Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2021

- Revenue decreased by approximately 27.7% to approximately RMB292,034,000 (2020: approximately RMB403,919,000).
- Gross profit decreased by approximately 24.0% to approximately RMB122,916,000 (2020: approximately RMB161,690,000).
- Loss attributable to the owners of the Company increased by approximately 54.1% to approximately RMB170,125,000 (2020: loss of approximately RMB110,371,000).
- Loss per share amounted to approximately RMB16.8 cents (2020: Loss per share of approximately RMB10.9 cents).
- The Board does not recommend the payment of a final dividend for 2021 (2020: Nil).

The board (the "**Board**") of directors (the "**Directors**") of Christine International Holdings Limited (the "**Company**", "**we**", "**our**" or "**us**") announces that the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	**2021** *RMB'000*	2020 *RMB'000*
Revenue	*5*	**292,034**	403,919
Cost of sales		**(169,118)**	(242,229)
Gross profit		**122,916**	161,690
Other income, gains and losses	*6*	**6,188**	47,305
Charge of loss allowances of financial assets, net	*7*	**–**	(706)
Impairment losses on right-of-use assets		**(38,332)**	–
Selling and distribution expenses		**(206,507)**	(266,315)
Administrative expenses		**(45,454)**	(42,133)
Loss from operations		**(161,189)**	(100,159)
Finance costs	*8*	**(11,223)**	(9,552)
Loss before tax		**(172,412)**	(109,711)
Income tax credit (expense)	*10*	**2,287**	(660)
Loss and total comprehensive loss for the year attributable to owners of the Company	*9*	**(170,125)**	(110,371)
Loss per share			
Basic and diluted *(RMB cents)*	*12*	**(16.8)**	(10.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	NOTES	**2021** *RMB'000*	2020 *RMB'000*
ASSETS			
Non-current assets			
Investment properties		**14,434**	15,786
Property, plant and equipment		**255,991**	277,514
Right-of-use assets		**77,237**	148,791
Goodwill		**–**	–
Intangible assets		**1,868**	2,736
Deposits		**7,249**	8,128
Deposits for purchase of non-current assets		**–**	954
		356,779	453,909
Current assets			
Inventories		**16,923**	20,411
Trade and other receivables	*13*	**56,571**	71,743
Amounts due from related companies		**234**	234
Bank balances and cash		**17,902**	63,847
Total current assets		**91,630**	156,235
TOTAL ASSETS		**448,409**	610,144
EQUITY AND LIABILITIES			
Share capital		**8**	8
Reserves		**(206,045)**	(35,920)
Total equity		**(206,037)**	(35,912)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**20,221**	34,550
Current liabilities			
Deferred revenue		**–**	80
Contract liabilities		**278,162**	317,366
Bank borrowings		**130,000**	100,000
Loan from a shareholder		**52,000**	–
Lease liabilities		**45,941**	50,078
Trade and other payables	*14*	**122,377**	135,390
Amounts due to related companies		**1,037**	1,597
Dividend payable		**4,708**	4,708
Current tax liabilities		**–**	2,287
Total current liabilities		**634,225**	611,506
TOTAL EQUITY AND LIABILITIES		**448,409**	610,144
NET CURRENT LIABILITIES		**542,595**	455,271

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Christine International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was incorporated and 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 "**PRC**"). 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 in the PRC.

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The 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.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption/early adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year (except for any early adoption) as set out in note 3 to the consolidated financial statements.

Going concern

In preparing the consolidated financial statements, 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 and total liabilities exceeded its total assets by approximately RMB542.6 million and approximately RMB206.0 million, respectively, at 31 December 2021, and that the Group incurred a loss of approximately RMB170.1 million for the year 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 for at least the next twelve months from the date of approval of the consolidated financial statements, 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 year ended 31 December 2021, the Group successfully restructured repayment schedules of the existing bank borrowings of RMB100,000,000 with maturity dates on 21 May 2022 and 15 June 2022 and extended the existing bank facilities for one more year.

 (iv) during the year ended 31 December 2021, the Group obtained a new bank borrowing of RMB30,000,000 and subsequent to 31 December 2021 and up to the date of approving the consolidated financial statements, the Group successfully extended the repayment due date of the bank loan for one more year with maturity date on 7 February 2023.

(b) In October 2021, the Group completed the disposal of a property located in Shanghai at a consideration of approximately RMB6,932,000. Full amount of consideration was received during the year ended 31 December 2021. 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. Subsequent to 31 December 2021 and up to the date of approving the consolidated financial statements, the Group had recovered other receivables of RMB40,100,000.

(d) China Huaneng Foundation Construction Investment Limited ("**Huaneng**"), the substantial shareholder of the Company, Huaneng's controlling shareholder and related parties of Huaneng's controlling shareholder, have committed and have proved their ability to provide continuous financial support to meet the Group's day-to-day operations and the Group's financial obligations as they fall due.

(e) Huaneng has undertaken that the repayment of its loan to the Group of approximately RMB52,000,000 at 31 December 2021 will not be requested within twelve months from the date of approval of the consolidated financial statements, unless the Group has obtained funding from other sources and is in a position to meet all repayment obligations at that time.

(f) The Group is actively exploring the availability of alternative source of financing.

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, and on the projected amount of contract liabilities that are expected to be fulfilled within one year of approximately RMB121,609,000, 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 the consolidated financial statements.

3. APPLICATION OF NEW/REVISED HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform－Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions Beyond 30 June 2021

Except for the early adoption of Amendments to HKFRS 16 as set out below, the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: COVID-19-Related Rent Concessions Beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of accumulated losses and therefore the comparative information has not been restated.

The early adoption of the amendment has no impact to the opening accumulated losses at 1 January 2021. The Group recognised changes in leases payments that resulted from rent concessions of approximately RMB220,000 in the profit or loss for the year ended 31 December 2021.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 16	Proceeds before Intended Use [1]
Amendments to HKAS 37	Cost of Fulfilling a Contract [1]
Amendments to HKFRS 3	Reference to the Conceptual Framework [1]
Annual Improvements to HKFRSs	2018–2020 Cycle [1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to HKAS 1	Disclosure of Accounting Policies [2]
Amendments to HKAS 8	Definition of Accounting Estimates [2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [2]
HKFRS 17	Insurance Contracts [2]
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] The effective date to be determined

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 reportable operating segment. The Company's executive directors and the chief executive officer of the Company, review the Group as a whole and internal reports are reported to the chief operating decision-maker 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.

	2021	2020
	RMB'000	*RMB'000*
Types of goods		
Bread and cakes	**215,654**	286,686
Moon cakes	**21,387**	35,416
Pastries	**40,638**	53,914
Others	**14,355**	27,903
	292,034	403,919

Geographical information

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.

Revenue from major customers

No single customer contributed over 10% of the total revenue of the Group for the years ended 31 December 2021 and 2020.

5. REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
– Sales of bakery products	**292,034**	403,919
Timing of revenue recognition		
Products transferred at a point in time	**292,034**	403,919

6. OTHER INCOME, GAINS AND LOSSES

	2021 *RMB'000*	2020 *RMB'000*
Interest income on bank deposits	**190**	504
Imputed interest income on deposits	**267**	314
Total interest income	**457**	818
Government grants *(Note)*	**1,436**	6,478
Income on COVID-19-related rent concessions	**220**	4,679
Release of asset-related government grants	**80**	468
Write-off of property, plant and equipment	**(160)**	(1,315)
Gain on disposal of property, plant and equipment	**3,882**	34,797
Gain on disposal of scrap and other materials	**–**	224
Write-off of deposits for purchase of non-current assets	**(954)**	–
Exchange loss, net	**(273)**	(43)
Rental income under operating leases	**2,114**	1,074
(Loss) Gain on termination of leases	**(889)**	498
Others	**275**	(373)
	6,188	47,305

Note:

During the year ended 31 December 2021, the Group has not recognised any government grants in respect of COVID-19 related subsidies provided by the local government authorities *(2020: approximately RMB4,660,000)*. Besides, government grants of approximately RMB1,436,000 *(2020: approximately RMB1,818,000)* were received from local government authorities for encouraging production and improving technology, of which the entitlement was unconditional.

7. CHARGE OF LOSS ALLOWANCES ON FINANCIAL ASSETS, NET

	2021 *RMB'000*	2020 *RMB'000*
Loss allowances charged on:		
– Trade receivables	**–**	706

8. FINANCE COSTS

	2021 *RMB'000*	2020 *RMB'000*
Interest expenses on lease liabilities	**5,361**	7,913
Interest expenses on bank borrowings	**5,862**	1,639
	11,223	9,552

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging (crediting) the following:

	2021	2020
	RMB'000	*RMB'000*
Amortisation of intangible assets (including in "Selling and distribution expenses" and "Administrative expenses", as appropriate)	**868**	1,011
Depreciation of investment properties	**1,352**	878
Depreciation of property, plant and equipment	**20,403**	27,374
Depreciation of right-of-use assets	**56,433**	81,355
Write-off of property, plant and equipment	**160**	1,315
Gain on disposal of property, Plant and equipment	**(3,882)**	(34,797)
Short-term lease charges		
– Rented retail outlets	**19,663**	39,224
Staff costs (Including directors' remuneration)		
– Salaries, bonuses and allowances	**131,714**	166,384
– Retirement benefits scheme contributions *(Note a)*	**31,788**	22,867
	163,502	189,251
Auditor's remuneration	**1,700**	1,400
Cost of inventories sold *(Note b)*	**169,118**	242,229
Charge of loss allowances on financial assets, net	**–**	706
Impairment losses on right-of-use assets	**38,332**	–

Note:

(a) At 31 December 2021 and 2020, the Group had no forfeited contributions available to reduce its contribution to the pension schemes in future years.

(b) Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately RMB41,118,000 *(2020: approximately RMB65,137,000)* which are included in the amounts disclosed separately.

10. INCOME TAX (CREDIT) EXPENSE

	2021	2020
	RMB'000	*RMB'000*
Current tax		
Provision for the year – PRC	**–**	581
(Over) Under-provision in prior years	**(2,287)**	79
	(2,287)	660

Hong Kong Profits Tax has not been provided for as the Group incurred a loss for taxation purpose in Hong Kong for the year ended 31 December 2021.

PRC Enterprise Income Tax has been provided at a rate of 25% *(2020: 25%)*.

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 has 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.

11. DIVIDENDS

The directors of the Company did not recommend payment of any final dividend for the year ended 31 December 2021 *(2020: Nil)*.

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following:

	2021	2020
	RMB'000	*RMB'000*
Loss:		
Loss for the year for the purpose of calculating basic and diluted loss per share	**(170,125)**	(110,371)

	2021	2020
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,010,188**	1,010,188

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares during the years ended 31 December 2021 and 2020.

13. TRADE AND OTHER RECEIVABLES

		2021	2020
	Notes	***RMB'000***	*RMB'000*
Trade receivables		**4,316**	6,206
Less: allowance for ECL		**(1,100)**	(1,100)
	(a)	**3,216**	5,106
Other receivables	*(b)*	**48,376**	61,183
Prepaid lease payments for retail outlets		**411**	1,852
Prepayments		**4,568**	3,602
		53,355	66,637
Total trade and other receivables		**56,571**	71,743

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. 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.

(a) The ageing analysis of trade receivables based on the invoice date, and net of loss allowance for ECL, is as follows:

	2021	2020
	RMB'000	*RMB'000*
0 – 30 days	**3,103**	4,534
31 – 60 days	**103**	130
61 – 90 days	**10**	93
91 – 180 days	**–**	349
	3,216	5,106

At 31 December 2021, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately RMB1,100,000 *(2020: approximately RMB1,100,000)*.

Reconciliation of loss allowance for ECL:

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**1,100**	394
Charge of loss allowance on trade receivables for the year	**–**	706
At 31 December	**1,100**	1,100

The carrying amounts of the Group's trade receivables are denominated in RMB.

(b) Included in other receivables was an advance made to an independent third party with a carrying amount of approximately RMB40,100,000 at 31 December 2021 *(2020: approximately RMB60,000,000)*. The amount due was non-trade in nature, interest-free and repayable on demand. In addition, the advance was guaranteed by an executive director of the Company, and the amount due was fully recovered subsequent to the reporting date.

14. TRADE AND OTHER PAYABLES

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Trade payable	*(a)*	**48,559**	63,179
Accruals		**5,104**	9,320
Payroll and welfare payables		**18,140**	16,710
Other tax payables		**9,192**	14,548
Payables for acquisition of property, plant and equipment		**11,904**	13,890
Payables for rental expenses	*(b)*	**20,971**	6,000
Other payables		**8,507**	11,743
Total trade and other payables		**122,377**	135,390

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

	2021 *RMB'000*	2020 *RMB'000*
0 – 45 days	**22,055**	38,877
46 – 60 days	**15,385**	12,039
61 – 90 days	**2,934**	10,264
91 – 180 days	**6,852**	1,245
Over 180 days	**1,333**	754
	48,559	63,179

The carrying amounts of the Group's trade payables are denominated in RMB.

(b) Included in the balance was provision for arrears of rent with carrying amount of approximately RMB2,857,000 at 31 December 2021 *(2020: nil)*. The amount is calculated at 0.05% per day of total arrears of rent.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

An analysis of the Group's revenue and gross profit by product types for the years ended 31 December 2021 and 2020 is set out as follows:

	For the years ended 31 December			
	2021		2020	
	Revenue	**Gross Profit**	Revenue	Gross Profit
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Bread and cakes	**215,654**	**92,959**	286,686	114,761
Moon cakes	**21,387**	**8,829**	35,416	14,177
Pastries	**40,638**	**15,613**	53,914	21,582
Other	**14,355**	**5,515**	27,903	11,170
	292,034	**122,916**	403,919	161,690

The Group's revenue in 2021 amounted to approximately RMB292,034,000, representing a decrease of approximately 27.7% as compared with approximately RMB403,919,000 in 2020, which was mainly attributable to:

(i) The continued spread of the COVID-19 pandemic in 2021 dealt a heavy blow to various industries, especially the consumer sector, as consumer confidence weakened. Though the Group proactively adjusted its production and sales strategies to cope with the adverse impacts of the pandemic, its revenue for the year was still down due to a sluggish macro consumer environment. (ii) In 2021, the Group continued to implement the strategy of closing down loss-making stores and closed 55 stores, which, to a certain extent, contributed to the decline in revenue for the year. (iii) The Group's active attempt to change its traditional marketing model was still under way and the revitalization of the brand and the roll-out of new sales channels have yet to materialize to bring in benefits, which also contributed to the decline in revenue for the year.

In terms of geographical location, Shanghai remained the main source of the Group's turnover. However, due to the impact of the pandemic and the closure of some stores with significant losses, revenue derived from Shanghai decreased by approximately RMB64,727,000 from 2020 to approximately RMB182,754,000 in 2021, accounting for 62.6% of the Group's total revenue, more than 61.3% in 2020. In 2021, revenue derived from Jiangsu and Zhejiang amounted to approximately RMB78,104,000 and RMB31,176,000, respectively, accounting for 26.7% and 10.7% of the Group's total revenue, respectively.

In terms of product categories, in 2021, sales revenue from major products of bread and cakes decreased by approximately RMB71,032,000 or 24.8% as compared to 2020, and sales revenue from pastries decreased by approximately RMB13,276,000 or 24.6% as compared to 2020. As bread, cakes and pastries are daily necessities, geographical convenience and the number of patrons are of critical significance to sales results. Both sales volume and revenue of such products decreased due to the temporary closure of enterprises, schools and communities as a result of the sudden outbreak of the pandemic and the decrease in the number of retail outlets during the year. Other categories, including products such as wheat albumin and jelly, recorded no significant increase in sales volume, and the sales revenue decreased by approximately RMB13,548,000 or approximately 48.6% as compared to 2020. Sales revenue from moon cakes decreased by approximately RMB14,029,000 or approximately 39.6% as compared to 2020 due to the pandemic and closure of stores.

In terms of payment tools, the Group's sales in retail outlets were settled either in cash (and by bank cards and third-party payment platforms) or through redemption of coupons (and prepaid cards), the proportion of either means of settlement varied little in 2021 as compared with 2020. In 2021, sales in cash (and by bank cards and third-party payment platforms) amounted to approximately RMB149,095,000, accounting for 51.1% of the total sales revenue (2020: approximately RMB220,760,000, accounting for 54.7% of total sales revenue); and sales through redemption of coupons (and prepaid cards) amounted to approximately RMB142,939,000, accounting for 48.9% of the total sales revenue (2020: approximately RMB183,159,000, accounting for 45.3% of the total sales revenue).

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2021 was approximately RMB122,916,000, representing a decrease of approximately RMB38,774,000 or 24.0% as compared to approximately RMB161,690,000 for the year ended 31 December 2020, which was mainly due to the decrease in overall revenue during the year.

The gross profit margin for the 2021 was approximately 42.1%, representing a slight increase from 40.0% for the year ended 31 December 2020.

Other income, gain and losses

The Group's other income, gain and losses for the year ended 31 December 2021 amounted to approximately RMB6,188,000, representing a decrease of approximately RMB41,117,000 as compared with approximately RMB47,305,000 for the year ended 31 December 2020, which was mainly due to the decrease in gain disposal of property, plant and equipment, income on COVID-19-related rent concessions and COVID-19 related government subsidies by RMB30,915,000. RMB4,459,000 and RMB5,042,000, respectively.

Charge of loss allowances on financial assets, net

No charge of loss allowances on financial assets was recorded in 2021 (2020: approximately RMB706,000).

Selling and distribution expenses

As a result of the closure of certain stores and in line with decrease in revenue, selling and distribution expenses decreased by approximately RMB59,808,000 from approximately RMB266,315,000 for the year ended 31 December 2020 to approximately RMB206,507,000 for the year ended 31 December 2021.

Administrative expenses

Administrative expenses for the year ended 31 December 2021 amounted to approximately RMB45,454,000, representing slight increase as compared to approximately RMB42,133,000 for the year ended 31 December 2020. The slight increase is due to the increase of approximately RMB2,000,000 in business entertainment expenses of the Group for the year ended 31 December 2021.

Finance costs

The Group's finance costs increased by approximately RMB1,671,000 or 17.5% from approximately RMB9,552,000 for the year ended 31 December 2020 to approximately RMB11,223,000 for the year ended 31 December 2021, which was mainly due to the increase in interest expenses on bank borrowings.

Income tax credit (expense)

Income tax credit for the year ended 31 December 2021 was approximately RMB2,287,000 as compared with income tax expense of approximately RMB660,000 for the year ended 31 December 2020, which was mainly due to the fact that the Group suffered loss.

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

Net losses for the year ended 31 December 2021 was approximately RMB170,125,000, representing an increase in loss of approximately RMB59,754,000 or approximately 54.1% as compared to the net loss of approximately RMB110,371,000 for the year ended 31 December 2020, which was mainly due to the combined effects of (i) overall declines in revenue, (ii) decrease in other income, gains and losses, (iii) provision for impairment losses on right-of-use assets of approximately RMB38,332,000 made in current year and (iv) decrease in selling and distribution expenses.

ANALYSIS OF FINANCIAL POSITION

Inventory turnover days

The following table sets forth the inventory turnover days in 2021 and 2020:

	For the year ended 31 December	
	2021	2020
Inventory turnover days *(Note)*	**40**	36

Note: Inventory turnover days are calculated based on the arithmetic mean of the opening and closing balance of inventories divided by cost of sales for the relevant year and multiplied by 365 days.

The Group's inventories consist of raw materials and finished goods. There was increased in the inventory turnover days from 36 days at 31 December 2020 to 40 days at 31 December 2021, which was affected by the closure of retial outlets and thus caused the decrease in sales..

Trade receivables turnover days

The following table sets forth the trade receivables turnover days in 2021 and 2020:

	For the year ended 31 December	
	2021	2020
Trade receivables turnover days *(Note)*	**5**	8

Note: Trade receivables turnover days are calculated based on the arithmetic mean of the opening and closing balance of trade receivables divided by the sales revenue for the relevant year and multiplied by 365 days.

Trade receivables mainly represent the outstanding receivables arising from revenue generated from principal businesses. There was decreased in the trade receivables turnover days due to tighten-up of the Group's policy on debt collection.

Age of trade receivables

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Age		
0 to 30 days	**3,103**	4,534
31 to 60 days	**103**	130
61 to 90 days	**10**	93
91 to 180 days	**–**	349
	3,216	5,106

The Group's sales were mainly settled either in cash or through redemption of coupons by customers. There was no credit payment for transactions which took place in the Group's self-operated retail stores. However, for those 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 to the Group within 30 to 60 days thereafter.

Trade payables turnover days

The following table sets forth the trade payables turnover days in 2021 and 2020:

	For the year ended 31 December	
	2021	2020
Trade payables turnover days *(Note)*	**121**	91

Note: Trade payables turnover days are calculated based on the arithmetic mean of the opening and closing balance of the trade payables divided by the cost of sales for the relevant year and multiplied by 365 days.

Age of trade payables

The following table sets forth an ageing analysis of the trade payables of the Group as at the dates indicated:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Age		
0 to 45 days	**22,055**	38,877
46 to 60 days	**15,385**	12,039
61 to 90 days	**2,934**	10,264
91 to 180 days	**6,852**	1,245
Over 180 days	**1,333**	754
	48,559	63,179

The credit terms for trade payables due to suppliers of the Company generally range from 30 to 60 days. Slight adjustments were made to the payment terms of certain suppliers in 2021 in view of the cash flow control.

Contract liabilities

Contract liabilities mainly include payments received from customers for prepaid cards and coupons. In 2021, the balance of prepaid cards and coupons decreased by approximately RMB39,204,000 (2020: approximately RMB31,169,000) due to the decrease in recognition of receipt in advance of prepaid cards and coupons as compared to 2020.

Future plans for material investments and capital assets

The Group did not have other plans for material investments or capital assets as at 31 December 2021 and the date of this announcement.

FINANCIAL AND TREASURY POLICY

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, we have 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

The Group did not have any material acquisition or disposal for the year ended 31 December 2021.

Significant investment

The Board did not have significant external investment for the year ended 31 December 2021.

LIQUIDITY AND FINANCIAL RESOURCES

Bank and cash balances decreased by approximately RMB45,945,000 or approximately 72.0% from approximately RMB63,847,000 as at 31 December 2020 to approximately RMB17,902,000 as at 31 December 2021, which was due to the net cash used in operations activities outweighing the net cash from investing and financing activities.

The current ratio as at 31 December 2021 was 14.4%, which was lower than 25.5% as at 31 December 2020. The decrease is mainly due to the decrease in bank and cash balances.

LIABILITIES

Gearing ratio

As at 31 December 2021 and 2020, the Group's gearing ratio, calculated by dividing total liabilities by total assets, was approximately 145.9% and 105.9%, respectively. The increase in the gearing ratio is mainly due to the decrease in bank and cash balances, increase in loan from a shareholder and bank borrowings in 2021.

Bank borrowings

As at 31 December 2021, the Group had bank borrowings of approximately RMB130,000,000 (2020: approximately RMB100,000,000) at an interest rate adopted for general lending in the financial sector.

Banking facilities

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

Debentures

As at 31 December 2021, the Group had not issued any debentures (2020: Nil).

Contingent liabilities

As at 31 December 2021, the Group had no material contingent liabilities (2020: Nil).

Capital commitments

As at 31 December 2021, the Group had no capital commitments contracted but not yet provided for in relation to the acquisition of property, plant and equipment (2020: approximately RMB464,000).

Pledged assets

As at 31 December 2021, the Groups' certain self-owned commercial properties with an aggregate carrying amount of approximately RMB196,328,000 (2020: approximately RMB135,495,000) were pledged to secure bank borrowings.

Capital structure

As at 31 December 2021, the Group had secured bank borrowings of RMB130,000,000 (2020: RMB100,000,000) and lease liabilities of approximately RMB66,162,000 (2020: approximately RMB84,628,000). Total equity amounted to a deficit of approximately RMB206,037,000 compared to a deficit of approximately RMB35,912,000 of 2020. As at 31 December 2021, the capital structure of the Company comprised 1,010,188,000 ordinary shares of HK$0.00001 each (the "**Shares**").

Foreign exchange and interest rate exposure

As the Group conducts business transactions principally in Renminbi, interest rate fluctuation in places where capital was deposited was not high, and our 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 not significant. Accordingly, the Group had not used any financial instruments for hedging purposes as at 31 December 2021.

HUMAN RESOURCES

In 2021, the Group shut down part of its loss-making stores, and optimized and downsized its workforce accordingly. As at 31 December 2021, the Group had 2,018 employees (as at 31 December 2020: 2,604) in total, mainly consisting of administrative personnel, research and development personnel as well as sales staff in retail stores.

In view of the on-going downsizing in recent years, the Group focused on enhancing labour relations and legal consultation in human resources management. While reducing manpower, the Group also took into account of harmonious relations and regulatory compliance so as to reduce internal impacts. In-service employees were trained for multiple functions, enabling them to replace and provide support for each other even in different positions. Through such measures, the Group aimed to achieve a reasonable operating scale, protect the legitimate rights and interests of employees and maintain harmonious labour relations.

In order to improve future performance, the Group strategically needs to try new business forms such as online sales and OEM of bakery products that were different from those in the past. In anticipation of immediate effect from the promotion of new businesses, the Group targeted to recruit related high-level business personnel in 2021, and will continue to seek suitable candidates from its peers in near term, so as to inject new blood into the Group, remove its disadvantages, and bring vitality to the Group.

The remuneration policy for the Directors, senior management members and other employees is determined based on their experiences, responsibilities and general market conditions. Certain members of the Board hold their offices without remuneration. In addition to fixed salaries, the employees may be granted allowances and year-end bonuses subject to departmental and personal performance appraisal. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors, senior management members and other employees.

FUTURE PROSPECTS

Market Outlook

As a result of COVID-19, the industry size scaled down as compared with the previous years. Nevertheless, the management of the Group remains optimistic to 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 enlarging customer base that is expanding from first and second-tier cities to third and fourth-tier cities.

RESEARCH AND DEVELOPMENT PROSPECTS

In 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; and (3) adding a variety of themed cakes to cater for various festivals. 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

After end of the financial year ended, there were no significant events after the reporting period up to the date of this announcement which has material impact on the Group.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The Company will make further announcement on the date of annual general meeting of the Company and book closure date.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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 the required standard for securities transactions by Directors. Specific enquiries have been made to all the Directors, and all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

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 during the year ended 31 December 2021 as set out in the CG Code, except for the following deviations:

Code Provision A.2.1 of the CG Code

Pursuant to code provision A.2.1 of the CG Code, the responsibility between the chairman and the chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. The role of the chairman has been assumed by is currently by Mr. Chun Bin Xu since 22 May 2020.

The Company has considered the issue of balance of power of authority on the Board and believes the structure of the Company, including strong independent elements in the Board, delegation of authorities to the management, supervision by the Board and Board committees, is sufficient to address the potential issue on power concentration. All Directors, who bring different experience and expertise to the Company, are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and prompt response to the fast changing business environment and a more efficient management and implementation of business process.

The Board understands that the roles of chairman 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. Therefore, the Group would proactively identify appropriate talent with rich experience in dealing with relevant businesses of the Group, and appoint him as soon as practicable to manage the daily operation of the Group.

Save as disclosed above, the Company did not have other deviations from the CG Code during 2021.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the draft consolidated financial statements of the Group for the year ended 31 December 2021 and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of this announcement of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2021. The work performed by Mazars CPA Limited 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 Mazars CPA Limited on the preliminary announcement.

EXTRACT OF DRAFT INDEPENDENT AUDITOR'S REPORT ON THE DRAFT CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The following is the extract of the draft independent auditor's report on the Company's draft consolidated financial statements for the year ended 31 December 2021.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to the "Going concern" section in note 2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group reported a loss attributable to the owners of the Company of approximately RMB170.1 million for the year ended 31 December 2021 and as at 31 December 2021, the Group had net current liabilities and net liabilities of approximately RMB542.6 million and approximately RMB206.0 million, respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

In view of above, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The plans and measures undertaken to mitigate the liquidity pressure and to improve the financial position of the Group are summarised in note 2 to the consolidated financial statements.

PUBLICATION OF THE ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2021 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, 31 March 2022

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