Zhou Hei Ya International Holdings Company Limited
周黑鴨國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1458)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		Period-over-Period
	2018	2017	Change
	RMB' 000	RMB' 000	%
Revenue	**1,596,582**	1,618,306	(1.3)
Gross profit	**955,677**	985,920	(3.1)
Profit before tax	**439,176**	526,795	(16.6)
Profit for the period attributable to owners of the Company	**331,511**	401,034	(17.3)

OPERATIONAL HIGHLIGHTS

The table below sets forth certain key operational information of the Group's self-operated retail store network for the periods indicated.

	Six Months Ended June 30,	
	2018	**2017**
Number of self-operated retail stores	**1,196**	892
Total sales volume (tons)	**18,235**	19,461
Average spending per purchase order (RMB)	**65.83**	62.13

The following table sets forth the revenue contribution in terms of the Group's main product categories for the periods indicated.

	Six Months Ended June 30,			
	2018		**2017**	
	RMB'000	**%**	RMB'000	%
Ducks and duck part products	**1,399,985**	**87.7**	1,404,075	86.8
Other Products [1]	**196,597**	**12.3**	214,231	13.2
Total revenue	**1,596,582**	**100.0**	1,618,306	100.0

(1) Others primarily includes braised red meat, braised vegetable products, other braised poultry and aquatic food products.

The table below sets forth the revenue contribution by the Group's sales channels for the periods indicated.

	Six Months Ended June 30,			
	2018		**2017**	
	RMB'000	**%**	RMB'000	%
Self-operated retail stores[1]	**1,377,389**	**86.3**	1,365,796	84.4
Online channels	**150,221**	**9.4**	171,896	10.6
Distributors	**62,838**	**3.9**	75,936	4.7
Others[2]	**6,134**	**0.4**	4,678	0.3
Total revenue	**1,596,582**	**100.0**	1,618,306	100.0

(1) Includes revenue derived from online ordering and delivery services, products so sold are typically picked up at the designated retail stores. Revenue derived from online ordering and delivery services accounted for approximately 7.5% and 9.9% of the revenue from self-operated retail stores in the six months ended June 30, 2017 and 2018, respectively.

(2) Primarily include revenue generated from vending machines and other direct sales through subsidiaries.

The board (the "**Board**") of directors (the "**Directors**") of Zhou Hei Ya International Holdings Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results (the "**Interim Results**") of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2018. The Interim Results have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the Interim Results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

BUSINESS OVERVIEW AND OUTLOOK

Market Overview

In the first half of 2018, the macroeconomic data indicated a slowdown of gross domestic product growth rate, which has impacted the retail industry in general. Evolving changes in the consumer behavior and intensified competition have put huge pressure on traditional retail market.

Competition among casual food industry has been increasingly intensified. Particularly, more and more online full-line casual brands have penetrated and tapped into the braised food segement. In the offline market, retail brands compete for limited resources in regional markets intensively. Additionally, the rising rent, labor costs and raw material expenses remain the main source of pressure for the industry.

Currently, the retail industry in China has been undergoing the third revolution, which brings the emergence of self check-in stores, and local food ordering and delivery services increased significantly. The sizable potential customer base, especially young customers, presents new opportunities.

Overall Business and Financial Performance

Store Network Expansion

In the first half of 2018, the Group continued to carry out its store network expansion plans. It newly opened 214 self-operated retail stores and closed 45 stores during the six-month period. As a result, as of June 30, 2018, the total number of the Group's self-operated retail stores reached 1,196, covering 78 cities in 16 provinces and municipalities in China.

Geographically, central China regions remained the major regional market of the Group in the six months ended June 30, 2018, which contributed approximately 62.8% of total revenue for the six months ended June 30, 2018. Northern China experienced a significant growth during the six months ended June 30, 2018 and its revenue contribution increased by approximately 14.2% compared with the corresponding period in 2017.

The Group strategically locates its self-operated retail stores in the transport infrastructure, such as airports, railway stations and subway stations, or the ancillary facilities surrounding the transport infrastructure. As of June 30, 2018, among all self-operated retail stores operated by the Group, 361 stores were transport hub stores and revenue derived from such hub stores accounted for approximately 48.9% of the total revenue for the six months ended June 30, 2018.

The table below sets forth a breakdown of the number of self-operated retail store network by geographic location for the periods indicated:

Number of Stores

	Six Months Ended June 30,			
	2018		2017	
	#	%	#	%
Central China (1)	**520**	**43.4**	400	44.9
Southern China (2)	**207**	**17.3**	177	19.8
Eastern China (3)	**228**	**19.1**	156	17.5
Northern China (4)	**178**	**14.9**	108	12.1
Southwestern China (5)	**63**	**5.3**	51	5.7
Total	**1,196**	**100.0**	892	100.0

Revenue

	Six Months Ended June 30,			
	2018		2017	
	RMB'000	%	RMB'000	%
Central China [1]	**865,030**	**62.8**	874,010	64.1
Southern China [2]	**174,540**	**12.6**	179,204	13.1
Eastern China [3]	**167,378**	**12.2**	159,891	11.7
Northern China [4]	**147,065**	**10.7**	128,801	9.4
Southwestern China [5]	**23,376**	**1.7**	23,890	1.7
Total	**1,377,389**	**100.0**	1,365,796	100.0

(1) Comprises Hubei Province, Hunan Province, Henan Province, Jiangxi Province and Anhui Province.

(2) Comprises Guangdong Province and Fujian Province.

(3) Comprises Shanghai, Jiangsu Province and Zhejiang Province.

(4) Comprises Beijing, Tianjin, Hebei Province and Shandong Province.

(5) Comprises Chongqing and Sichuan Province.

Expanding Product Portfolio

The Group has been continuously developing new products to enhance its product portfolio, particularly focusing on innovative and trending products which are expected to appeal to young customers.

For example, to cater the current consumption trend of pursuing for a health, green and fresh lifestyle among the young generation, the Group upgraded its popular "Zhou Hei Ya Crayfish (聚一蝦)" by continuously improving the processing technologies. The Group's product research team released the new vegetable taste of the Crayfish after careful and repeated testing.

In addition, the Group continues its cross-over promotion strategy, through cooperation with Uni-President Enterprises Corp, or Uni-President, and launched the "Zhou Xiao Ban (周小伴)" sparkling water during the period of World Cup 2018, which was offered in the Group's retail stores and contributed to the enhancement of customer experience.

Production Capacity

The Group continued to optimize its production arrangements in order to increase its production capacity and efficiency in the first half of 2018. The Group currently has two processing facilities located in Hebei and Hubei, and it is in the process of constructing three additional processing facilities located in Guangdong, Jiangsu and Sichuan.

The processing facility of Hebei Zhou Hei Ya Foods Industrial Park Co., Ltd., or the Hebei facility, commenced full operation in April 2018. It currently serves the demands arising from certain cities in northern and eastern China. The processing facility located in Hubei, or the Hubei facility, currently serves the demands arising from the rest of China.

The Group's Shanghai processing facility used to serve demands arising from eastern China, and since it was closed in June 2018, the Group shifted its production to the Hebei facility and Hubei facility. In addition, a processing facility in Guangdong which is under construction, will serve the demands arising from cities in southern China and another processing facility in Nantong, Jiangsu which will serve the demands arising from cities in eastern China. The Sichuan facility, on the other hand, will be serving the needs from southwestern China.

The Group has continued to optimize the production capacity of its processing facilities. It is believed that, with its current and new production facilities under development, it has sufficient production capacities to meet the customer needs nationwide.

Marketing and Branding Campaigns

The Group has endeavored to protect customer rights and continued to leverage its strong marketing capacities to design various marketing and promotional activities. In addition, as of June 30, 2018, our WeChat official account has accumulated over 10 million followers. In addition to the traditional localized advertisements on railways, radio programs and online social media, the Group's first flagship member store was opened in Wuhan in 2018 showcasing retail business innovations, which is featured with different appealing benefits and privileges, aiming at providing a superior shopping experience for its loyal members. Unlike the traditional ones, the flagship member store is featured with its open exhibition of products. The flagship member store also has clip doll machines, coffee machines and 24-hour vending machines, customized gift redemption, which are aimed to provide privileged customer experiences.

Moreover, the Group also introduced the first "smart store" with self-checkout in Shenzhen. Leveraging the advanced payment technologies supported by WeChat, therefore customers are able to pay with facial recognition conveniently. The Group expects to explore and leverage more advanced technologies and measures in order to provide its customers with a superior shopping experience and to further carry out its smart retail strategy.

Other than the cooperation with Uni-President, the Group innovatively cooperated with a cosmetic products company and released limited edition lipsticks which quickly obtained the attention among young customers. During the World Cup 2018, we launched a cross-promotion event jointly with Tsingtao Brewery Co., Ltd. to market the classic combination of snacks and beer which effectively reached a broad customer base in a short period of time.

E-Commerce

The Group continued to implement its e-commerce strategies. The Group has stablished strong presence on approximately 16 domestic online marketplaces and local food ordering and delivery platforms, currently available in 65 cities. In early 2018, the Group deepened its cooperation with WeChat and developed its in-app mini-program to offer local food ordering and delivery service.

Big Data Strategies

The Group is endeavored to strengthen its big-data strategy and establish an enhanced information technology platform to support the sustainable long-term growth. In the first half of 2018, the Group implemented its SAP system which has currently commenced the trail test, transforming from the traditional digital system architecture to the multi-level architecture. It enables the Group to perform comprehensive and collaborative management and control over the Group. It also adapts to the new accounting and management requirements of the Group and builds an integrated platform for it, improving the Group's operating efficiency.

Industry and Business Outlook

China's braised food and retail industries have been in dire need of transition and consumption upgrades. These industries have been undergoing a revolution to adapt to the trends of intelligentization and omni-channel operation.

The Group believes that the digitalization of its big-data will serve as a foundation and the intelligentization of its operational procedures will be the key to achieve its smart retail strategy. While the omni-channel retailing is expected to be a new normal model of its industry, the Group believes that the establishment of a comprehensive value chain centering the customers and addressing their needs will be critical for future success.

In the second half of 2018, the Group expects to further strengthen and advance its leadership and market share in China and intends to continue to:

- Further expand retail store network and increase production capacities;
- Store image upgrade and product mix upgrade;
- Enhance brand building by further improve market efforts;
- Adopt to "New Retail" consumption scenarios;
- Precision marketing strategies based on members data analysis and improve repeat purchase; and
- Enhance employee incentives and optimize organization and process.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's unaudited consolidated statements of profits or loss and other comprehensive income in absolute amounts and as percentage of the Group's total revenue for the periods indicated, together with the change of the six months ended June 30, 2017 over the six months ended June 30, 2018 (expressed in percentages).

	Six Months Ended June 30,				Period-over-Period Change
	2018		2017		
	RMB'000	%	RMB'000	%	%
Revenue	**1,596,582**	**100.0**	**1,618,306**	**100.0**	**(1.3)**
Cost of sales	**(640,905)**	**(40.1)**	(632,386)	(39.1)	1.3
Gross profit	**955,677**	**59.9**	**985,920**	**60.9**	**(3.1)**
Other income and gains, net	**65,217**	**4.1**	39,780	2.5	63.9
Selling and distribution expenses	**(495,158)**	**(31.0)**	(428,180)	(26.5)	15.6
Administrative expenses	**(86,560)**	**(5.5)**	(70,725)	(4.4)	22.4
Profit before tax	**439,176**	**27.5**	**526,795**	**32.6**	**(16.6)**
Income tax expense	**(107,665)**	**(6.7)**	(125,761)	(7.8)	(14.4)
Profit for the period	**331,511**	**20.8**	**401,034**	**24.8**	**(17.3)**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Available-for-sale investments:					
Changes in fair value, net of tax	**—**	**—**	726	0.0	NA
Reclassification adjustments for gains and losses included in the profit or loss - gains on disposal, net of tax	**—**	**—**	(726)	(0.0)	NA
Exchange differences on translation of foreign operations	**12,410**	**0.8**	(71,391)	(4.4)	117.4
Other comprehensive income for the period, net of tax	**12,410**	**0.8**	(71,391)	(4.4)	117.4
Total comprehensive income for the period	**343,921**	**21.5**	**329,643**	**20.4**	**4.3**
Basic and diluted earnings per share (RMB)	**0.14**	**NA**	0.17	NA	(17.6)

Revenue

The Group's total revenue slightly decreased by approximately 1.3% from RMB1,618.3 million for the six months ended June 30, 2017 to RMB1,596.6 million for the six months ended June 30, 2018, which was primarily due to (i) the intensified competition for online and offline sales and marketing resources; and (ii) a decrease in customer traffic in self-operated retail stores in certain regional markets where the Group has been facing increasing pressure from its aging retail stores.

Geographically, central China region remained the major regional market of the Group in the six months ended June 30, 2018, which contributed approximately 62.8% of total revenue for the six months ended June 30, 2018. Northern China experienced a significant growth during the six months ended June 30, 2018 and its revenue contribution increased by approximately 14.2% compared with the corresponding period in 2017.

Cost of Sales

Cost of sales increased by approximately 1.3% from RMB632.4 million for the six months ended June 30, 2017 to RMB640.9 million for the six months ended June 30, 2018, primarily due to the overall price increase in our raw materials, the increased labor costs and the increased depreciation of equipment due to the commencement of operation of our Hebei facility.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decrease by 3.1% from RMB985.9 million for the six months ended June 30, 2017 to RMB955.7 million for the six months ended June 30, 2018.

Gross profit margin slightly decreased from 60.9% for the six months ended June 30, 2017 to 59.9% for the six months ended June 30, 2018.

Other Income and Gains, Net

The Group's other income and gains, net increased by approximately 63.9% from RMB39.8 million for the six months ended June 30, 2017 to RMB65.2 million for the six months ended June 30, 2018. The increase was primarily due to (i) a RMB13.1 million increase in interest income from structured deposits; and (ii) a RMB4.8 million increase in interest income from bank deposits.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 15.6% from RMB428.2 million for the six months ended June 30, 2017 to RMB495.2 million for the six months ended June 30, 2018. The increase was primarily due to the increases in lease expenses, advertising and marketing expenses and salary and welfare for the selling staff, each a result of the expansion of retail store network in the six months ended June 30, 2018.

Administrative Expenses

The Group's administrative expenses increased by approximately 22.4% from RMB70.7 million for the six months ended June 30, 2017 to RMB86.6 million for the six months ended June 30, 2018, primarily due to the increase in salary and welfare for the Group's general and administrative personal.

Profit Before Tax

As a result of the foregoing, the Group recorded profit before tax of RMB439.2 million for the six months ended June 30, 2018, decreased by approximately 16.6% from RMB526.8 million for the six months ended June 30, 2017.

Income Tax Expense

Income tax expense decreased by approximately 14.4% from RMB125.8 million for the six months ended June 30, 2017 to RMB107.7 million for the six months ended June 30, 2018, primarily due to the decrease in taxable profit.

Profit for the Period

As a result of the foregoing, due to the fact that the Group's revenue slightly decreased and the increase in operating expenses and costs outpaced the store network expansion, the Group's net profit decreased by approximately 17.3% from RMB401.0 million for the six months ended June 30, 2017 to RMB331.5 million for the six months ended June 30, 2018. Net profit margin was 24.8% for the six months ended June 30, 2017 and 20.8% for the six months ended June 30, 2018, respectively.

Exchange Differences on Translation of Foreign Operations

Exchange differences on translation of foreign operations increased from a loss of RMB71.4 million for the six months ended June 30, 2017 to a gain of RMB12.4 million for the six months ended June 30, 2018, primarily represented the foreign exchange gains on the cash and deposits held by the Group denominated in the U.S. dollars.

Total Comprehensive Income for the Period

As a result of the foregoing, the Group's total comprehensive income for the six months ended June 30, 2018 increased by approximately 4.3% to RMB343.9 million from RMB329.6 million for the six months ended June 30, 2017.

Liquidity and Capital Resources

During the six months ended June 30, 2018, the Group financed its operations primarily through cash generated from its business operations and the net proceeds received from its initial public offering (the "IPO"). The Group intends to finance its expansion and business development by internal resources and through organic and sustainable growth, as well as to use the net proceeds received from its IPO.

Capital Structure

As of June 30, 2018, the Group had net assets of approximately RMB4,108.7 million, as compared to RMB4,000.7 million as of December 31, 2017, comprising current assets of approximately RMB3,082.7 million, non-current assets of approximately RMB1,507.7 million, current liabilities of approximately RMB441.0 million and non-current liabilities of approximately RMB40.8 million.

As of June 30, 2018 and 2017, the Group had no borrowings from bank and financial institution.

Cash and Bank

As compared with RMB2,039.2 million as of December 31, 2017, the Group had cash and bank of approximately RMB1,894.3 million as of June 30, 2018, which was consisted of unrestricted cash and bank balances of approximately RMB133.1 million and term deposits with maturity over three months of approximately RMB1,761.2 million.

Financial Risks

The Group is not subject to significant credit risk and liquidity risk. The Group had cash at banks denominated in foreign currencies, which exposed the Group to foreign exchange risk. The Group does not use any derivative contracts to hedge against its exposure to foreign exchange risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and will take prudent measures to minimize the currency translation risk.

Use of Proceeds from the Initial Public Offering

Net proceeds from the IPO (including the exercise of the over-allotment options on November 30, 2016), after deducting the underwriting commission and other estimated expenses in connection with the Global Offering which the Company received amounted to approximately HK$2,792.3 million, comprising HK$2,428.1 million raised from the IPO and HK$364.2 million from the issue of shares pursuant to the exercise of the over-allotment options, respectively.

The table below sets forth the use of proceeds by the Group as of June 30, 2018:

	Budget	Amount that had been utilized as of June 30, 2018	Remaining balance as of June 30, 2018
		(in RMB million)	
Construction and improvement of processing facilities	858.3	516.5	341.8
Development of retail store network	367.8	48.4	319.4
Brand image campaigns, including the e-commerce marketing campaigns	294.3	52.0	242.3
Improvement of research and development	245.2	3.8	241.4
Acquisition and strategic alliances	245.2	17.9	227.3
Upgrades of information technology systems, including the enterprise resource planning system	196.2	20.8	175.4
General replenishment of working capital	245.2	46.0	199.2
Total	2,452.2	705.4	1,746.8

As of June 30, 2018, net proceeds not utilized had been deposited into short-term deposits and money market instruments, including structured deposits. There has been no change to the intended use of net proceeds as previously disclosed in the prospectus of the Company. The proceeds were used and are proposed to be used as and when appropriate based on the Group's business needs according to the intentions previously disclosed in the prospectus of the Company dated November 1, 2016.

Indebtedness

As of June 30, 2018, the Group did not have any outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection thereof.

Cash Flows

For the six months ended June 30, 2018, net cash generated from operating activities decreased to approximately RMB207.2 million from RMB326.2 million for the six months ended June 30, 2017, which was mainly attributed to profit before tax of RMB439.2 million, adjusted for certain non-cash items such as depreciation and amortization of RMB36.7 million. Additional factors that affected net cash generated from operating activities included the income tax paid of RMB152.9 million, a decrease of RMB40.1 million in other payables and accruals, an increase of RMB24.2 million in prepayments, deposits and other receivable, a decrease of RMB13.4 million in trade payables, and of RMB6.4 million in rental deposits as a result of our retail store network expansion.

For the six months ended June 30, 2018, net cash used in investing activities decreased to approximately RMB18.4 million from RMB149.9 million for the six months ended June 30, 2017, which was mainly attributed to purchases of structured deposits of RMB1,131.2 million, purchases of financial assets at fair value through profit or loss of RMB300.0 million, contribution to investments in an associate of RMB250.0 million, and purchases of property, plant and equipment of RMB183.8 million, partially offset by the proceeds from disposals of structured deposits of RMB1,382.2 million, proceeds from disposal of items of financial assets at fair value through profit or loss of RMB330.0 million and a decrease of term deposits of maturity over three months of RMB115.2 million.

For the six months ended June 30, 2018, net cash used financing activities increased to approximately RMB235.9 million from RMB219.3 million for the six months ended June 30, 2017, which represents the dividends paid in June 2018.

Structured Deposits

The Group from time to time invests in asset management products, primarily structured deposits, in order to better facilitate its cash management. Structured deposits were principal-protected products which typically had a fixed short term and may be redeemed upon their respective expiry dates. As at June 30, 2018, the Group invested approximately RMB711.0 million of structured deposits (June 30, 2017: approximately RMB761.3 million). The underlying investments of the structured deposits were primarily short-term sovereign bonds, financial bonds and central bank bills, and other investment products issued by commercial banks in the inter-bank market in China, which were very liquid with a relatively short term of maturity, and which were considered to be similar to placing deposits with banks whilst enabling the Group to earn a relatively higher rate of return. In the six months ended June 30, 2018, interest income from structured deposits amounted to approximately RMB22.3 million (June 30, 2017: approximately RMB9.1 million).

The Group has implemented capital and investment policies to monitor and control the risks relating to its investment activities. The Group may only make investments in asset management products when it has surplus cash. Only make investments in low-risk products issued by qualified commercial banks or other financial institutions are allowed and the investments should be non-speculative in nature. The Group's capital and investment policies also specify the criteria for selecting investments to be considered and the detailed review procedures that each proposed investment shall go through.

In view of an upside of earning a relatively higher return than current saving or fixed deposit rate under the low interest rate trend, as well as the principal-protected nature and a relatively short term of maturity of the structured deposits, the Directors are of the view that the structured deposits pose trivial risk to the Group and the terms and conditions of each of the structured deposits are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Capital Expenditure

The Group's capital expenditures amounted to RMB171.0 million for the six months ended June 30, 2018, mainly in connection with the establishment of SAP system, upgrades of production lines, improvement of processing facilities and decoration and improvement of self-operated retail stores. The Group financed its capital expenditures primarily with cash generated from operations and the proceeds from the IPO.

Contingent Liabilities and Guarantees

As of June 30, 2018, the Group did not have any significant contingent liabilities, guarantees or any litigation against it.

Major Investment

In March 2018, one of the Group's indirect wholly-owned subsidiary entered into a partnership agreement with two subsidiaries of Shenzhen Tiantu Investment Co., Ltd. (深圳市天圖投資管理股份有限公司) to jointly establish Shenzhen Tiantu Xingnan Investment Partnership (Limited Partnership) (深圳市天圖興南投資合夥企業 (有限合夥)) (the "**Partnership**") with a total size of RMB3.0 billion in Shenzhen, of which the Group subscribed for RMB500.0 million. As of the date of this announcement, the Group had made the full payment for its initial capital contribution of RMB250.0 million, which were funded from its operations. The Partnership is expected to serve an investment platform to primarily explore investment opportunities related to consumption upgrade and new retail. Please refer to the announcement of the Group dated March 12, 2018 for more details.

Other than the Partnership, in the six months ended June 30, 2018, the Group did not conduct any other material investments, acquisitions or disposals.

Turnover Ratios

Average inventory turnover days increased from 61.8 days for the six months ended June 30, 2017 to 68.0 days for the six months ended June 30, 2018, primarily because the Group had increased the inventory reserves of certain major raw materials at lower prevailing market prices.

Average trade receivables turnover days slightly increased from 0.9 days for the six months ended June 30, 2017 to 2.7 days for the six months ended June 30, 2018, primarily because the payment settlement cycles of certain transport hub stores increased to approximately one month or more after contract renewal since the second half of 2017.

Average trade payables turnover days decreased from 25.7 days for the six months ended June 30, 2017 to 22.3 days for the six months ended June 30, 2018, primarily due to a decrease in payables to suppliers.

Employee and Labor Cost

As of June 30, 2018, the Group had a total of 4,778 employees, among which approximately 63.8% were retail store operations and sales staff and approximately 15.2% were manufacturing staff at its processing facilities.

The Group has developed a performance evaluation system to assess the performance of its employees annually, which forms the basis for determining the salary levels, bonuses and promotions an employee may receive. Sales and marketing personnel may also receive bonuses based on the sales targets they accomplished, by taking into account the overall sales performance of the stores in the same regional market in the relevant period.

For the six months ended June 30, 2018, the Group incurred total labor costs of RMB217.6 million, representing approximately 13.6% of total revenue of the Group.

Top Suppliers and Top Customers

For the six months ended June 30, 2018, purchases from the Group's largest duck supplier in terms of RMB amount accounted for approximately 9.2% of total purchase cost and the aggregate purchases from its top five duck suppliers in terms of RMB amount in aggregate accounted for approximately 26.1% of total purchase cost.

For the six months ended June 30, 2018, due to the nature of the Group's business, revenue derived from its top five customers accounted for less than 30% of total revenue.

Reserves

As of June 30, 2018, the Group's reserves available for distribution to shareholders of the Company amounted to approximately RMB2,200.4 million.

Subsequent Events

No material events were undertaken by the Group subsequent to June 30, 2018 and up to August 29, 2018, being the date of this announcement.

FINANCIAL INFORMATION

The unaudited consolidated interim results of the Group for the six months ended June 30, 2018 are as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 RMB'000 (unaudited)	Six months ended 30 June 2017 RMB'000 (unaudited)
REVENUE	3	1,596,582	1,618,306
Cost of sales		(640,905)	(632,386)
Gross profit		955,677	985,920
Other income and gains, net	3	65,217	39,780
Selling and distribution expenses		(495,158)	(428,180)
Administrative expenses		(86,560)	(70,725)
PROFIT BEFORE TAX	4	439,176	526,795
Income tax expense	5	(107,665)	(125,761)
PROFIT FOR THE PERIOD		331,511	401,034
Attributable to:			
Owners of the parent		331,511	401,034
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value, net of tax		—	726
Reclassification adjustments for gains and losses included in profit or loss – gains on disposal, net of tax		—	(726)
		—	—
Exchange differences:			
Exchange differences on translation of foreign operations		12,410	(71,391)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		12,410	(71,391)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		343,921	329,643
Attributable to:			
Owners of the parent		343,921	329,643
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted (RMB)		0.14	0.17

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Notes	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		966,415	839,028
Prepaid land lease payments		110,258	111,467
Prepayments		53,152	40,288
Rental deposits		76,855	70,459
Other intangible assets		8,094	7,962
Investments in an associate	10	250,000	—
Deferred tax assets		42,950	31,410
Total non-current assets		1,507,724	1,100,614
CURRENT ASSETS			
Inventories		235,890	248,435
Trade receivables	8	22,994	25,506
Prepayments, deposits and other receivables	9	193,297	1,108,512
Due from the Controlling Shareholders		1,305	1,801
Structured deposits		711,000	—
Available-for-sale investments		—	30,000
Restricted cash		20,866	14,911
Cash in transit		3,124	3,489
Cash and bank		1,894,306	2,039,166
Total current assets		3,082,782	3,471,820
CURRENT LIABILITIES			
Trade payables	11	72,857	86,301
Other payables and accruals		304,897	347,281
Government grants, current		902	902
Income tax payable		62,332	96,263
Total current liabilities		440,988	530,747
NET CURRENT ASSETS		2,641,794	2,941,073
TOTAL ASSETS LESS CURRENT LIABILITIES		4,149,518	4,041,687

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at June 30, 2018

	Notes	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		4,334	4,076
Government grants, non-current		36,487	36,938
Total non-current liabilities		40,821	41,014
NET ASSETS		4,108,697	4,000,673
EQUITY			
Equity attributable to owners of the parent			
Share capital		16	16
Reserves		4,108,681	4,000,657
TOTAL EQUITY		4,108,697	4,000,673

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands on 13 May 2015. The registered and correspondence office of the Company is located at the offices of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 November 2016 (the "Listing").

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with HKAS 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA.

The interim condensed consolidated financial statements have been prepared under the historical cost convention except available-for-sale investments and structured deposits which have been measured at fair value. The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") and interpretations as of 1 January 2018, noted below.

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements

HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKFRS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than explained below regarding the impact of adopting HKFRS 9 and HKFRS 15, the other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(a) The impact on the financial statements

HKFRS 9 Financial Instruments was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments are therefore not reflected in the balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The Group presented in profit or loss ("PL") changes in the fair value of all its money market funds previously classified as available-for-sale investments and structured deposits previously included in prepayments, deposits and other receivables, because these investments did not pass the contractual cash flow characteristics test in HKFRS 9. As a result, assets with a fair value of RMB30,000,000 and RMB962,000,000 were reclassified from available-for-sale investments and prepayments, deposits and other receivables, respectively, to financial assets at fair value through profit or loss ("FVPL") on January 1, 2018

(b) HKFRS 9 Financial Instruments – Impact of adoption

(i) Money market funds previously classified as available-for-sale investments and structured deposits previously included in prepayments, deposits and other receivables

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2.2(c) below. In accordance with HKFRS 9, comparative figures have not been restated. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition are recognized in the opening retained profits of the current year.

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Available-for-sale investments	Financial assets included in prepayments deposits and other receivables	Financial assets at fair value through profit or loss
	RMB'000	RMB'000	RMB'000
Closing balance as at 31 December 2017	30,000	962,000	—
Reclassification from available-for-sale investments to financial assets at fair value through profit or loss	(30,000)	—	30,000
Reclassification from financial assets included in prepayments, deposits and other receivables to structured deposits measured at FVPL	—	(962,000)	962,000
Opening balance as at 1 January 2018	—	—	992,000

(ii) Impairment of financial assets

The Group has trade receivables for sales of products that are subject to HKFRS 9's new expected credit loss model, and the Group was required to revise its impairment methodology under HKFRS 9 for these receivables.

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the aging. The adoption of new approach did not result in any impact on the amounts reported in the opening balance sheet on January 1, 2018 and the financial information during the six months ended June 30, 2018.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

While cash and cash equivalents and other receivables are also subject to the impairment requirements of HKFRS 9, no impairment loss was identified.

(c) HKFRS 9 Financial Instruments – Accounting policies applied from 1 January 2018

(i) Investments and other financial assets

Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement category:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through PL), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in PL or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at financial assets at fair value through OCI ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from the financial assets is included in other income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investments. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment

From January 1, 2018, the Group assesses the expected credit losses associated with its financial assets on a forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(ii) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(d) HKFRS 15 Revenue from Contracts with Customers – Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions in HKFRS 15, the Group has adopted the new rules retrospectively. The Group assessed the impacts of adopting HKFRS 15 on its financial statements. Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition.

3. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts.

An analysis of revenue, other income and gains, net is as follows:

	Six months ended 30 June	
	2018	**2017**
	RMB'000	**RMB'000**
	(unaudited)	**(unaudited)**
Type of goods		
Vacuum-packaged products	141,455	147,270
Modified-Atmosphere-Packaged products	1,443,087	1,462,193
Other products	12,040	8,843
Total revenue from contracts with customers	1,596,582	1,618,306

The timing of the above revenue recognition is when goods were transferred at a point in time.

	Six months ended 30 June	
	2018	**2017**
	RMB'000	**RMB'000**
	(unaudited)	**(unaudited)**
Other income and gains, net		
Government grants*	13,631	10,912
Interest income from bank deposits	25,974	21,207
Interest income from financial assets at fair value through profit or loss	908	—
Interest income from available-for-sale investments	—	968
Interest income from structured deposits measured at FVPL	22,250	9,143
Gain on foreign exchange	5,060	7,161
Loss on disposal of items of property, plant and equipment	(7,117)	(10,526)
Others	4,511	915
Total	65,217	39,780

* There were no unfulfilled conditions and other contingencies attaching to government grants that had been recognised.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	**2017**
	RMB'000 (unaudited)	**RMB'000 (unaudited)**
Cost of inventories sold	541,717	538,690
Depreciation of property plant and equipment	34,749	27,401
Amortization of prepaid land lease payments	526	568
Amortization of other intangible assets	1,422	862
Auditor's remuneration	1,100	1,200
Minimum lease payments under operating leases in respect of stores and plant premises	191,994	134,607
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	176,762	165,293
Pension scheme contributions	28,353	23,742
Other welfare	12,508	11,417
Advertising and promotion expenses	30,278	28,946
E-commerce and online ordering platform related service and delivery fees	62,835	70,563
Fuel cost	8,638	9,320
Utility expenses	16,697	15,367
Loss on disposal of items of property, plant and equipment	7,117	10,526
Gain on foreign exchange	(5,060)	(7,161)
Interest income from bank deposits	(25,974)	(21,207)
Interest income from financial assets at fair value through profit or loss	(908)	—
Interest income from available-for-sale investments	—	(968)
Interest income from structured deposits measured at FVPL	(22,250)	(9,143)
Transportation expenses	34,155	33,905

5. INCOME TAX

The major components of income tax expenses are as follows:

	Six months ended 30 June	
	2018	**2017**
	RMB'000 (unaudited)	**RMB'000 (unaudited)**
Current income tax in PRC	118,947	129,947
Deferred tax	(11,282)	(4,186)
Total tax charge for the period	107,665	125,761

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

The provision for current income tax in PRC is based on a statutory rate of 25% (six months ended 30 June 2017: 25%) of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The statutory tax rate for the subsidiary in Hong Kong is 16.5% (six months ended 30 June 2017: 16.5%). No Hong Kong profits tax on the Group's subsidiary has been provided as there is no assessable profit arising in Hong Kong during the period.

6. INTERIM DIVIDENDS

The Directors of the Company proposed not to declare any interim dividend for the six months ended June 30, 2018. (June 30, 2017: Nil)

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,383,140,500 (six months ended 30 June 2017: 2,383,140,500 shares) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2018	**2017**
	RMB'000 (unaudited)	**RMB'000 (unaudited)**
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	331,511	401,034
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	2,383,140,500	2,383,140,500
Earnings per share:		
Basic and diluted (RMB)	0.14	0.17

8. TRADE RECEIVABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Trade receivables	22,994	25,506
Less: Impairment provision	—	—
	22,994	25,506

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Within 3 months	22,994	25,506
Over 3 months	—	—
	22,994	25,506

The Group applies the simplified approach to provide for expected credit losses prescribed in HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of the trade receivables to measure the expected credit losses. As all of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default and there has not been a significant change in credit quality, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Prepaid rents	84,817	71,787
Advances to employees	2,914	2,671
Advances to suppliers	10,040	6,869
Deductible input VAT	51,046	41,685
Current portion of prepaid land lease payments	2,417	2,417
Structured deposits	—	962,000
Other receivables	42,063	21,083
	193,297	1,108,512

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

10. INVESTMENT IN AN ASSOCIATE

	30 June 2018 RMB'000 (unaudited)	31 December 2017 RMB'000 (audited)
Share of net assets	250,000	—

Particulars of the Company's material associate are as follows:

Name	Place incorporation	Percentage of voting power	Principal activities
Shenzhen Tiantu Xingnan Investment Partnership (Limited Partnership)	China	40	Investment Fund

In March 2018, the Group, through an indirect wholly-owned subsidiary, entered into a partnership agreement with Shenzhen Tiantu Capital Management Centre (limited partnership) and Shenzhen Tiantu Xing'an Investment Enterprise (limited partnership) to jointly form Shenzhen Tiantu Xingnan Investment Parthership (Limited Parthership), an investment fund, as a limited partner with an initial subscription amount of RMB500,000,000, representing 50% of the total initial subscription amount of this fund. The Group has contributed RMB250,000,000 as of 30 June, 2018.

11. TRADE PAYABLES

The aging analysis of outstanding trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018	31 December 2017
	RMB'000 (unaudited)	RMB'000 (audited)
Within 3 months	69,765	84,807
3 to 6 months	2,753	844
Over 6 months	223	30
Over 12 months	116	620
	72,857	86,301

The trade payables are non-interest-bearing.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the six months ended June 30, 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended June 30, 2018, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code throughout the six months ended June 30, 2018.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Chan Kam Ching, Paul, and Mr. Lu Weidong. Mr. WU Chi Keung is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the Interim Results for the six months ended June 30, 2018.

INTERIM DIVIDEND

The Board proposed not to declare any interim dividend for the six months ended June 30, 2018 (June 30, 2017: nil).

CHANGE IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

On April 23, 2018, Mr. Zhu Yulong resigned as an executive Director of the Company and ceased to be the chairman of the strategic development committee and a member of the remuneration committee of the Company.

Mr. Hao Lixiao, an executive Director, Chief Executive Officer and a member of the strategic development committee, was been appointed as the chairman of the strategic development committee of the Company with effect from April 23, 2018

On the same date, the Company appointed Ms. Li Ying as an executive Director and a member of the remuneration committee of the Company, whose biographical details were contained in the announcement of the Company in connection with the resignation and appointment of executive Directors and change of composition of Board committees on April 23, 2018.

Except as disclosed above, there is no other change in the Directors' information which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of 2017 annual report of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhouheiya.cn). The interim report will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Zhou Hei Ya International Holdings Company Limited
ZHOU Fuyu
Chairman

Hong Kong, 29 August 2018

As at the date of this announcement, Mr. Zhou Fuyu, Mr. Hao Lixiao, Ms. Li Ying, Mr. Wen Yong and Mr. Hu Jiaqing are the executive Directors; Mr. Pan Pan is the non-executive Director; and Mr. Wu Chi Keung, Mr. Chan Kam Ching, Paul and Mr. Lu Weidong are the independent non-executive Directors.