition, pursuant to Note 1 to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares held by the Offer Shareholders. Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make an appropriate cash offer to the Offer Optionholders to cancel all Offer Options. As disclosed in the Option Offer Announcement, the Option Offer will not be made for cancellation of the Offer Options as all the Offer Optionholders have provided the Irrevocable Undertakings to the Offeror and the Company. Further details of the Irrevocable Undertakings are set out in the section headed "The Irrevocable Undertakings and reasons for not making the Option Offer" in this letter.

This letter forms part of this Composite Document and sets out, among other matters, principal terms of the Share Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Share Offer are set out in "Appendix I — Further Terms of the Share Offer" to this Composite Document, and the accompanying Form of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

THE SHARE OFFER

Deloitte Corporate Finance is making the Share Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share ....HK$2.3 in cash

NO PRICE INCREASE STATEMENT

The Offeror has decided that the Share Offer Price will not be increased, and the Offeror does not reserve the right to do so.

The Share Offer Price of HK$2.3 for each Offer Share under the Share Offer is the same as the highest price paid per Sale Share by the Offeror pursuant to the Transfer Documents.

The Share Offer is extended to all Offer Shareholders in accordance with the Takeovers Code.

THE IRREVOCABLE UNDERTAKINGS AND REASONS FOR NOT MAKING THE OPTION OFFER

As at the Latest Practicable Date, there were 8,310,000 outstanding Options which, if vested, will confer rights on the Optionholders to subscribe for up to an aggregate of 8,310,000 Shares at an exercise price of HK$2.56 per Share. 8,190,000 Options were held by the Offer Optionholders. 4,155,000 outstanding Options shall be exercisable from 7 June 2019 to 6 June 2022 and the remaining 4,155,000 outstanding Options shall be exercisable from 7 June 2020 to 6 June 2022.

In accordance with the terms of the Share Option Scheme, if a general offer resulting in a change of control of the Company is made to all the Shareholders (or all such holders other than the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Options, the Company shall forthwith give notice to the Optionholders and the Optionholders are entitled to exercise the Options in full within one month after the date of the notice (the "**One-month Notice Period**"), irrespective of the fact that Options are not otherwise exercisable during the offer period. Unless otherwise notified by the Company at the discretion of the Board, any Options which remain outstanding shall lapse automatically at the end of the One-month Notice Period. The Board has notified all the Optionholders that all the Options will not lapse automatically at the end of the One-month Notice Period, and to the extent not exercised during the One-month Notice Period, will remain exercisable during the exercise periods as determined at the time the Options were granted.

As disclosed in the Option Offer Announcement, the Offeror and the Company received the Irrevocable Undertakings from all the Offer Optionholders, pursuant to which all the Offer Optionholders have made the following irrevocable and unconditional undertakings to the Company and the Offeror, on the basis that the Board has agreed and notified the Offer Optionholders that the Offer Options will remain exercisable at the exercise period as determined at the time the Offer Options were granted:—

a) the Offer Optionholders will not exercise all or any part of the Offer Options; and

b) the Offer Optionholders will not accept the Option Offer in respect of all or any part of the Offer Options.

The Irrevocable Undertakings will be effective until (i) the expiration of the One-month Notice Period or (ii) the close of the Share Offer and/or the Option Offer, whichever is later. As the Irrevocable Undertakings will result in zero acceptances in respect of the Option Offer, the Option Offer will not be made for the cancellation of the Offer Options.

COMPARISON OF VALUE

The Share Offer Price of HK$2.3 per Offer Share represents:

(i) a discount of approximately 1.71% to the closing price of HK$2.34 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 2.95% to the average closing price of HK$2.37 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 3.36% to the average closing price of HK$2.38 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 5.35% to the average closing price of HK$2.43 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 0.88% over the average closing price of HK$2.28 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a premium of approximately 4.55% over the average closing price of HK$2.20 per Share as quoted on the Stock Exchange for the one hundred eighty (180) consecutive trading days immediately prior to and including the Last Trading Day;

(vii) a discount of approximately 2.13% to the closing price of HK$2.35 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(viii) a premium of approximately 56.46% over the audited consolidated net assets per Share of approximately RMB1.18 (equivalent to approximately HK$1.47) as at 31 December 2017, based on the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB671,383,000 as at 31 December 2017 and 570,696,557 Shares in issue as at the date of the Announcement;

HIGHEST AND LOWEST CLOSING PRICES OF THE SHARES

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$2.51 per Share on 13 March 2018 and HK$2.00 per Share on 2 November 2017 respectively.

VALUE OF THE SHARE OFFER

As at the Latest Practicable Date, there were 570,696,557 Shares in issue, of which 343,789,251 Shares were held by the Offer Shareholders.

Based on the Share Offer Price of HK$2.3 per Offer Share, the entire issued Shares as at the Latest Practicable Date was valued at approximately HK$1,313 million.

Taking into account the Irrevocable Undertakings, no Options will be validly exercised before the close of the Share Offer. On the assumption that the Share Offer is accepted in full and on the basis that there are 343,789,251 Offer Shares, the value of the Share Offer is approximately HK$791 million.

CONFIRMATION OF FINANCIAL RESOURCES

The Offeror will finance the consideration of the Share Offer by the Loan. There is no arrangement in relation to the Loan under which the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend, to any significant extent, on the business of the Company.

Deloitte Corporate Finance, the financial adviser to the Offeror in respect of the Share Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for full acceptance of the Share Offer.

CONDITIONS TO THE SHARE OFFER

The Share Offer is subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Offer Shares which, together with Shares already owned or agreed to be acquired by the Offeror Concert Party Group before or during the Share Offer, would result in the Offeror Concert Party Group holding more than 50.00% of the voting rights in the Company.

It is the current intention of the Offeror that the Share Offer would close on the first Closing Date, being 21 calendar days after the Despatch Date. However, the Offeror reserves the right to extend the Closing Date as permitted under and in accordance with the Takeovers Code.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Share Offer becomes unconditional as to acceptances and when the Share Offer becomes unconditional in all respects. The Share Offer must also remain open for acceptance for at least fourteen (14) days after the Share Offer becomes unconditional in all respects.

WARNING:

The Share Offer is subject to the Conditions being fulfilled and the Share Offer may or may not become unconditional. Shareholders and potential investors should therefore exercise caution when dealing in the securities in the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

GENERAL MATTERS RELATING TO THE SHARE OFFER

Effects of accepting the Share Offer

By validly accepting the Share Offer, the Offer Shareholders shall sell their Offer Shares free from all Third Party Rights and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

Payment

Subject to the Share Offer having become, or have been declared, unconditional in all respects, payment in cash in respect of acceptances of the Share Offer will be made as soon as possible but in any event within seven (7) Business Days following the later of (i) the date of receipt of a duly completed acceptance of the Share Offer and (ii) the date on which the Share Offer become or are declared unconditional in all aspects.

Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Share Offer complete and valid. If the Share Offer do not become unconditional the relevant documents of title will be returned as soon as practicable after the latest date on which it could have become unconditional.

No fractions of a cent will be payable and the amount of the consideration payable to an Offer Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Overseas Shareholders

The Offeror intends to make the Share Offer available to all Offer Shareholders, including the Overseas Shareholders. However, the Share Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the Share Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Share Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

Hong Kong stamp duty

Seller’s Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Offer Shareholders who accept the Share Offer. The Offeror will then arrange for payment of the stamp duty on behalf of those Offer Shareholders who accepted the Share Offer. The Offeror will bear buyer’s ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

Taxation advice

Offer Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Share Offer. None of the Company, the Offeror or its parties acting in concert or any of their respective directors, officers or associates or any other person involved in the Share Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

OFFEROR'S INTERESTS IN SECURITIES OF THE COMPANY

The Offeror confirms that as at the Latest Practicable Date:

(i) save for the 226,907,306 Shares (representing approximately 39.76% of the issued Shares) and the 120,000 Options currently owned by the Offeror Concert Party Group, neither the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;

(ii) save for (a) the Acquisition and (b) the subscription of 24,351 shares in Easy Success for a total consideration of US$24,351 by Mr. Wu YD on 12 December 2017 (amounting to 50% of the issued share capital of Easy Success upon completion of such subscription, and equivalent to negligible consideration per Share, which was agreed between Easy Success and Mr. Wu YD on the basis that Mr. Wu HL (the then sole shareholder of Easy Success) and Mr. Wu YD are brothers), resulting in Mr. Wu YD being deemed to be interested in the 45,214,895 Shares in the Company, neither the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to the offer period up to the Latest Practicable Date;

(iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Share Offer;

(iv) there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer;

(v) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(vi) neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Share Offer. Pursuant to the Irrevocable Undertakings, all the Offer Optionholders have irrevocably committed themselves not to accept the Option Offer, who aggregately held 8,190,000 outstanding Options as at the Latest Practicable Date, being all the Offer Options; and

(vii) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since July 2016. The Group is principally engaged in the manufacturing, distribution and sale of food and snack products in the PRC.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by Mr. Hui CL. Mr. Hui CL is also currently an executive Director and Chairman of the Company, and a director of most of the Company's subsidiaries. He has been responsible for providing leadership, guidance and strategic advice on corporate development and investment of the Group. He has accumulated over thirteen years of experience in the food and snacks business since he became a director of some of the Company's subsidiaries in April 2003.

INTENTION OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror and Mr. Hui CL that the Group's existing principal activities will be maintained after the close of the Share Offer. Following the close of the Share Offer, the Offeror and Mr. Hui CL intend to continue to pursue and promote strategies to enhance future development of the Group and to create greater value for its shareholders.

Save as in connection with the intention of the Offeror and Mr. Hui CL regarding the Group as set out above, the Offeror and Mr. Hui CL currently have no intention to (i) discontinue the employment of the existing management and employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror considers that the appropriate actions to be taken after the close of the Share Offer may include placing down of sufficient number of accepted Shares by the Offeror for this purpose. Separate announcement(s) will be issued in accordance with the Listing Rules as and when appropriate in this regard.

COMPULSORY ACQUISITION

The Offeror does not intend to privatise the Company by availing itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Share Offer after the close of the Share Offer.

FURTHER DETAILS OF THE SHARE OFFER

Further details of the Share Offer including the terms of the Share Offer, documents required and procedures for acceptance, settlement, acceptance period and taxation matters are set out in "Appendix I — Further Terms of the Share Offer" to this Composite Document and the accompanying Form of Acceptance.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding 5% or more of a class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

"Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

All documents and remittances to be sent to the Offer Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders at their respective addresses as appeared in the register of members of the Company or in the case of joint Offer Shareholders, to such Offer Shareholder whose name appears first in the register of members of the Company. None of the Company, the Offeror and parties acting in concert with it, Deloitte Corporate Finance, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other parties involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

Additional information

The Offer Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Goldin Financial", the accompanying Form of Acceptance and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt.

Yours faithfully,
For and on behalf of
Deloitte & Touche Corporate Finance Limited

Connie Ho	**Kelvin Ho**
Executive Director	*Principal*

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)

Executive directors:
HUI Ching Lau *(Chairman)*
ZHU Hong Bo *(Chief Executive Officer)*
WONG Wai Leung *(Chief Financial Officer and Company Secretary)*

Non-executive directors:
HUI Lin Chit
SZE Man Bok
WU Huolu
WU Sichuan
WU Yinhang

Independent non-executive directors:
CAI Meng
CHAN Yiu Fai Youdey
NG Swee Leng
Paul Marin THEIL

Registered office in the Cayman Islands:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head office in the PRC:
Wuli Industrial Park
Jinjiang City
Fujian Province, the PRC

Principal place of business in Hong Kong:
Unit 2601, 26th Floor
Admiralty Centre, Tower 1
18 Harcourt Road
Hong Kong

4 May 2018

To Offer Shareholders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFER BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF SURE WONDER LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SURE WONDER LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

Reference is made to the Announcement. The Company was notified by the Offeror and the Vendors that after trading hours of the Stock Exchange on 13 April 2018:—

(i) Easy Success and the Offeror entered into the Easy Success Transfer Document, pursuant to which Easy Success has agreed to sell and the Offeror has agreed to purchase 40,000,000 Shares, representing approximately 7.01 % of the issued Shares as at the date of the Announcement, for a total cash consideration of HK$92,000,000 (being HK$ 2.3 per Share); and

(ii) An Ping and the Offeror entered into the An Ping Transfer Document, pursuant to which An Ping has agreed to sell and the Offeror has agreed to purchase 44,933,950 Shares, representing approximately 7.87 % of the issued Shares as at the date of the Announcement, for a total cash consideration of HK$1.

As the Vendors are members of the Offeror Concert Party Group, notwithstanding the Acquisition, the number of Shares in which the Offeror Concert Party Group is interested in remains unchanged at 226,907,306 Shares immediately before and after completion of the Acquisition, representing approximately 39.76% of the issued Shares as at the date of the Announcement. However, given the leader of the Offeror Concert Party Group has changed as a result of the Acquisition, pursuant to Note 1 to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror Concert Party Group) and to make an option offer to cancel all the Offer Options. As stated in the Announcement, Deloitte Corporate Finance would, on behalf of the Offeror, make the following mandatory conditional cash offers:

(i) The Share Offer: to acquire all of the Offer Shares in the issued share capital of the Company at HK$2.30 per Offer Share; and

(ii) The Option Offer: to cancel all of the Offer Options of the Company at HK$0.0001 per Offer Option.

As informed by the Vendors and the Offeror, the completion of the Acquisition took place on 18 April 2018, pursuant to which the Offeror has acquired an aggregate of 84,933,950 Shares from the Vendors for the total cash consideration of HK$92,000,001. As a result of the completion of the Acquisition, the Offeror is interested in 114,489,928 Shares, representing approximately 20.06% of issued Shares as at the date of the Announcement.

Reference is also made to the Option Offer Announcement, pursuant to which the Offeror and the Company jointly announced on 24 April 2018, the Offeror and the Company have received the Irrevocable Undertakings from all the Offer Optionholders, whereby all the Offer Optionholders have undertaken not to accept the Option Offer in respect of all the Offer Options, being 8,190,000 Offer Options as at the Latest Practicable Date. As this would result in zero acceptance in respect of the Option Offer, the Option Offer will not be made for the cancellation of the Offer Options. Further details of the Irrevocable Undertakings are set out in this letter.

This letter forms part of this Composite Document and sets out, amongst other things, certain background information of the Offeror and the intentions of the Offeror in relation to the Group. Further details on the terms of the Share Offer are set out in this letter, Appendix I — "Further Terms of the Share Offer" to this Composite Document and in the accompanying Form of Acceptance.

The purpose of this Composite Document is to provide you with, among other things: (i) information relating to the Group, the Offeror and the Share Offer; (ii) a letter from Deloitte Corporate Finance containing, among other things, details of the Share Offer; (iii) a letter from the Independent Board Committee containing its recommendation in respect of the Share Offer; and (iv) a letter from Goldin Financial containing its advice to the Independent Board Committee in relation to the Share Offer.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Wu Sichuan and Mr. Wu Yinhang, both being non-executive Directors, and Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil, all being independent non-executive Directors, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer.

Mr. Hui LC, Mr. Sze Man Bok and Mr. Wu HL, all being non-executive Directors, do not form part of the Independent Board Committee as they are members of the Offeror Concert Party Group.

In addition, as approved by the Independent Board Committee, an independent financial adviser, Goldin Financial, has been appointed to advise the Independent Board Committee in connection with the Share Offer and, in particular, as to whether the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer pursuant to Rule 2.1 of the Takeovers Code.

3. THE SHARE OFFER

As at the Latest Practicable Date, there are 570,696,557 Shares in issue and 8,310,000 outstanding Options. The Share Offer is being made by Deloitte Corporate Finance on behalf of the Offeror on the following basis:

For each Offer Share ....HK$ 2.30 in cash

The Share Offer Price of HK$2.3 for each Offer Share under the Share Offer is the same as the highest price paid per Sale Share by the Offeror pursuant to the Transfer Documents.

4. THE IRREVOCABLE UNDERTAKINGS AND REASONS FOR NOT MAKING THE OPTION OFFER

Offer Options

The exercise prices of the 8,310,000 Options outstanding as at the Latest Practicable Date and granted under the Share Option Scheme and the period in which they are exercisable are set out below:

Exercise price *(HK$ per Share)*	**Exercise period**	**Number of outstanding Options as at the Latest Practicable Date**
2.56	From 7 June 2019 to 6 June 2022	4,155,000
2.56	From 7 June 2020 to 6 June 2022	4,155,000

In accordance with the terms of the Share Option Scheme, if a general offer resulting in a change of control of the Company is made to all the Shareholders (or all such holders other than the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Options, the Company shall forthwith give notice to the Optionholders and the Optionholders are entitled to exercise the Options in full within the One-month Notice Period, irrespective of the fact that Options are not otherwise exercisable during the offer period. Unless otherwise notified by the Company at the discretion of the Board, any Options which remain outstanding shall lapse automatically at the end of the One-month Notice Period. The Board has notified the Optionholders that the Options will not lapse automatically at the end of the One-month Notice Period, and to the extent not exercised during the One-month Notice Period, will remain exercisable at the exercise periods as determined at the time the Options were granted.

Reasons for not making the Option Offer

As further disclosed in the Offer Option Announcement, the Company and the Offeror have received the Irrevocable Undertakings on 23 April 2018, pursuant to which all the Offer Optionholders have made the following undertaking to the Company and the Offeror on the basis that the Board has agreed and notified the Offer Optionholders that Offer Options will remain exercisable at the exercise period determined at the time the Offer Options were granted:—

(a) the Offer Optionholders will not exercise all or any part of the Offer Options; and

(b) the Offer Optionholders will not accept the Option Offer in respect of all or any part of the Offer Options.

As this would result in zero acceptance in respect of the Option Offer, the Option Offer will not be made for the cancellation of the Offer Options.

5. VALUE OF THE SHARE OFFER

Your attention is drawn to the sections headed the "The Share Offer" and "Value of the Share Offer" in the "Letter from Deloitte Corporate Finance" in this Composite Document which sets out the value of the Share Offer.

6. CONDITIONS TO THE SHARE OFFER

Your attention is drawn to the section headed "Conditions to the Share Offer" in the "Letter from Deloitte Corporate Finance" in this Composite Document which sets out the conditions to the Share Offer.

7. INFORMATION OF THE OFFEROR AND INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the sections headed "Information of the Offeror" and "Intention of the Offeror regarding the Group" in the "Letter from Deloitte Corporate Finance" in this Composite Document.

The Board notes that the Offeror and Mr. Hui CL intend to maintain the Group's existing principal activities after close of the Share Offer and currently have no intention to (i) discontinue the employment of the existing management and employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

8. INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since July 2016. The Group is principally engaged in the manufacturing, distribution and sale of food and snack products in the PRC.

Your attention is drawn to "Appendix II — Financial Information of the Group", "Appendix III — Property Valuation Report" and "Appendix IV — General Information" to this Composite Document in relation to certain financial information, property valuations and general information of the Group.

9. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Board notes that: (i) the Offeror intends the Company to remain listed on the Stock Exchange; and (ii) the sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

10. RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on pages 24 to 25 of this Composite Document, which contains its recommendation to the Offer Shareholders in relation to the Share Offer and (ii) the "Letter from Goldin Financial" on pages 26 to 41 of this Composite Document, which sets out its advice to the Independent Board Committee in relation to the Share Offer and as to the acceptance of the Share Offer.

You are also advised to read the "Letter from Deloitte Corporate Finance", the Appendices to this Composite Document and the Form of Acceptances in respect of the terms and acceptance and settlement procedures of the Share Offer.

Offer Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Share Offer.

Yours faithfully,
By order of the board of
Qinqin Foodstuffs Group (Cayman) Company Limited
Wong Wai Leung
Executive Director, Chief Financial Officer and
Company Secretary

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)

4 May 2018

To the Offer Shareholders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFER BY DELOITTE & TOUCHE CORPORATE FINANCE LIMITED FOR AND ON BEHALF OF SURE WONDER LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY SURE WONDER LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

We refer to this Composite Document dated 4 May 2018 issued jointly by Offeror and the Company of which this letter forms part. Terms used in this letter shall have the same meaning as those defined in this Composite Document.

We have been appointed by the Board to consider the terms of the Share Offer and to advise you as to whether, in our opinion, the terms of the Share Offer are fair and reasonable so far as the Offer Shareholders are concerned and to make a recommendation as to acceptance.

Goldin Financial has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Share Offer.

We draw your attention to the "Letter from Deloitte Corporate Finance" set out on pages 8 to 17 of this Composite Document which contains, inter alia, information about the Share Offer, and the "Letter from Goldin Financial" set out on pages 26 to 41 of this Composite Document which contains the details of its advice and the principal factors taken into consideration in arriving at its recommendations in respect of the Share Offer.

We also draw your attention to the "Letter from the Board" set out on pages 18 to 23 of this Composite Document and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Share Offer and acceptance and settlement procedures for the Shares.

Having taken into account the advice of Goldin Financial, we consider that the terms of the Share Offer are fair and reasonable so far as the Offer Shareholders are concerned, and recommend the Offer Shareholders to accept the Share Offer.

Notwithstanding our recommendations, the Offer Shareholders should consider carefully the terms and conditions of the Share Offer.

Yours faithfully,
The Independent Board Committee
Qinqin Foodstuffs Group (Cayman) Company Limited

Mr. Wu Sichuan **Mr. Wu Yinhang**
Non-executive Directors

Mr. Cai Meng **Mr. Chan Yiu Fai Youdey** **Mr. Ng Swee Leng** **Mr. Paul Marin Theil**
Independent non-executive Directors

The following is the full text of the letter from Goldin Financial setting out the advice to the Independent Board Committee and the Offer Shareholders in respect of the Share Offer, which has been prepared for the purpose of inclusion in this Composite Document.

GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Goldin Financial Limited
22/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

4 May 2018

To the Independent Board Committee and the Offer Shareholders

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFER BY
DELOITTE & TOUCHE CORPORATE FINANCE LIMITED
FOR AND ON BEHALF OF
SURE WONDER LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED
BY SURE WONDER LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Offer Shareholders in respect of the Share Offer. The details of the Share Offer, among other things, are set out in the Composite Document dated 4 May 2018, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Announcement. On 13 April 2018, the Offeror (being purchaser) and (i) Easy Success entered into the Easy Success Transfer Document, pursuant to which the Offeror agreed to acquire from Easy Success the Easy Success Sale Shares for a consideration of HK$92,000,000 (equivalent to HK$2.3 per Easy Success Sale Share); (ii) An Ping entered into the An Ping Transfer Document, pursuant to which the Offeror agreed to acquire from An Ping the An Ping Sale Shares for a consideration of HK$1. Completion of the Acquisition took place on 18 April 2018.

As a result of the completion of the Acquisition, the Offeror is interested in 114,489,928 Shares, representing approximately 20.06% of the issued Shares as at the date of the Announcement. As the Vendors are members of the Offeror Concert Party Group, notwithstanding the Acquisition, the number of Shares in which the Offeror Concert Party Group is interested in remain unchanged at 226,907,306 Shares immediately before and after completion of the Acquisition, representing approximately 39.76% of the issued Shares as at the date of the Announcement. However, given the leader of the Offeror Concert Party Group has changed as a result of the Acquisition, pursuant to Note 1 to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror Concert Party Group) and to make an option offer to cancel all the Offer Options.

Reference is also made to the Option Offer Announcement, pursuant to which the Offeror and the Company jointly announced on 24 April 2018, the Offeror and the Company have received the Irrevocable Undertakings from all the Offer Optionholders, whereby all the Offer Optionholders have undertaken not to accept the Option Offer in respect of all the Offer Options, being 8,190,000 Offer Options as at the Latest Practicable Date. As this would result in zero acceptance in respect of the Option Offer, the Option Offer will not be made for the cancellation of the Offer Options. Further details of the Irrevocable Undertakings are set out in the Composite Document.

As at the Latest Practicable Date, the Company had 570,696,557 Shares in issue and 8,310,000 outstanding Options and had no other outstanding securities, derivatives or warrants which are convertible or exchangeable into Shares or other types of equity interest, and had not entered into any agreement for the issue of such securities, options, derivatives or warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Wu Sichuan and Mr. Wu Yinhang, both being non-executive Directors, and Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil, all being independent non-executive Directors, has been established by the Company pursuant to Rule 2.1 of the Takeovers Code to make a recommendation to the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer.

Mr. Hui LC, Mr. Sze Man Bok and Mr. Wu HL, all being non-executive Directors, do not form part of the Independent Board Committee as they are members of the Offeror Concert Party Group.

We, Goldin Financial Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Offer Shareholders as to whether the terms of the Share Offer are fair and reasonable so far as the Offer Shareholders are concerned and whether the Offer Shareholders should accept the Share Offer. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

Apart from the normal professional fees for our services to the Company in connection with the Share Offer, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We have not acted, within the past two years, as an independent financial adviser or a financial adviser to the Company. As at the Latest Practicable Date, we are not aware of any relationships or interests between us and the Group, the Offeror, their respective substantial shareholders, directors or chief executive, their respective associates, or any party acting in concert with any of them that could reasonably be regarded as relevant to our independence. We are independent under Rule 13.84 of the Listing Rules and under the Takeovers Code to act as the independent financial adviser to the Independent Board Committee and the Offer Shareholders in connection with the Share Offer.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, *inter alia*, the Announcement, the annual report of the Company for the year ended 31 December 2017 (the "**Annual Report 2017**"), the annual report of the Company for the year ended 31 December 2016 (the "**Annual Report 2016**") and the listing document of the Company dated 24 June 2016 (the "**Listing Document**"). We have relied on the statements, information and representations contained or referred to in the Composite Document and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in the Composite Document and all the information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate in all material respects as at the Latest Practicable Date and Shareholders will be notified of material changes, if any, as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld; nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement (other than the information relating to the Offeror and the parties acting in concert with it) in the Composite Document, including this letter, incorrect or misleading. We have not, however, carried out any independent verification of the information provided; nor have we conducted any independent investigation into the business and affairs of the Group and the Offeror.

This letter is issued for the information for the Independent Board Committee and the Offer Shareholders solely in connection with their consideration of the Share Offer, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations on the Share Offer to the Independent Board Committee and the Offer Shareholders, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since July 2016. The Group principally engaged in the manufacturing, distribution and sale of food and snack products in the PRC.

1.1 Financial overview of the Group

Set out in Table 1 below is a summary of the audited consolidated financial information of the Group for each of the four financial years ended 31 December 2014, 2015, 2016 and 2017, as extracted from the Listing Document, the Annual Report 2016 and the Annual Report 2017, respectively.

Table 1: Financial highlights of the Group

	For the year ended 31 December			
	2017	**2016**	**2015**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)
Revenue	882,379	980,902	1,020,051	1,216,135
Profit/(Loss) for the year/period attributable to shareholders of the Company	(6,536)	31,522	63,752	91,619

	As at 31 December			
	2017	**2016**	**2015**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)	(audited)
Non-current assets	362,980	396,911	417,457	444,239
Current assets	429,883	497,943	357,543	399,646
Current liabilities	121,480	218,157	125,974	256,614
Net current assets	308,403	279,786	231,569	143,032
Non-current liabilities	0	0	3,792	3,611
Net assets	671,383	676,697	645,234	583,660

For the year ended 31 December 2015

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB1,020.05 million, representing a decrease of approximately 16.12% as compared to approximately RMB1,216.14 million as recorded in the previous year. Based on the Listing Document, the decrease in revenue was primarily due to a reduction in sales volume as a result of weakened consumer spending on non-necessities in the target markets of the Group typically comprising second and third tier cities as the management of the Company implemented a mass-market strategy.

The Group recorded profit attributable to shareholders of the Company of approximately RMB63.75 million for the year ended 31 December 2015, representing a decrease of approximately 30.42% from the profit attributable to shareholders of the Company of approximately RMB91.62 million as recorded in the previous year. With reference to the Listing Document, we noted that the decrease in profit was primarily due to the decline in overall sales.

As at 31 December 2015, the net current assets and net assets of the Group amounted to approximately RMB231.57 million and approximately RMB645.23 million, respectively.

For the year ended 31 December 2016

For the year ended 31 December 2016, the Group recorded revenue of approximately RMB980.90 million, representing a decrease of approximately 3.84% as compared to approximately RMB1,020.05 million as recorded in the previous year. Based on the Annual Report 2016, the decrease in revenue was primarily due to the slowdown in economic growth in the PRC which contributed to the decrease in consumer spending on non-necessities products within the Group's target market.

The Group recorded profit attributable to shareholders of the Company of approximately RMB31.52 million for the year ended 31 December 2016, representing a significant decrease of approximately 50.56% from the profit attributable to shareholders of the Company of approximately RMB63.75 million as recorded in the previous year. With reference to the Annual Report 2016, we noted that the decrease in profit was primarily due to (i) the recognition of one-off expenses of approximately RMB23.22 million by the Group in relation to the Listing; and (ii) additional withholding tax charges of approximately RMB6.01 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.

As at 31 December 2016, the net current assets and net assets of the Group amounted to approximately RMB279.79 million and approximately RMB676.70 million, respectively.

For the year ended 31 December 2017

For the year ended 31 December 2017, the Group recorded revenue of approximately RMB 882.38 million, representing a decrease of approximately 10.04% as compared to approximately RMB980.90 million as recorded in the previous year. Based on the Annual Report 2017, the Group faced the challenge of product ageing, which resulted in the slowdown of sales and failure to increase the market end price. The Group also streamlined certain products with relatively weak sales volume in 2017, therefore, the overall number of products and the overall sales volume has been affected, leading to the decline in sales in 2017.

The Group recorded loss attributable to shareholders of the Company of approximately RMB6.54 million for the year ended 31 December 2017, against the profit attributable to shareholders of the Company of approximately RMB 31.52 million as recorded in the previous year. With reference to the Annual Report 2017, we noted that the decrease in profit was primarily due to declining sales as described above, the rising costs of major raw materials and packaging materials and foreign exchange loss recorded by the Group in relation to its cash and cash equivalent in Hong Kong Dollars ("**HKD**") and United States Dollars ("**USD**") as HKD and USD devalued against RMB in 2017.

As at 31 December 2017, the net current assets and net assets of the Group amounted to approximately RMB308.40 million and approximately RMB671.38 million, respectively.

1.2 Prospect and outlook of the Group

As noticed from the Annual Report 2017, the Group has been facing the challenge of product ageing that the attractiveness of certain best-selling key products in the past have been reduced among mainstream consumer groups as consumer preferences and needs are ever-changing. Part of the existing products lack young and fashionable elements, and their packaging, taste and design are lack of significant changes and enhancement. These products have no significant differentiation in the market, which resulted in the slowdown of sales and failure to increase the market end price. The Company has been consistently paying close attention to any changes in the business environment and prevailing market conditions and is aware of the current intense industry competition and the significant increase in costs of major raw materials and packaging materials which may affect the future performance of the Group. We have conducted independent research on the public domain in respect of the general outlook and future prospect of the overall snack food market in the PRC.

According to the Four Major Trends in China's Packaged Food Market published by Hong Kong Trade Development Council *(http://www.hktdc.com)* on 21 March 2018, majority of the consumers in the PRC intend to consume packaged food with high-quality packages and novel flavour and have more intention in consuming healthy food and organic food, which are different food types from the existing snack food products of the Company, where the main revenue stream is driven from. Further, imported packaged food is increasingly accessible in the PRC which results in more choices for consumers between imported packaged food and domestic packaged food. With reference to the Top Growth Opportunities: Savory Snacks in China published by ReportLinker (a technology company which provides market reports and analyses from both private and public domain) on October 2017, the Chinese savory snacks market grew steadily at a compound annual growth rate ("**CAGR**") of approximately 8% during 2011-2016 from over US$7 billion to more than US$10 billion. The growing number of consumers in China with long working hours and busy lives are changing their consumption patterns from traditional meals to frequent snacking options, therefore the market is forecasted to register a faster growth at a CAGR of above 11% during 2016-2021 and is expected to be worth above US$18 billion by 2021.

Although the Company has been adjusting business strategies including the recent launch of more natural and healthy products such as low sugar, low salt and with no preservative new products and new jelly products and crackers and chips products with new packaging and design and novel flavour to meet the market trend, we consider that any new product launch may take time and any positive impact from such business adjustment would be subject to various factors and may not reflect in the financial results of the Group in short time.

Taking into consideration (i) the consecutive decline in revenue and profit of the Group from 2014 to 2017; (ii) the overall steady growth of the snack food industry in the PRC; (iii) the growing popularity of healthy and organic food over the existing snack food products of the Group; (iv) the challenges of ageing products faced by the Group and new products launch may take time; and (v) the rising costs of relative raw materials and packaging materials may restrict the growth of the Group while the Group may encounter difficulties in raising the end prices of its existing products, we consider that the business environment for the Group's business operation remains competitive.

2. Principal terms of the Share Offer

The Share Offer is being made by Deloitte Corporate Finance on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share ....HK$2.3 in cash

The Share Offer Price of HK$2.3 for each Offer Share under the Share Offer is the same as the highest price paid per Sale Share by the Offeror pursuant to the Transfer Documents.

The Share Offer Price of HK$2.3 per Offer Share represents:

(i) a discount of approximately 1.71% to the closing price of HK$2.34 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 2.95% to the average closing price of HK$2.37 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(iii) a discount of approximately 3.36% to the average closing price of HK$2.38 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day;

(iv) a discount of approximately 5.35% to the average closing price of HK$2.43 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;

(v) a premium of approximately 0.88% over the average closing price of HK$2.28 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days immediately prior and including the Last Trading Day;

(vi) a premium of approximately 4.55% over the average closing price of HK$2.20 per Share as quoted on the Stock Exchange for the one hundred eighty (180) consecutive trading days immediately prior to and including the Last Trading Day;

(vii) a discount of approximately 2.13% to the closing price of HK$2.35 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

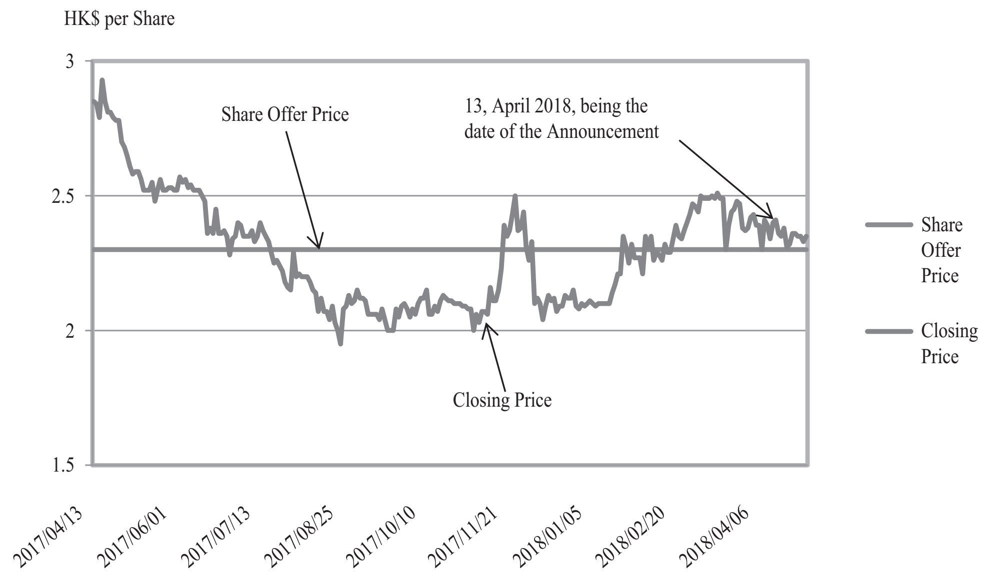
(viii) a premium of approximately 56.46% over the audited consolidated net assets per Share of approximately RMB1.18 (equivalent to approximately HK$1.47) as at 31 December 2017, based on the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB671,383,000 as at 31 December 2017 and 570,696,557 Shares in issue as at the date of the Announcement.

To assess the fairness and reasonableness of the Share Offer Price, we have primarily made reference to (i) the historical Share price performance; (ii) the historical trading volume of the Shares; and (iii) the valuation of other comparable companies.

Historical Share price performance

Set out in Chart 1 below are the daily closing prices of the Shares on the Stock Exchange during the period from 13 April 2017 (being the first trading day of the 12-month period prior to the date of the Announcement) up to and including the Latest Practicable Date (the "**IFA Review Period**"). We consider that the IFA Review Period which covers a full year prior to the date of the Announcement represents a reasonable period to provide a general overview of the recent Share price performance when assessing the fairness and reasonableness of the Share Offer Price.

Chart 1: Share price performance against the Share Offer Price during the IFA Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

During the IFA Review Period, the closing prices of the Shares ranged from the lowest of HK$1.95 per Share on 24 August 2017 to the highest of HK$2.93 per Share on 20 April 2017, with an average of HK$2.29 per Share. The Share Offer Price is within the range of the closing prices of the Shares and represents a premium of approximately 17.95% over the lowest closing price, a discount of approximately 21.50% to the highest closing price and a premium of approximately 0.44% to the average closing price during the IFA Review Period.

The closing prices of the Shares had been fluctuated throughout the IFA Review Period. We noted that since the closing price of the Shares dropped from HK$2.93 on 20 April 2017 to HK$1.95 on 24 August 2017, there were two material price fluctuations during the period from November 2017 to April 2018, including (i) the closing price of Shares had rose from HK$2.11 per Share on 13 November 2017 to HK$2.50 per Share on 23 November 2017, then dropped to HK$2.04 per Share on 7 December

2017 (the "**First Fluctuation**"); and (ii) the closing price of the Shares had increased from HK$2.10 per Share on 15 January 2018 to HK$2.50 per Share on 5 March 2018, then decreased to HK$2.30 per Share on 16 March 2018 (the"**Second Fluctuation**"). During the First Fluctuation, we noted that the Company published the profit warning announcement on 28 November 2017 (the "**Profit Warning**") which stated that the Group is expected to record a loss not exceeding RMB10 million for the year ended 31 December 2017 against the profit recorded in the previous year. The closing Share price exhibited a decrease from HK$2.31 per Share on 29 November 2017 to HK$2.04 per Share on 7 December 2017, representing a decrease of approximately 11.69% over the period. We have discussed with the management of the Company regarding the possible reasons for the First Fluctuation and were advised that save for the Profit Warning, they were not aware of any matters which might have an impact on the closing prices of the Shares. The decrease in closing prices during the First Fluctuation is believed to be attributable to the market reaction on the Profit Warning. During the Second Fluctuation, we noted that the Company published an announcement dated 21 January 2018 in relation to the subscription of new Shares and an announcement dated 6 February 2018 relating to the completion of such subscription (the "**Subscription Announcements**"). The Share price increased from HK$2.21 per Share on 31 January 2018 to HK$2.50 per Share on 5 March 2018, representing an increase of approximately 13.12% during the period. We have discussed with the management of the Company regarding the possible reasons for the Second Fluctuation and were advised that save for the Subscription Announcements, they were not aware of any matters which might have an impact on the closing prices of the Shares. The increase in closing prices during the Second Fluctuation is believed to be attributable to the market reaction on the Subscription Announcements. Subsequently, save for the First Fluctuation and the Second Fluctuation, the Share prices followed a generally downward trend throughout the IFA Review Period.

Taking into account that (i) the Share Offer Price is higher than the average closing price of the Shares during the IFA Review Period; (ii) the Share Offer Price is higher than the closing prices of the Shares for a half of the number of trading days during the IFA Review Period; (iii) the Share Offer Price represents a premium of approximately 56.46% over the audited consolidated net assets attributable to the Shareholders of approximately RMB1.18 (equivalent to HK$1.47) per Share as at 31 December 2017; and (iv) the closing price of the Shares exhibited an overall downward trend apart from the First Fluctuation and the Second Fluctuation, we consider the Share Offer Price is fair and reasonable so far as the Offer Shareholders are concerned.

Historical trading volume of the Shares

Table 2 below set out the average daily trading volume of the Shares per month, and the respective percentages of the Shares' monthly trading volume as compared to the total number of issued Shares at the end of the respective months during the IFA Review Period.

Table 2: Historical trading volume of the Shares

Month	Total monthly trading volume *(Number of Shares)*	Number of trading days *(Number of days)*	Average daily trading volume *(Note 1)* *(Approximate number of Shares)*	Total number of Shares in issue *(Note 2)* *(Number of Shares)*	Average daily trading volume over total number of Shares in issue *(Approximate %)*
2017					
April (Starting from 13 April 2017)	5,690,784	10	569,078	475,696,557	0.12
May	4,074,897	20	203,745	475,696,557	0.04
June	4,982,538	22	226,479	475,696,557	0.05
July	3,720,385	21	177,161	475,696,557	0.04
August	3,369,863	22	153,176	475,696,557	0.03
June	4,820,478	21	229,547	475,696,557	0.05
October	3,407,101	20	170,355	475,696,557	0.04
November	5,721,184	22	260,054	475,696,557	0.05
December	4,001,306	19	210,595	475,696,557	0.04
2018					
January	3,310,005	22	150,455	475,696,557	0.03
February	3,397,765	18	188,765	570,696,557	0.03
March	4,201,011	21	200,048	570,696,557	0.04
April	44,455,583	19	2,355,846	570,696,557	0.41
May (Up to the Latest Practicable Date)	151,000	1	151,000	570,696,557	0.03

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume of the Shares for the month equals to the total monthly trading volume of the Shares divided by the number of trading days in the respective month.

2. Based on the number of Shares in issue as at the last trading day of each respective month and that as at the Latest Practicable Date for the month of May 2018.

As depicted in Table 2 above, during the IFA Review Period, the average daily trading volume ranged from approximately 150,455 Shares to approximately 2,355,846 Shares, representing approximately 0.03% to 0.41% of the total number of Shares in issue at the end of each respective month. It is notable that the average daily trading volume of the Shares per month was below 1% throughout the IFA Review Period. As such, we consider that the liquidity of the Shares was relatively thin throughout the IFA Review Period. Given the inactive trading of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of the Shares in the open market without depressing the price of the Shares.

Having taken into account that there is no assurance that the Share price will sustain at a level above the Share Offer Price during and after the Offer Period, we are of the view that the Offer Shareholders (particularly for those who hold a large volume of the Shares) may not be able to realise their investments in the Shares at a price higher than or close to the Share Offer Price, in particular if they are going to dispose of their entire shareholdings. We therefore consider that the Share Offer provides an exit alternative at the Share Offer Price for the Offer Shareholders who would like to realise their investments in the Shares.

Comparison with other comparable companies

In further assessing the fairness and reasonableness of the Share Offer Price, we have carried out comparable analysis to compare the Share Offer Price against the market valuation of other comparable companies using the commonly adopted valuation method including price-to-earnings ratio and price-to-book ratio. Given that the Group recorded a loss attributable to shareholders of the Company of approximately HK$6.54 million for the year ended 31 December 2017, we consider the price-to-earnings ratio analysis to be inapplicable. Accordingly, we have performed the price-to-book ratio ("**PBR**") analysis in evaluating the Share Offer Price.

Taking into account the principal business of the Group, being the manufacturing, distribution and sale of food and snack products in the PRC, we have attempted to identify companies which are (i) listed on the Main Board of the Stock Exchange; (ii) principally engaged in manufacture and/or distribution and sale of food and snack products in the PRC that are similar to the types of products offered by the Group; and (iii) derived over 85% of revenue from the manufacture and/or distribution and sale of food and snack products (the "**Relevant Business**") as disclosed in their latest respective published annual reports. In this regard, we have, to the best of our knowledge and on a best-effort basis, identified an exhaustive list of seven comparable companies (the "**Comparables**") based on our research on the website of the Stock Exchange. Since the Comparables are principally engaged in similar business as the Group such that the fundamentals of the Comparables and the Group are in general affected by similar factors including but not limited to, global economy and industry outlook, cost of products and manpower and demand from customers, we consider that the Comparables are fair and representative samples for comparison purpose and are relevant in assessing the fairness and reasonableness of the Share Offer Price. Set out in Table 3 below are a summary of the Comparables.

Table 3: Summary of the Comparables

Company name (Stock code)	**Principal business**	**Portion of revenue derived from the Relevant Business**	**Net assets attributable to equity holders** *(Notes 1 and 4)*	**Market capitalisation as at the Latest Practicable Date** *(Note 2)*	**PBR** *(Note 3)*
		Approximate (%)	*Approximate (HK$ million)*	*Approximate (HK$ million)*	*Approximate (times)*
Dali Foods Group Company Limited (3799)	Principally engaged in the manufacture and sale of food and beverage in the PRC	97.58	9,312.59	76,960.94	8.26
Want Want China Holdings Limited (151)	Principally engaged in the manufacturing, distribution and sales of food and beverages	99.75	15,367.89	86,592.05	5.63
Zhou Hei Ya International Holdings Company Limited (1458)	Principally engaged in the production, marketing and retailing of casual braised duck-related casual food	88.65	4,484.76	16,396.01	3.66
Tenwow International Holdings Limited (1219)	Principally engaged in the manufacturing, distribution and trading of beverages, food and snacks and others in the PRC	97.33	4,096.63	2,316.27	0.57
Jiashili Group Limited (1285)	Principally engaged in manufacturing and sales of biscuits	88.2	754.25	805.10	1.07

Company name (Stock code)	Principal business	Portion of revenue derived from the Relevant Business	Net assets attributable to equity holders	Market capitalisation as at the Latest Practicable Date	PBR
			(Notes 1 and 4)	*(Note 2)*	*(Note 3)*
		Approximate (%)	*Approximate (HK$ million)*	*Approximate (HK$ million)*	*Approximate (times)*
Labixiaoxin Snacks Group Limited (1262)	Principally engaged in the manufacturing and sale of jelly products, confectionary products, beverages products and other snacks products in the PRC	100	1,421.51	664.49	0.47
Christine International Holdings Limited (1210)	Principally engaged in the production and sales of bakery products	92.34	822.68	555.60	0.68
				Average	2.90
				Maximum	8.26
				Minimum	0.47
The Company	Manufacturing, distribution and sale of food and snack products in the PRC	100	837.42	1,312.60 *(Note 5)*	1.57 *(Note 6)*

Notes:

1. Based on the net assets attributable to equity holders as disclosed in the respective latest published annual results of the Comparables.

2. Based on the respective closing share prices of the Comparables multiplied by the respective number of issued shares as at the Latest Practicable Date.

3. Based on the respective market capitalisation of the Comparables as at the Latest Practicable Date and divided by the respective net assets attributable to equity holders.

4. The figure presented in RMB in the respective annual report(s) has been converted into HK$ based on the illustrative exchange rate of RMB1.0000 to HK$1.2473.

5. Calculated based on the Share Offer Price of HK$2.3 per Offer Share and the number of Shares in issue of 570,696,557 as at the Latest Practicable Date.

6. The PBR of the Share Offer was computed based on the Share Offer Price of HK$2.3 multiplied by the number of issued Shares of 570,696,557 Shares as at the Latest Practicable Date and then divided by the audited consolidated net assets attributable to owners of the Company of approximately RMB671.38 million (equivalent to approximately HK$837.42 million) as at 31 December 2017.

As shown in Table 3 above, the PBRs of the Comparables range from approximately 0.47 times to approximately 8.26 times, with an average PBR of approximately 2.90 times. The PBR of the Share Offer of approximately 1.57 times is within the PBRs range of the Comparables. As such, we consider that the Share Offer Price is fair and reasonable.

3. Information on the Offeror and intention of the Offeror on the Group

Information on the Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by Mr. Hui CL. Mr. Hui CL is also currently an executive Director and Chairman of the Company, and a director of most of the Company's subsidiaries. He has been responsible for providing leadership, guidance and strategic advice on corporate development and investment of the Group. He has accumulated over thirteen years of experience in the food and snacks business since he became a director of some of the Company's subsidiaries in April 2003.

Future intentions of the Offeror regarding the Group

It is the intention of the Offeror and Mr. Hui CL that the Group's existing principal activities will be maintained after the close of the Share Offer. Following the close of the Share Offer, the Offeror and Mr. Hui CL intend to continue to pursue and promote strategies to enhance future development of the Group and to create greater value for its shareholders.

Save as in connection with the intention of the Offeror and Mr. Hui CL regarding the Group as set out above, the Offeror and Mr. Hui CL currently have no intention to (i) discontinue the employment of the existing management and employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

RECOMMENDATIONS

Based on the above principal factors and reasons as set out in this letter, which are summarised as below:

(i) the Group's revenue and profit growth have been decreasing throughout the consecutive years ended 31 December 2015, 2016 and 2017;

(ii) the Share Offer Price represents (a) a premium of approximately 0.44% over the average closing price of the Shares during the IFA Review Period and (b) a premium of approximately 56.46% over the audited consolidated net assets per Share of approximately RMB1.18 (equivalent to approximately HK$1.47) as at 31 December 2017, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB671,383,000 and 570,696,557 Shares in issue as at 31 December 2017;

(iii) the keen competition of the snack food industry in the PRC given the rising costs of relative raw materials and packaging materials and the challenges of ageing products faced by the Group; and

(iv) disposal of large blocks of Shares held by the Offer Shareholders in the open market may exert a downward pressure on the price of the Shares given the thin trading volume of the Shares and the Share Offer therefore provides an exit alternative for the Offer Shareholders who would like to realise their investments in the Shares,

we are of the view that the terms of the Share Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Offer Shareholders to, and we recommend the Offer Shareholders to, accept the Share Offer.

Offer Shareholders who wish to realise part or all of their investment in the Shares should closely monitor the market price and liquidity of the Shares during the Offer Period. Those Offer Shareholders who wish to accept the Share Offer should consider realising all or part of their investments in the market instead of accepting the Share Offer if the net proceeds from the sale of such Shares in the market exceed the net amount receivable under the Share Offer. However, those Offer Shareholders who are confident in the future prospects of the Group should consider retaining some or all of their interest in the Shares.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Goldin Financial to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance profession.

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. You should insert the total number of Shares for which the Share Offer is accepted. If no number is inserted or (i) a number inserted is greater than your registered holding of Share(s) or (ii) greater or smaller than those physical Share(s) tendered for acceptance of the Share Offer and you have signed the form, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Share Offer. Your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.

By signing and returning the Form of Acceptance, you warrant to the Offeror, Deloitte Corporate Finance and the Company that you have not taken or omitted to take any action which will or may result in any members in the Offeror Concert Party Group, the Company, Deloitte Corporate Finance or any other person acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Share Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine, and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Share Offer in full or in part, you must either:

(a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or

(b) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(d) if your Shares have been lodged with your Investor Participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Offeror to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the Form of Acceptance.

An acceptance of the Share Offer may not be counted as valid unless:

(a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such time and/or date as the Offeror may determine, and the Offeror and the Company may jointly announce with the consent of the Executive and in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and

(b) the Form of Acceptance is duly completed and signed and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt (s) and/or other document (s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraphs of this paragraph (b)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT

If you accept the Share Offer, settlement of the consideration (less seller's ad valorem stamp duty) will be made by cheque as soon as possible, but in any event within seven Business Days of the date of receipt of a complete and valid acceptance of the Share Offer, or of the date on which the Share Offer become or are declared unconditional in all respects, whichever is the later. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder's Form of Acceptance at his/her own risk.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Share Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

If the Share Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the Share Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to Shareholders before the Share Offer is closed. If, in the course of the Share Offer, the Offeror revises the terms of the Share Offer, all Shareholders, whether or not they have already accepted the Share Offer will be entitled to accept the revised Share Offer under the revised terms. The revised Share Offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Share Offer. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Share Offer and whether the Share Offer has been revised, extended or expired. The announcement will state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Share Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror Concert Party Group before the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror Concert Party Group; and

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeover Code) in which any member of the Offeror Concert Party Group have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of voting rights represented by these numbers of Shares.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Share Offer will be made in accordance with the requirements of the Listing Rules.

5. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses specified on the relevant Shareholder's Form of Acceptance. None of the Offeror, the Company, Deloitte Corporate Finance, the Registrar or any of their respective directors or any other person involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

6. RIGHT OF WITHDRAWAL

The Share Offer is conditional upon fulfilment of the Conditions set out in the "Letter from Deloitte Corporate Finance" in this Composite Document. Acceptance of the Share Offer tendered by Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Share Offer shall be entitled to withdraw his/her acceptance within 21 days from the first Closing Date (being 25 May 2018) and if the Share Offer have not by then become unconditional as to acceptances. An acceptor of the Share Offer may withdraw his/her acceptance by lodging a notice in writing signed by the acceptor (or his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the Share Offer set out in section 4 of this Appendix I, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

7. SHARES

Acceptance of the Share Offer by Offer Shareholders will be deemed to constitute a warranty by such person(s) to the Offeror that such Shares acquired under the Share Offer are sold or tendered by the Offer Shareholders free from all Third Party Rights and together with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid, on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

8. HONG KONG STAMP DUTY

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Offer Shareholders who accept the Share Offer. The Offeror will then arrange for payment of the stamp duty on behalf of those Offer Shareholders who accepted the Share Offer. The Offeror will bear buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

9. GENERAL

(a) All communications, notices, the Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from Shareholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, the Registrar or any of their respective directors or agents accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Share Offer.

(c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Share Offer is made will not invalidate the Share Offer in any way.

(d) The Share Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of a Form of Acceptance will constitute an authority to the Offeror, the sole director of the Offeror, Deloitte Corporate Finance or such person or persons as the Offeror may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have tendered for acceptance under the Share Offer.

(f) The settlement of the consideration to which any Offer Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

(g) Any Offer Shareholders accepting the Share Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.

(h) In making their decision, Offer Shareholders must rely on their own examination of the Group and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Deloitte Corporate Finance, Vigers Appraisal and Consulting Limited or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

(i) References to the Share Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

(j) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Share Offer in Hong Kong and the operating rules of the Stock Exchange.

(k) If the Share Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post at your own risk the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares tendered together with the duly cancelled Form(s) of Acceptance to the relevant Offer Shareholder(s).

1. FINANCIAL SUMMARY

The following summary financial information for the financial year ended 31 December 2015 is extracted from the audited consolidated financial statements of the Group as set forth in the listing document of the Company dated 24 June 2016, and the summary financial information for each of the two financial years ended 31 December 2016 and 31 December 2017 is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for the two financial years ended 31 December 2016 and 31 December 2017, respectively.

	Year ended 31 December		
	2015	**2016**	**2017**
	(audited)	**(audited)**	**(audited)**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	1,020,051	980,902	882,379
Gross Profit	430,937	420,991	338,100
Profit/(loss) before income tax	87,821	57,449	(2,256)
Income tax expenses	(24,069)	(25,927)	(4,280)
Profit/(loss) for the year, all attributable to Shareholders	63,752	31,522	(6,536)
Earnings/(loss) per share *(RMB)*	N/A *(Note)*	0.066	(0.014)
Consolidated net asset value attributable to Shareholders	645,234	676,697	671,383

Note: No earnings per share information is presented in the report of PricewaterhouseCooper as set out in the listing document of the Company dated 24 June 2016. Its inclusion for the purpose of the report is not considered meaningful due to the Reorganization (as defined and disclosed in the listing document of the Company dated 24 June 2016) and the Company had not been incorporated as at 31 December 2015. No dividend was recommended by the Board for the years ended 31 December 2016 and 31 December 2017.

The auditor's reports issued by PricewaterhouseCoopers in respect of the Group's audited consolidated financial statements for each of the three financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 did not contain any qualifications.

No exceptional item because of its size, nature or incidence was required to be disclosed in the consolidated financial statements of Group for each of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017.

2. FINANCIAL INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

The following financial information is extracted from the annual report of the Company for the year ended 31 December 2017.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017

		Year ended 31 December	
		2017	**2016**
	Note	*RMB'000*	*RMB'000*
Revenue	*5*	882,379	980,902
Cost of goods sold	*7*	(544,279)	(559,911)
Gross profit		338,100	420,991
Distribution and selling expenses	*7*	(271,841)	(296,831)
Administrative expenses	*7*	(71,401)	(93,369)
Other income and other gains — net	*6*	10,503	11,113
Operating profit		5,361	41,904
Finance income	*8*	5,194	15,736
Finance costs	*8*	(12,811)	(191)
Finance (costs)/income — net		(7,617)	15,545
(Loss)/profit before income tax		(2,256)	57,449
Income tax expense	*9*	(4,280)	(25,927)
(Loss)/profit for the year, all attributable to shareholders of the Company		(6,536)	31,522
(Loss)/earnings per share for (loss)/profit attributable to shareholders of the Company			
Basic and diluted (loss)/earnings per share (expressed in RMB per share)	*10*	RMB(0.014)	RMB0.066

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Year ended 31 December	
	2017	**2016**
	RMB'000	*RMB'000*
(Loss)/profit for the year	(6,536)	31,522
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
— Currency translation differences	—	(59)
Other comprehensive income for the year	—	(59)
Total comprehensive (loss)/income for the year, all attributable to shareholders of the Company	(6,536)	31,463

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

		As at 31 December	
		2017	2016
	Note	*RMB'000*	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment	*13*	292,512	327,779
Construction-in-progress	*14*	2,628	1,110
Prepayments for land use rights	*15*	39,419	40,373
Intangible assets	*16*	4,321	4,993
Prepayments for non-current assets	*17*	4,565	6,740
Deferred income tax assets	*25*	19,535	15,916
		362,980	396,911
Current assets			
Inventories	*19*	101,568	120,202
Trade receivables	*20*	5,940	12,393
Other receivables, prepayments and deposits	*20*	27,928	19,040
Cash and cash equivalents	*21*	294,447	346,308
		429,883	497,943
Total assets		792,863	894,854
Equity			
Equity attributable to shareholders of the Company			
Share capital	*22*	4,097	4,097
Other reserves	*24*	187,771	186,238
Retained earnings		479,515	486,362
Total equity		671,383	676,697
Liabilities			
Current liabilities			
Trade payables	*26*	43,674	60,773
Other payables and accrued charges	*26*	77,806	155,167
Current income tax liabilities		—	2,217
		121,480	218,157
Total liabilities		121,480	218,157
Total equity and liabilities		792,863	894,854

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2016		—	180,514	464,720	645,234
Profit for the year		—	—	31,522	31,522
Currency translation differences		—	(59)	—	(59)
Total comprehensive income		—	(59)	31,522	31,463
Share issue upon Reorganisation and bonus issue	22	4,097	(4,097)	—	—
Appropriation to statutory reserves	24	—	9,880	(9,880)	—
Balance at 31 December 2016		4,097	186,238	486,362	676,697
Balance at 1 January 2017		4,097	186,238	486,362	676,697
Loss for the year		—	—	(6,536)	(6,536)
Total comprehensive loss		—	—	(6,536)	(6,536)
Equity-settled share option arrangement	23	—	1,222	—	1,222
Appropriation to statutory reserves	24	—	311	(311)	—
Balance at 31 December 2017		4,097	187,771	479,515	671,383

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2017

		Year ended 31 December	
		2017	2016
	Note	*RMB'000*	*RMB'000*
Cash flows from operating activities			
Cash (used in)/generated from operations	*27(a)*	(20,508)	168,840
Income tax paid		(13,283)	(39,974)
Net cash (used in)/generated from operating activities		(33,791)	128,866
Cash flows from investing activities			
Purchase of property, plant and equipment, including additions of construction-in-progress		(11,108)	(12,737)
Purchase of intangible assets		—	(488)
Proceeds from disposal of property, plant and equipment	*27(b)*	446	591
Interest received		5,194	6,030
Net cash used in investing activities		(5,468)	(6,604)
Cash flows from financing activities			
Dividends paid to the then shareholders prior to the Listing		—	(6,055)
Net cash used in financing activities		—	(6,055)
Net (decrease)/increase in cash and cash equivalents		(39,259)	116,207
Cash and cash equivalents at beginning of the year		346,308	220,395
Effect of foreign exchange rate changes in cash and cash equivalents		(12,602)	9,706
Cash and cash equivalents at end of the year		294,447	346,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 8 July 2016.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2018.

(1) Reorganisation and bonus issue in 2016

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 became 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 the 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**"), the then holding Company prior to the Listing.

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.

Upon completion of the Reorganisation on 14 April 2016, the Company has direct and indirect interests in the subsidiaries set out in Note 31 below.

On 7 July 2016, the Company made a bonus issue of 475,696,457 new shares to the shareholders whose names appeared on the register of members of the Company as at record date, in proportion to their then shareholdings in the Company and credited as fully paid at par.

1 GENERAL INFORMATION *(Continued)*

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

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. The consolidated financial statements have been prepared under the historical cost convention, except that financial assets and liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Changes in accounting policy and disclosures

(a) Standards, amendments and interpretations to existing standards effective in 2017

The following amendments of HKAS and HKFRS are effective for the first time for the financial year beginning on or after 1 January 2017:

— Amendments to HKAS 7, 'Statement of cash flows' introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financial activities.

— Amendments to HKAS 12, 'Income taxes', amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

— Amendment to HKFRS 12, 'Disclosure of interest in other entities'.The amendment is part of the annual improvements to HKFRSs 2014-2016 cycle. It clarifies that the disclosure requirement of HKFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of HKFRS 12). Previously, it was unclear whether all other HKFRS 12 requirements were applicable for these interests.

The Group assessed the adoption of these standards and amendments and concluded that they did not have a significant impact on the Group's results and financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(1) Basis of preparation *(Continued)*

(i) Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on or after 1 January 2017 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 2017, 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 (i)	Financial instruments	1 January 2018
HKFRS 15 (ii)	Revenue from contracts with customers	1 January 2018
HKFRS 16 (iii)	Leases	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 1 (Amendment)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendment)	Insurance contracts	1 January 2018
HKAS 40 (Amendment)	Transfers of investment property	1 January 2018
HKAS 28 (Amendment)	Investment in associates	1 January 2018
HK(IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
HK(IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(1) Basis of preparation *(Continued)*

(i) Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on or after 1 January 2017 and have not been early adopted by the Group *(Continued)*

(i) HKFRS 9 Financial Instruments

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets as the Group does not have:

- Debt instrument that are classified as available-for-sale financial assets;
- Debt instrument classified as held-to-maturity and measured at amortised cost;
- Equity investment measured at fair value through profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group does not have any hedge instruments. Therefore, the Group does not expect any impact on the new hedge accounting rules.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(1) Basis of preparation *(Continued)*

(i) Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on or after 1 January 2017 and have not been early adopted by the Group *(Continued)*

(i) HKFRS 9 Financial Instruments *(Continued)*

Impact *(Continued)*

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect material change to the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(ii) HKFRS 15 Revenue from Contracts with Customers

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(1) Basis of preparation *(Continued)*

(i) Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on or after 1 January 2017 and have not been early adopted by the Group *(Continued)*

(ii) HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Impact

When applying HKFRS 15, revenue shall be recognised by applying following steps:

- identify the contract with customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contracts;
- recognise revenue when (or as) the entity satisfies a performance obligation.

The Group is engaged in manufacturing, distribution and sale of food and snack products. The Group does not have any customer loyalty programme which is likely to be affected by the new HKFRS 15.

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Payment to customer — the application of HKFRS 15 may result in the consideration payable to a customer recorded as a reduction of the arrangement's transaction price, thereby reducing the amount of revenue recognised, unless the payment is for a distinct good or service received from the customer.

- Rights of return — HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation. The Group's historical goods return rate was very low and the financial impact of applying new HKFRS 15 is not expected to be material.

- Presentation of contract assets and contract liabilities on the balance sheet — HKFRS 15 requires separate presentation of contract assets and contract liabilities on the balance sheet. The Group has assessed the adoption of this standard and concluded that it will not have a significant impact on the Group's results and financial position, except that certain new disclosures are introduced.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(1) Basis of preparation *(Continued)*

(i) Changes in accounting policy and disclosures *(Continued)*

(b) New and amended standards that might be relevant to the Group that have been issued but are not effective for the financial year beginning on or after 1 January 2017 and have not been early adopted by the Group *(Continued)*

(ii) HKFRS 15 Revenue from Contracts with Customers *(Continued)*

Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2018.

(iii) HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB2.5 million.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by the Group

The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations. According to the preliminary assessment, other than the assessment results of HKFRS 9, 15 and 16 stated above, none of these is expected to have a significant impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(2) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(2) Subsidiaries *(Continued)*

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(3) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors of the Company who makes strategic decisions.

(4) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in RMB, which is the Company's and its subsidiaries' functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" and "finance costs", where applicable. All other foreign exchange gains and losses are presented in the consolidated income statement within "other income and other gains — net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(5) Property, plant and equipment

Buildings comprise mainly factories, warehouses and offices. All property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Machinery	10 - 20 years
Office equipment, furniture and fixtures	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(8)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other income and other gains — net" in the consolidated income statement.

(6) Land use rights

Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any (Note 2(8)). Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods of the lease. Amortisation of land use rights is calculated on a straight-line basis over the period of the leases.

(7) Intangible assets — Computer softwares

Computer softwares represent purchased softwares and are amortised over their estimated useful lives (10 years).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(8) Impairment of investments in subsidiaries and non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of an impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(9) Financial assets

(i) Classification

The Group classifies its financial assets in one category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period and are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" (Note 20) and "cash and cash equivalents" (Note 21) in the balance sheet.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(9) Financial assets *(Continued)*

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(iv) Impairment of financial assets — assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loan and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(12) Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(13) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(14) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(15) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(15) Current and deferred income tax *(Continued)*

(ii) Deferred income tax

(a) Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(b) Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(16) Employee benefits

(i) Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored defined contribution pension plans under which the retired employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expenses as incurred and contributions paid to the defined-contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leave the Group. The non-PRC employees are covered by other defined contribution pension plans sponsored by local government.

The contributions are recognised as employee benefit expense when they are due.

(ii) Housing funds, medical insurances and other social insurances

The employees of the Group in the Mainland China are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period, and recognised as employee benefit expense when they are due.

(iii) Share-based compensation

The Group operates an equity-settled share-based payment plan (Note 23). The fair value of the employee services received in exchange for the grant of the options to purchase shares of the Company is recognised as an expenses. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (eg profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(17) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(18) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns. Revenue is recognised when the amount of revenue and the related cost are reliably measured and the risk and reward of the goods have been transferred to the customer, and future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Revenue from the sales of goods is recognised when the amount of revenue and the related cost are reliably measured and the risk and reward of the goods has been transferred to the customer, which is usually at the date when the Group has delivered products to the customer and the customer has accepted the products, the collectability of the related receivables is reasonably assumed and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(ii) Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(19) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the consolidated income statement on a straight-line basis over the expected lives of the related assets.

(20) Leases — Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(21) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

(1) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

(a) Foreign exchange risk

The Group operates primarily in the PRC and the functional currency of all of the companies in the Group 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 bank deposits, trade and other receivables and payables, and borrowings of its subsidiaries, which are denominated in Hong Kong Dollar ("**HKD**"), United States Dollar ("**USD**") and other currencies.

As at 31 December 2017, if RMB had strengthened/weakened by 5% against the foreign currencies with all other variables unchanged, the Group's profit for the year before income tax would have been RMB8,371,000 (2016: RMB6,990,000) lower/higher respectively.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(b) Cash flow and fair value interest rate risk

Except for cash and cash equivalents (Note 21), the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises from bank deposits, trade and other receivables, as well as credit exposures to customers, including outstanding receivables and committed transactions. Majority of the Group's sales are settled in cash by its customers on delivery of goods. Credit sales are made only to selected customers with good credit history. The Group has policies in place to ensure that settlement of trade receivables are followed up on a timely basis.

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits, trade receivables and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

At 31 December 2017, all bank balances were placed with or entered into with highly reputable and sizable banks and financial institutions without significant credit risk. The table below shows the balances with counterparties as at 31 December 2017:

	2017	**2016**
	RMB'000	*RMB'000*
Counterparties		
— Big 4 domestic banks *(Note)*	282,781	186,507
— Other reputable and sizeable domestic commercial banks	9,317	156,749
— Highly reputable and sizeable foreign-owned banks	2,192	2,848
	294,290	346,104

Note:

Big 4 domestic banks comprise Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(1) Financial risk factors *(Continued)*

(iii) Liquidity risk

Cash flow is managed at Group level by head office finance department ("**Group Finance**"). Group Finance monitors the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs at all times and does not breach borrowing limits or covenants on any of its borrowing facilities. Group Finance usually takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

Group Finance mainly invests surplus cash in time deposits, with appropriate maturities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year
	RMB'000
At 31 December 2017	
Trade payables	43,674
Other payables and accrued charges	23,288
	66,962
At 31 December 2016	
Trade payables	60,773
Other payables and accrued charges	24,983
	85,756

(2) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated on the basis of the total bank borrowings as a percentage of the total shareholders' equity.

No gearing ratio has been presented as the Group did not have borrowings as at 31 December 2017 (2016: Nil).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(3) Fair value estimation

The Group adopts the amendment to HKFRS 13 for financial instruments that are measured in the consolidated balance sheets at fair value, which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

As at 31 December 2017, the Group had no financial instruments that are measured in the consolidated balance sheets at fair value.

The carrying amounts of the Group's current financial assets (including cash and cash equivalents and trade and other receivables) and current financial liabilities (including trade and other payables) approximated their fair values as at the balance sheet date due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(2) Impairment of property, plant and equipment

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in Note 2(8). The recoverable amount of a CGU (cash-generating unit) has been determined based on higher of value-in-use and fair value less costs to sell.

The Group measured the value-in-use and fair value less costs to sell by discounting the future estimated cash flow deriving from the property, plant and equipment. These calculations required the Group to estimate the expected future cash flows from the CGUs and also to apply a suitable discount rate in order to calculate the present value of those cash flows.

(3) Current tax and deferred tax

The Group is subject to income taxes in the PRC and in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and provisions in the period in which such determination is made.

Deferred income tax assets and liabilities are determined using tax rates that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled. The expected applicable tax rate is determined based on the enacted tax laws and regulations and the actual situation of the Group. The management of the Group will revise the expectation where the intending tax rate is different from the original expectation.

5 REVENUE AND SEGMENT INFORMATION

The board of directors of the Company monitors the gross profit of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

i. Jelly Products
ii. Crackers and Chips
iii. Seasoning Products
iv. Confectionery and Other Products, including bakery products

	Year ended 31 December 2017				
	Jelly Products *RMB'000*	**Crackers and Chips** *RMB'000*	**Seasoning Products** *RMB'000*	**Confectionery and Other Products** *RMB'000*	**Group** *RMB'000*
Revenue					
Sales to external customers	495,191	253,528	93,471	40,189	882,379
Cost of goods sold	(309,274)	(145,117)	(54,363)	(35,525)	(544,279)
Results of reportable segments	185,917	108,411	39,108	4,664	338,100

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

Results of reportable segments	338,100
Distribution and selling expenses	(271,841)
Administrative expenses	(71,401)
Other income and other gains-net	10,503
Finance income	5,194
Finance costs	(12,811)
Loss before income tax	(2,256)
Income tax expense	(4,280)
Loss for the year	(6,536)

Other segment information is as follows:

	Jelly Products	Crackers and Chips	Seasoning Products	Confectionery and Other Products	Group
Depreciation and amortisation charge					
Allocated	21,194	6,156	2,811	2,364	32,525
Unallocated					2,825
					35,350
Capital expenditure					
Allocated	5,587	688	51	—	6,326
Unallocated					4,053
					10,379
Impairment charge of machinery *(Note 13)*	—	—	—	8,021	8,021

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Year ended 31 December 2016				
	Jelly Products	**Crackers and Chips**	**Seasoning Products**	**Confectionery and Other Products**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
Sales to external customers	529,086	280,284	109,955	61,577	980,902
Cost of goods sold	(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
Distribution and selling expenses	(296,831)
Administrative expenses	(93,369)
Other income and other gains-net	11,113
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:

	Jelly Products	Crackers and Chips	Seasoning Products	Confectionery and Other Products	Group
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
Impairment charge of machinery *(Note 13)*	—	—	—	4,238	4,238

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the board of directors of the Company for review.

Geographical information

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

Major customer

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

6 OTHER INCOME AND OTHER GAINS — NET

	2017	**2016**
	RMB'000	*RMB'000*
Government grants	12,706	9,841
Exchange (losses)/gain from operating activities — net	(868)	7
Losses on disposal of property, plant and equipment *(Note 27(b))*	(1,937)	(80)
Others	602	1,345
	10,503	11,113

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

7 EXPENSES BY NATURE

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

	2017	2016
	RMB'000	*RMB'000*
Raw materials and consumables used	382,460	434,844
Changes in inventories of work-in-progress and finished goods	21,617	(18,537)
Marketing and advertising expenses	160,526	178,800
Employee benefit expense, including directors' emoluments *(Note 12)*	135,057	136,186
Transportation and packaging expenses	47,965	53,612
Utilities and various office expenses	41,867	44,405
Depreciation of property, plant and equipment *(Note 13)*	33,724	36,252
Travelling expenses	14,662	14,241
Impairment charge of property, plant and equipment *(Note 13)*	8,021	4,238
Operating leases rentals	5,387	5,408
Auditor's remuneration	1,480	1,808
Amortisation of land use rights *(Note 15)*	954	954
Amortisation of intangible assets *(Note 16)*	672	625
Provision/(reversal of provision) for decline in value of inventories *(Note 19)*	105	(786)
(Reversal of provision)/provision for impairment of trade receivables *(Note 20)*	(357)	1,249
Listing expenses	—	23,220
Others	33,381	33,592
Total cost of sales, distribution and selling expenses and administrative expenses	887,521	950,111

8 FINANCE INCOME AND FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Finance income:		
Interest income from bank deposits	5,194	6,030
Exchange gain	—	9,706
	5,194	15,736
Finance costs:		
Other finance charges	(209)	(191)
Exchange loss	(12,602)	—
	(12,811)	(191)
Finance (costs)/income, net	(7,617)	15,545

9 INCOME TAX EXPENSE

The amount of income tax expense charged to the consolidated income statement represents:

	2017	**2016**
	RMB'000	*RMB'000*
Current income tax	7,899	37,481
Deferred income tax, net *(Note 25)*	(3,619)	(11,554)
Income tax expense	4,280	25,927
Represented by:		
Corporate income tax	3,630	16,795
PRC withholding tax on distributed profits and unremitted earnings	650	9,132
Income tax expense	4,280	25,927

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits during the year.

Taxation on Mainland China 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% (2016: 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. The Group provided for withholding tax on 60% of the profits of its PRC subsidiaries up to 31 December 2016 according to the Group's policy. During the years ended 31 December 2017 and 2016, the Group's PRC subsidiaries distributed profits more than previously planned and additional withholding tax of approximately RMB0.65 million and RMB6 million were charged to income tax expense for the respective year.

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rates applicable to the profits of the Group's companies as follows:

	2017	**2016**
	RMB'000	*RMB'000*
(Loss)/profit before income tax	(2,256)	57,449
Tax calculated at tax rates applicable to profits of the Group's companies	757	13,467
Income not subject to tax	—	(1,653)
Expenses not deductible for tax purposes	2,078	5,177
PRC withholding tax on distributed profit and unremitted earnings	650	9,132
Others	795	(196)
Income tax expense	4,280	25,927

10 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2017	**2016**
	RMB'000	*RMB'000*
(Loss)/profit attributable to shareholders of the Company	(6,536)	31,522
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	475,696,557	475,696,557
Basic (loss)/earnings per share	RMB(0.014)	RMB0.066

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company's share options are dilutive potential ordinary shares. The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the year ended 31 December 2017. As the Group incurred losses for the year ended 31 December 2017, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive.

For the year ended 31 December 2016, basic earnings per share and diluted earnings per share are the same as there is no dilutive potential ordinary shares.

11 DIVIDENDS

At a meeting of the board of directors held on 29 March 2018, the Board did not recommend any payment of dividend to shareholders for the year ended 31 December 2017 (2016: Nil).

12 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2017	**2016**
	RMB'000	*RMB'000*
Wages and salaries	125,529	126,278
Equity-settled share-based payment expense *(Note 23)*	1,222	—
Pension, housing fund, medical insurance and other social benefits	8,306	9,908
Total employee benefit expenses	135,057	136,186

12 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS *(Continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year included two (2016: two) directors, details of whose emoluments are reflected in the analysis presented in Note 34(a). The emoluments payable to the remaining three (2016: three) individuals during the year were as follows:

	2017	**2016**
	RMB'000	*RMB'000*
Salaries, wages and bonuses	855	867
Equity-settled share-based payment *(Note 23)*	31	—
Pension, housing fund, medical insurance and other social benefits	22	25
	908	892

The emoluments fell within the following bands:

	Numbers of the individual	
	2017	**2016**
Emolument bands		
Within HKD1,000,000	3	3

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Office equipment, furniture and fixtures	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2017					
Cost	271,471	185,817	19,137	2,985	479,410
Accumulated depreciation	(70,679)	(61,769)	(13,296)	(1,649)	(147,393)
Accumulated impairment	—	(4,238)	—	—	(4,238)
Net book amount	200,792	119,810	5,841	1,336	327,779
Year ended 31 December 2017					
Opening net book amount	200,792	119,810	5,841	1,336	327,779
Additions	594	4,654	1,074	85	6,407
Transfer from construction-in-progress *(Note 14)*	1,154	1,300	—	—	2,454
Depreciation for the year *(Note 7)*	(13,489)	(17,743)	(2,094)	(398)	(33,724)
Disposals	(17)	(2,296)	(59)	(11)	(2,383)
Impairment provision *(Note 7)*	—	(8,021)	—	—	(8,021)
Closing net book amount	189,034	97,704	4,762	1,012	292,512
At 31 December 2017					
Cost	273,091	180,568	19,636	2,960	476,255
Accumulated depreciation	(84,057)	(70,605)	(14,874)	(1,948)	(171,484)
Accumulated impairment	—	(12,259)	—	—	(12,259)
Net book amount	189,034	97,704	4,762	1,012	292,512

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings *RMB'000*	Machinery *RMB'000*	Office equipment, furniture and fixtures *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
At 1 January 2016					
Cost	269,451	185,387	16,971	2,894	474,703
Accumulated depreciation	(57,541)	(45,593)	(10,265)	(1,106)	(114,505)
Net book amount	211,910	139,794	6,706	1,788	360,198
Year ended 31 December 2016					
Opening net book amount	211,910	139,794	6,706	1,788	360,198
Additions	332	1,591	2,753	216	4,892
Transfer from construction-in-progress *(Note 14)*	2,064	1,786	—	—	3,850
Depreciation for the year *(Note 7)*	(13,514)	(18,697)	(3,403)	(638)	(36,252)
Disposals	—	(426)	(215)	(30)	(671)
Impairment provision *(Note 7)*	—	(4,238)	—	—	(4,238)
Closing net book amount	200,792	119,810	5,841	1,336	327,779
At 31 December 2016					
Cost	271,471	185,817	19,137	2,985	479,410
Accumulated depreciation	(70,679)	(61,769)	(13,296)	(1,649)	(147,393)
Accumulated impairment	—	(4,238)	—	—	(4,238)
Net book amount	200,792	119,810	5,841	1,336	327,779

Depreciation expenses have been charged to the consolidated income statement as follows:

	2017 *RMB'000*	2016 *RMB'000*
Manufacturing overheads included in cost of goods sold	24,677	27,574
Distribution and selling expenses	250	491
Administrative expenses	8,797	8,187
	33,724	36,252

The impairment provision of RMB8,021,000 for the year ended 31 December 2017 was made on the Group's production lines for waffle cake and steam buns products under bakery products business segment. The impairment provision of RMB4,238,000 for the year ended 31 December 2016 was made on the Group's production lines for waffle cake products.

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group's waffle cake products, a separate cash generating unit ("**CGU**") of the Group, was launched in mid 2012 with continuing growth in sales and gross profit whilst the relevant growth rates had not been able to meet management's expectation. The management was confident in the development of waffle cake products since it was a new product to the market with comparatively less market competition at that time and management believed that it would take time for a new product to build market recognition. Accordingly, no impairment had been provided prior to 2016. In the second half of 2016, more competitors entered the market with similar products at cheaper prices. The management therefore adjusted down the selling price of waffle cake products at end of December 2016 and yet there were no immediate significant improvement in sales. In view of these impairment indicators, the management carried out an impairment test on the recoverable amount of the CGU, the assets of which mainly include the machinery and equipment of two production lines for the manufacturing of waffle cake products, amounting to RMB11,056,000 as at 31 December 2016, and concluded that an impairment provision of RMB4,238,000 (net of tax RMB3,180,000) was required. The impairment test was performed by comparing the carrying amount with the recoverable amount of the CGU. The recoverable amount was determined based on value in use calculation of the CGU which was considered higher than its fair value less costs of disposal. The value in use calculation was the present value of the future cash flows expected to be derived from the CGU determined by using a discounted cash flow model. The key assumptions used for the value-in-use calculations were: annual sales growth rate of 8% and discount rate of 11.8%.

In 2017, the sales of waffle cake products was further deteriorated. The management carried out an assessment of the performance of the bakery products business segment and decided to suspend the production and sale of waffle cake and steam buns products, two separate CGUs of the Group. The assets of these two CGUs mainly include the machinery and equipment of the production lines for the manufacturing of the products. Since the production had been suspended, the impairment test on the assets of the production lines for waffle cake and steam buns products was based on the recoverable amount of the disposal value of the assets which was determined based on the scrap value of production lines, which was minimal. Accordingly, a full provision for the remaining net book value of the production lines amounting to RMB8,021,000 was made for the year ended 31 December 2017.

The impairment provision expense has been charged to manufacturing overheads included in cost of goods sold in the consolidated income statement.

There was no pledge of property, plant and equipment of the Group as at 31 December 2017 and 2016.

As at 31 December 2017, the buildings of the Group that are situated within the Jinjiang Industrial Zone, Fujian Province, the Mainland China, were still in the process of applying for the ownership certificates had carrying amount of approximately RMB62,663,000 (2016: RMB65,707,000).

14 CONSTRUCTION-IN-PROGRESS

	2017	**2016**
	RMB'000	*RMB'000*
Opening book amount	1,110	1,781
Additions	3,972	3,179
Transfer to property, plant and equipment *(Note 13)*	(2,454)	(3,850)
Closing book amount	2,628	1,110

15 PREPAYMENTS FOR LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating leases payments and their net book values are analysed as follows:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	40,373	41,327
Amortisation of prepaid operating leases payments *(Note 7)*	(954)	(954)
At 31 December	39,419	40,373

Amortisation has been charged to administrative expenses in the consolidated income statement.

As at 31 December 2017, certain land of the Group that are situated within the Jinjiang Industrial Zone, Fujian Province, the Mainland China, with carrying amount of approximately RMB12,096,000 (2016: RMB12,364,000) were still in the process of applying for the ownership certificates.

16 INTANGIBLE ASSETS

	Softwares	
	2017	2016
	RMB'000	*RMB'000*
At 1 January		
Cost	6,789	6,301
Accumulated amortisation	(1,796)	(1,171)
Net book amount	4,993	5,130
Year ended 31 December		
Opening net book amount	4,993	5,130
Additions	—	488
Amortisation charge *(Note 7)*	(672)	(625)
Closing net book amount	4,321	4,993
At 31 December		
Cost	6,789	6,789
Accumulated amortisation	(2,468)	(1,796)
Net book amount	4,321	4,993

Amortisation of intangible assets has been charged to administrative expenses in the consolidated income statements (Note 7).

17 PREPAYMENTS FOR NON-CURRENT ASSETS

The balance represented prepayments for purchase of property, plant and equipment and land use rights.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	RMB'000	*RMB'000*
Assets		
Loans and receivables		
— Trade and other receivables, excluding non-financial assets	9,560	12,818
— Cash and bank balances *(Note 21)*	294,447	346,308
Total	304,007	359,126
Liabilities		
Financial liabilities at amortised costs		
— Trade and other payables, excluding non-financial liabilities	66,962	85,756

19 INVENTORIES

	2017	2016
	RMB'000	*RMB'000*
Finished goods	12,838	40,204
Work-in-progress	28,788	23,039
Raw materials	52,664	51,911
Spare parts and consumables	7,278	5,048
	101,568	120,202

The cost of inventories recognised as expenses and included in cost of goods sold amounted to RMB404,077,000 (2016: RMB416,307,000).

The Group recorded a provision for decline in value of inventories amounting to RMB105,000 (2016: reversal of provision for decline in value of inventories RMB786,000). These amounts have been included in cost of goods sold in the consolidated income statement (Note 7).

20 TRADE, OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	6,832	13,642
Less: provision for impairment	(892)	(1,249)
	5,940	12,393
Other receivables, prepayments and deposits		
— Advance payments to suppliers	6,670	6,485
— Deposit for purchase of land use rights	6,228	—
— Prepayments for rental fee and utility fee	2,667	2,019
— Value added tax recoverable *(i)*	8,743	10,111
— Others	3,620	425
	27,928	19,040
Total	33,868	31,433

(i) The Group's distribution and sale of self-manufactured products are subject to value added tax ("**VAT**"). The applicable tax rate for domestic sales is 17%. Input VAT from purchases of raw materials, certain fixed assets and utilities can be deducted from output VAT. VAT recoverable is the net difference between deductible input and output VAT.

The credit period ranges from 30 to 90 days (2016: 30 to 90 days). The ageing analysis of trade receivables based on invoice date, before provision for impairment, as at 31 December 2017 was as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 30 days	993	5,507
31-180 days	4,201	6,868
181-365 days	746	18
Over 365 days	892	1,249
	6,832	13,642

Trade receivables of RMB892,000 (2016: RMB1,249,000) were impaired and fully provided for. The ageing of these receivables was over 365 days.

20 TRADE, OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS *(Continued)*

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. As the credit terms are short and most of the trade receivables are due for settlement within one year, the carrying value of the trade receivables approximate their fair value at the balance sheet date.

As at 31 December 2017, trade receivables of RMB3,673,000 (2016: RMB8,805,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. As at 31 December 2017, the ageing analysis of these trade receivables based on invoice date was as follows:

	2017	**2016**
	RMB'000	*RMB'000*
Within 30 days	1,284	2,946
31-180 days	1,643	5,841
181-365 days	746	18
	3,673	8,805

The creation and release of provision for impaired receivables have been included in administrative expenses in the consolidated income statement (Note 7). Amounts charged to the provision for impairment are generally written-off when there is no expectation of recovering additional cash.

As at 31 December 2017, other receivables are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2017	**2016**
	RMB'000	*RMB'000*
RMB	6,754	13,456
Other currencies	78	186
	6,832	13,642

21 CASH AND CASH EQUIVALENTS

	2017	2016
	RMB'000	*RMB'000*
Cash on hand	157	204
Bank deposits	294,290	346,104
Total	294,447	346,308

The cash and cash equivalents represented cash deposits held at call with banks and in hand and deposits with short-term maturity.

The carrying amounts of the cash and bank balances were denominated in the following currencies:

	2017	2016
	RMB'000	*RMB'000*
RMB	93,862	178,874
USD	164,778	125,209
HKD	35,807	42,225
Total	294,447	346,308

The Group's bank deposits and cash denominated in RMB are mainly deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

22 SHARE CAPITAL

	Number of shares	Share capital
		HK$
Authorised:		
At 14 January 2016 (date of incorporation)	38,000,000	380,000
Increase in authorised share capital	962,000,000	9,620,000
At 31 December 2016 and 2017	1,000,000,000	10,000,000

	Number of shares	
		RMB'000
Issued and fully paid:		
At 14 January 2016 (date of incorporation)	1	—
Share issue upon the Reorganisation	99	—
Bonus issue upon the Listing	475,696,457	4,097
At 31 December 2016 and 2017	475,696,557	4,097

22 SHARE CAPITAL *(Continued)*

Movements in share capital are as follow:

— On 14 January 2016, at the date of incorporation, the Company had an authorised share capital of HK$380,000, divided into 38,000,000 share of HK$0.01 each. Upon incorporation, one nil-paid share was issued to the subscriber.

— On 14 April 2016, as part of the Reorganisation, the Company allotted and issued 50 nil-paid shares and 49 nil-paid shares to Ever Town and Total Good, the then holding companies of Qinqin BVI. On the same date, Ever Town and Total Good transferred their respectively 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.

— On 17 June 2016, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each, by the creation of 962,000,000 share of HK$0.01 each.

— On 7 July 2016, the Company made a bonus issue of 475,696,457 new shares to the shareholders whose names appeared on the register of members of the Company as at record date, in proportion to their then shareholdings in the Company, and credited as fully paid at par.

23 SHARE OPTION SCHEME

The Company adopted a share option scheme on 16 May 2017 (the "**Scheme**"). On 6 June 2017, 9,630,000 share options ("**Options**") to subscribe for a total of 9,630,000 ordinary shares of the Company were granted to a director and certain employees of the Group pursuant to the Scheme. Out of the 9,630,000 Options, 9,480,000 Options were accepted by the grantees.

Movements in the number of Options outstanding and their exercise prices are as follows:

	2017	
	Exercise price per share	**Number of share options**
At 1 January	—	—
Granted during the year	HK$2.56	9,630,000
Cancelled/lapsed during the year	HK$2.56	(820,000)
At 31 December	HK$2.56	8,810,000

23 SHARE OPTION SCHEME *(Continued)*

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Exercisable Date	Expiry date	Exercise price	Number of share options 2017
6 June 2017	7 June 2019	6 June 2022	HK$2.56	4,405,000
6 June 2017	7 June 2020	6 June 2022	HK$2.56	4,405,000
Total				8,810,000

The total amount of the fair value of share options granted to Directors and selected employees is expensed over the vesting period. The equity-settled share-based payment expense for the year ended 31 December 2017 amounted to RMB1,222,000 (Note 12), and the remaining unamortised fair value of share options granted of approximately RMB4,119,000 will be charged to the consolidated income statement in the future.

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

	6 June 2017
Grant date share price	HK$2.56
Exercise price	HK$2.56
Expected life	5 years
Expected volatility *(note a)*	33%
Risk-free rate *(note b)*	0.94%
Dividend yield *(note c)*	1.49%

Notes:

(a) Expected volatility is estimated with reference to the historical share price of the Company and a set of comparable companies.

(b) Risk-free rate is determined with reference to the yield of Hong Kong Exchange Fund Notes.

(c) Dividend yield is estimated by reference to the historical share price and dividend paid of the Company and a set of comparable companies.

24 OTHER RESERVES

	Share premium *RMB'000*	Other reserve *RMB'000*	Statutory reserves *RMB'000*	Exchange reserve *RMB'000*	Share option reserve *RMB'000*	Total *RMB'000*
At 1 January 2017	111,069	(115,044)	186,619	3,594	—	186,238
Appropriation to statutory reserves	—	—	311	—	—	311
Equity-settled share option arrangement *(Note 23)*	—	—	—	—	1,222	1,222
At 31 December 2017	111,069	(115,044)	186,930	3,594	1,222	187,771
At 1 January 2016	—	122	176,739	3,653	—	180,514
Other comprehensive income — currency translation differences	—	—	—	(59)	—	(59)
Share issue upon Reorganisation *(Note 1(1))*	115,166	(115,166)	—	—	—	—
Bonus issue *(Note 22)*	(4,097)	—	—	—	—	(4,097)
Appropriation to statutory reserves	—	—	9,880	—	—	9,880
At 31 December 2016	111,069	(115,044)	186,619	3,594	—	186,238

Statutory reserves comprise statutory surplus reserve of the subsidiary companies in the PRC. The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to shareholders. The percentages to be appropriated to such statutory reserve are determined according to the relevant regulations in the PRC at rate of 10% or at the discretion of the board of directors of the PRC subsidiaries, and further appropriation is optional when the accumulated fund is 50% or more of the registered capital of the subsidiaries.

25 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

	2017	2016
	RMB'000	*RMB'000*
Deferred income tax assets		
— Deferred tax income asset to be recovered after more than 12 months	11,672	6,865
— Deferred tax income asset to be recovered within 12 months	7,863	9,051
	19,535	15,916
Deferred income tax liabilities		
— Deferred tax income liability to be settled within 12 months	—	—
Deferred income tax assets — net	19,535	15,916

The net movement on the deferred income tax account is as follows:

	2017	2016
	RMB'000	*RMB'000*
At beginning of the year	15,916	4,362
Credited to consolidated income statement *(Note 9)*	3,619	11,554
At end of the year	19,535	15,916

25 DEFERRED INCOME TAX *(Continued)*

The movements in the deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

	Accrued expense and provisions		Unrealised profit in inventories arising from intra-group transactions		Tax losses		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year	5,676	4,433	3,375	970	6,865	2,751	15,916	8,154
Credited/(charged) to consolidated income statement	655	1,243	(1,843)	2,405	4,807	4,114	3,619	7,762
At end of the year	6,331	5,676	1,532	3,375	11,672	6,865	19,535	15,916

Deferred income tax liabilities:

	Withholding income tax on unremitted earnings in PRC subsidiaries	
	2017	**2016**
	RMB'000	*RMB'000*
At beginning of the year	—	3,792
Credited to consolidated income statement	—	(3,792)
At end of the year	—	—

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2016 and 2017, the Group recognise all cumulative deferred income tax assets in respect of losses that can be carried forward against future taxable income. These unutilised tax losses would expire in one to five years for offsetting against future taxable profits.

As at 31 December 2017, deferred income tax liabilities of RMB5,219,000 (2016: RMB4,409,000) have not been recognised for the withholding income tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries totaled RMB104,371,000 (2016: RMB88,187,000). Such unremitted earnings will be retained in the Mainland China for investment purpose in the foreseeable future as at 31 December 2017.

26 TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	43,674	60,773
Other payables and accrued charges		
— Payables for purchase of property, plant and equipment	12,098	15,002
— Advance from customers	27,371	98,828
— Staff salaries payables	25,880	30,234
— Taxes payables	1,267	1,122
— Accrued expenses and others payables	11,190	9,981
	77,806	155,167
Trade and other payables	121,480	215,940

At 31 December 2017, the ageing analysis of trade payables based on invoice date was as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 30 days	28,657	40,338
31-180 days	14,454	20,207
181-365 days	394	86
Over 365 days	169	142
	43,674	60,773

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

The carrying amounts of trade payables were denominated in the following currencies:

	2017	2016
	RMB'000	*RMB'000*
RMB	43,674	60,773

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	2017	2016
	RMB'000	*RMB'000*
(Loss)/profit before income tax	(2,256)	57,449
Depreciation of property, plant and equipment *(Note 13)*	33,724	36,252
Amortisation of land use rights *(Note 15)*	954	954
Amortisation of intangible assets *(Note 16)*	672	625
Losses on disposal of property, plant and equipment *(Note 6)*	1,937	80
Property, plant and equipment impairment charge *(Note 7)*	8,021	4,238
Equity-settled share-based payment expense *(Note 23)*	1,222	—
Finance costs/(income)	7,408	(15,736)
Operating profit before working capital changes	51,682	83,862
Decrease/(increase) in inventories	18,634	(21,365)
Decrease in trade and other receivables	732	6,878
(Decrease)/increase in trade and other payables	(91,556)	99,465
Cash (used in)/generated from operations	(20,508)	168,840

(b) Proceeds from disposal of property, plant and equipment

	2017	2016
	RMB'000	*RMB'000*
Net book value *(Note 13)*	2,383	671
Losses on disposal of property, plant and equipment *(Note 6)*	(1,937)	(80)
Proceeds from disposal of property, plant and equipment	446	591

28 CONTINGENT LIABILITIES

At 31 December 2017, the Group had no material contingent liabilities (2016: Nil).

29 COMMITMENTS

At 31 December 2017, the Group had the following commitments:

(a) Capital commitments

	2017	2016
	RMB'000	*RMB'000*
Contracted but not provided for in respect of:		
Machinery and equipment	3,331	3,614
Buildings	1,220	1,138
	4,551	4,752

(b) Commitments under operating leases

At 31 December 2017, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	RMB'000	*RMB'000*
Not later than 1 year	2,465	3,732
Later than 1 year and not later than 5 years	3	1,622
	2,468	5,354

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties during the years.

(a) Transactions with related parties

	2017	2016
	RMB'000	*RMB'000*
Lease of office		
— Lianjie Sports Investments Limited		
("**Lianjie Sports**")	417	198

Lianjie Sports is a company wholly owned by Mr. Hui Ching Lau, the Company's director. Mr. Wong Wai Leung and Mr. Hui Ching Lau, the Company's directors, are also directors of Lianjie Sports.

30 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

	2017	2016
	RMB'000	*RMB'000*
Key management compensation		
— Basic salaries, housing allowances, other allowances and benefits-in-kind	3,055	2,708

Further details of directors' and the chief executive's emoluments are included in Note 34 to the consolidated financial statements.

31 PRINCIPAL SUBSIDIARIES

The following is a list of the subsidiaries of the Company as at 31 December 2017:

Company	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective interest held %
Direct subsidiary:				
QinQin Foodstuffs Group Company Limited	British Virgin Island, limited liability company	Investment holding in Hong Kong	135,946,900 Ordinary shares of HKD0.001 each	100%
Indirect subsidiaries:				
QinQin Foodstuffs Group (Hong Kong) Company Limited (親親食品集團(香港)股份有限公司)	Hong Kong, limited liability company	Investment holding, distribution and sale of snack foods	1 ordinary share of HKD1 each	100%
Fushun Nanfang Food Industry Co., Ltd. (撫順南方食品工業有限公司)	PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB10,000,000	100%
Fushun QinQin Food Industry Development Co., Ltd. (撫順親親食品工業發展有限公司)	PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB22,000,000	100%
Luohe Linying QinQin Food Industry Co., Ltd. (漯河臨穎親親食品工業有限公司)	PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB100,000,000	100%

31 PRINCIPAL SUBSIDIARIES *(Continued)*

Company	Place of incorporation/ establishment and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective interest held %
Indirect subsidiaries: *(Continued)*				
QinQin Incorporated Co., Ltd. (Fujian) (福建親親股份有限公司)	PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB70,000,000	100%
Quanzhou QinQin Foodstuff Co., Ltd. (泉州親親食品有限公司)	PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	RMB130,000,000	100%
Taian QinQin Food Co., Ltd. (泰安親親食品有限公司)	PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB5,000,000	100%
Xiantao QinQin Food Industry Co., Ltd. (仙桃親親食品工業有限公司)	PRC, sino-foreign equity joint venture	Manufacturing, distribution and sale of snack foods in the PRC	RMB10,000,000	100%
Xianyang QinQin Food Industry Co., Ltd. (咸陽親親食品有限公司)	PRC, wholly foreign-owned enterprise	Manufacturing, distribution and sale of snack foods in the PRC	RMB5,000,000	100%
QinQin Business Trade Co., Ltd. (泉州親親商貿有限公司)	PRC, limited liability company	Trading in the PRC	RMB5,000,000	100%
QinQin (Quanzhou) E-commerce Co., Ltd. (泉州市親親電子商務有限公司)	PRC, limited liability company	Online trading in the PRC	RMB5,000,000	100%

32 EVENTS AFTER THE REPORTING PERIOD

Pursuant to the subscription agreements dated 20 January 2018 entered into between the Company and the subscribers, an aggregate of 95,000,000 new shares of the Company were issued at HK$2.11 per Share to the subscribers on 6 February 2018. The gross and net proceeds of the issue were HK$200.45 million and HK$200.25 million respectively. The Company intends to use the net proceeds from the subscription for development and introduction and promotion of new products, expansion and upgrade of production facilities, enhancing the presence in the sales channels, and promoting the brands and for potential future acquisition and business cooperation.

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

		As at 31 December	
		2017	**2016**
	Note	*RMB'000*	*RMB'000*
Assets			
Non-current assets			
Investments in subsidiaries		117,010	115,788
Current assets			
Other receivables, prepayments and deposits		148	130
Cash and bank balances		42	45
		190	175
Total assets		117,200	115,963
Equity and liabilities			
Equity attributable to shareholders of the Company			
Share capital	*22*	4,097	4,097
Reserves		89,621	90,083
Total equity		93,718	94,180
Liabilities			
Current liabilities			
Other payables and accrued charges		23,482	21,783
Total liabilities		23,482	21,783
Total equity and liabilities		117,200	115,963

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share premium *RMB'000*	Accumulated losses *RMB'000*	Share option reserve *RMB'000*	Total *RMB'000*
At 14 January 2016 (date of incorporation)	—	—	—	—
Share issue upon Reorganisation *(Note 1(1))*	115,166	—	—	115,166
Bonus issue	(4,097)	—	—	(4,097)
Loss for the year	—	(20,986)	—	(20,986)
At 31 December 2016	111,069	(20,986)	—	90,083
At 1 January 2017	111,069	(20,986)	—	90,083
Loss for the year	—	(1,684)	—	(1,684)
Equity-settled share option arrangement *(Note 23)*	—	—	1,222	1,222
At 31 December 2017	111,069	(22,670)	1,222	89,621

34 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2017 is set out below:

Name of Director	Fees	Salary and bonuses	Share-based compensation	Pension, housing fund allowances, medical insurance and other social benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:					
Mr. Hui Ching Lau *(Chairman) (Note i)*	52	—	—	2	54
Mr. Zhu Hong Bo *(Note ii)*	32	498	—	15	545
Mr. Wong Wai Leung	52	1,047	15	16	1,130
Non-executive Directors:					
Mr. Hui Lin Chit	52	—	—	—	52
Mr. Sze Man Bok	52	—	—	—	52
Mr. Wu Huolu	52	—	—	—	52
Mr. Wu Sichuan	52	—	—	6	58
Mr. Wu Yinhang	52	—	—	7	59
Independent Non-executive Directors:					
Mr. Cai Meng	87	—	—	—	87
Mr. Chan Yiu Fai Youdey	87	—	—	—	87
Mr. Ng Swee Leng	87	—	—	—	87
Mr. Paul Marin Theil	87	—	—	—	87
	744	1,545	15	46	2,350

34 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The remuneration of every director and the chief executive for the year ended 31 December 2016 is set out below:

Name of Director	Fees	Salary and bonuses	Pension, housing fund allowances, medical insurance and other social benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors:				
Mr. Cheng Yong *(Note iii)*	42	300	9	351
Mr. Wong Wai Leung	42	1,114	8	1,164
Non-executive Directors:				
Mr. Hui Lin Chit	42	—	—	42
Mr. Sze Man Bok	42	—	—	42
Mr. Hui Ching Lau *(Note i)*	42	—	—	42
Mr. Wu Huolu	42	—	—	42
Mr. Wu Sichuan	42	—	7	49
Mr. Wu Yinhang	42	—	7	49
Independent Non-executive Directors:				
Mr. Cai Meng	41	—	—	41
Mr. Chan Yiu Fai Youdey	41	—	—	41
Mr. Ng Swee Leng	41	—	—	41
Mr. Paul Marin Theil	41	—	—	41
	500	1,414	31	1,945

(i) Mr. Hui Ching Lau was re-designated as Chairman of the board and executive director with effect from 12 April 2017 and 16 May 2017, respectively.

(ii) Mr. Zhu Hong Bo was appointed as Chief Executive Office and elected as an executive director with effect from 1 January 2017 and 16 May 2017, respectively.

(iii) Mr. Cheng Yong resigned as an executive director with effect from 1 January 2017.

(b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed elsewhere in this consolidated financial statements, no significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

3. INDEBTEDNESS STATEMENT

As at 31 March 2018, the Group did not have any debt securities authorised or otherwise created but unissued, loans, or other similar indebtedness, term loans, other borrowing or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees.

4. NO MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this Composite Document received from Vigers Appraisal and Consulting Limited, an independent valuer, in connection with its valuation as at 31 March 2018 of the property interests held by the Company.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

4 May 2018

The Directors
Qinqin Foodstuffs Group (Cayman) Company Limited
Unit 2601, 26th Floor
Admiralty Centre
Tower 1
18 Harcourt Road
Hong Kong

Dear Sirs,

In accordance with the instructions of Qinqin Foodstuffs Group (Cayman) Company Limited (the "**Company**") for us to value the property interests in the People's Republic of China ("**the PRC**"), we confirm that we have carried out an inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 March 2018 ("**valuation date**") for the purpose of incorporation in the Composite Document.

Our valuation is our opinion of the market value of the property interests which we would define market value as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interests, we have adopted a combination of the market and depreciated replacement cost approach in assessing the land portion of the property and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole. In the valuation of the land portion, reference has been made to the standard land price and the sales evidence as available to us in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been values on the basis of their depreciated replacement costs. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a know market based on comparable sales.

We have not caused title searches to be made for the property interests at the relevant government bureau in the PRC. We have been provided with certain extracts of title documents relating to the property interests. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interests, we have relied on the legal opinion (the "**PRC legal opinion**") provided by the Company's PRC legal adviser, Global Law Office.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the properties and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken. We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect. No tests were carried out on any of the services.

The site inspections were carried out from 18 April 2018 to 20 April 2018 by 4 technical staff including Ms. Carol Liu, Mr. Jim Wang, Ms. Lucy Lu, Mr. William Jin. They are China Certified Real Estate Appraisers/China Qualified Land Valuers/China Certified Public Valuers and have more than 12 years' experience in the valuation of properties in the PRC and possess academic background in subjects relating to property valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, Rule 11 of the Code on Takeovers and mergers issued by the Securities and Futures Commission and the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors (HKIS).

As advised by the Company, the potential tax liabilities which may arise from the sale of the properties in the PRC mainly include corporation income tax (25%), business tax (5%), stamp duty (0.005%), deed tax (3% to 5%) and land appreciation tax (30% to 60%) on the appreciation in property value.

As advised by the Company, there will be no likelihood of such liabilities being crystallized as it is understood that the Group has no intention to dispose the properties as at the Latest Practicable Date.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate used in valuing the property interests in the PRC as at 31 March 2018 was RMB1=HK$1.2473. There has been no significant fluctuation in the exchange rate for Renminbi against Hong Kong Dollars (HK$) between that date and the date of this letter.

We enclose herewith a summary of valuation and the valuation certificates.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over thirty-one years' experiences in undertaking valuations of properties in Hong Kong and has over twenty four years' experiences in valuations of properties in the PRC.

SUMMARY OF VALUATION

Property interests held by the Company in the PRC for owner-occupation

	Property	Market Value in existing state as at 31 March 2018
1.	An industrial complex located at Wu Dai Industrial District, Anhai Town, Jinjiang City, Fujian Province, the PRC	RMB19,480,000 (equivalent to approximately HK$24,300,000)
2.	An industrial complex located at Wu Li Industrial District, Jinjiang City, Fujian Province, the PRC	RMB 73,050,000 (equivalent to approximately HK$91,120,000)
3.	An industrial complex located at Anton Industrial District, Jinglin Village, Dongshi Town, Jinjiang City, Fujian Province, the PRC	No Commercial Value
4.	An industrial complex located at Hongda Road and Qing Shui Wan Village, Industrial Park, Xiantao City, Hubei Province, the PRC	RMB54,690,000 (equivalent to approximately HK$68,210,000)
5.	An industrial complex located at south of Wei Yi Road, north of Ying Chuan Avenue and Qin Qin and east of Jing San Road, Lin Ying County, Henan Province, the PRC	RMB112,570,000 (equivalent to approximately HK$140,410,000)
6.	An industrial complex located at Shun Yuan Street, Fushun Economic Development Zone, Liaoning Province, the PRC	RMB56,010,000 (equivalent to approximately HK$69,860,000)
	Total:	**RMB315,800,000 (equivalent to approximately HK$393,900,000)**

VALUATION CERTIFICATES

Property interests held by the Company in the PRC for owner-occupation

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
1.	An industrial complex located at Wu Dai Industrial District, Anhai Town, Jinjiang City, Fujian Province, the PRC	The property comprises 2 parcels of land with a total site area of approximately 12,700 sq.m. and 6 buildings and ancillary structures erected thereon completed in various stages between 1993 and 2002. The buildings have a total gross floor area of approximately 17,494.81 sq.m. The buildings mainly include workshops, staff quarters and office buildings. The structures mainly include stores, boiler rooms, walls and sheds. The property has been granted the land use rights for a term expiring on 19 October 2049.	The property is currently vacant. Portions of the property having a total gross floor area of approximately 2,258.4 sq.m. have been leased out. (Refer to Note 3)	RMB19,480,000 (equivalent to approximately HK$24,300,000)

Notes:

1. According to 2 State-owned Land Use Rights Certificates (Document Nos.: Jin Guo Yong (99) Nos. 01219 and 01220), the land use rights of the property having a total site area of approximately 12,700 sq.m. have been granted to Qinqin Incorporated Co. Ltd. (Fujian) (福建親親股份有限公司) for industrial uses for a term expiring on 19 October 2049.

2. According to 2 Building Ownership Certificates (Document Nos.: Jin Fang Quan Zheng Anhai Zi Di No. 02-200131 and 02-200132), the building ownership rights of 6 buildings with a total gross floor area of approximately 17,494.81 sq.m. are owned by Qinqin Incorporated Co. Ltd. (Fujian).

3. 7 tenancy agreements have been entered into in respect of part (2,258.4 sq.m.) of the property, at an annual rent of approximate RMB161,453 subject to various tenancies with the latest expiry date on 31 March 2019.

4. Qinqin Incorporated Co. Ltd. (Fujian) is a wholly-owned subsidiary of the Company.

5. The PRC legal opinion states, inter alia, the following:

   (i) Qinqin Incorporated Co. Ltd. (Fujian) legally acquires and owns the land use rights and building ownership rights of the property;

   (ii) Qinqin Incorporated Co. Ltd. (Fujian) is legally entitled to occupy, use, transfer, lease, mortgage or adopt other legal means to handle the land use rights and building ownership rights of the property; and

   (iii) No tenancy agreements which have not been applied for the lease registration was found for lease registration as a condition for entering into the tenancy agreements by the both parties. Therefore, failure to apply for lease registration does not affect the validity of the aforesaid tenancy agreements. However, the landlord of the tenancy agreements may be required to amend by relevant government departments within a time limit. Late amendment may be punished by the relevant competent government department.

6. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Land Use Rights Certificate	Yes
(ii)	Building Ownership Certificate	Yes

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
2.	An industrial complex located at Wu Li Industrial District, Jinjiang City, Fujian Province, the PRC	The property comprises 3 parcels of land with a total site area of approximately 67,023 sq.m. and 8 buildings and ancillary structures erected thereon completed in various stages between 2000 and 2014. The buildings have a total gross floor area of approximately 32,070.99 sq.m. The buildings mainly include workshops, staff quarters and office buildings. The structures mainly include road, stores, boiler rooms, walls and sheds. The property has been granted land use rights for various terms with the earliest expiry date on 24 October 2050 for industrial uses.	The property is currently occupied by the Group for production, office and ancillary uses.	RMB73,050,000 (equivalent to approximately HK$91,120,000)

Notes:

1. According to 3 State-owned Land Use Rights Certificates (Document Nos.: Jin Guo Yong (2000) Zi No. 01188, Jin Guo Yong (2002) Zi No. 00731 and Jin Guo Yong (2006) No. 01314), the land use rights of the property having a total site area of approximately 67,023 sq.m. have been granted to Qinqin Incorporated Co. Ltd. (Fujian)for industrial uses for terms expiring on 24 October 2050, 7 December 2051 and 13 August 2055 respectively.

2. According to 2 Building Ownership Certificates (Document Nos.: Jin Fang Quan Zheng Yuan Qu Ban Zi No. 18-200007 and Jin Fang Quan Zheng Ling Yuan Zi No. 18-200082), the building ownership rights of 8 buildings with a total gross floor area of approximately 32,070.99 sq.m. are owned by Qinqin Incorporated Co. Ltd. (Fujian).

3. Qinqin Incorporated Co. Ltd. (Fujian) is a wholly-owned subsidiary of the Company.

4. The PRC legal opinion states, inter alia, the following:

   (i) Qinqin Incorporated Co. Ltd. (Fujian) legally acquires and owns the land use rights and building ownership rights of the property; and

   (ii) Qinqin Incorporated Co. Ltd. (Fujian) is legally entitled to occupy, use, transfer, lease, mortgage or adopt other legal means to handle the land use rights and building ownership rights of the property.

5. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Land Use Rights Certificate	Yes
(ii)	Building Ownership Certificate	Yes

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
3. An industrial complex located at Anton Industrial District, Jinglin Village, Dongshi Town, Jinjiang City, Fujian Province, the PRC	The property comprises a parcel of land with a total site area of approximately 56,168 sq.m. and 5 buildings and ancillary structures erected thereon completed in various stages between 2011 and 2012. The buildings have a total gross floor area of approximately 58,709 sq.m. The buildings mainly include workshops and staff quarters. The structures mainly include road, electric rooms, walls and sheds. The property has been granted land use rights for industrial uses.	The property is currently occupied by the Group for production and ancillary uses.	No Commercial Value

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract (Document No.: 35058220180316G025) entered into between the State-owned Land Resources Bureau of Jinjiang (Party A) and Quanzhou QinQin Foodstuff Co., Ltd. (泉州親親食品有限公司) (Party B) dated 26 May 2017, the land use rights of the property with a total site area of approximately 56,168 sq.m. were granted for industrial uses.

2. In the valuation of the property, we have attributed no commercial value to the property which have not obtained State-owned Land Use Rights Certificates and Building Ownership Certificates. For reference purposes, we are of the opinion that the value of the property as at the valuation date would be RMB120,400,000 assuming relevant title ownership certificates have been obtained and they could be freely transferred.

3. Quanzhou QinQin Foodstuff Co., Ltd. is a wholly-owned of the Company.

4. The PRC legal opinion states, inter alia, the following:

   (i) For a parcel of land with a site area of 56,168 sq.m. there is no legal barrier for the State-owned Land Use Rights Certificates after land premium has not been fully settled.

   (ii) After Quanzhou QinQin Foodstuff Co., Ltd. obtained the state-owned land use right certificate in accordance with the law and submitted all the documents of applying the building ownership certificates required by the laws, regulations and the local government's requirements, there is no legal barrier for Quanzhou QinQin Foodstuff Co., Ltd. to obtain a building ownership certificates.

5. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Construction Land Use Rights Grant Contract	Yes
(ii)	State-owned Land Use Rights Certificate	No
(iii)	Planning Permit for Construction Land	No
(iv)	Planning Permit for Construction Works	No
(v)	Permit for Commencement of Construction Works	No
(vi)	Completion Certificate	No

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
4.	An industrial complex located at Hongda Road and Qing Shui Wan Village, Industrial Park, Xiantao City, Hubei Province, the PRC	The property comprises 2 parcels of land with a total site area of approximately 56,647.56 sq.m. and 8 buildings and ancillary structures erected thereon completed in various stages between 2004 and 2007. The buildings have a total gross floor area of approximately 27,966.97 sq.m. The buildings mainly include workshops, staff quarters and office buildings. The structures mainly include road, boiler rooms, walls and sheds. The property has been granted land use rights for terms on expiring on 25 July 2053 and 8 December 2056 for industrial uses.	The property is currently occupied by the Group for production, office and ancillary uses.	RMB54,690,000 (equivalent to approximately HK$68,210,000)

Notes:

1. According to 2 State-owned Land Use Rights Certificates (Document Nos.: Xian Guo Yong (2004) No. 1349 and Xian Guo Yong (2006) No. 2841), the land use rights of the property having a total site area of approximately 56,647.56 sq.m. have been granted to Xiantao QinQin Food Industry Co., Ltd. (仙桃親親食品工業有限公司) for industrial uses for terms expiring on 25 July 2053 and 8 December 2056 respectively.

2. According to 8 Building Ownership Certificates (Document Nos.: Xiantao City Fang Quan Zheng Textile Industrial Park Zi No. CDJ200502763, CDJ200502773, CDJ200502774, CDJ200502775, CDJ200502776, CDJ200502777, CDJ200803068 and CDJ200805590), the building ownership rights of 8 buildings with a total gross floor area of approximately 27,966.97 sq.m. are owned by Xiantao QinQin Food Industry Co., Ltd..

3. Xiantao QinQin Food Industry Co., Ltd. is a wholly-owned subsidiary of the Company.

4. The PRC legal opinion states, inter alia, the following:

   (i) Xiantao QinQin Food Industry Co., Ltd. legally acquires and owns the land use rights and building ownership rights of the property; and

   (ii) Xiantao QinQin Food Industry Co., Ltd. is legally entitled to occupy, use, transfer, lease, mortgage or adopt other legal means to handle the land use rights and building ownership rights of the property.

5. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Land Use Rights Certificate	Yes
(ii)	Building Ownership Certificate	Yes

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
5.	An industrial complex located at south of Wei Yi Road, north of Ying Chuan Avenue and Qin Qin and east of Jing San Road, Lin Ying County, Henan Province, the PRC	The property comprises 2 parcels of land with a total site area of approximately 144,757.10 sq.m. and 15 buildings and ancillary structures erected thereon completed in various stages between 2011 and 2018. The buildings have a total gross floor area of approximately 68,425.68 sq.m. The buildings mainly include workshops, staff quarters and office buildings. The structures mainly include stores, walls and sheds. The property has been granted land use rights for terms expiring on 7 September 2060 and 18 October 2063 for industrial uses.	The property is currently occupied by the Group for production, office and ancillary uses.	RMB112,570,000 (equivalent to approximately HK$140,410,000)

Notes:

1. According to 2 State-owned Land Use Rights Certificates (Document Nos.: Lin Guo Yong (2010) No. 000177 and Lin Guo Yong (2014) No. 0035), the land use rights of the property having a total site area of approximately 144,757.10 sq.m. have been granted to Luohe Linying QinQin Food Industry Co., Ltd. (漯河臨潁親親食品工業有限公司) for industrial uses for terms expiring on 7 September 2060 and 18 October 2063 respectively.

2. According to 15 Building Ownership Certificates (Document Nos.: Fang Quan Zheng Lin Ying County Zi No. 3160115005, 3160115006, 3160115007, 3160115008, 3160115009, 3160115010, 3160115011, 3160429005, 3160429006, 3160429007, 3160429008, 3160429009, 3160429010, 3160518002 and 3160518003), the building ownership rights of 15 buildings with a total gross floor area of approximately 68,425.68 sq.m. are owned by Luohe Linying QinQin Food Industry Co., Ltd..

3. Luohe Linying QinQin Food Industry Co., Ltd. is a wholly-owned subsidiary of the Company.

4. The PRC legal opinion states, inter alia, the following:

   (i) Luohe Linying QinQin Food Industry Co., Ltd. legally acquires and owns the land use rights and building ownership rights of the property; and

   (ii) Luohe Linying QinQin Food Industry Co., Ltd. is legally entitled to occupy, use, transfer, lease, mortgage or adopt other legal means to handle the land use rights and building ownership rights of the property.

5. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Land Use Rights Certificate	Yes
(ii)	Building Ownership Certificate	Yes

	Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2018
6.	An industrial complex located at Shun Yuan Street, Fushun Economic Development Zone, Liaoning Province, the PRC	The property comprises a parcel of land with a total site area of approximately 67,529.60 sq.m. and 8 buildings and ancillary structures erected thereon completed in various stages between 1998 and 2015. The buildings have a total gross floor area of approximately 31,994.72 sq.m. The buildings mainly include workshops, multifunctional buildings and office buildings. The structures mainly include air compressor rooms, stores, walls and sheds. The property has been granted land use rights for a term expiring on 26 January 2044 for industrial uses.	The property is currently occupied by the Group for production, office and ancillary uses.	RMB56,010,000 (equivalent to approximately HK$69,860,000)

Notes:

1. According to a State-owned Land Use Rights Certificate (Document No.: Fu Jing Kai Guo Yong (Tu) Zi No. 2003-037), the land use rights of the property having a site area of approximately 67,529.60 sq.m. have been granted to Fushun QinQin Food Co., Ltd. (撫順親親食品有限公司) (formerly known as Fushun QinQin Food Industry Development Co., Ltd. (撫順親親食品工業發展有限公司)) for industrial uses for a term expiring on 26 January 2044.

2. According to 8 Building Ownership Certificates (Document Nos.: Fang Quan Zheng Fu Kai Fang Zi No. 990043, 990044, 990045, 990046-1, 990047, 990048, 990049 and 990119), the building ownership rights of 8 buildings with a total gross floor area of approximately 31,994.72 sq.m. are owned by Fushun QinQin Food Co., Ltd..

3. Fushun QinQin Food Co., Ltd. is a wholly-owned subsidiary of the Company.

4. The PRC legal opinion states, inter alia, the following:

   (iii) Fushun QinQin Food Co., Ltd. legally acquires and owns the land use rights and building ownership rights of the property; and

   (iv) Fushun QinQin Food Co., Ltd. is legally entitled to occupy, use, transfer, lease, mortgage or adopt other legal means to handle the land use rights and building ownership rights of the property.

5. The status of title and grant of major approvals and permits in accordance with the PRC legal opinion and information provided by the Company are as follows:

(i)	State-owned Land Use Rights Certificate	Yes
(ii)	Building Ownership Certificate	Yes

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Share Offer, the Offeror and the Group.

The information contained in this Composite Document relating to the Offeror Concert Party Group has been supplied by the Offeror. The issue of this Composite Document has been approved by the sole director of Offeror, who accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group and the Vendors), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group and the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The information contained in this Composite Document relating to the Group has been supplied by the Company. The issue of this Composite Document has been approved by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror Concert Party Group and the Vendors), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror Concert Party Group and the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. INTERESTS AND DEALINGS IN THE SHARES OF THE OFFEROR

(a) Interests in shares of the Offeror

As at the Latest Practicable Date, the Offeror has in issue one share that is legally and beneficially owned by Mr. Hui CL. Save as aforesaid, as at the Latest Practicable Date, neither the Company or any Directors have any interest in any of the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of such shares of the Offeror.

(b) Dealing in the shares of the Offeror

No person has dealt for value in any shares or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period.

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

Authorized:		*HK$*
1,000,000,000	Shares of HK$0.01 each	10,000,000.00
Issued and fully paid up:		*HK$*
570,696,557	Shares of HK$0.01 each	5,706,965.57

All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares are listed on the main board of the Stock Exchange and none of the securities of the Company are listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

On 6 February 2018, an aggregate of 95,000,000 Shares were issued and allotted to the Subscribers pursuant to the Subscription Agreements entered into between the Company and each of the Subscribers dated 20 January 2018. Save for such allotment, since 31 December 2017, being the end of the last financial year of the Company, and up to and including the Latest Practicable Date, the Company has not issued any Shares.

As at the Latest Practicable Date, the outstanding number of Options in respect of the Share Option Scheme was 8,310,000 at an exercise price of HK$2.56 per Option. 4,155,000 Options have an exercise period from 7 June 2019 to 6 June 2022 and the remaining 4,155,000 Options have an exercise period from 7 June 2020 to 6 June 2022. If all such Options were exercised, a total of 8,310,000 Shares would be issued.

As at the Latest Practicable Date, save as disclosed above, the Company had no outstanding options, warrants, derivatives or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into the Shares.

4. DISCLOSURE OF INTERESTS IN THE SHARES

(a) Director's interests

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company in the Shares and underlying shares of Company as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules are set out below:

Name	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of interest in the Company
Mr. Hui CL	Interests of controlled corporations *(Note 1)*	116,159,028	20.35%
Mr. Sze Man Bok	Founder of discretionary trust *(Note 2)*	45,645,799	8.00%
	Beneficial owner *(Note 2)*	115,120	0.02%
		45,760,919	8.02%
Mr. Wu HL	Interests of controlled corporations *(Note 3)*	45,214,895	7.92%
	Beneficial owner *(Note 3)*	628,000	0.11%
		45,842,895	8.03%
Mr. Wong Wai Leung	Beneficial owner *(Note 4)*	120,000	0.02%

Notes:

(1) Mr. Hui CL is interested in 116,159,028 Shares, comprising 114,489,928 Shares held and owned by the Offeror, 171,600 Shares held and owned by King Terrace and 1,497,500 Shares held and owned by Event Star Limited.

(2) Mr. Sze Man Bok is interested in 45,760,919 Shares, comprising 45,645,799 Shares held and owned by Tin Lee Investments Limited and 115,120 Shares held and owned by Mr. Sze Man Bok. Tin Lee Investments Limited is a wholly owned subsidiary of Tin Wing Holdings Limited, which is owned by Seletar Limited and Seragoon Limited as nominee on trust for Credit Suisse Trust Limited, the trustee of the Sze's Family Trust. Mr. Sze Man Bok is settlor and beneficiary of the Sze's Family Trust and accordingly, is deemed to be interested in the said 45,645,799 Shares.

(3) Mr. Wu HL is interested in 45,842,895 Shares, comprising 45,214,895 Shares held and owned by Easy Success, which is owned as to 50% by Mr. Wu HL and 50% by Mr. Wu YD (brother of Mr. Wu HL) and 628,000 Shares directly held and owned by Mr. Wu HL. Each of Mr. Wu HL and Mr. Wu YD is deemed to be interested in the said 45,214,895 Shares held by Easy Success accordingly.

(4) These are Options granted under Share Option Scheme exercisable into 120,000 Shares at an exercise price of HK$2.56, of which 60,000 Options are exercisable from 7 June 2019 to 6 June 2022 and the remaining 60,000 Options are exercisable from 7 June 2020 to 6 June 2022.

References to directors being "interested" in shareholdings are interpreted in the manner described in Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

All of the Directors who hold any Shares are members of the Offeror Concert Party Group. As such, none of the Shares held by the Directors are subject to the Share Offer.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, other persons' interests in the shares and underlying shares of the Company (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange are set out below:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Offeror	Beneficial owner	114,489,928	20.06%
Cai Liqiong	Spousal interest *(Note 1)*	45,214,895	7.92%
	Beneficial owner *(Note 1)*	19,144,464	3.35%
		64,359,359	11.28%
Wu YD	Interests of controlled corporations *(Note 1)*	45,214,895	7.92%
	Spousal interest *(Note 1)*	19,144,464	3.35%
		64,359,359	11.28%

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Seletar Limited	Interests of controlled corporations *(Note 2)*	57,885,099	10.14%
Serangoon Limited	Interests of controlled corporations *(Note 2)*	57,885,099	10.14%
Credit Suisse Trust Limited	Trustee *(Note 2)*	57,885,099	10.14%
Tin Lee Investments Limited	Beneficial owner *(Note 3)*	45,645,799	8.00%
Tin Wing Holdings Limited	Interests of controlled corporations *(Note 3)*	45,645,799	8.00%
Easy Success	Beneficial owner	45,214,895	7.92%
Choy King Ngor	Beneficial owner *(Note 4)*	1,129,000	0.20%
	Spousal interest *(Note 4)*	43,000,000	7.53%
		44,129,000	7.73%
Hung Yau Lit	Interests of controlled corporations *(Note 4)*	43,000,000	7.53%
	Spousal interest *(Note 4)*	1,129,000	0.20%
		44,129,000	7.73%
Regent Marvel Investment Holdings Limited	Beneficial owner *(Note 4)*	43,000,000	7.53%

Notes:

(1) Mr. Wu YD is interested in 45,214,895 Shares held and owned by Easy Success, as the latter is owned as to 50% by Mr. Wu HL and 50% by Mr. Wu YD, and Ms. Cai Liqiong, the wife of Mr. Wu YD, is deemed to be interested in such Shares. Ms. Cai Liqiong directly hold and own 19,144,464 Shares, and Mr. Wu YD is deemed to be interested in such Shares.

(2) These 57,885,099 Shares comprise 45,645,799 Shares held and owned by Tin Lee Investments Limited (under the Sze's Family Trust) and 12,239,300 held by other trusts. As stated in note 3 below, Seletar Limited and Serangoon Limited have deemed interests in these Shares on trust for Credit Suisse Trust Limited, being trustee of the said trusts, and accordingly, each of them are deemed to be interested in these Shares under the SFO.

(3) Tin Lee Investments Limited, which directly hold and own 45,645,799 Shares, is a wholly owned subsidiary of Tin Wing Holdings Limited, which is owned by Seletar Limited and Seragoon Limited as nominee on trust for Credit Suisse Trust Limited, the trustee of the Sze's Family Trust.

(4) Regent Marvel Investment Holdings Limited, which directly hold and own 43,000,000 Shares, is wholly owned by Mr. Hung Yau Lit, and Ms. Choy King Ngor, the wife of Mr. Hung Yau Lit, is deemed to be interested in such Shares. Ms. Choy King Ngor directly hold and own 1,129,000 Shares, and Mr. Hung Yau Lit is deemed to be interested in such Shares.

Save as disclosed above, as at the Latest Practicable Date, no person had any interests in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange.

(c) Interests of the Offeror Concert Party Group

As of the Latest Practicable Date, save in respect of the 226,907,306 Shares which the Offeror, King Terrace (Note 1), Event Star Limited (Note 1), Mr. Hui CL (Note 1), Tin Lee Investments Limited (Note 2 and 4), Mr. Sze Man Bok (Note 2 and 4), Easy Success (Note 3 and 4), Mr. Wu HL (Note 3 and 4) and Ms. Cai Liqiong (Note 3 and 4) are interested in as disclosed above and interests of Mr. Wong Wai Leung (Note 5) in 120,000 Options granted under the Share Option Scheme exercisable into 120,000 Shares, no member of the Offeror Concert Party Group owned or controlled any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group. The principal members of the Offeror Concert Party Group include the Offeror, King Terrace, Event Star Limited, Mr. Hui CL, Mr. Hui LC, Mr. Sze Man Bok and Mr. Wu HL.

Notes:

(1) The Offeror, together with King Terrace and Event Star Limited, are directly wholly and beneficially owned by Mr. Hui CL, an executive Director and the Chairman of the Company. Mr. Hui CL, King Terrace and Event Star Limited are presumed to be acting in concert with the Offeror under Class (8);

(2) Mr. Sze Man Bok is a non-executive Director of the Company and both Tin Lee Investments Limited (which is indirectly held through trust arrangements for the Sze's Family Trust where Mr. Sze Man Bok is the settlor and beneficiary) and Mr. Sze Man Bok is deemed to be acting in concert with the Offeror based on his long-standing business relationship at Hengan with Mr. Hui LC, the father of Mr. Hui CL (which in turn is presumed to be acting in concert with the Offeror under Class (8));

(3) Mr. Wu HL is deemed to be acting in concert with the Offeror based on his long-standing business relationship at the Group with Mr. Hui CL since 2003. Mr. Wu YD and Easy Success are presumed to be acting in concert with Mr. Wu HL under Class (8). Ms. Cai Liqiong is the wife of Mr. Wu YD and therefore is presumed to be acting in concert with Mr. Wu YD under Class (8);

(4) By way of background, Mr. Hui LC and Mr. Sze Man Bok were founders of Hengan. In 2003, Mr. Hui CL, through his wholly-owned investment vehicle, acquired a minority interest in the then holding company of the business currently owned by the Company prior to the incorporation of QinQin BVI. In 2008, Hengan, through its wholly owned subsidiary, acquired a 51% interest in QinQin BVI, which was the then holding company of the business currently owned by the Company. Mr. Wu HL was a founder of the Group. In 2016, the Company was spun-off from Hengan by way of distribution in specie and Ms. Cai Liqiong was an indirect minority shareholder of QinQin BVI at that time and Mr. Wu YD was taken to be interested in her shares as her spouse; and

(5) Mr. Wong Wai Leung is an executive Director of the Company and also a director of Lianjie Sports Investments Limited, which is wholly owned beneficially by Mr. Hui CL. He is presumed to be acting in concert with the Offeror under Classes (6) and (8).

(d) Interests of Director of Offeror

Save in respect of the 116,159,028 Shares which Mr. Hui CL are interested in as disclosed above, as of the Latest Practicable Date, no director of the Offeror owned or controlled any shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or any member of the Group.

(e) Other Interests

As at the Latest Practicable Date,

(1) none of the subsidiaries of the Company, any pension fund of the Group or any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;

(2) no person who had such an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror Concert Party Group or with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;

(3) no Shares or any convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(4) neither the Offeror Concert Party Group or the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares, save for any borrowed Shares which had been either on-lent or sold; and

(5) there is no person who, prior to the Latest Practicable Date, have irrevocably committed himself to accept or reject the Share Offer. Pursuant to the Irrevocable Undertakings, all the Offer Optionholders have irrevocably committed themselves not to accept the Option Offer, who aggregately held 8,190,000 outstanding Options as at the Latest Practicable Date, being all the Offer Options.

5. DEALINGS IN THE SHARES

During the Relevant Period, save for (i) the Acquisition and (ii) the subscription of 24,351 shares in Easy Success for a total consideration of US$24,351 by Mr. Wu YD on 12 December 2017 (amounting to 50% of the issued share capital of Easy Success upon completion of such subscription, and equivalent to negligible consideration per Share, which was agreed between Easy Success and Mr. Wu YD on the basis that Mr. Wu HL (the then sole shareholder of Easy Success) and Mr. Wu YD are brothers),

(a) none of the members of the Offeror Concert Party Group (excluding exempt principal traders);

(b) none of the directors of the Offeror;

(c) none of the subsidiaries of the Company, any pension fund of the Group or any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders);

(d) no person who had such an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code;

(e) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis;

(f) no Directors;

(g) no person with whom any member of the Offeror Concert Party Group has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code;

had dealt for value in Shares or other convertible securities, warrants, options and derivatives in respect of any Shares.

6. OTHER ARRANGEMENTS AND AGREEMENTS

(a) As at the Latest Practicable Date, none of the existing Directors will be given any benefit as compensation for loss of office or otherwise in connection with the Share Offer.

(b) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Share Offer.

(c) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Share Offer.

(d) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 of Rule 22 of the Takeovers Code between the Offeror or any person acting in concert with it or any of their other associates, and any other person.

(e) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and any member of the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code.

(f) As at the Latest Practicable Date, save for the Transfer Documents which each of Mr. Hui CL, Mr. Hui LC and Mr. Wu HL has material personal interest in, there was no material contract entered into by the Offeror in which any of the Directors has a material personal interest.

(g) As at the Latest Practicable Date, neither the Offeror nor any person acting in concert with it has any agreement, arrangement for or understanding for any transfer, charge or pledge of Shares acquired pursuant to the Share Offer to any other person.

(h) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer.

7. MARKET PRICES OF THE SHARES

(a) During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK$2.51 on 13 March 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK$2.00 on 2 November 2017.

(b) The table below sets out the closing prices of the Shares as quoted by the Stock Exchange: (i) on the Latest Practicable Date; (ii) on the Last Trading Date; and (iii) on the last business day of each of the six calendar months immediately preceding the commencement of the Offer Period and ending on the Latest Practicable Date:

Date	**Closing price**
	HK$
31 October 2017	2.08
30 November 2017	2.26
29 December 2017	2.10
31 January 2018	2.21
28 February 2018	2.47
29 March 2018	2.42
12 April 2018 (Last Trading Date)	2.34
30 April 2018	2.33
2 May 2018 (Latest Practicable Date)	2.35

8. DIRECTORS' SERVICE CONTRACTS

Save as disclosed in this section 8, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which are fixed term contracts with more than 12 months to run irrespective of notice period, or which has been entered into or amended within six months before the commencement of the Offer Period, or which are continuous contracts with a notice period of 12 months or more.

Director	Commencement date of the service contract	Expiry date of the service contract	Amount of remuneration payable under the service contract
Mr. Hui LC	8 July 2016	For a term of three years commencing on 8 July 2016, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	RMB42,000 per annum, plus discretionary bonus *(Note)*
Mr. Sze Man Bok	8 July 2016	For a term of three years commencing on 8 July 2016, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	RMB42,000 per annum, plus discretionary bonus *(Note)*
Mr. Wu HL	8 July 2016	For a term of three years commencing on 8 July 2016, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	RMB42,000 per annum, plus discretionary bonus *(Note)*

Director	Commencement date of the service contract	Expiry date of the service contract	Amount of remuneration payable under the service contract
Mr. Wu Sichuan	8 July 2016	For a term of three years commencing on 8 July 2016, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	RMB42,000 per annum, plus discretionary bonus *(Note)*
Mr. Wu Yinhang	8 July 2016	For a term of three years commencing on 8 July 2016, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	RMB42,000 per annum, plus discretionary bonus *(Note)*
Mr. Hui CL	16 May 2017	For a term of three years commencing on 16 May 2017, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	HK$60,000 per annum, plus discretionary bonus
Mr. Zhu Hong Bo	16 May 2017	For a term of 3 years commencing on 16 May 2017, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	Fixed annual salary of RMB500,000 and director's fee of HK$60,000 per annum, plus discretionary bonus

Director	Commencement date of the service contract	Expiry date of the service contract	Amount of remuneration payable under the service contract
Mr. Wong Wai Leung	8 July 2016	For a term of three years commencing on 8 July 2016, which may be terminated by not less than one month's notice in writing served by either party and subject to retirement by rotation and re-election in accordance with the articles of association of the Company	Fixed annual salary of HK$1,300,000 and director's fee of RMB 42,000 per annum, plus discretionary bonus *(Note)*

Note: On 5 December 2016, the Board has resolved that the director's fee of all executive and non-executive directors for 2017 be set at HK$60,000 per annum.

Save as disclosed above, no variable remuneration (e.g. commission on profit) is payable to the relevant Directors under the Directors' service contracts disclosed in this section 8.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group were engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

10. MATERIAL CONTRACTS

The following material contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the period within the two years before the commencement of the Offer Period and up to the Latest Practicable Date:

(a) sales and purchase agreement entered into among Ever Town Investments Limited, Total Good Group Limited and the Company on 14 April 2016, pursuant to which Ever Town Investments Limited and Total Good Group Limited agreed to transfer 51% and 49% equity interest in QinQin Foodstuffs Group Company Limited to the Company, respectively, in exchange for which the 51 and 49 nil-paid Shares held by them were credited as fully paid; and

(b) the Subscription Agreements, all dated 20 January 2018 and entered into between the Company and each of the Subscribers, pursuant to which the Subscribers agreed to subscribe for an aggregate of 95,000,000 Shares at HK$2.11 per Share.

11. EXPERTS

The following are the qualifications of each of the experts who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

Name	Qualification
Deloitte Corporate Finance	a licensed corporation permitted to carry out Type 1 (dealing in securities relating to corporate finance), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Share Offer
Global Law Office	PRC legal adviser
Goldin Financial	a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, the Independent Financial Adviser to the Independent Board Committee
Vigers Appraisal and Consulting Limited	Independent property valuer

12. CONSENTS

Each of Deloitte Corporate Finance, Global Law Office, Goldin Financial and Vigers Appraisal and Consulting Limited has given and has not withdrawn their respective consents to the issue of this Composite Document with the inclusion in this Composite Document of the text of their respective letters and references to their names in the form and context in which they are included.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the websites of the Company (www.fjqinqin.com) and the SFC (www.sfc.hk) and at the principal place of business in Hong Kong of the Company at Unit 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) from the date of this Composite Document until the Closing Date or the date on which the Share Offer is withdrawn or lapses, whichever is the earliest:

(a) the memorandum and articles of association of the Offeror;

(b) the memorandum and articles of association of the Company;

(c) the annual reports of the Company for the two years ended 31 December 2017;

(d) the letter from Deloitte Corporate Finance, the text of which is set out on pages 8 to 17 of this Composite Document;

(e) the letter from the Board, the text of which is set out on pages 18 to 23 of this Composite Document;

(f) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this Composite Document;

(g) the letter of advice from Goldin Financial, the text of which is set out on pages 26 to 41 of this Composite Document;

(h) the letter and full property valuation report of the Group (including the valuation certificates) prepared by Vigers Appraisal and Consulting Limited as set out in Appendix III of this Composite Document;

(i) Directors' service contracts as referred to the section headed "Directors' Service Contracts";

(j) the letter of written consents as referred to in the section headed "Consents" in this Appendix IV;

(k) the material contracts as referred to in the section headed "Material Contracts" in this Appendix IV; and

(l) the Irrevocable Undertakings.

14. MISCELLANEOUS

(a) The Offeror was incorporated in the British Virgin Islands on 13 January 2011 and is wholly legally and beneficially owned by Mr. Hui CL.

(b) The registered office of the Offeror, King Terrace and Event Star Limited are at Vistra Corporate Services Centre, Wickham Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(c) The registered office of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. The head office of the Company in the PRC is Wuli Industrial Park, Jinjiang City, Fujian Province, The PRC. The principal place of business in Hong Kong of the Company is Unit 2601, 26th Floor, Admiralty Centre, Tower 1, 18 Harcourt Road, Hong Kong.

(d) The share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The address of Mr. Hui CL and Mr. Hui LC is Flat D, 19/F, The Gloucester, 212 Gloucester Road, Wan Chai, Hong Kong.

(f) The address of Mr. Sze Man Bok is Flat A, 21/F, Carnation Court, 41-47 Tai Hang Road, Causeway Bay, Hong Kong.

(g) The address of Mr. Wu Huolu is No. 10, Yanling Road, Wudai Village, Anhai Town, Jinjiang City, Fujian Province, PRC.

(h) As at the Latest Practicable Date, the sole director of each of the Offeror, King Terrace and Event Star Limited is Mr. Hui Ching Lau.

(i) As at the Latest Practicable Date, the board of directors of the Company comprises Mr. Hui LC, Mr. Sze Man Bok, Mr. Wu HL, Mr. Wu Sichuan, Mr. Wu Yinhang, Mr. Hui CL, Mr. Zhu Hong Bo, Mr. Wong Wai Leung, Mr. Cai Meng, Mr. Chan Yiu Fai Youdey, Mr. Ng Swee Leng and Mr. Paul Marin Theil.

(j) The principal place of business of Deloitte Corporate Finance is at 39th Floor, One Pacific Place, 88 Queensway, Hong Kong.

(k) The English language text of this Composite Document and the Form of Acceptance shall prevail over the Chinese language text.