

# TARGET

## Intelligence Report

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### **QINQIN FOODSTUFFS GROUP (CAYMAN) COMPANY LTD: MANAGEMENT SECURED A NET LOSS ATTRIBUTABLE TO SHAREHOLDERS IN THE 2021 FINANCIAL YEAR**

**This Was The First Negative Financial Result Since  
The Company Donned The Purple Toga Of Office**

For the first time since Qinqin Foodstuffs Group (Cayman) Company Ltd (親親食品集團[開曼]股份有限公司) (Code: 1583, Main Board, The Stock Exchange of Hongkong Ltd) obtained a listing of its shares on the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, Senior Management had been forced to announce that it had been caught with a crab in respect of the 2021 Financial Year.

The Company reported a Net Loss Attributable to Shareholders of a material **renminbi (RMB)** 80,841,000.00 with regard to the 2021 Financial Year, ended December 31 (2020 Financial Year: Net Profit Attributable to Shareholders of RMB17,660,000.00).

This was despite the fact that the Company had pitched a very successful cash-raising exercise on or about March 22, 2019, netting approximately RMB196.80 million.

Qinqin Foodstuffs Group (Cayman) Company Ltd, on July 8, 2016, sought and obtained permission from the powers that be to list its entire Issued and Fully Paid-Up Share Capital on the Main Board of The Stock Exchange of Hongkong Ltd by way of an 'Introduction' of the entire Issued Share Capital of the Company.

On September 14, 2016 – about two months after the Company's listing of its shares on the premier equity market of The Stock Exchange of Hongkong Ltd – Management announced the following with regard to the financial results of the Company for the six months, ended June 30, 2016:

	Six Months, Ended June 30		Percentage Increase/(Decrease)*
	2016	2015	
	All Figures Are Denominated In RMB'000 <sup>1</sup> (except where otherwise stipulated)		
Revenue	617,746	687,709	(10.17)
Operating Profit	33,062	41,213	(19.78)

Profit Attributable To Shareholders	<b>19,248</b>	35,704	<b>(46.09)</b>
Net Profit Margin*	<b>3.12 percent</b>	5.19 percent	<b>(39.88)</b>
Profit Attributable To Shareholders Before One-Off Listed Expenses, Net Of Related Tax Impact	<b>39,556</b>	35,704	<b>10.79</b>
Gross Profit Margin*	<b>45.50 percent</b>	44.10 percent	<b>3.17</b>
Earnings Per Share	<b>RMB0.040</b>	RMB0.075	<b>(46.67)</b>

\* These are **TARGET**'s calculations.

<sup>1</sup> The renminbi (RMB) is the legal tender of the PRC.

### **The 2021 Annual Report Of Qinqin Foodstuffs Group (Cayman) Company Ltd**

On or about Thursday, March 31, 2022, Qinqin Foodstuffs Group (Cayman) Company Ltd published and disseminated its 2021 Annual Report in respect of the Financial Year, ended December 31, 2021.

At Page 75 of the 2021 Annual Report, the Consolidated Income Statement was presented, a precis of which is hereby reproduced, verbatim, and to which this medium has taken the liberty of injecting interpolations in order to add some richly required clarity:

	For The Year, Ended December 31		Percentage Increase/(Decrease)*
	2021	2020	
	All Figures Are Denominated In RMB’000 (except where otherwise stipulated)		
Revenue	860,254	792,829	8.50
Gross Profit	214,343	251,122	(14.65)
Gross Profit Margin*	24.92 percent	31.67 percent	(21.31)
Operating Profit (Loss)	(54,991)	24,452	(324.89)
Profit (Loss) Before Income Tax	(48,654)	25,724	(289.14)
Profit (Loss) For The Year	(80,897)	17,660	(558.08)
Profit (Loss) Attributable To Shareholders	(80,841)	17,660	(557.76)
Earnings (Loss) Per Share	RMB(0.107)	RMB(0.026)	311.54

\* These are **TARGET**'s calculations.

At Page 78 of the 2021 Annual Report of the Company, it was stated that Total Equity (Shareholders' Funds), as at December 31, 2021, stood at RMB1,267,907,000.00, a 5.09-percent decline, compared with the 2020-Year's figure of RMB1,335,958,000.00.

On this same page, under the heading, '**Current Liabilities**', it was shown that '**Borrowings**', as at December 31, 2021, amounted to RMB97,364,000.00, representing a 38.70-percent increase compared with the 2020-Year's figure of borrowings of RMB70,199,000.00.

At Page 15 of the 2021 Annual Report, under the heading, '**CHARGE ON ASSETS**', the following paragraph made mention of total debts, secured, via the following explanatory note:

*'As at 31 December 2021, certain land use rights and buildings of the Group with net book value of RMB80.4million (2020: RMB15.0 million) were pledged for bank borrowings of RMB79.8 million (2020: RMB10.0 million). In addition, the Group had a banking facility of USD8.0 million (equivalent to RMB51.0 million) (2020: RMB52.2 million) granted by a bank for certain short term credit facility arrangement which was pledged by the bank deposits of the Group in the amount of RMB22.1 million as at 31 December 2021 (2020: RMB66.0 million).'*

(Nowhere in the 2021 Annual Report of the Company was there a mention of the name of a lending bank[s].)

### **The Business Of Qingin Foodstuffs Group (Cayman) Company Ltd**

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