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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

FINANCIAL HIGHLIGHTS

	Year Ended December 31,		Year-over-year Change
	2016	2015	
	RMB'000	RMB'000	%
Revenue	**2,816,489**	2,432,009	15.8
Gross profit	**1,755,102**	1,372,819	27.8
Profit before tax	**963,366**	748,188	28.8
Profit for the year attributable to owners of the Company	**715,611**	552,738	29.5
Adjusted net profit [(1)]	**737,092**	562,697	31.0
Basic and diluted earnings per share (RMB)	**0.37**	0.29	27.6

(1) Adjusted net profit is calculated by deducting listing expenses. Adjusted net profit is an unaudited non-GAAP item. To supplement the Group's consolidated financial statements which are presented in accordance with HKFRS, the Group has presented this non-GAAP item as an additional measure to evaluate the financial performance of the Group by considering the impact of certain item that the Group believes is frequently used by analysts, investors and other interested parties in the evaluation of companies in the industry the Group operates and by eliminating the impact of certain unusual and non-recurring item that the Group does not consider indicative of the performance of the Group's business.

OPERATIONAL HIGHLIGHTS

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

	Year Ended December 31,	
	2016	**2015**
Number of self-operated retail stores	**778**	641
Total sales volume (tons)	**32,830**	30,620
Average spending per purchase order (RMB)	**59.24**	56.27

PROPOSED FINAL DIVIDEND

Proposed final dividend of RMB0.09 per share (equivalent to HK$0.10 per share), amounting to approximately a total of RMB214.7 million for the year ended December 31, 2016 and representing approximately 30% of the Group's net profit for the year ended December 31, 2016.

The board of directors (the "**Board**") of Zhou Hei Ya International Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2016. The annual 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 annual results have also been reviewed by the audit committee of the Company (the "**Audit Committee**").

BUSINESS OVERVIEW AND OUTLOOK

Market Overview

The Group believes that the casual food industry in China will continue to grow, which is primarily driven by various factors, including overall economic growth and increasing disposable income, population growth in urban areas and increasing urbanization, increased leisure time and leisure spending and development of sales channels. According to the National Bureau of Statistics of China, China's GDP growth for 2016 was 6.7% while the per capita disposable income increased by 6.3% from 2015. The overall consumer market in China had realized a stable growth in 2016.

The growing economy, increasing urbanization, higher disposable income with more leisure time, had brought more opportunities for the casual food industry. Increasing market demands have been driving the development of the casual braised food industry quickly. According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., total retail sales of casual braised food in China has increased at a CAGR of 18.5% from RMB23.2 billion in 2010 to RMB64.2 billion in 2016.

Overall Business and Financial Performance

The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on November 11, 2016 (the "**Listing Date**"), representing a significant milestone in its corporate history.

In 2016, the Group had continued to carry out its expansion plans and increased the number of its self-operated retail stores to 778 as of December 31, 2016. Leveraging the store network expansion, the continuously upgraded product mix with premium and high quality, as well as its increasingly recognized brand awareness in China, the Group's total revenue amounted to RMB2,816.5 million in 2016, increased by approximately 15.8% from RMB2,432.0 million in 2015. The Group's gross profit increased by 27.8% from RMB1,372.8 million for the year ended December 31, 2015 to RMB1,755.1 million for the year ended December 31, 2016. Gross profit margin improved from 56.4% in 2015 to 62.3% in 2016. Profit before tax increased by 28.8% from RMB748.2 million for the year ended December 31, 2015 to RMB963.4 million for the year ended December 31, 2016 and the profit before tax as a percentage of revenue increased from 30.8% in 2015 to 34.2% in 2016. The Group's net profit increased by 29.5% from RMB552.7 million for the year ended December 31, 2015 to RMB715.6 million for the year ended December 31, 2016 and net profit margin improved from 22.7% in 2015 to 25.4% in 2016.

Store Network Expansion

The Group continued to focus on its unique business model by developing its self-operated retail store network. In 2016, in addition to enhancing the penetration in existing regional markets, the Group also successfully entered into eight new cities, namely Chongqing, Xinxiang and Xuchang in Henan Province, Zaoyang and Dangyang in Hubei Province, Suzhou and Wuxi in Jiangsu Province, and Langfang in Hebei Province.

In 2016, the Group newly opened 190 self-operated retail stores and closed 53 stores. As a result, as of December 31, 2016, it had a total of 778 self-operated retail stores covering 43 cities in 13 provinces and municipalities in China.

Geographically, central China area remained the major regional market of the Group in 2016, while other regional markets had generally experienced growth in terms of the number of self-operated retail stores and revenue contribution, in particular in eastern and northern China regions.

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

Number of Stores

	Year Ended December 31,			
	2016		2015	
	#	%	#	%
Central China [(1)]	**370**	**47.6**	341	53.2
Southern China [(2)]	**164**	**21.1**	140	21.8
Eastern China [(3)]	**110**	**14.1**	63	9.8
Northern China [(4)]	**100**	**12.9**	80	12.5
Southwestern China [(5)]	**34**	**4.3**	17	2.7
Total	**778**	**100.0**	641	100.0

Revenue

	Year Ended December 31,			
	2016		2015	
	RMB'000	%	RMB'000	%
Central China [(1)]	**1,612,886**	**66.6**	1,493,759	70.1
Southern China [(2)]	**352,793**	**14.6**	325,755	15.3
Eastern China [(3)]	**224,374**	**9.3**	143,320	6.7
Northern China [(4)]	**202,196**	**8.3**	154,751	7.3
Southwestern China [(5)]	**28,608**	**1.2**	13,843	0.6
Total	**2,420,857**	**100.0**	2,131,428	100.0

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

(2) Comprises Guangdong Province (including Shenzhen).

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

(4) Comprises Beijing, Tianjin and Hebei Province.

(5) Comprises Chongqing and Sichuan Province.

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 December 31, 2016, among all self-operated retail stores the Group operated, 204 were transport hub stores. Sales derived from such transport hub stores aggregated to approximately RMB1,052.2 million, accounting for approximately 37.4% of total revenue for 2016, comparing with RMB834.2 million, or approximately 34.3% of total revenue, for 2015.

Based on a total of 414 comparable self-operated retail stores in 2015 and 2016, the Group's total comparable store sales amounted to RMB1,856.8 million and the same store sales growth rate was 0.7% from 2015 and 2016. The Group's same store base is defined as those self-operated retail stores that were in operation throughout the relevant periods under comparison.

Average spending per purchase order of the Group's self-operated retail stores increased from approximately RMB56.27 in 2015 to RMB59.24 in 2016.

Product and Technology Innovations

The Group has been continuously developing new products to enhance its product portfolio. In addition to ducks and duck parts, it also offers other meat products, vegetables, bean curd, eggs and seafood. Moreover, the Group has also improved its processing technologies and packaging techniques. In 2016, it fully launched fixed-weighted packages for modified atmosphere packaging, or MAP, products which have become popular among customers.

The following table sets forth the revenue contribution, the sales volume and the average selling prices in terms of the Group's main product categories for the periods indicated.

	Year Ended December 31,					
	2016			2015		
	Revenue (RMB'000)	Sales Volume (tons)	Average Selling Price (RMB/kg)	Revenue (RMB'000)	Sales Volume (tons)	Average Selling Price (RMB/kg)
Ducks and duck part products [1]	**2,496,698**	**28,338**	**88.1**	2,206,208	27,293	80.8
Other products [1] [2]	**319,791**	**4,492**	**71.2**	225,801	3,326	67.9
Total [1]	**2,816,489**	**32,830**	**85.8**	2,432,009	30,620	79.4

(1) The average selling prices are for indicative purpose only. Various products are sold in different specifications with a wide price range.

(2) Other products mainly include braised red meat, braised vegetable products and other braised poultry.

Production Capacity and Operating Efficiency

In 2016, the Group continued to implement its production capacity expansion plans. The Phase II Wuhan processing facility commenced commercial operation by late 2016 and started to contribute additional production capacity. Designed annual production capacity of the Phase II Wuhan processing facility amounted to approximately 88,300,800 boxes, or 22,000 tons, per year.

On the other hand, the Group continued to enhance the automation level during the production processes, aiming at enhancing the production efficiency as well as increasing the product quality. For example, the Group installed production lines with upgraded automated sections in its new Phase II Wuhan facility. It also improved the defrosting and packaging processes by adding automated equipment which largely increased the efficiency comparing with the traditional manual operation.

E-Commerce

The Group continued to implement its e-commerce strategies and its online sales, mainly through cooperation with third party online marketplaces, and had experienced a significant growth in 2016. Revenue generated from online channels amounted to RMB263.9 million for 2016, representing an increase of 53.1% from 2015.

In addition, in 2016, it started to further cooperate with several local food service providers to launch online ordering and delivery services.

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

	Year Ended December 31,			
	2016		**2015**	
	RMB'000	**%**	**RMB'000**	**%**
Self-operated retail stores [(1)]	**2,420,857**	**86.0**	2,131,428	87.6
Online channels	**263,867**	**9.4**	172,435	7.1
Distributors	**121,237**	**4.2**	111,812	4.6
Others [(2)]	**10,528**	**0.4**	16,334	0.7
Total	**2,816,489**	**100.0**	2,432,009	100.0

[(1)] Includes revenue derived from online ordering and delivery services, products so sold are typically picked up at the designated retail stores.

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

Outlook for 2017

The Group believes that 2017 is a year full of challenges as well as opportunities. Pressure of increasing labor and raw material costs urge the Group to be prudent, visionary and get well prepared. Nevertheless, there remain significant potentials in the casual braised food market in China. In particular, the growing purchasing power of young customers and the evolving consumption habits, such as online shopping and local food services, have presented more opportunities and market needs that have not been fully addressed.

The Group expects to take advantage of its current market position as a China's leading casual braised food company and to further strengthen and advance the leadership and market share in China, and to expand internationally as one of the top casual food brands.

- ***Further penetrate existing markets and strategically expand into new regions.*** In 2017, the Group expects to further increase the number of its self-operated retail stores. It expects to enhance the penetration in existing markets, in particular in the central China area. It also expects to expand its footprint by replicating its successful retail store model into new regions in China and particularly, to enhance its visibility in strategic locations nationwide. In 2017, the Group intends to primarily enhance its retail store network in eastern China and northern China regional markets.
- ***Further strengthen the brand equity and promote unique culture and lifestyle image.*** The Group will continue to enhance its cooperation with railway and subway operators. It also expects to collaborate with various partners to launch more online marketing initiatives and cross-promotional events, so as to further drive the sales and enhance brand awareness and customer base.
- ***Develop new products and introduce new technologies to continuously enhance consumers' satisfaction.*** The Group will continue to emphasize product development and innovation. In particular, it will continue to enhance its product portfolio and selectively develop new products to cater to consumer needs, such as braised vegetables, bean curd, red meat and seafood. It will also continue to improve product quality. In addition, it will continue to develop and introduce new product processing and packaging technologies that may further improve the taste and shelf life of its products. It will also enhance investments in relevant technologies and human resources in order to ensure product safety.

- ***Continue to focus on attracting young customers and developing e-commerce business.*** The Group has been benefiting from the growing purchasing power of young customers in China. It intends to improve its membership management and continue to carry out its lifestyle marketing and branding strategies to attract more young customers and enhance their loyalty. The Group will establish an integrated and stable membership system to further streamline its online and offline customer resources. On the other hand, in order to adapt to the evolving online consumption habits and to capture the great market potential brought by rapidly growing e-commerce in China, the Group also expects to accelerate the development of its online channels, by strengthening cooperation with various well-known online marketplaces as well as third-party online local food service providers to provide online ordering and delivery services. The Group will continue to explore more logistics service solutions to facilitate its online initiatives and ensure time delivery.

- ***Enhance investments in human resources and improve operational efficiency.*** The Group expects to enhance its investments in human resources in order to attract, retain and train high-quality management personnel as well as other administrative and sales and marketing personnel, in order to support the long-term sustainable growth. Being a listed company requires the Group to further enhance its corporate governance and social responsibility. In this regard, the Group intends to recruit personnel with relevant experience and provide internal training programs to accelerate the establishment of management team that could meet the high corporate governance standards. Moreover, the Group also expects to improve its operational and managerial efficiency by optimizing organizational structure and administrative procedures and strengthening internal control procedures.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's 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 from 2015 to 2016 (expressed in percentages).

	Year Ended December 31,				Year-over-year Change
	2016		2015		
	RMB'000	%	RMB'000	%	%
Revenue	**2,816,489**	**100.0**	**2,432,009**	**100.0**	**15.8**
Cost of sales	**(1,061,387)**	**(37.7)**	(1,059,190)	(43.6)	0.2
Gross profit	**1,755,102**	**62.3**	**1,372,819**	**56.4**	**27.8**
Other income and gains, net	**50,704**	**1.8**	28,062	1.2	80.7
Selling and distribution expenses	**(700,893)**	**(24.9)**	(527,969)	(21.7)	32.8
Administrative expenses	**(141,547)**	**(5.0)**	(124,724)	(5.1)	13.5
Profit before tax	**963,366**	**(34.2)**	**748,188**	**30.8**	**28.8**
Income tax expense	**(247,755)**	**(8.8)**	(195,450)	(8.1)	26.8
Profit for the year	**715,611**	**25.4**	**552,738**	**22.7**	**29.5**
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	**2,231**	**0.1**	1,405	0.1	58.8
Reclassification adjustments for gains and losses included in the profit or loss - gains on disposal, net of tax	**(2,231)**	**(0.1)**	(1,405)	(0.1)	58.8
Exchange differences on translation of foreign operations	**50,604**	**1.8**	7,690	0.3	558.0
Other comprehensive income for the year, net of tax	**50,604**	**1.8**	7,690	0.3	558.0
Total comprehensive income for the year	**766,215**	**27.2**	**560,428**	**23.0**	**36.7**
Basic and diluted earnings per share (RMB)	**0.37**	**N.A.**	0.29	N.A.	27.6

Revenue

The Group's total revenue increased by approximately 15.8% from RMB2,432.0 million for the year ended December 31, 2015 to RMB2,816.5 million for the year ended December 31, 2016, which was primarily due to the increase of average selling prices as a result of the upgrades for product packaging, as well as the increase in total sales volume as a result of the continuous expansion of the Group's self-operated retail store network. In 2016, the Group had fully launched fixed-weighted packages for MAP products and individually-packed vacuum packages for vacuum packaged products. In addition, the total number of the self-operated retail stores increased from 641 as of December 31, 2015 to 778 as of December 31, 2016. Revenue contributed by the Group's self-operated retail stores increased by approximately 13.6% from RMB2,131.4 million for the year ended December 31, 2015 to RMB2,420.9 million for the year ended December 31, 2016.

Moreover, revenue derived from the online channels increased by approximately 53.1% from RMB172.4 million for the year ended December 31, 2015 to RMB263.9 million for the year ended December 31, 2016, primarily due to the Group's continued e-commerce marketing strategies to enhance its brand awareness online. In 2016, the Group's online channels offered fixed-weighted packages for MAP products, which generally have a higher average selling price and were only offered since the second half of 2015.

Geographically, central China area remained the major regional market of the Group in 2016, which contributed approximately 66.6% of total revenue for the year ended December 31, 2016. Nevertheless, other regional markets had generally experienced growth in terms of the number of self-operated retail stores and revenue contributed. In particular, revenue contributed by eastern China area increased significantly by approximately 56.6%, mainly as a result of the rapid expansion of the self-operated retail store network in this region.

Cost of Sales

Cost of sales slightly increased by approximately 0.2% from RMB1,059.2 million for the year ended December 31, 2015 to RMB1,061.4 million for the year ended December 31, 2016. The growth rate of cost of sales in 2016 was lower than that of total revenue, which was primarily due to the Group's increased procurements of certain raw materials at relatively low prevailing market prices in 2016, and the decrease in packaging material costs. Such decreases were partially offset by increases in logistics related costs, which mainly represents the transportation costs relating to raw material procurements, and storage charges, as the Group increased raw material procurements in 2016 to take advantage of the relatively low market prices.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increase by 27.8% from RMB1,372.8 million for the year ended December 31, 2015 to RMB1,755.1 million for the year ended December 31, 2016. Gross profit margin improved from 56.4% in 2015 to 62.3% in 2016.

Other Income and Gains, Net

The Group's other income and gains, net increased by approximately 80.4% from RMB28.1 million for the year ended December 31, 2015 to RMB50.7 million for the year ended December 31, 2016. The increase was primarily due to an increase of approximately RMB19.0 million of government grants received in 2016 mainly by virtue of tax return, partially offset by a decrease of approximately RMB8.4 million in interest income from structured deposits as a result of the lower average amount invested in structured deposits during 2016. The Group established and had strictly followed the capital and investment policies to monitor and control the risks relating to its investment activities.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 32.8% from RMB528.0 million for the year ended December 31, 2015 to RMB700.9 million for the year ended December 31, 2016. The increase was due to the Group's enhanced advertising and promotional activities, such as placing advertisements on high-speed trains and subways. The increase was also due to an increase in the salary and welfare for its selling and marketing staff as well as the increased headcount of selling and marketing personnel, particularly, the store staffs.

Administrative Expenses

The Group's administrative expenses increased by approximately 13.5% from RMB124.7 million for the year ended December 31, 2015 to RMB141.5 million for the year ended December 31, 2016, primarily due to an increase of the average wage rate. In addition, the increase in administrative expenses in 2016 was also due to the expenses of RMB21.5 million incurred by the Group in connection with its initial public offering (the "**IPO**").

Profit Before Tax

As a result of the foregoing, the Group recorded profit before tax of RMB963.4 million for the year ended December 31, 2016, increased by approximately 28.8% from RMB748.2 million for the year ended December 31, 2015.

Income Tax Expense

Income tax expense increased by approximately 26.8% from RMB195.5 million for the year ended December 31, 2015 to RMB247.8 million for the year ended December 31, 2016, mainly due to the increase in the taxable revenue resulting from the business growth in 2016.

Profit for the Year

As a result of the foregoing, the Group's net profit increased by 29.5% from RMB552.7 million for the year ended December 31, 2015 to RMB715.6 million for the year ended December 31, 2016. Net profit margin improved from 22.7% in 2015 to 25.4% in 2016.

Exchange Differences on Translation of Foreign Operations

Exchange differences on translation of foreign operations significantly increased from RMB7.7 million for the year ended December 31, 2015 to RMB50.6 million for the year ended December 31, 2016, primarily represented the foreign exchange gains on term deposit denominated in Hong Kong dollars as a result of the proceeds received from the IPO.

Total Comprehensive Income for the Year

As a result of the foregoing, the Group's total comprehensive income for the year ended December 31, 2016 increased by 36.7% to RMB766.2 million from RMB560.4 million for the year ended December 31, 2015.

Non-GAAP Measure

To supplement the Group's consolidated financial statements which are presented in accordance with HKFRS, the Group uses adjusted net profit as an additional financial measure to evaluate the Group's financial performance without taking into account certain unusual and non-recurring items. Adjusted net profit is calculated by deducting listing expense the Group incurred in connection with its IPO. The table below sets forth the reconciliation of profit for the year to adjusted net profit.

	Year Ended December 31,	
	2016	**2015**
	RMB'000	**RMB'000**
Profit for the year	715,611	552,738
Listing expenses	21,481	9,959
Adjusted net profit [(1)]	737,092	562,697

(1) Adjusted net profit is an unaudited non-GAAP item. The Group uses such unaudited non-GAAP adjusted net profit as an additional financial measure to supplement the consolidated financial statements which are presented in accordance with HKFRS and to evaluate the financial performance of the Group by eliminating the impact of certain unusual and non-recurring item that the Group does not consider indicative of the performance of the business of the Group. Other companies in the industry the Group operates in may calculate this non-GAAP item differently than the Group does. This non-GAAP item is not a measure of operating performance or liquidity under HKFRS and should not be considered as a substitute for, or superior to, profit before tax or cash flow from operating activities in accordance with HKFRS. This non-GAAP item has limitation as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of the Group's results as reported under HKFRS. The Group's presentation of this non-GAAP item should not be construed as an inference that the Group's future results will be unaffected by unusual or non-recurring items.

Liquidity and Capital Resources

In 2016, the Group financed its operations primarily through cash generated from its business operations and the net proceeds received from its 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 December 31, 2016, the Group had net assets of approximately RMB3,595.6 million, as compared to RMB385.0 million as of December 31, 2015, comprising current assets of RMB3,479.1 million, non-current assets of approximately RMB627.9 million, current liability of RMB489.2 million and non-current liability of approximately RMB22.2 million.

Cash and Bank

As compared with RMB82.3 million as of December 31, 2015, as of December 31, 2016, the Group had cash and bank of approximately RMB2,461.3 million, which was consisted of cash and cash equivalents of approximately RMB200.7 million and term deposits with maturity over three months of approximately RMB2,260.6 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 Global Offering and HK$364.2 million from the issue of shares pursuant to the exercise of the over-allotment options, respectively.

During the year ended December 31, 2016, the Group had utilized approximately RMB29.5 million of the proceed from the IPO, comprising RMB15.6 million in upgrading its exiting processing facilities, logistics and storage centers in Wuhan and Shanghai; RMB13.1 million in the acquisition of land use rights for the new processing facility in southwestern China; RMB0.4 million in upgrading its ERP system and integrating online and offline membership programs; and RMB0.4 million in the development of the processing facility in Dongguan. As of December 31, 2016, net proceeds not utilized had been deposited into short-term deposits and money market instruments, including structured deposits.

Indebtedness

As of December 31, 2016, 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.

As such, as of December 31, 2016, the Group had no interest-bearing bank borrowings and thus no gearing ratio (which is calculated as interest-bearing bank borrowings less cash and cash equivalent divided by the total equity) was calculated.

Cash Flows

For the year ended December 31, 2016, net cash generated from operating activities increased to approximately RMB757.3 million from RMB624.4 million for the year ended December 31, 2015, which was mainly attributed to profit before tax of RMB963.4 million, adjusted for certain non-cash items such as depreciation and amortization of RMB46.8 million. Addition factors that affected net cash generated from operating activities included (i) income tax paid of RMB200.5 million, (ii) an increase in inventories of RMB72.2 million, (iii) an increase in other payables and accruals of RMB47.7 million mainly in connection with advance from customers, (iv) an increase in trade payables of RMB32.1 million due to increased payables to raw material suppliers, and (v) an increase in prepayments, deposits and other receivables of RMB32.1 million mainly due to increased prepaid rents as well as an increase in rental deposits of RMB9.5 million, each a result of the increased total leased areas for the Group's self-operated retail stores.

For the year ended December 31, 2016, net cash used in investing activities increased to approximately RMB2,938.8 million from RMB283.3 million for the year ended December 31, 2015, which was mainly attributed to additions of term deposits of maturity over three months of RMB2,260.6 million, the purchases of structured deposits and available-for-sale investments of RMB2,135.3 million, and the purchases of items of property, plant and equipment of RMB95.6 million mainly in connection with the Group's Phase II Wuhan processing facility, partially offset by proceeds from disposal of structured deposits and available-for-sale investments of RMB2,030.0 million.

For the year ended December 31, 2016, net cash generated from financing activities increased to approximately RMB2,254.1 million from RMB329.0 million for the year ended December 31, 2015, which was mainly attributed to the proceeds received from the IPO.

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 December 31, 2016, the Group invested approximately RMB685.3 million of structured deposits (December 31, 2015: approximately RMB10 million). Up to the date of this announcement, approximately RMB430.3 million out of the RMB685.3 million had been settled and redeemed upon their maturity with the remaining not yet fallen due. 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 akin to placing deposits with banks whilst enabling the Group to earn a relatively higher rate of return. In 2016, interest income from structured deposits amounted to RMB5.2 million (December 31, 2015: approximately RMB13.6 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 investments in low-risk products issued by qualified commercial banks or other financial institutions are allowed and 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 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 little 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 is shareholders as a whole.

Capital Expenditure

The Group's capital expenditures amounted to RMB111.2 million as of December 31, 2016, which were used primarily for decoration and improvement of self-operated retail stores, purchases of production lines for existing facilities and the construction and establishment of the Phase II Wuhan processing facility. The Group financed its capital expenditures primarily with cash generated from operations.

Contingent Liabilities and Guarantees

As of December 31, 2016, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against it.

Material Acquisition and Future Plans for Major Investment

In 2016, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated November 1, 2016 (the "**Prospectus**"), the Group has no specific plan for major investment or acquisition for major assets or other business. However, the Group will continue to identify new opportunities for business development.

Turnover Ratios

Average inventory turnover days increased from 34.5 days in 2015 to 58.5 days in 2016, primarily due to a relatively low inventory level in early 2015 as the Group had increased the inventory reserves of certain major raw materials at lower prevailing market prices since late 2015 and in 2016.

Average trade receivables turnover days remained relatively stable at 0.8 days in 2015 and 0.9 day in 2016.

Average trade payables turnover days increased from 14.3 days in 2015 to 22.7 days in 2016, primarily because the Group increased the preparation of inventory reserves which increased the trade payable by the year end.

Employee and Labor Cost

As of December 31, 2016, the Group had a total of 3,998 employees, among which approximately 59.0% were retail store operations and sales staff and 20.5% 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 accomplish, by taking into account the overall sales performance of the stores in the same regional market in the relevant period.

In 2016, the Group incurred total labor costs of RMB348.9 million, representing approximately 12.4% of total revenue of the Group.

Top Suppliers and Top Customers

In 2016, purchases from the Group's largest duck supplier in terms of dollar amount accounted for approximately 11.4% of total purchase cost and the aggregate purchases from its top five duck suppliers in terms of dollar amount in aggregate accounted for approximately 34.2% of total purchase cost.

In 2016, 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 December 31, 2016, the Group's reserves available for distribution to shareholders amounted to approximately RMB2,575.8 million.

Subsequent Events

No material events were undertaken by the Group subsequent to December 31, 2016.

FINANCIAL INFORMATION

The audited consolidated annual results of the Group for the year ended December 31, 2016 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended December 31 2016

	Notes	2016	2015
		RMB'000	**RMB'000**
REVENUE	3	**2,816,489**	2,432,009
Cost of sales		**(1,061,387)**	(1,059,190)
Gross profit		**1,755,102**	1,372,819
Other income and gains, net	3	**50,704**	28,062
Selling and distribution expenses		**(700,893)**	(527,969)
Administrative expenses		**(141,547)**	(124,724)
PROFIT BEFORE TAX	4	**963,366**	748,188
Income tax expense	5	**(247,755)**	(195,450)
PROFIT FOR THE YEAR		**715,611**	552,738
Attributable to:			
Owners of the parent		**715,611**	552,738
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		**2,231**	1,405
Reclassification adjustments for gains and losses included in profit or loss – gains on disposal, net of tax		**(2,231)**	(1,405)
Exchange differences:			
Exchange differences on translation of foreign operations		**50,604**	7,690
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**50,604**	7,690
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**766,215**	560,428
Attributable to:			
Owners of the parent		**766,215**	560,428
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted (RMB)		**0.37**	0.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Notes	2016	2015
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**459,875**	395,373
Prepaid land lease payments		**64,797**	66,768
Prepayments		**21,905**	16,157
Rental deposits		**48,041**	38,586
Other intangible assets		**6,713**	7,374
Deferred tax assets		**26,569**	24,842
Total non-current assets		**627,900**	549,100
CURRENT ASSETS			
Inventories		**206,224**	134,073
Trade receivables	8	**7,882**	6,356
Prepayments, deposits and other receivables	9	**786,083**	78,075
Due from the Controlling Shareholders		**160**	149
Available-for-sale investments		**10,000**	100,000
Restricted cash		**60**	560
Cash in transit		**7,447**	5,417
Cash and bank		**2,461,260**	82,338
Total current assets		**3,479,116**	406,968
CURRENT LIABILITIES			
Trade payables	10	**81,981**	49,866
Other payables and accruals		**289,108**	218,984
Government grants, current		**996**	597
Due to a related party		**—**	202,771
Due to the Controlling Shareholders		**—**	7,575
Income tax payable		**117,120**	68,125
Total current liabilities		**489,205**	547,918
NET CURRENT ASSETS/(LIABILITIES)		**2,989,911**	(140,950)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,617,811**	408,150

	2016	2015
	RMB'000	RMB'000
NON-CURRENT LIABILITIES		
Other payables and accruals	**4,000**	7,000
Government grants, non-current	**18,240**	16,168
Total non-current liabilities	**22,240**	23,168
NET ASSETS	**3,595,571**	384,982
EQUITY		
Equity attributable to owners of the parent		
Share capital	**16**	6
Reserves	**3,595,555**	384,976
TOTAL EQUITY	**3,595,571**	384,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. These 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 Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

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:

	2016	2015
	RMB'000	RMB'000
Revenue		
Vacuum-packaged products	**273,088**	314,880
Modified-Atmosphere- Packaged products	**2,517,416**	2,082,982
Other products	**25,985**	34,147
Total	**2,816,489**	2,432,009

	2016	2015
	RMB'000	RMB'000
Other income and gains, net		
Government grants*	**37,358**	18,374
Interest income from bank deposits	**3,466**	1,159
Interest income from available-for-sale investments	**2,974**	1,873
Interest income from structured deposits	**5,222**	13,596
Loss on disposal of items of property, plant and equipment	**(168)**	(7,245)
Others	**1,852**	305
Total	**50,704**	28,062

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

4. PROFIT BEFORE TAX

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

	2016 RMB'000	2015 RMB'000
Cost of inventories sold	**896,005**	931,550
Depreciation of property plant and equipment	**44,408**	38,233
Amortization of prepaid land lease payments	**867**	867
Amortization of other intangible assets	**1,497**	957
Auditor's remuneration	**2,400**	1,590
Minimum lease payments under operating leases in respect of stores and plant premises	**236,812**	186,538
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**283,841**	238,866
Pension scheme contributions	**43,622**	49,561
Other welfare	**21,447**	18,447
Advertising and promotion expenses	**55,071**	22,286
Fuel cost	**14,716**	13,908
Utility expenses	**25,541**	20,832
Loss on disposal of items of property, plant and equipment	**168**	7,245
Loss on foreign exchange	**4,796**	1,248
Interest income from bank deposits	**(3,466)**	(1,159)
Interest income from available-for-sale investments	**(2,974)**	(1,873)
Interest income from structured deposits	**(5,222)**	(13,596)
Transportation expenses	**55,076**	42,912

5. INCOME TAX

The major components of income tax expenses are as follows:

	2016 RMB'000	2015 RMB'000
Current income tax in PRC	**249,482**	195,363
Deferred tax	**(1,727)**	87
Total tax charge for the year	**247,755**	195,450

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% 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% (2015: 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 year.

6. DIVIDENDS

The board has recommended the payment of a final dividend of RMB0.09 (equivalent to HK$0.10) per ordinary share for the year ended 31 December 2016, representing a total payment of approximately RMB214,683,000. The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

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

	2016	**2015**
	RMB'000	**RMB'000**
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**715,611**	552,738
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,959,714,279**	1,895,000,000
Earnings per share:		
Basic and diluted (RMB)	**0.37**	0.29

The weighted average number of ordinary shares, which were deemed to have been issued throughout the year, used to calculate the basic earnings per share for the year ended 31 December 2015 was 1,895,000,000 shares.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2016 included the weighted average of 488,140,500 ordinary shares issued in connection with the Company's IPO and the exercise of over-allotment options and the aforesaid 1,895,000,000 ordinary shares.

8. TRADE RECEIVABLES

	2016	2015
	RMB'000	RMB'000
Trade receivables	**7,882**	6,356
Less: Impairment provision	**—**	—
	7,882	6,356

The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	2016	2015
	RMB'000	RMB'000
Within 3 months	**7,854**	6,281
Over 3 months	**28**	75
	7,882	6,356

Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

All of the receivables were neither past due nor impaired and relate to diversified customers for whom there was no recent history of default.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	RMB'000	RMB'000
Prepaid rents	**57,102**	45,065
Advances to employees	**2,758**	3,299
Advances to suppliers	**2,693**	6,324
Deductible input VAT	**14,462**	4,358
Current portion of prepaid land lease payments	**1,419**	867
Structured deposits	**685,317**	10,000
Others	**22,332**	8,162
	786,083	78,075

10. TRADE PAYABLES

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

	2016	2015
	RMB'000	RMB'000
Within 3 months	**77,410**	40,038
3 to 6 months	**964**	7,407
Over 6 months	**2,747**	—
Over 12 months	**860**	2,421
	81,981	49,866

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 year ended December 31, 2016.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.09 per share (adopting an exchange rate of HK$1=RMB0.8899, equivalent to HK$0.10 per share), amounting to approximately a total of RMB214.7 million for the year ended December 31, 2016 (the "**2016 Final Dividend**"), representing approximately 30% of our net profit for the year ended December 31, 2016. The 2016 Final Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**") to be held on May 31, 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, May 24, 2017 to Wednesday, May 31, 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the forthcoming AGM to be held on Wednesday, May 31, 2017, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Tuesday, May 23, 2017.

Subject to the approval of the declaration of the 2016 Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed from Tuesday, June 6, 2017 to Thursday, June 8, 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed 2016 Final Dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Monday, June 5, 2017. The 2016 Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on or about June 20, 2017 to those shareholders whose name appear on the register of member of the Company on Thursday, June 8, 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the Listing Date, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**") except for the deviation from code provision A.2.1 which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has appointed Mr. Zhou Fuyu as both the Chairman and the Chief Executive Officer of the Company. The Board believes that vesting the roles of the Chairman and Chief Executive Officer in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the senior management and Board, which comprises experienced and high-calibre individuals. The Board currently comprises five executive Directors (including Mr. Zhou Fuyu), one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

However, in order to optimize the role of the Board members and to promote our business development, and in order to better comply with the principles and the code provisions set out in the Code, Mr. Zhou Fuyu has stepped down from the position of Chief Executive Officer with effect from March 22, 2017. Mr. Hao Lixiao, an executive Director, has been appointed as the Chief Executive Officer with effect from March 22, 2017.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the 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. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the period from the Listing Date to December 31, 2016.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed the annual results for the year ended December 31, 2016. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2016 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

CHANGES IN DIRECTOR'S BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Zhou Fuyu, the Chairman and an executive Director, has stepped downed from the position of Chief Executive Officer with effect from March 22, 2017 and Mr. Hao Lixiao, an executive Director, was appointed as the Chief Executive Officer with effect from March 22, 2017. Save as disclosed above, there is no other change in Directors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of the Prospectus.

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

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company of the Company (www.zhouheiya.cn). The annual report will be despatched to the shareholders 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, March 22, 2017

As at the date of this announcement, Mr. Zhou Fuyu, Mr. Zhu Yulong, Mr. Wen Yong, Mr. Hu Jiaqing and Mr. Hao Lixiao are the executive directors of the Company; Mr. Pan Pan is the non-executive director of the Company; and Mr. Wu Chi Keung, Mr. Chan Kam Ching, Paul and Mr. Lu Weidong are the independent non-executive directors of the Company.