CHRISTINE INTERNATIONAL HOLDINGS LIMITED
克莉絲汀國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1210)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 15.8% to approximately RMB161,829,000 (six months ended 30 June 2020: approximately RMB192,145,000).
- Gross profit decreased by approximately 14.1% to approximately RMB71,977,000 (six months ended 30 June 2020: approximately RMB83,822,000).
- Loss attributable to owners of the Company increased by approximately RMB1,893,000 to approximately RMB68,009,000 (six months ended 30 June 2020: a loss of approximately RMB66,116,000).
- Basic loss per share amounted to approximately RMB6.7 cents (six months ended 30 June 2020: basic loss per share of approximately RMB6.5 cents).
- The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Christine International Holdings Limited (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2021 (the "**Period**"), together with the comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue	*5*	**161,829**	192,145
Cost of sales		**(89,852)**	(108,323)
Gross profit		**71,977**	83,822
Other income, gains and losses	*6*	**912**	7,080
Selling and distribution expenses		**(112,916)**	(120,960)
Administrative expenses		**(22,250)**	(27,276)
Loss from operations		**(62,277)**	(57,334)
Finance costs	*7*	**(5,732)**	(8,782)
Loss before tax		**(68,009)**	(66,116)
Income tax expenses	*9*	**–**	–
Loss and total comprehensive loss for the period attributable to owners of the Company	*8*	**(68,009)**	(66,116)
Loss per share	*11*		
Basic and diluted (RMB cents)		**(6.7)**	(6.5)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2021

	NOTES	**30 June 2021 RMB'000 (unaudited)**	31 December 2020 *RMB'000 (audited)*
ASSETS			
Non-current assets			
Investment properties		**15,005**	15,786
Property, plant and equipment	*12*	**264,502**	277,514
Right-of-use assets	*13*	**133,577**	148,791
Goodwill		**–**	–
Intangible assets		**2,288**	2,736
Deposits		**8,188**	8,128
Deposits for purchases of non-current assets		**954**	954
		424,514	453,909
Current assets			
Inventories		**18,521**	20,411
Trade and other receivables	*14*	**23,989**	71,743
Amount due from a related company		**234**	234
Bank and cash balances		**70,469**	63,847
Total current assets		**113,213**	156,235
TOTAL ASSETS		**537,727**	610,144
EQUITY AND LIABILITIES			
Share capital		**8**	8
Reserves		**(103,929)**	(35,920)
Total equity		**(103,921)**	(35,912)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**28,507**	34,550
		28,507	34,550
Current liabilities			
Deferred revenue		**80**	80
Contract liabilities		**294,667**	317,366
Bank borrowings		**130,000**	100,000
Lease liabilities		**42,826**	50,078
Trade and other payables	*15*	**136,456**	135,390
Amounts due to related companies		**2,475**	1,597
Dividend payable		**4,708**	4,708
Current tax liabilities		**1,929**	2,287
Total current liabilities		**613,141**	611,506
TOTAL EQUITY AND LIABILITIES		**537,727**	610,144
NET CURRENT LIABILITIES		**499,928**	455,271

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

Christine International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was incorporated registered as an exempted company with limited liability in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is No. 33 Jinshajiang Road, Putuo District, Shanghai 200062, The People's Republic of China. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are primarily engaged in the production and sales of bakery products.

The unaudited condensed consolidated financial statements are presented in Renminbi ("**RMB**") which is the same as the functional currency of the Company. All amounts have been rounded to the nearest thousand.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires the directors of the Company to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The unaudited condensed consolidated interim financial information includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020 (the "**2020 Audited Financial Statements**").

In preparing these unaudited condensed consolidated interim financial information, significant judgements made by the directors of the Company in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied in the 2020 Audited Financial Statements.

Going concern

In preparing the unaudited condensed consolidated interim financial information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately RMB499.9 million at 30 June 2021, the Group's total liabilities exceeded its total assets by approximately RMB103.9 million as of that date, and that the Group incurred a loss of approximately RMB68.0 million for the period then ended. This is a material uncertainty related to those conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations after taking into consideration of the following:

(a) The banking facilities from the Group's bankers for its working capital requirements for the next twelve months will be available as and when required, having regard to the following:

  (i) negotiation for external financing, including but not limited to, obtain further bank facilities and various forms of capital fund raising.

  (ii) negotiation with the banks for the restructure of repayment schedules of the existing bank borrowings so as to extend the repayment due date for one year and extend the existing bank facilities for one more year.

  (iii) during the six months ended 30 June 2021, the Group obtained new bank borrowings of RMB80,000,000.

(b) The Group is actively exploring the opportunity of obtaining additional source of cash inflows from sales of its owned properties;

(c) The Group continues to implement operational plans to control costs and generates sufficient operating cash flows to meet its current and future obligations. Relevant actions include collection of outstanding receivables, utilisation of the capacity of the production plants, and closure of loss-making retail outlets; and

(d) China Huaneng Foundation Construction Investment Limited, the substantial shareholder of the Company and its controlling shareholder, has committed and has proved its ability to provide continuous financial support to meet its day to day operations and its financial obligations as they fall due.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, the directors of the Company are of the opinion that, in the light of the measures taken to-date, together with the expected results of the other measures in progress, the Group will have sufficient funding resources to satisfy its future working capital and other financing requirements. The directors of the Company believe that the aforementioned measures will be successful, based on the continuous efforts by the management of the Group.

However, significant uncertainties exist as to whether the management of the Group will be able to achieve its plans and measures as described above. The Group's ability to continue as a going concern depends on the generation of adequate financing and operating cash flows through the successful fulfilment of the following plans:

(a) negotiating with the banks successfully for (i) obtaining additional bank facilities; and (ii) extending the repayment due date of the existing bank borrowings that might become overdue in next twelve-month period for one year and extend the existing bank facilities for one more year;

(b) obtaining the necessary approvals from the shareholders if required for the execution and completion of any possible transactions in relation to the disposal of its owned properties and capital fund raising activities; and

(c) timely implementing operational plans to control costs and generating sufficient operating cash flows to meet its current and future obligations. Relevant actions include collection of outstanding receivables, utilisation of the capacity of the production plants, and closure of loss-making retail outlets.

Should the above measures not be able to implement successfully, the Group may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to the carrying values of the Company's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively and to provide for any further liabilities which might arise. The effects of these potential adjustments have not been reflected in these unaudited condensed consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRSs

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the same accounting policies adopted in 2020 Audited Financial Statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective for its accounting year beginning on 1 January 2021. The adoption of these new/revised HKFRSs does not have any significant impact on the unaudited condensed consolidated interim financial statements.

The Group has not yet adopted any new and amendments to HKFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the results and financial position of the Group.

4. SEGMENT INFORMATION

The Group has only one reporting segment. The chief operating decision maker ("**CODM**"), being executive directors and chief executive officer of the Company, reviews the Group as a whole and internal reports are reported to the CODM including only revenue analysis by product types and no other discretionary information is prepared for resource allocation and performance assessment. Therefore, no operating segment information is presented.

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Types of goods		
Bread and cakes	**128,795**	149,547
Pastries	**23,471**	27,832
Others	**9,563**	14,766
Total	**161,829**	192,145

All of the Group's revenue, loss before tax, assets and liabilities were derived from or located in the PRC, and therefore no geographical information is presented.

5. REVENUE

Disaggregation of revenue from contracts with customers by major products line for the period is as follow:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue from contracts with customers within the scope of HKFRS 15:		
– Sales of bakery products	**161,829**	192,145
Timing of revenue recognition		
Products transferred at a point in time	**161,829**	192,145

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	30 June	31 December
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Trade receivables	**3,836**	5,106
Contract liabilities	**(294,667)**	(317,366)

The contract liabilities relating to coupon and pre-paid cards are recognised when the Group typically receives a full payment from customer for rights to receive goods in the future. Contract liabilities relating to sales of bakery products are the obligations to transfer goods to customers for which the Group has received consideration. The respective revenue is expected to be recognised when the goods are delivered to customers.

The amount of approximately RMB65,669,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2021.

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Interest income on bank deposits	**41**	202
Imputed interest income on deposits	**105**	157
Total interest income	**146**	359
Government grants *(Note)*	**991**	5,394
Income on COVID-19 related rent concessions	**210**	–
Release of asset-related government grants	**–**	234
Rental income under operating leases	**765**	905
Release of lease liabilities	**1,567**	1,495
Written off of the right-of-use assets	**(1,200)**	(1,650)
Loss on written off of property, plant and equipment	**(41)**	(15)
Loss on disposal of property, plant and equipment	**–**	(51)
Exchange (loss)/gain, net	**(938)**	893
(Loss)/Gain on disposal of scrap and other materials	**(40)**	60
Others	**(548)**	(544)
	912	7,080

Note:

During the six months ended 30 June 2021, the Group has not recognised any government grants in respect of COVID-19 related subsidies provided by local government authorities (six months ended 30 June 2020: approximately RMB4,660,000), Besides, government grants of approximately RMB991,000 (six months ended 30 June 2020: approximately RMB734,000) were received from local government authorities for encouraging production and improving technology, of which the entitlement was unconditional.

7. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Interest expenses on lease liabilities	**2,995**	7,810
Interest expenses on bank borrowings	**2,737**	972
	5,732	8,782

8. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Staff costs (Included directors' remuneration)		
– Salaries, bonuses and allowances	**62,943**	95,239
– Retirement benefits scheme contributions	**17,933**	6,005
	80,876	101,244
Depreciation of property, plant and equipment	**13,017**	11,957
Depreciation of right-of-use assets	**29,067**	37,996
Depreciation of investment properties	**781**	–
Amortisation of intangible assets	**448**	672
Loss on written off of property, plant and equipment	**41**	15
Loss on disposal of property, plant and equipment	**–**	51
Cost of inventories sold	**89,852**	108,323

As at 30 June 2021, the Group had no forfeited contributions available to reduce its contribution to the pension schemes in future years (2020: Nil).

9. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax has been made as the Group has no assessable profit for the six months ended 30 June 2021 and 2020.

Pursuant to the PRC law on Enterprise Income Tax, 10% withholding income tax will be levied on foreign investors for dividend distribution from foreign invested enterprises' profit earned after 1 January 2008.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the period and 1,010,188,000 issued shares for the six months ended 30 June 2021 (six months ended 30 June 2020: 1,010,188,000 issued shares).

The diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares during the six months ended 30 June 2021 and 2020.

12. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group spent approximately RMB46,000 on acquisition of machinery, fixtures and office equipment in the PRC.

At 30 June 2021, property, plant and equipment of approximately RMB150,219,000 (At 31 December 2020: approximately RMB120,838,000) was pledged as security for the Group's bank borrowings.

13. RIGHT-OF-USE ASSETS

During the current interim period, the Group entered into new lease arrangements for the use of retail outlets ranged from 2 to 5 years. The Group makes fixed monthly payments and additional variable payments depending on the usage of the assets during the contracts period. On lease commencement, the Group recognised right-of-use asset and lease liability of approximately RMB15,053,000.

14. TRADE AND OTHER RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Trade receivables	**4,936**	6,206
Loss allowance for expected credit loss ("**ECL**")	**(1,100)**	(1,100)
	3,836	5,106
Other receivables	**17,812**	61,183
Prepaid lease payments for retail outlets	**120**	1,852
Prepayments	**2,221**	3,602
	20,153	66,637
Total trade and other receivables	**23,989**	71,743

The aging analysis of trade receivables based on the invoice date, and net of allowance for ECL, is as follows:

	30 June 2021 *RMB'000* *(unaudited)*	31 December 2020 *RMB'000* *(audited)*
0 to 30 days	**2,775**	4,534
31 to 60 days	**20**	130
61 to 90 days	**20**	93
91 to 180 days	**54**	349
Over 180 days	**967**	–
	3,836	5,106

The Group generally allows an average credit period ranged from 30 to 60 days for department stores and supermarkets, and 30 days for cash consumer card issuers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors of the Company.

15. TRADE AND OTHER PAYABLES

	30 June 2021 *RMB'000* *(unaudited)*	31 December 2020 *RMB'000* *(audited)*
Trade payables	**49,991**	63,179
Accruals	**13,132**	15,320
Payroll and welfare payables	**11,267**	16,710
Other tax payables	**13,283**	14,548
Payables for acquisition of property, plant and equipment	**12,916**	13,890
Other payables	**35,867**	11,743
	136,456	135,390

The Group is normally allowed a credit term of 30 to 60 days by its suppliers. The aging analysis of trade payables based on the invoice date, is as follows:

	30 June 2021 *RMB'000* *(unaudited)*	31 December 2020 *RMB'000* *(audited)*
0 to 45 days	**25,412**	38,877
46 to 60 days	**13,719**	12,039
61 to 90 days	**6,995**	10,264
91 to 180 days	**2,197**	1,245
Over 180 days	**1,668**	754
	49,991	63,179

16. EVENTS AFTER THE REPORTING PERIOD

There are no other material events occurred or undertaken by the Company or by the Group subsequent to 30 June 2021 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

An analysis of the revenue and gross profit of Christine International Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by product types for the six months ended 30 June 2021 and 2020 is set out as follows:

	For the six months ended 30 June			
	2021		2020	
	Revenue *RMB'000* *(unaudited)*	**Gross Profit** *RMB'000* *(unaudited)*	Revenue *RMB'000* *(unaudited)*	Gross Profit *RMB'000* *(unaudited)*
Bread and cakes	**128,795**	**56,913**	149,547	57,903
Pastries	**23,471**	**10,892**	27,832	17,149
Others	**9,563**	**4,172**	14,766	8,770
	161,829	**71,977**	192,145	83,822

For the six months ended 30 June 2021 (the "**Period**"), the Group's revenue was approximately RMB161,829,000, representing an decrease of approximately 15.8% as compared with approximately RMB192,145,000 for the corresponding period in 2020. The decrease was mainly attributable to: i) the prolonged COVID-19 pandemic continued to cause severe impacts on economy and life in the first half of 2021, and the consumer industry remained sluggish throughout the Period. As a retailing enterprise, the Group was more directly impacted by the pandemic and, as a result, continued to record decrease in revenue for the Period; (ii) the Group's implementation of the strategy to close down loss-making stores. The decrease in the number of operating stores and new stores have, to a certain extent, contributed to the decline in revenue for the Period; and (iii) despite the Group's active attempt to change its traditional marketing model, it takes time for new sales channels to generate benefits, which also contributed to the decline in revenue for the Period.

To reduce loss, a number of stores were additionally closed down in the Period. After evaluation, these stores were closed down for factors such as poor revenue performance, drastic rise on rent, difficult recovery from refurbishment and renovation. The number of stores fell from 398 at the end of June 2020 to 340 at the end of the first half of 2021, of which 58 stores were closed down. Among these closed down stores, 39 stores were from the Shanghai area, 8 stores were from the Jiangsu area, and 11 stores were from the Zhejiang area.

In terms of geographical location, revenue from the Shanghai area accounted for approximately 66.0% of the Group's revenue in the first half of 2021, which decreased from 70.8% for the corresponding period in 2020, yet it remained the main contribution source of the Group's revenue. The Shanghai area has been the main source of the Group's revenue as it has the densest distribution of stores in the Shanghai area. During the first half of 2021, the number of the Group's stores that have ceased operation in this region was the highest in terms of total number of closed down stores, which reached 67.2%, as compared with 58.5% during the corresponding period in 2020. Revenue from the Shanghai area in the first half of 2021 decreased by approximately RMB23,660,000 as compared with the corresponding period in 2020, representing a decrease of approximately 18.1%. Jiangsu Province recorded an increase in revenue of approximately RMB1,582,000 and Zhejiang Province recorded a decrease in revenue of approximately RMB8,238,000 in the first half of 2021, respectively, representing increase of 4.3% and decrease of 32.7%, respectively, as compared with the corresponding period in 2020.

In terms of product categories, in the first half of 2021, revenue from all categories decreased as compared with that in the first half of 2020. In particular, revenue generated from bread and cakes decreased by approximately RMB20,752,000 or 13.9%; revenue generated from pastries decreased by approximately RMB4,361,000 or 15.7%; and revenue generated from other products decreased by approximately RMB5,203,000 or 35.2%.

In terms of payment methods, the Group's sales revenue in stores was settled either in cash (and bank cards) or through redemption of coupons (and prepaid cards). For the six months ended 30 June 2021, sales revenue settled by cash (and bank cards) amounted to approximately RMB96,160,000, accounting for approximately 59.4% of the total sales revenue, as compared with approximately RMB118,616,000 and approximately 61.7% for the corresponding period in 2020. The Group's sales revenue through redemption of coupons (and prepaid cards) for the six months ended 30 June 2021 amounted to approximately RMB65,669,000, accounting for approximately 40.6% of the total sales revenue, as compared with approximately RMB73,529,000 and approximately 38.3% for the corresponding period in 2020. There was no significant difference in the percentage of sales revenue settled through various payment methods as compared with the corresponding period in 2020.

Gross profit

The gross profit was approximately RMB71,977,000 for the six months ended 30 June 2021, representing a decrease of approximately 14.1% as compared with approximately RMB83,822,000 for the six months ended 30 June 2020. By product categories, gross profit margin of pastries and other products for the six months ended 30 June 2021 decreased by approximately 15.2% and 15.8% respectively as compared with that for the same period in 2020 due to declining output and sales volume. Despite of that, gross profit margin of bread and cakes for the six months ended 30 June 2021 increased by approximately 5.5% as compared with that for the corresponding period in 2020. To sum up, despite a decline in sales volume in the Period, the overall gross profit margin was approximately 44.5% which increased slightly as compared with the gross profit margin recorded for the corresponding period in 2020 being 43.6%.

Other income, gains and losses

For the six months ended 30 June 2021, other income, gains and losses of the Group decreased by approximately RMB6,168,000 from approximately RMB7,080,000 for the corresponding period in 2020 to approximately RMB912,000, primarily attributable to the one-off receipt of government subsidies related the COVID-19 of approximately RMB4,660,000 during the six months ended 30 June 2020.

Selling and distribution expenses

As a result of the closure of certain stores and in line with decrease in revenue, the selling and distribution expenses decreased by approximately RMB8,044,000 or 6.7% from approximately RMB120,960,000 for the corresponding period in 2020 to approximately RMB112,916,000 for the six months ended 30 June 2021.

Administrative expenses

Administrative expenses decreased by approximately RMB5,026,000 or 18.4% from approximately RMB27,276,000 for the corresponding period in 2020 to approximately RMB22,250,000 for the six months ended 30 June 2021. The decrease was principally attributable to the Group strengthened the management team and control of various administrative expenses by streamlined and optimized the human resources structure of departments, therefore administrative expenses including staff costs were reduced significantly during the six months ended 30 June 2021.

Finance costs

Finance costs decreased by approximately RMB3,050,000 or 34.7% from approximately RMB8,782,000 for the corresponding period in 2020 to approximately RMB5,732,000 for the six months ended 30 June 2021. The decrease was primarily attributable to a decrease in interest expenses on lease liabilities.

Income tax expenses

No income tax expenses as the Group has no assessable profit for the six months ended 30 June 2021 and 2020.

Loss and total comprehensive loss for the period attributable to owners of the Company

As a result of foregoing, the loss and total comprehensive loss for the Period attributable to owners of the Company increased by approximately RMB1,893,000 from the loss of approximately RMB66,116,000 during six months ended 30 June 2020 to the loss of approximately RMB68,009,000.

ANALYSIS OF FINANCIAL POSITION

Inventory turnover days

The following table sets forth the inventory turnover days for the six months ended 30 June 2021 and for the year ended 31 December 2020:

	30 June 2021 ***(unaudited)***	31 December 2020 *(audited)*
Inventory turnover days *(Note)*	**39**	36

Note: Inventory turnover days are calculated based on the arithmetic mean of the balance of inventories at the opening and closing of the period/year divided by cost of sales for the relevant period and multiplied by the days within the reporting period.

The Group's inventories consist of raw materials and finished goods. Due to the strategy of closure of certain stores and decreased demand for products, the Group's revenue decreased by approximately 15.8% for the six months ended 30 June 2021 as compared with that as of the end of the previous period. The inventory turnover days increased from 36 days for the year ended 31 December 2020 to 39 days for the six months ended 30 June 2021, mainly due to the decrease in the output and sales amount in the period.

Trade receivables turnover days

The following table sets forth the trade receivables turnover days for the six months ended 30 June 2021 and for the year ended 31 December 2020:

	30 June 2021 ***(unaudited)***	31 December 2020 *(audited)*
Trade receivables turnover days *(Note)*	**5**	8

Note: Trade receivables turnover days are calculated based on the arithmetic mean of the balance of trade receivables at the opening and closing of the period/year divided by the sales revenue for the relevant period and multiplied by the days within the reporting period.

Trade receivables mainly represent the outstanding receivables arising from revenue generated from principal businesses. For the six months ended 30 June 2021 and for the year ended 31 December 2020, trade receivables turnover days slightly decreased by three days.

Aging of trade receivables

The following table sets forth an aging analysis of the trade receivables of the Company as at the dates indicated:

	30 June 2021 *RMB'000* *(unaudited)*	31 December 2020 *RMB'000* *(audited)*
Aging		
0 to 30 days	**2,775**	4,534
31 to 60 days	**20**	130
61 to 90 days	**20**	93
91 to 180 days	**54**	349
Over 180 days	**967**	–
	3,836	5,106

The Group's sales were mainly settled either in cash (and bank cards) or through redemption of coupons by customers. Its receivables consist of cash from sales in stores, sales of prepaid cards (coupons), outstanding sales balance of store counters as at the statement date. During the six months ended 30 June 2021, the number of stores reduced by 38, representing a decrease of approximately RMB1,270,000 of balance of receivables as compared with that as at 31 December 2020. For the Group's retail stores located in department stores or supermarkets, lessors who provide those sites usually collect the sales revenue on the Group's behalf and pay the same back to the Group within 30 to 60 days thereafter.

Trade payables turnover days

The following table sets forth the trade payables turnover days for the six months ended 30 June 2021 and for the year ended 31 December 2020:

	30 June 2021 *(unaudited)*	31 December 2020 *(audited)*
Trade payables turnover days *(Note)*	**113**	91

Note: Trade payables turnover days are calculated based on the arithmetic mean of the balance of trade payables at the opening and closing of period/year divided by the cost of sales for the relevant period and multiplied by the days within the reporting period.

Aging of trade payables

	30 June 2021 *RMB'000* *(unaudited)*	31 December 2020 *RMB'000* *(audited)*
Aging		
0 to 45 days	**25,412**	38,877
46 to 60 days	**13,719**	12,039
61 to 90 days	**6,995**	10,264
91 to 180 days	**2,197**	1,245
Over 180 days	**1,668**	754
	49,991	63,179

The credit terms for trade payables due to suppliers of the Group generally range from 30 to 60 days.

Contract liabilities

Contract liabilities mainly include payments received from customers for prepaid cards and coupons. Since the balance of outstanding coupons reduced as at 30 June 2021, contract liabilities decreased by approximately RMB22,699,000 as compared with that as at 31 December 2020.

Significant investments held

As at 30 June 2021, the Group did not hold any significant investment in equity interest in any other company.

Future plans for material investments and capital assets

The Group did not have other plans for material investments or capital assets as at 30 June 2021 and the date of this announcement.

Financial and treasury policies

The Group has adopted a prudent financial management approach towards its financial and treasury policies. Considering the year-on-year decline in cash positions, in order to maintain sound liquidity, the Group has established long-term relationships with financial institutions to secure credit facilities and ensure the integrity of the Group's assets so as to meet financing guarantee requirements.

Material acquisitions and disposals

During the Period, the Group did not have any material acquisition or disposal.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2021, bank and cash balances amounted to approximately RMB70,469,000, representing an increase of approximately RMB6,622,000 as compared with approximately RMB63,847,000 as of 31 December 2020, which was mainly attributable to the net cash inflow of approximately RMB8,930,000 from operating activities.

The Group's bank and cash balances will be used to fund its operations and capital expenditures. The Group's bank and cash balances are mainly denominated in Renminbi.

The current ratio as of 30 June 2021 was 18.5%, which was lower than 25.5% as of 31 December 2020.

LIABILITIES

Bank borrowings

As at 30 June 2021, the Group had bank borrowings of RMB130,000,000 at an interest rate adopted for general lending in the financial sector.

Banking facilities

As at 30 June 2021, the Group had banking facilities of RMB130,000,000 (31 December 2020: RMB100,000,000), which was fully utilised.

Debentures

As of 30 June 2021, the Group had not issued any debentures.

Contingent liabilities

As of 30 June 2021, the Group had no material contingent liabilities.

Capital commitments

As at 30 June 2021, capital commitments contracted but not yet provided for in relation to the acquisition of property, plant and equipment amounted to approximately RMB10,765,000 (31 December 2020: approximately RMB10,765,000).

Right-of-use asset and lease liability

As at 30 June 2021, the Group's right-of-use assets amounted to approximately RMB133,577,000 (as at 31 December 2020: approximately RMB148,791,000), and the lease liabilities amounted to approximately RMB71,333,000 (as at 31 December 2020: approximately RMB84,628,000). For the six months ended 30 June 2021, the depreciation expense of the right-of-use assets was approximately RMB29,067,000 (six months ended 30 June 2020: approximately RMB37,996,000), while the interest expense of the lease liabilities was approximately RMB2,995,000 (six months ended 30 June 2020: approximately RMB7,810,000) in total.

Pledged assets

As at 30 June 2021, the Group's investment properties and property, plant and equipment with an aggregate net carrying amount of approximately RMB13,932,000 and approximately RMB150,219,000 (31 December 2020: approximately RMB14,657,000 and approximately RMB120,838,000) were pledged to secure bank borrowings.

Capital structure

As at 30 June 2021, the Group had secured bank borrowings of RMB130,000,000 (31 December 2020: RMB100,000,000) and lease liabilities of approximately RMB71,333,000 (31 December 2020: approximately RMB84,628,000). Total equity amounted to a deficit of approximately RMB103,921,000 compared to approximately RMB35,912,000 of 31 December 2020. As at 30 June 2021, the capital structure of the Company comprised 1,010,188,000 ordinary shares of HK$0.00001 each (the "**Shares**").

Gearing ratio

As at 30 June 2021 and 31 December 2020, the Group's gearing ratio, calculated by dividing total liabilities by total assets, was approximately 119.3% and 105.9%, respectively. The increase in gearing ratio is mainly due to the increase in bank borrowings as at 30 June 2021.

Foreign exchange and interest rate exposure

As the Group conducts business transactions principally in Renminbi and its offshore capital was mainly deposited in foreign banks as offshore Renminbi, the management considered the exchange rate and interest rate risk at the Group's operational level to be not significant. Accordingly, the Group had not used any financial instruments for hedging purposes as at 30 June 2021.

CAPITAL EXPENDITURES

Capital expenditures of the Group for the six months ended 30 June 2021 were as follows:

Items		***RMB'000***
Developing the sales network	Purchases, new fitting-out and repairs	36
	Operation equipment	10
Total capital expenditures		46

Capital expenditure in developing the sales network operated by the Group in the first half of 2021, which includes the external and internal maintenance of the existing outlet stores, had decreased. The other capital expenditure of the Group arises from production capacity expansion, mainly attributable to the investment in plant construction in the Jiangning area and acquisition of production facilities for the plant.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new Shares at the time of its listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 23 February 2012 (the "**Listing Date**") and pursuant to the exercise of the over-allotment option on 16 March 2012 amounted to HK$356,800,000. Such net proceeds are intended to be or have been applied in accordance with the proposed applications as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 10 February 2012 (the "**Prospectus**"). A summary of the use of proceeds are set out below:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Planned use of net proceeds from the Listing Date to 30 June 2021[1] *HK$*	Actual use of net proceeds during the period from the Listing Date to 30 June 2021 *HK$*	Net proceeds unused *HK$*	Intended use of the net proceeds *HK$*	Expected timeline
Opening new retail outlets	41%	146,288,000	146,288,000	0	N/A	N/A
Expanding production capacity	39%	139,152,000	142,662,000	(3,510,000)	N/A	N/A
Addition and improvement of the information technology systems and the R&D of new products	10%	35,680,000	26,670,000	9,010,000	5,500,000	The end of 2021
General working capital	10%	35,680,000	35,680,000	0	N/A	N/A
Total	100%	356,800,000	351,300,000	5,500,000	5,500,000	N/A

Note:

As disclosed in the Prospectus, the estimated net proceeds from the listing, after deduction of the underwriting fees and expenses paid by the Company in connection therewith, were approximately HK$415.8 million. The actual net proceeds received by the Company were approximately HK$356.8 million. The Company intends to adjust the difference of approximately HK$59 million to each business strategies in the same proportion as the original funds applied as shown in the Prospectus.

As at 30 June 2021, the balance of unutilised net proceeds amounted to approximately HK$5,500,000. Unless it is necessary to remit the proceeds to the mainland of the People's Republic of China (the "**PRC**") for use, the balance is temporarily placed as short-term deposits with licensed institutions in Hong Kong.

HUMAN RESOURCES

The Group had a total of 2,255 employees as at 30 June 2021, representing a decrease of approximately 21.8% as compared with the corresponding period of 2020, and a majority of whom are sales and marketing executives, which accounted for approximately 57.3% of the total number of staff. Production staff and management personnel accounted for approximately 34.1% and approximately 8.6% of the total number of staff, respectively. Total staff costs of the Group during the Period amounted to approximately RMB80,876,000, accounted for approximately 50.0% of the operating revenue and represented a decrease of approximately 2.7% as compared with approximately 52.7% in the corresponding period in 2020.

The remuneration of the Group's senior management members and other employees is determined based on their experience, level of responsibility and general market conditions, and the remuneration of the members of the board of directors of the Company (the "**Board**") is determined according to their respective duties undertaken. Any discretionary bonus and other incentive payments are linked up with the operating performance of the Group, the individual performance of the directors of the Company (the "**Directors**"), the senior management members and other employees of the Group. The human resources-related expenses decreased slightly during the Period as compared with that in the same period of 2020, as the number of sales and production staff decreased for the Period due to the continuous downsizing of stores of the Group. Despite the aforementioned decrease in human resources-related expenses, the overall remuneration proportion in the Period is still higher than that of the previous years. Hence, the recent key objective of the human resources department of the Company is to review the manpower of the Group, to streamline the organization structure and formulate multi-tasking roles for the employees.

The Group also encourages self-development of its employees and provides on-the-job training where appropriate.

FUTURE PROSPECTS

MARKET OUTLOOK

In the first half of the year, although China's economy was on the recovery trajectory, the momentum was still insufficient in the consumer market. Nevertheless, the management of the Group remains optimistic and confident in the booming trend of the bakery industry in the PRC, mainly due to the following reasons, including: (i) the economy is expected to maintain its continuous growth trend while the consumption power will be consistently enhanced in the long run; (ii) the relatively low entry barrier and the increasing injection of investment capital and manpower; and (iii) the consumer base of bakery products has been expanding, and the consumption habits in the third-and fourth-tier cities are gradually getting in line with those in the first-and second-tier cities, which will shape the general trend of consumption upgrade in the future.

RESEARCH AND DEVELOPMENT PROSPECTS

In the second half of 2021, the research and development department of the Group plans to focus on improving products and optimizing the mass production technology, including (1) increasing efforts to develop various new bread, cakes and desserts; (2) improving the taste of the existing bread and cakes and enhancing the softness of bread; (3) adding a variety of themed cakes to cater for various festivals; and (4) devoting more efforts in the research and development of food therapy products to promote the integration of health and food.

Looking forward, the management of the Group will continue to optimize its strategies, further enhance the brand image and product awareness, and actively develop the market orienting toward young consumer groups, so as to provide healthier, fashionable and high-quality bakery products.

EVENTS AFTER THE REPORTING PERIOD

There are no other material events occurred or undertaken by the Company or by the Group subsequent to 30 June 2021 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

CORPORATE GOVERNANCE

The Directors consider that the Company has applied the principles of the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules and complied with the applicable code provisions set out in the CG Code during the period from 1 January 2021 to 30 June 2021, except for the following deviations:

Pursuant to code provision A.2.1 of the CG Code, the responsibility between the chairman and the chief executive officer (the "**CEO**") should be separate and should not be performed by the same individual. Mr. Chun Bin Xu, the Chairman of the Board, is currently the acting CEO. The Board considers that Mr. Chun Bin Xu is competent to serve as the CEO concurrently given his extensive management experience. Nevertheless, the Board understands that the roles of Chairman of the Board and CEO shall be independent from each other to ensure balanced distribution of power and authorization, without facing the situation that power is concentrated in one person. The Board is endeavoring to identify suitable person(s) to fill the vacancy as soon as practicable, and will make the announcement(s) as and when appropriate.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the required standards for securities transactions conducted by Directors. Specific enquiries have been made to all the Directors, and all the Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, including the review of the unaudited condensed consolidated interim financial statements of the Group for the Period and considered that the Company had complied with all relevant accounting standards and requirements and made adequate disclosures.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.christine.com.cn. The interim report of the Company for the Period will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Christine International Holdings Limited
Chun Bin Xu
Chairman

Shanghai, the PRC, 27 August 2021

As at the date of this announcement, the executive Directors are Mr. Chun Bin Xu (Chairman), Mr. Yong Ning Zhu, Mr. Ming-Tien Lin, Mr. I-Sheng Chan and Mr. Chien-Li Tseng; and the non-executive Directors are Mr. Dun-Ching Hung and Mr. Chi-Ming Chou; and the independent non-executive Directors are Dr. Yong Jun Tang, Mr. Hang Sheng Ye, Ms. Hong Xue and Ms. Xiao Yan Xu.