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)

(1) INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022; AND (2) RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 71.3% to approximately RMB46,509,000 (six months ended 30 June 2021: approximately RMB161,829,000).
- Gross profit decreased by approximately 87.2% to approximately RMB9,209,000 (six months ended 30 June 2021: approximately RMB71,977,000).
- Loss attributable to owners of the Company increased by approximately 6.6% to approximately RMB72,514,000 (six months ended 30 June 2021: a loss of approximately RMB68,009,000).
- Basic loss per share amounted to approximately RMB7.1 cents (six months ended 30 June 2021: basic loss per share of approximately RMB6.7 cents).
- The Board does not recommend the payment of an interim dividend.

The board (the "**Board**") of directors (the "**Directors**") of Christine International Holdings Limited (the "**Company**") presents the unaudited interim results of the Company and its subsidiaries (collectively as the "**Group**") for the six months ended 30 June 2022 (the "**Period**"), together with the comparative figures for the corresponding period in 2021, as follows. The interim results have not been audited by the external auditors but they have been reviewed by the Audit Committee of the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue	*5*	**46,509**	161,829
Cost of sales		**(37,300)**	(89,852)
Gross profit		**9,209**	71,977
Other income, gains and losses	*6*	**1,545**	912
Selling and distribution expenses		**(59,341)**	(112,916)
Administrative expenses		**(19,092)**	(22,250)
Loss from operations		**(67,679)**	(62,277)
Finance costs	*7*	**(4,835)**	(5,732)
Loss before tax		**(72,514)**	(68,009)
Income tax expenses	*9*	**–**	–
Loss and total comprehensive loss for the period attributable to owners of the Company	*8*	**(72,514)**	(68,009)
Loss per share			
Basic and diluted (RMB cents)	*11*	**(7.1)**	(6.7)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	**30 June 2022 RMB'000 (unaudited)**	31 December 2021 RMB'000 (audited)
ASSETS			
Non-current assets			
Investment properties		**13,765**	14,434
Property, plant and equipment	*12*	**244,593**	255,991
Right-of-use assets	*13*	**69,753**	77,237
Goodwill		**–**	–
Intangible assets		**1,512**	1,868
Deposits		**6,197**	7,249
		335,820	356,779
Current assets			
Inventories		**14,725**	16,923
Trade and other receivables	*14*	**44,780**	56,571
Amounts due from a related company		**234**	234
Bank balances and cash		**21,452**	17,902
		81,191	91,630
Assets classified as held for sale		**409**	–
Total current assets		**81,600**	91,630
TOTAL ASSETS		**417,420**	448,409
EQUITY AND LIABILITIES			
Share capital	*16*	**10**	8
Reserves		**(264,471)**	(206,045)
Total equity		**(264,461)**	(206,037)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**13,099**	20,221
Current liabilities			
Contract liabilities		**266,064**	278,162
Bank borrowings		**125,000**	130,000
Loan from a shareholder		**59,795**	52,000
Lease liabilities		**43,382**	45,941
Trade and other payables	*15*	**163,953**	122,377
Amounts due to related companies		**380**	1,037
Dividend payable		**4,708**	4,708
		663,282	634,225
Liabilities associated with assets classified as held for sale		**5,500**	–
Total current liabilities		**668,782**	634,225
TOTAL EQUITY AND LIABILITIES		**417,420**	448,409
NET CURRENT LIABILITIES		**587,182**	542,595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

Christine International Holdings Limited (the "**Company**", together with its subsidiaries are collectively referred to as 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**" or "**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 in the PRC.

2. BASIS OF PRESENTATION

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 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.

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 2021, 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 2021 (the "**2021 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 2021 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 RMB587,182,000 at 30 June 2022, the Group's total liabilities exceeded its total assets by approximately RMB264,461,000 as of that date, and that the Group incurred a loss of approximately RMB72,514,000 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.

(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 generate 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.

(d) China Huaneng Foundation Construction Investment Limited ("**Huaneng**"), the 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 RMB59,795,000 at 30 June 2022 will not be requested within twelve months from the date of approval of the unaudited condensed 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. On 24 June 2022, the subscription of new shares under general mandate in relation to the conditional agreement dated 8 June 2022 entered into between the Company and the subscribers respectively, have been fulfilled and thus completion of the subscription took place, whereby 202,037,600 subscription shares were allotted and issued to the subscribers at the subscription price of HK$0.082 per subscription shares. The gross proceeds from the issue of the subscription shares were approximately HK$16,567,000 (equivalent to approximately RMB14,158,000). It is the intention of the Company to use the net proceeds of the subscriptions entirely to supplement the general working capital of the Group.

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/REVISED HKFRSs

In the current interim period, the Group has applied, for the first time, certain new/revised HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the unaudited condensed consolidated interim financial information.

The adoption of the new/revised HKFRSs has no significant impact on the unaudited condensed consolidated interim financial information. Other than the new/revised HKFRSs, at the date of authorisation of the unaudited condensed consolidated interim results, the Group has not early adopted other new/revised HKFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the financial position, financial performance and cash flows 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.

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Types of goods		
Bread and cakes	**36,015**	128,795
Pastries	**6,274**	23,471
Others	**4,220**	9,563
	46,509	161,829

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.

5. REVENUE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue from contracts with customers within the scope of HKFRS 15:		
– Sales of bakery products	**46,509**	161,829
Timing of revenue recognition		
Products transferred at a point in time	**46,509**	161,829

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Revenue from contracts with customers within the scope of HKFRS 15:		
Trade receivables	**1,516**	3,216
Contract liabilities	**(266,064)**	(278,162)

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 RMB20,942,000 recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2022.

6. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Interest income on bank deposits	**22**	41
Imputed interest income on deposits	**79**	105
Total interest income	**101**	146
Government grants	**1,850**	991
Income on COVID-19-related rent concessions	**274**	210
Rental income under operating leases	**1,055**	765
(Loss) Gain on termination of leases	**(1,046)**	367
Loss on written off of property, plant and equipment	**–**	(41)
Exchange loss, net	**(857)**	(938)
Loss on disposal of scrap and other materials	**–**	(40)
Others	**168**	(548)
	1,545	912

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Interest expenses on lease liabilities	**1,844**	2,995
Interest expenses on bank borrowings	**2,991**	2,737
	4,835	5,732

8. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Staff costs (Including directors' remuneration)		
– Salaries, bonuses and allowances	**48,169**	62,943
– Retirement benefits scheme contributions	**13,083**	17,933
	61,252	80,876
Amortisation of intangible assets	**356**	448
Depreciation of investment properties	**669**	781
Depreciation of property, plant and equipment	**10,989**	13,017
Depreciation of right-of-use assets	**9,071**	29,067
Loss on write-off of property, plant and equipment	**–**	41
Cost of inventories sold	**37,300**	89,852

As at 30 June 2022, the Group had no forfeited contributions available to reduce its contribution to the pension schemes in future years *(At 30 June 2021: Nil)*.

9. INCOME TAX EXPENSES

Hong Kong Profits Tax has not been provided for as the Group incurred a loss for taxation purpose in Hong Kong for the six months ended 30 June 2022 and 2021.

PRC Enterprise Income Tax has been provided at a rate of 25% *(six months ended 30 June 2021: 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 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 and diluted loss per share attributable to owners of the Company is based on the following information:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss:		
Loss for the period attributable to owners of the Company, used in basic and diluted loss per share calculation	**72,514**	68,009

	2022	2021
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for basic and diluted loss per share calculation	**1,016,885**	1,010,188

The weighted average number of ordinary shares of 1,016,885,000 for the six months ended 30 June 2022 is derived after taking into account the effect of placing of shares under general mandate on 24 June 2022 *(Note 16)*.

The diluted loss per share are the same as the basic loss per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2022 and 2021.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group did not have any acquisition of property, plant and equipment.

At 30 June 2022, property, plant and equipment of approximately RMB178,138,000 *(At 31 December 2021: approximately RMB182,850,000)* was pledged as security for the Group's bank borrowings.

13. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, 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 RMB5,999,000.

14. TRADE AND OTHER RECEIVABLES

	30 June 2022 *RMB'000* *(unaudited)*	31 December 2021 *RMB'000* *(audited)*
Trade receivables	**2,616**	4,316
Loss allowance for expected credit loss ("**ECL**")	**(1,100)**	(1,100)
	1,516	3,216
Other receivables	**38,356**	48,376
Prepaid lease payments for retail outlets	**449**	411
Prepayments	**4,459**	4,568
	43,264	53,355
Total trade and other receivables	**44,780**	56,571

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

	30 June 2022 *RMB'000* *(unaudited)*	31 December 2021 *RMB'000* *(audited)*
0 – 30 days	**1,484**	3,103
31 – 60 days	**13**	103
61 – 90 days	**–**	10
91 – 180 days	**19**	–
	1,516	3,216

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 2022 *RMB'000* *(unaudited)*	31 December 2021 *RMB'000* *(audited)*
Trade payables	**46,141**	48,559
Accruals	**7,057**	5,104
Payroll and welfare payables	**19,582**	18,140
Other tax payables	**13,333**	9,192
Payables for acquisition of property, plant and equipment	**8,480**	11,904
Payables for rental expenses	**25,270**	20,971
Other payables	**44,090**	8,507
Total trade and other payables	**163,953**	122,377

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:

	30 June 2022 *RMB'000* *(unaudited)*	31 December 2021 *RMB'000* *(audited)*
0 – 45 days	**19,797**	22,055
46 – 60 days	**9,830**	15,385
61 – 90 days	**3,640**	2,934
91 – 180 days	**10,245**	6,852
Over 180 days	**2,629**	1,333
	46,141	48,559

16. SHARE CAPITAL

	Number of shares ***'000***	***RMB'000***
Ordinary share of HK$0.00001 each		
Authorised:		
At 1 January 2021, 31 December 2021 and 30 June 2022	**10,000,000**	**100**
Issued and fully paid:		
At 1 January 2021, 31 December 2021 and 1 January 2022	1,010,188	8
Placing of shares under general mandate *(Note)*	202,038	2
At 30 June 2022	**1,212,226**	**10**

Note:

On 8 June 2022, the Company entered into conditional subscription agreements (the "**Subscription Agreements**") with six independent third parties to subscribe for 202,037,600 subscription shares at the subscriptions price of HK$0.082 per subscribed share (the "**Subscription**"). The new shares were issued under the general mandate granted to the directors of the Company pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 18 June 2021. All the conditions precedent to the Subscription Agreements have been fulfilled and completion of the Subscriptions took place on 24 June 2022. The gross proceeds from the subscription amounted to approximately HK$16,567,000 (equivalent to approximately RMB14,158,000). The premium on the issue and allotment of 202,037,600 subscription shares with par value of HK$0.00001 per share of approximately HK$16,482,000 (equivalent to approximately RMB14,088,000), net of shares issue expenses of approximately HK$83,000 (equivalent to approximately of RMB68,000), was credited to the Company's share premium accounts.

17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2022 *(At 31 December 2021: Nil)*.

18. COMMITMENTS

Commitments under operating leases

The Group as lessor

The Group leases out its investment properties under operating leases with lease terms ranging from 5 to 12 years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30 June 2022 *RMB'000* *(unaudited)*	31 December 2021 *RMB'000* *(audited)*
Year 1	**2,605**	2,595
Year 2	**2,790**	2,695
Year 3	**2,419**	2,700
Year 4	**2,229**	2,229
Year 5	**2,447**	2,338
After 5 years	**13,758**	14,746
	26,248	27,303

19. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements.

(i) The Group had the following transactions with its related parties during the period:

		Six months ended 30 June	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(unaudited)*
Goods and raw materials purchased from related companies			
– Shanghai Meixin Trade Co., Ltd. ("**Meixin**")	*(a)*	**34**	805
– Gu Wei Trade (Shanghai) Co., Ltd ("**Gu Wei**")	*(c)*	**96**	1,795

(ii) The Group had the following balances with its related parties during the period/year:

		30 June	31 December
		2022	2021
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	*(audited)*
Amounts due from a related company:			
– Christine Princess Co., (PTC) Ltd.	*(b)*	**234**	234
Amounts due to related companies:			
– Meixin	*(a)*	**192**	154
– Gu Wei	*(c)*	**188**	883
		380	1,037

Notes:

(a) A director, Mr. Dun-ching Hung, has control over the related company.

(b) The related company was a trust company holding equity interest in the Company on trust for the benefit of management employees.

(c) The key management personnel of the related company is the close member of family of a director, Mr. Dun-ching Hung.

(b) The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Short-term benefits	**963**	1,635
Retirement benefits scheme contributions	**60**	336
	1,023	1,971

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 2022 and 2021 is set out as follows:

	For the six months ended 30 June			
	2022		2021	
	Revenue	**Gross Profit**	Revenue	Gross Profit
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
	(unaudited)	***(unaudited)***	*(unaudited)*	*(unaudited)*
Bread and cakes	**36,015**	**6,851**	128,795	56,913
Pastries	**6,274**	**1,556**	23,471	10,892
Others	**4,220**	**802**	9,563	4,172
	46,509	**9,209**	161,829	71,977

For the six months ended 30 June 2022 (the "**Period**"), the Group's revenue was approximately RMB46,509,000, representing a decrease of approximately 71.3% as compared with approximately RMB161,829,000 for the corresponding period in 2021. The decrease was mainly attributable to: (i) the serious impact on the real economy from the prolonged COVID-19 pandemic after its outbreak in Shanghai in the first half of 2022. 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, the new partnership is under negotiation and it takes time to adapt to the market needs before it contributes to growth in revenue.

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 340 at the end of June 2021 to 246 at the end of the first half of 2022, of which 94 stores were closed down. Among these closed down stores, 57 stores were in the Shanghai area, 23 stores were in the Jiangsu area, and 14 stores were in the Zhejiang area.

In terms of geographical location, revenue from the Shanghai area accounted for approximately 59.9% of the Group's revenue in the first half of 2022, which decreased from 66.0% for the corresponding period in 2021, 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.

In terms of product categories, in the first half of 2022, revenue from all categories decreased as compared with that in the first half of 2021. In particular, revenue generated from bread and cakes decreased by approximately RMB92,780,000 or 72.0%; revenue generated from pastries decreased by approximately RMB17,197,000 or 73.3%; and revenue generated from other products decreased by approximately RMB5,343,000 or 55.9%.

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 2022, sales revenue settled by cash (and bank cards) amounted to approximately RMB26,247,000, accounting for approximately 54.7% of the total sales revenue, as compared with approximately RMB96,160,000 and approximately 59.4% for the corresponding period in 2021. The Group's sales revenue through redemption of coupons (and prepaid cards) for the six months ended 30 June 2022 amounted to approximately RMB21,663,000, accounting for approximately 45.2% of the total sales revenue, as compared with approximately RMB65,669,000 and approximately 40.6% for the corresponding period in 2021. There was no significant difference in the percentage of sales revenue settled through various payment methods as compared with the corresponding period in 2021.

Gross profit

The gross profit was approximately RMB9,209,000 for the six months ended 30 June 2022, representing a decrease of approximately 87.2% as compared with approximately RMB71,977,000 for the six months ended 30 June 2021. The overall gross profit margin for the Period was approximately 19.8%, compared to 44.5% for the corresponding period in 2021. The significant decline in gross profit margin was due to the sharp decrease in revenue as a result of the COVID-19 pandemic and the absence of a corresponding decrease in fixed amortisation of cost of sales.

Other income, gains and losses

For the six months ended 30 June 2022, other income, gains and losses of the Group increased by approximately RMB633,000 from approximately RMB912,000 for the corresponding period in 2021 to approximately RMB1,545,000, primarily attributable to the one-off receipt of government subsidies from local government authorities for encouraging production and improving technology of approximately RMB1,850,000 during the six months ended 30 June 2022. There was a loss on termination of lease of approximately RMB1,046,000 recorded in the current Period but a similar gain of approximately RMB367,000 was recorded in the corresponding period in 2021.

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 RMB53,575,000 or 47.4% from approximately RMB112,916,000 for the corresponding period in 2021 to approximately RMB59,341,000 for the six months ended 30 June 2022.

Administrative expenses

Administrative expenses decreased by RMB3,158,000 or 14.2% from approximately RMB22,250,000 for the corresponding period in 2021 to approximately RMB19,092,000 for the six months ended 30 June 2022. The decrease was principally attributable to the decrease of staff cost.

Finance costs

Finance costs decreased by approximately RMB897,000 or 15.6% from approximately RMB5,732,000 for the corresponding period in 2021 to approximately RMB4,835,000 for the six months ended 30 June 2022. 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 2022 and 2021.

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 RMB4,505,000 from the loss of approximately RMB68,009,000 during six months ended 30 June 2021 to the loss of approximately RMB72,514,000.

ANALYSIS OF FINANCIAL POSITION

Inventory turnover days

The following table sets forth the inventory turnover days for the six months ended 30 June 2022 and for the year ended 31 December 2021:

	30 June 2022 *(unaudited)*	31 December 2021 *(audited)*
Inventory turnover days *(Note)*	**76**	40

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 71.3% for the six months ended 30 June 2022 as compared with that as of the end of the previous period. The inventory turnover days increased from 40 days for the year ended 31 December 2021 to 76 days for the six months ended 30 June 2022, 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 2022 and for the year ended 31 December 2021:

	30 June 2022 *(unaudited)*	31 December 2021 *(audited)*
Trade receivables turnover days *(Note)*	**9**	5

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 2022 and for the year ended 31 December 2021, trade receivables turnover days increased by 4 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 2022	31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	*(audited)*
Aging		
0 to 30 days	**1,484**	3,103
31 to 60 days	**13**	103
61 to 90 days	**–**	10
91 to 180 days	**19**	–
	1,516	3,216

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. 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 2022 and for the year ended 31 December 2021:

	30 June 2022	31 December 2021
	(unaudited)	*(audited)*
Trade payables turnover days *(Note)*	**228**	121

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 2022 *RMB'000* *(unaudited)*	31 December 2021 *RMB'000* *(audited)*
Aging		
0 to 45 days	**19,797**	22,055
46 to 60 days	**9,830**	15,385
61 to 90 days	**3,640**	2,934
91 to 180 days	**10,245**	6,852
Over 180 days	**2,629**	1,333
	46,141	48,559

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 2022, contract liabilities decreased by approximately RMB12,098,000 as compared with that as at 31 December 2021.

Significant investments held

As at 30 June 2022, 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 2022 and the date of this announcement, save and except as disclosed in note 2 to the condensed consolidated financial statements.

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 2022, bank and cash balances amounted to approximately RMB21,452,000, representing an increase of approximately RMB3,550,000 as compared with approximately RMB17,902,000 as of 31 December 2021.

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 2022 was 12.2%, which was lower than 14.4% as of 31 December 2021.

LIABILITIES

Bank borrowings

As at 30 June 2022, the Group had bank borrowings of RMB125,000,000 at an interest rate adopted for general lending in the financial sector.

Banking facilities

As at 30 June 2022, the Group had banking facilities of RMB130,000,000 (31 December 2021: RMB130,000,000).

Debentures

As of 30 June 2022, the Group had not issued any debentures.

Contingent liabilities

As of 30 June 2022, the Group had no material contingent liabilities.

Capital commitments

As at 30 June 2022, the Group did not have any material commitments (31 December 2021: nil).

Right-of-use asset and lease liability

As at 30 June 2022, the Group's right-of-use assets amounted to approximately RMB69,753,000 (as at 31 December 2021: approximately RMB77,237,000), and the lease liabilities amounted to approximately RMB56,481,000 (as at 31 December 2021: approximately RMB66,162,000). For the six months ended 30 June 2022, the depreciation expense of the right-of-use assets was approximately RMB9,071,000 (six months ended 30 June 2021: approximately RMB29,067,000), while the interest expenses of the lease liabilities was approximately RMB1,844,000 (six months ended 30 June 2021: approximately RMB2,995,000) in total.

Pledged assets

As at 30 June 2022, the Group's investment properties and property, plant and equipment with an aggregate net carrying amount of approximately RMB12,794,000 and approximately RMB178,138,000 (31 December 2021: investment properties and property, plant and equipment of approximately RMB13,478,000 and RMB182,850,000, respectively) were pledged to secure bank borrowings.

Capital structure

As at 30 June 2022, the Group had secured bank borrowings of RMB125,000,000 (31 December 2021: RMB130,000,000) and lease liabilities of approximately RMB56,481,000 (31 December 2021: approximately RMB66,162,000). Total equity amounted to a deficit of approximately RMB264,471,000 compared to a deficit of approximately RMB206,037,000 of 31 December 2021. As at 30 June 2022, the capital structure of the Company comprised 1,212,225,600 ordinary shares of HK$0.00001 each (the "**Shares**").

Gearing ratio

As at 30 June 2022 and 31 December 2021, the Group's gearing ratio, calculated by dividing total liabilities by total assets, was approximately 163.4% and 145.9%, respectively. The increase in gearing ratio is mainly due to the increase in trade and other payables as at 30 June 2022.

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 2022.

HUMAN RESOURCES

The Group had a total of 1,777 employees as at 30 June 2022, representing a decrease of approximately 21.2% as compared with the corresponding period of 2021, and a majority of whom are sales and marketing executives, which accounted for approximately 57.4% of the total number of staff. Production staff and management personnel accounted for approximately 28.64% and approximately 13.96% of the total number of staff, respectively. Total staff costs of the Group during the Period amounted to approximately RMB61,252,000, accounted for approximately 131.7% of the operating revenue and represented a significant increase as compared with 50% in the corresponding period in 2021 due to the fact that the Company endeavoured to safeguard the rights and interests of the staff in light of the decrease in operating revenue arising from the disruption of production amid the pandemic.

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 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, senior management members and other employees of the Group. As the number of sales and production staff decreased for the Period due to the continuous downsizing of stores of the Group, the human resources-related expenses decreased slightly during the Period as compared with that in the same period of 2021, whereas such expenses still accounted for a larger proportion of the Group's administrative expenses. 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.

DIRECTORS

Each of Mr. Chien-Li Tseng and Mr. Chi-Ming Chou has tendered his resignation to the Board to resign as executive Director and non-executive Director with effect from 24 January 2022. For details, please refer to the Company's announcement dated 24 January 2022.

Each of Mr. I-Sheng Chan and Mr. Ming-Tien Lin has tendered his resignation to the Board to resign as executive Director with effect from 24 June 2022. For details, please refer to the Company's announcement dated 24 June 2022.

The Company published an announcement on update on profile of Mr. Xu Chun Bin, an executive director of the Company. For details, please refer to the Company's announcement dated 26 July 2022.

FUTURE PROSPECTS

MARKET OUTLOOK

In the first half of the year, the outbreak of the severe COVID-19 pandemic in Shanghai, China and the corresponding lock-down of the entire Shanghai region had a significant impact on the regional economy. The Group's business has been greatly impacted. The production and operation of the Group were halted from the beginning of such outbreak and resumed in full recently. Meanwhile, the consumer market was still short of momentum in the post-pandemic period. 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 2022, 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 2022 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 2022, save for "Placing of Shares" below, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Placing of Shares

On 24 June 2022, the subscription of new shares under general mandate in relation to the conditional agreement dated 8 June 2022 entered into between the Company and the subscribers respectively, have been fulfilled and thus completion of the subscription took place, whereby 202,037,600 subscription shares were allotted and issued to the subscribers at the subscription price of HK$0.082 per subscription shares. The gross proceeds from the issue of the subscription shares were approximately HK$16,567,000 (equivalent to approximately RMB14,158,000). It is the intention of the Company to use the net proceeds of the subscriptions entirely to supplement the general working capital of the Group.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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 2022 to 30 June 2022, except for the following deviations:

Pursuant to code provision C.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.

Pursuant to Code Provision C.1.6 of the CG Code, independent non-executive Directors and other non-executive Directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. Due to other personal engagement, Mr. Dun-ching Hung, a non-executive Director, and Mr. Hang Sheng Ye, an independent non-executive Director, did not attend the annual general meeting of the Company held on 17 June 2022.

Pursuant to Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. Due to other personal engagement, the chairman of the Board, being Mr. Chun Bin Xu, did not attend the annual general meeting of the Company held on 17 June 2022.

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 2022.

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.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange had been suspended with effect from 9:00 a.m. on 1 September 2022. As a result of the publication of the Interim Results, an application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 7 September 2022.

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

Shanghai, the PRC, 6 September 2022

As at the date of this announcement, the executive Directors are Mr. Chun Bin Xu (Chairman), Mr. Yong Ning Zhu; 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.