



Zhou Hei Ya International Holdings Company Limited
2019 Interim Results Announcement



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Section 1

Results Overview



Key Financial Highlights

Financial Highlights

(RMB Thousand)

	1H2018	1H2019	Y-o-Y growth (%)
Revenue	1,596,582	1,625,947	1.8
Gross Profit	955,677	908,633	(4.9)
Profit before tax	439,176	294,575	(32.9)
Net profit	331,511	224,055	(32.4)

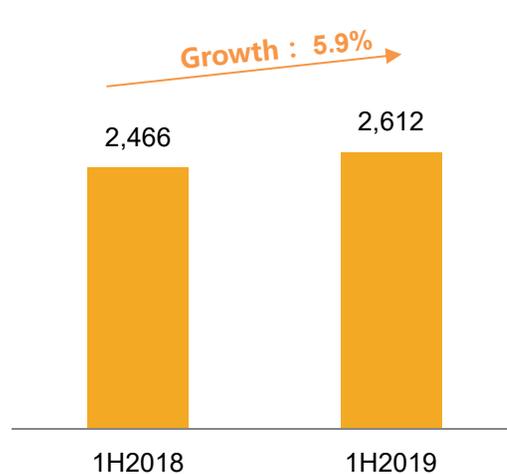
Total sales volume

(Tons)



Total purchase orders

(Ten Thousand)



Average spending per purchase order

(RMB)





Section 2

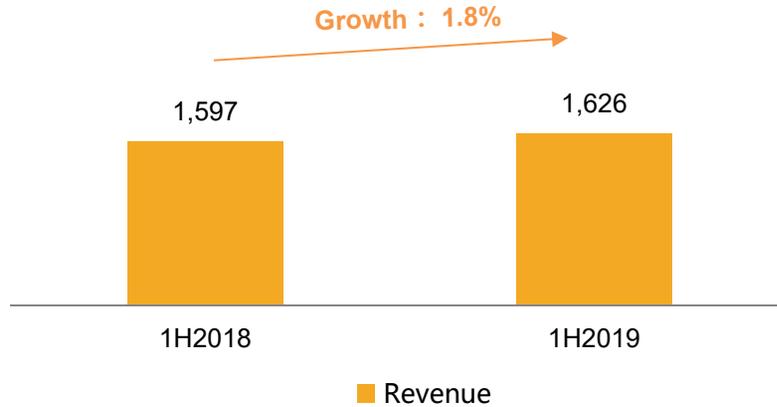
Financial Performance



Financial Data Analysis

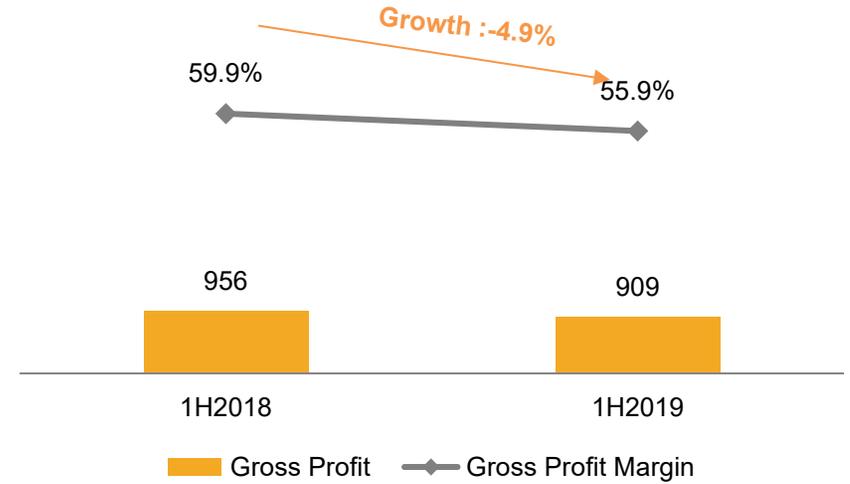
Revenue

(RMB MM)



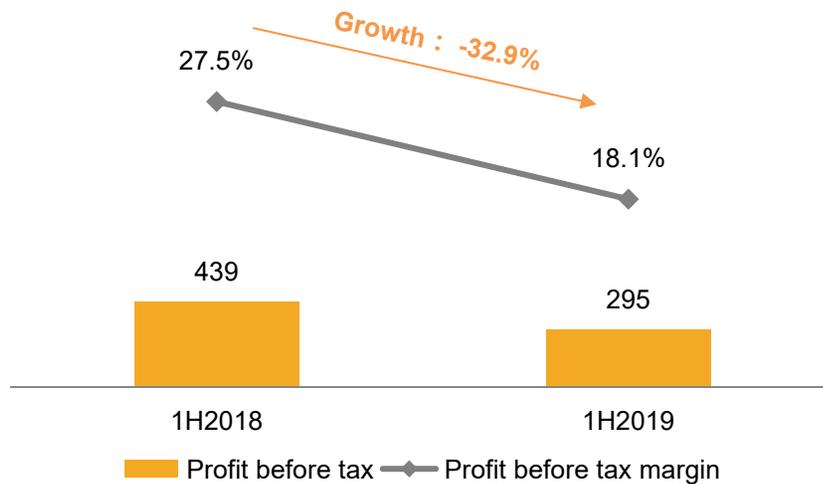
Gross Profit

(RMB MM)



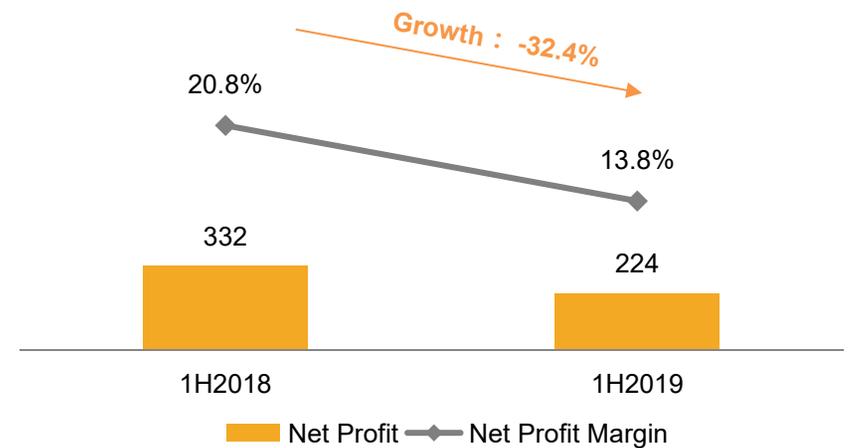
Profit before tax

(RMB MM)



Net Profit

(RMB MM)





Financial Data Analysis

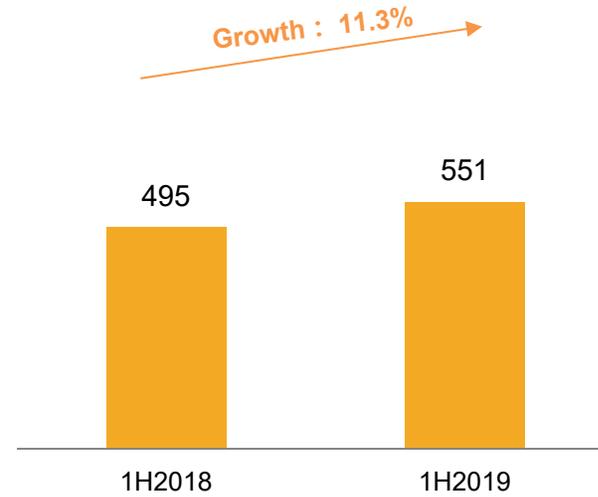
Cost of sales

(RMB MM)



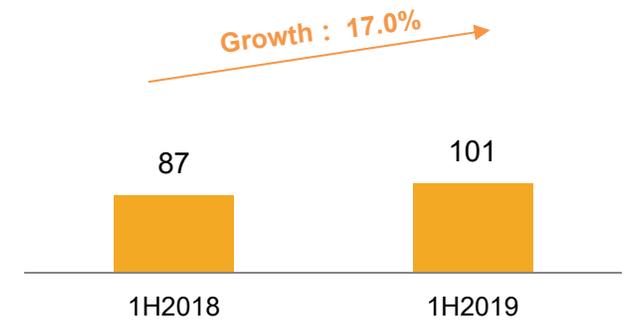
Sales and distribution expenses

(RMB MM)



Administrative expenses

(RMB MM)





Section 3

Business Overview

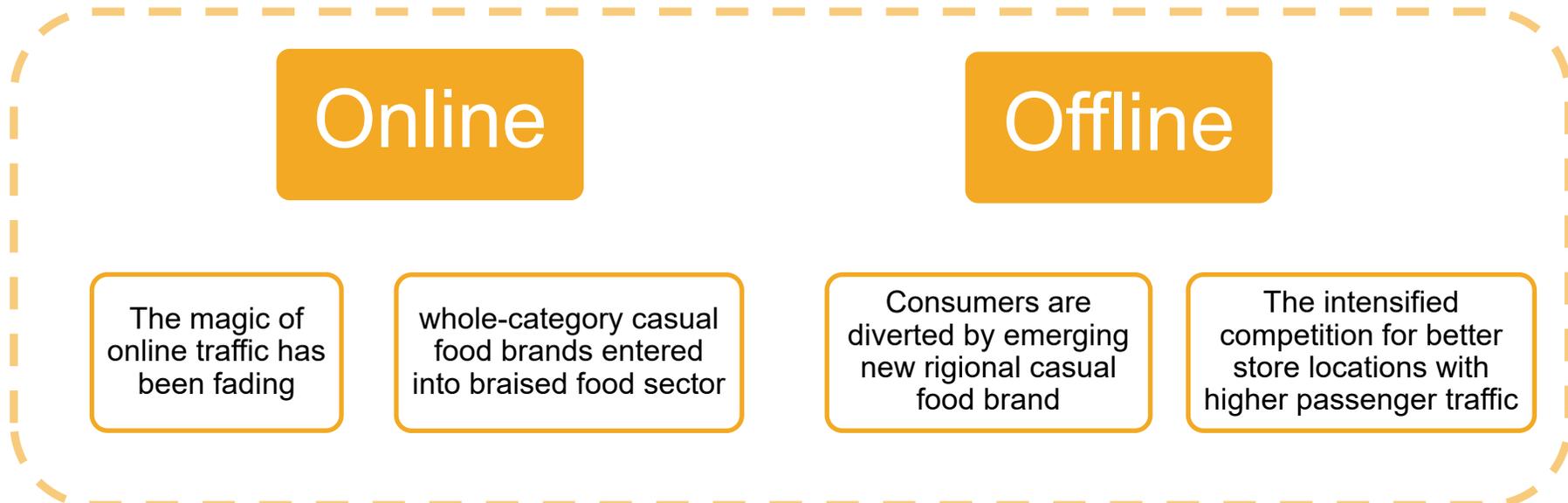


Intensified Competition in Casual Food Industry

Rapidly evolving consumption habits



Intensified competition in online and offline channels





Self-operated Stores: Optimization

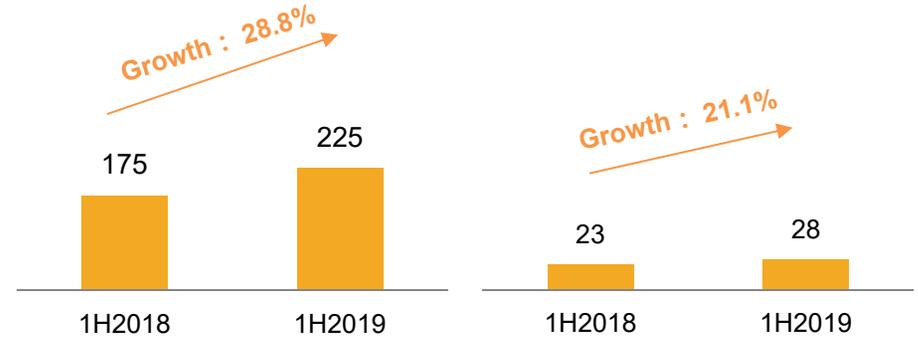
Optimized store distribution

- ✓ In the 1H2019, Zhou Hei Ya had **1255** self-operated retail stores in **96** cities, **17** provinces and municipalities⁽¹⁾
- ✓ In the 1H2019, Zhou Hei Ya opened **84** stores and closed **117** stores.
- ✓ Central penetrated to low tier cities;
- ✓ Southern grew steadily;
- ✓ Northwestern newly debuted

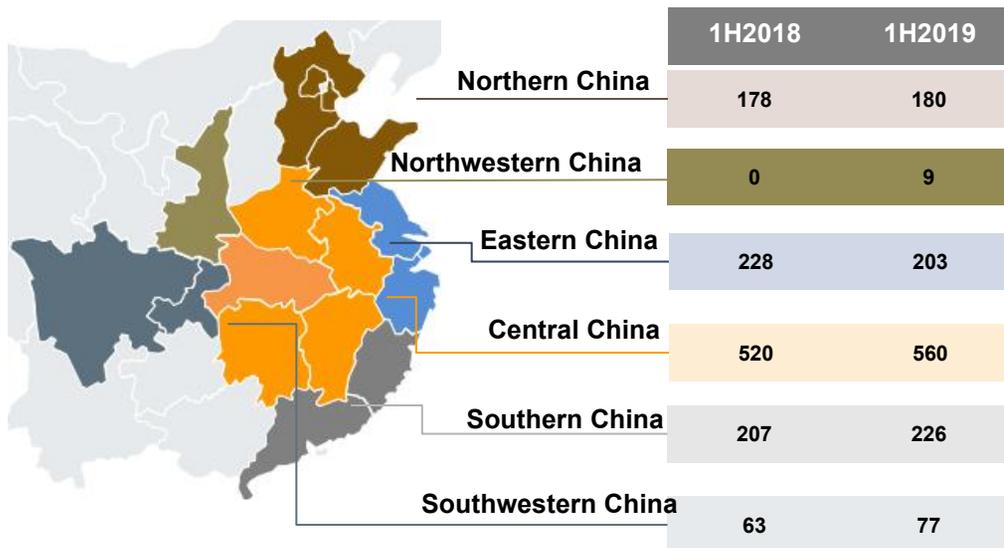
Revenue from Southern China and Southwestern China grew quickly

• Southern China
(RMB mm)

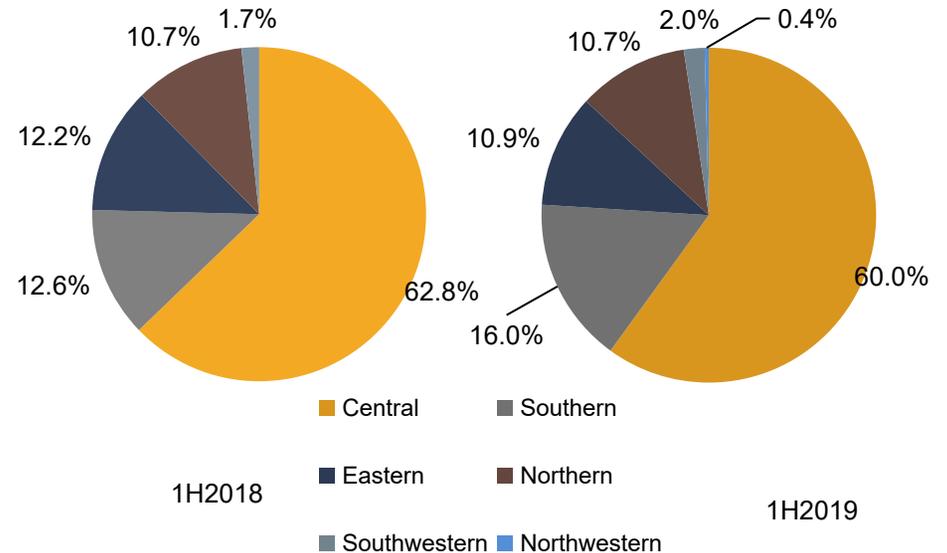
• Southwestern China
(RMB mm)



Geographical distribution of retail stores and revenue contribution in 1H2019



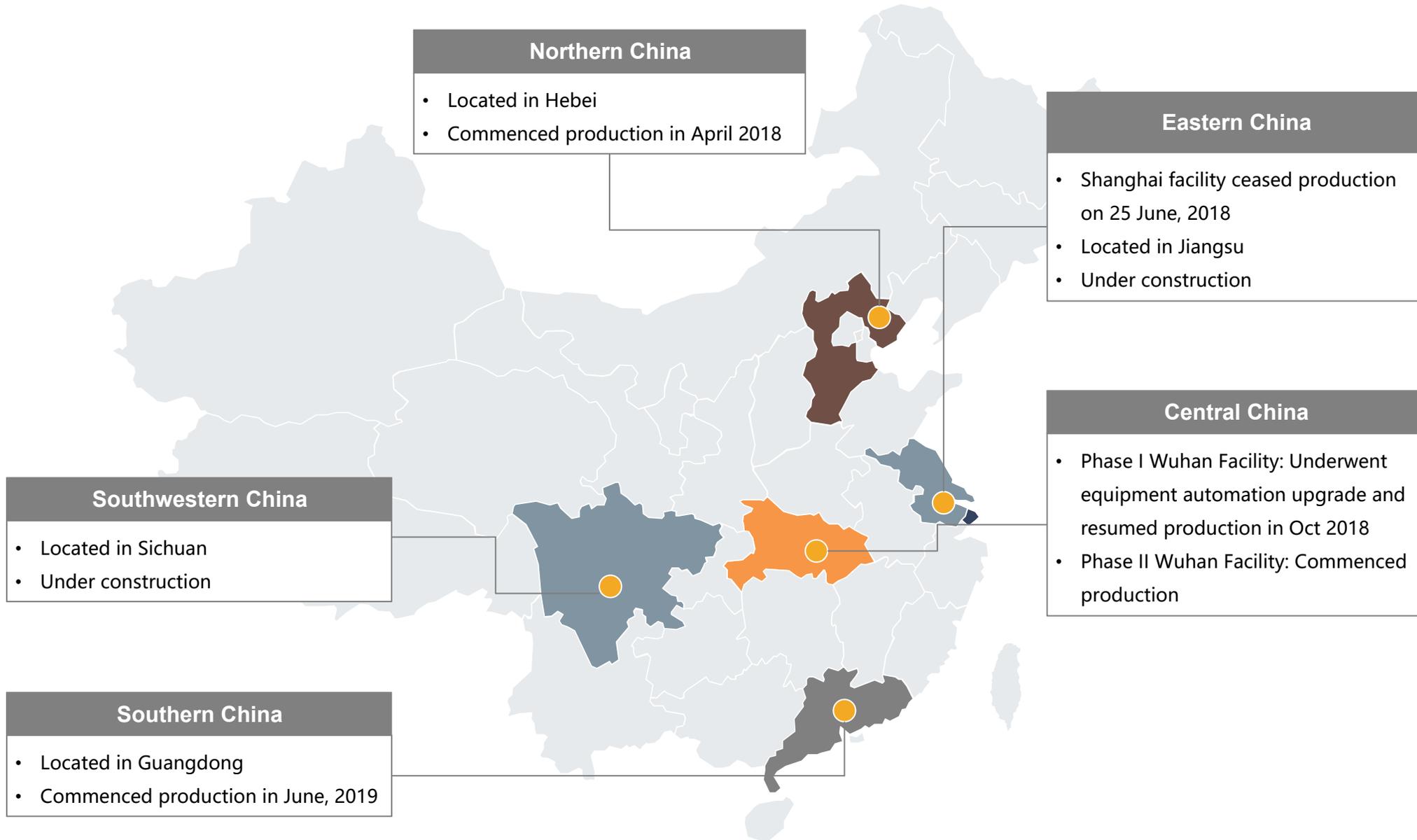
• Revenue contribution from Southern China increased significantly



Note
1. As of 30 June 2019



Production Capacity : Further Expansion

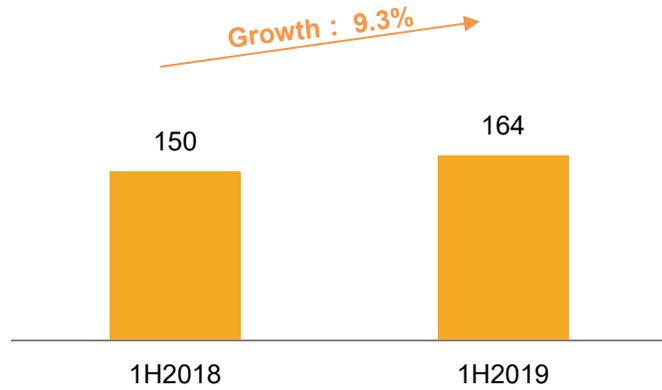




E-commerce and Take-out : Grew Steadily

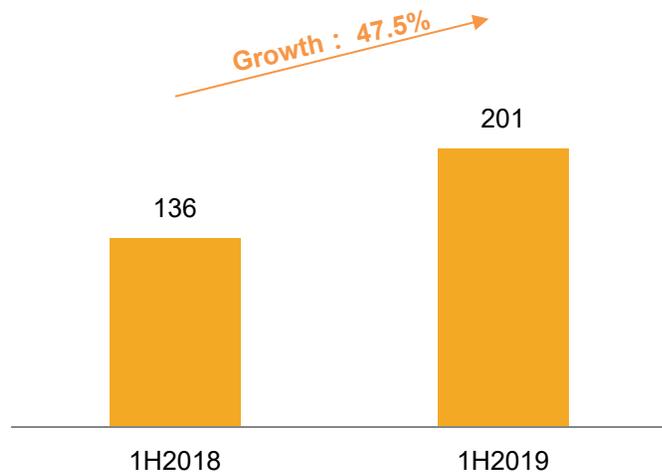
Revenue from e-commerce(online distribution channel)

(RMB mm)



Revenue from take-out(online ordering and delivery services)

(RMB mm)



Duck Food Package



Gift Box for Spring Festival



Whole Duck Feast

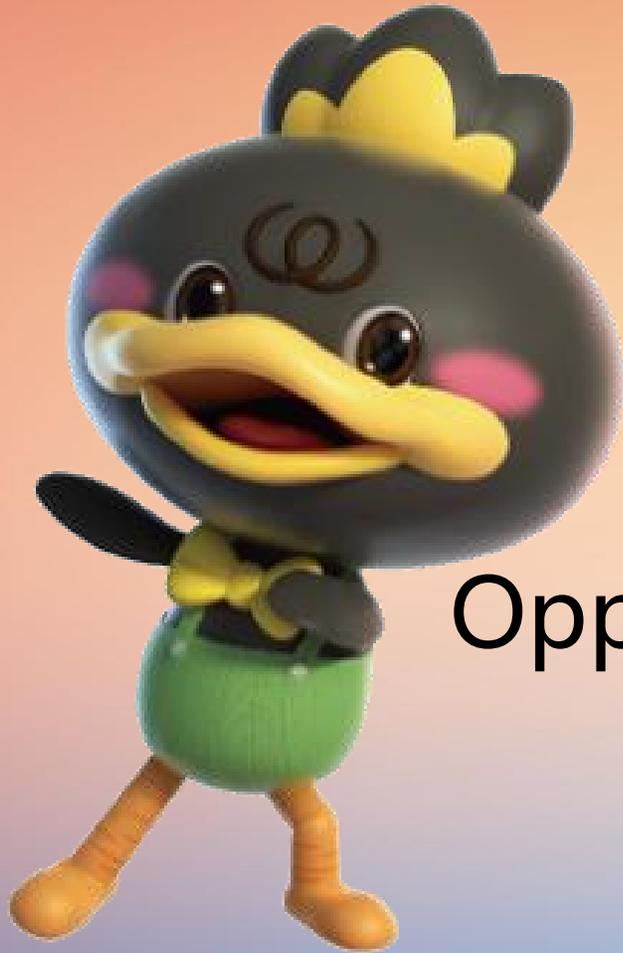


Customized Gift Box



MAP Gift Box





Section 4

Opportunities and Outlook



Challenges and Opportunities

> Business Models

> Marketing

> Channels

> Products

> Motivations





Future Development Strategies

1

Launch franchise model

2

Multiple distribution channels

3

Enhance product innovation

4

Optimize and integrate marketing and promotion resources

5

Develop the result-oriented talent incentive programs



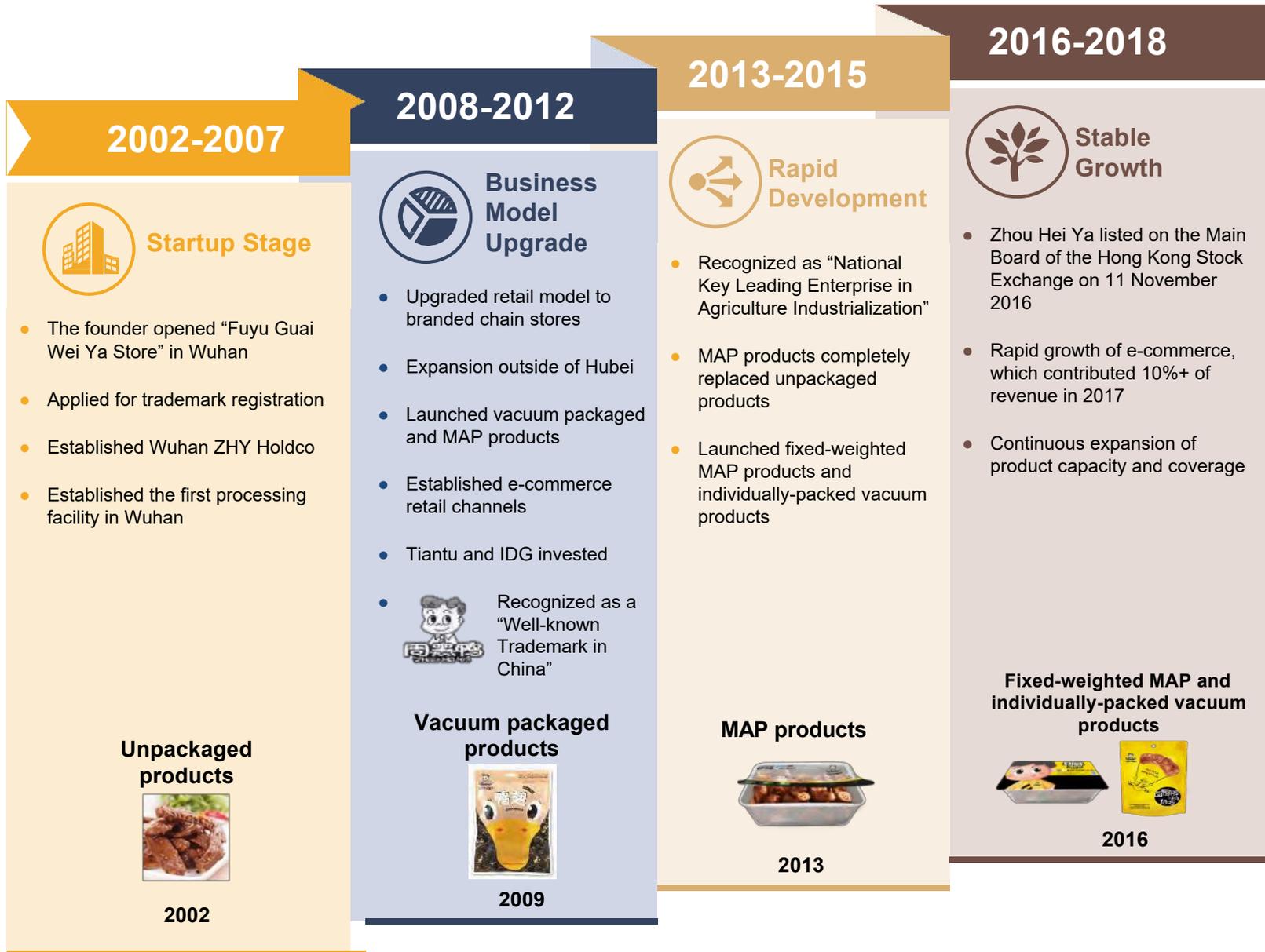


Appendix

Company Overview



Company History





Leading Brand and Retailer of Casual Braised Food in China

Leading brand and retailer in China's casual braised food industry

Zhou Hei Ya led the transition of China's casual braised food industry:

- 1 Upgraded the retail model to **branded chain stores**
- 2 First braised food company to achieve a complete shift from selling unpackaged products to **MAP products**
- 3 Deployed advanced **processing and packaging technologies** to achieve mass production
- 4 Pioneered the **transformation** of braised food from table food to **casual food**
- 5 Promoted brand philosophy of **"More Entertainment, More Fun"**



Leadership in the casual braised food industry (1)

- #2 The second largest casual braised food company in China by total revenue⁽²⁾
- #2 The second largest casual braised food brand in China by retail sales value⁽²⁾
- #2 Operates the second largest self-operated retail store network in casual braised food industry in China⁽³⁾
- #1 Ranked first in terms of brand awareness and customer satisfaction in 2015
- #1 The largest casual braised food company in terms of revenue generated from online channels⁽²⁾

Notes

1. According to Frost & Sullivan industry report and interviews with over 2,000 customers across 20 cities in China
2. In 12 months ended June 30, 2016
3. As of June 30, 2016



Leading Brand and Retailer of Casual Braised Food in China (cont'd)

Unique Competitive Advantages

Key barriers to entry

Our competitive advantage



Safe and Reliable Product Quality

- Stringent quality control across supply chain, able to trace final products back to the key raw material sources
- First to shift from unpacked products to MAP products



High-Quality Raw Material

- Works together with leading domestic poultry companies
- Stringent quality standards on raw materials and inspection upon arrival
- Procures spices from their regions of origin



Advanced Manufacturing and Technology

- Automated manufacturing and processing facilities
- Imported MAP production lines and quality packaging materials



Brand Awareness

- Distinguishable brand image
- Ranked first in terms of brand awareness and customer satisfaction ⁽¹⁾



Convenient Sales Network

- Covering 96 cities in 17 provinces and municipalities⁽²⁾
- Located areas with high pedestrian traffic



Excellent Store Management and Customer Service

- Customer-focused corporate culture
- Mature store management system

Notes

1. According to Frost & Sullivan industry report and interviews conducted on casual braised food with 2,000 customers across 20 cities in China

2. As of June 30, 2019

Customer-focused Corporate Value Emphasizing Customer Experience

1

Popular, hygienic, and conveniently-consumed products

2

Nationwide famous brand with a young and exuberant image

3

Self-operated retail network with strict inspection on product quality and service

