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 2020

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2020

- Revenue decreased by approximately 26.8% to approximately RMB404 million (2019: approximately RMB552 million).
- Gross profit decreased by approximately 33.3% to approximately RMB162 million (2019: approximately RMB243 million).
- Loss attributable to the owners of the Company decreased significantly to approximately RMB110 million (2019: loss of approximately RMB224 million), representing a decrease of 50.9%.
- Basic loss per share amounted to approximately RMB10.9 cents (2019: basic loss per share of approximately RMB22.2 cents).
- The Board does not recommend the payment of a final dividend for 2020 (2019: 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 2020 together with the comparative figures for the year ended 31 December 2019 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	**2020** **RMB'000**	2019 *RMB'000*
Revenue	*5*	**403,919**	551,941
Cost of sales		**(242,229)**	(308,615)
Gross profit		**161,690**	243,326
Other income, gains and losses	*6*	**47,305**	4,953
Charge of loss allowances on financial assets, net	*7*	**(706)**	(34,661)
Selling and distribution expenses		**(266,315)**	(341,994)
Administrative expenses		**(42,133)**	(74,308)
Loss from operations		**(100,159)**	(202,684)
Finance costs	*8*	**(9,552)**	(20,792)
Loss before tax	*9*	**(109,711)**	(223,476)
Income tax expenses	*10*	**(660)**	(821)
Loss and total comprehensive loss for the year attributable to owners of the Company		**(110,371)**	(224,297)
Loss per share	*12*		
Basic and diluted *(RMB cents)*		**(10.9)**	(22.2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	NOTES	31 December 2020 RMB'000	31 December 2019 RMB'000
ASSETS			
Non-current assets			
Investment properties		**15,786**	–
Property, plant and equipment		**277,514**	362,174
Right-of-use assets		**148,791**	207,518
Goodwill		**–**	–
Intangible assets		**2,736**	3,747
Deposits		**8,128**	9,811
Deposits for purchases of non-current assets		**954**	954
		453,909	584,204
Current assets			
Inventories		**20,411**	27,233
Trade and other receivables	*13*	**71,743**	24,722
Amounts due from related companies		**234**	890
Bank and cash balances		**63,847**	74,931
Total current assets		**156,235**	127,776
TOTAL ASSETS		**610,144**	711,980
EQUITY AND LIABILITIES			
Share capital		**8**	8
Reserves		**(35,920)**	74,451
Total equity		**(35,912)**	74,459
LIABILITIES			
Non-current liabilities			
Deferred revenue		**–**	548
Lease liabilities		**34,550**	65,469
		34,550	66,017
Current liabilities			
Deferred revenue		**80**	–
Contract liabilities		**317,366**	348,535
Bank borrowings		**100,000**	35,950
Lease liabilities		**50,078**	59,735
Trade and other payables	*14*	**135,390**	120,328
Amounts due to related companies		**1,597**	429
Dividend payable		**4,708**	4,708
Current tax liabilities		**2,287**	1,819
Total current liabilities		**611,506**	571,504
TOTAL EQUITY AND LIABILITIES		**610,144**	711,980
NET CURRENT LIABILITIES		**455,271**	443,728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all individual 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 2019 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 by approximately RMB455.3 million at 31 December 2020, the Group's total liabilities exceeded its total assets by approximately RMB35.9 million as of that date, and that the Group incurred a loss of approximately RMB110.4 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 after 31 December 2020, 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 2020, the Group obtained a new bank borrowing of RMB100,000,000 and subsequent to 31 December 2020 and the Group had further obtained a new bank borrowing of RMB30,000,000 with maturity date on 7 February 2022.

(b) In December 2020, the Group completed the disposal of land use right and building located in Nanjing at a consideration of RMB80,000,000. Full amount of consideration was received before the completion. The Group is actively exploring the opportunity of obtaining additional source of cash inflows from sales of its owned properties; and

(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.

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

Having regard to the cash flow projection of the Group, which are prepared assuming that the above measures are successful, and on the projected amount of contract liabilities that are expected to be fulfilled within one year of approximately RMB138,495,000. 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 HKASs 1 and 8	Definition of Material
Amendments to HKAS 39, HKFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

Amendments to HKASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across HKFRSs.

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

Amendments to HKAS 39, HKFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

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

Amendments to HKFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

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

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 2021. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 June 2020 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 retained earnings (or other component of equity, as appropriate) and therefore the comparative information has not been restated.

The application has no impact to the opening accumulated losses at 1 January 2020. The Group recognised changes in leases payments that resulted from rent concessions of approximately RMB4,679,000 in the profit or loss for the year ended 31 December 2020.

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 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Annual Improvements to HKFRSs	2018-2020 Cycle[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[3]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 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 chief operating decision-maker ("CODM"), being executive directors and the chief executive officer of the Company, reviews the Group as a whole and internal reports are reported to the CODM including only revenue analysis by product types and no other discretionary information is prepared for resource allocation and performance assessment. Therefore, no operating segment information is presented.

	2020	2019
	RMB'000	*RMB'000*
Types of goods		
Bread and cakes	**286,686**	407,651
Moon cakes	**35,416**	31,559
Pastries	**53,914**	72,210
Others	**27,903**	40,521
	403,919	551,941

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 2020 and 2019.

5. REVENUE

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

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
– Sales of bakery products	**403,919**	551,941
Timing of revenue recognition		
Products transferred at a point in time	**403,919**	551,941

6. OTHER INCOME, GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Interest income on bank deposits	**504**	1,008
Imputed interest income on deposits	**314**	331
Interest income on deposits paid for a potential acquisition of a land	**–**	6,685
Total interest income	**818**	8,024
Government grants (Note)	**6,478**	3,185
Income on COVID-19-related rent concessions	**4,679**	–
Release of asset-related government grants	**468**	468
Loss on written off of property, plant and equipment	**(1,315)**	(29)
Gain/(Loss) on disposal of property, plant and equipment, net	**34,797**	(13)
Gain/(Loss) on disposal of scrap and other materials	**224**	(271)
Exchange (loss)/gain, net	**(43)**	120
Impairment losses on property, plant and equipment	**–**	(2,807)
Impairment losses on right-of-use assets	**–**	(4,076)
Rental income under operating leases	**1,074**	140
Release of lease liabilities	**3,101**	4,351
Written off of the right-of-use assets	**(2,603)**	(4,101)
Others	**(373)**	(38)
	47,305	4,953

Note:

During the year ended 31 December 2020, the Group recognised government grants of approximately RMB4,660,000 (2019: Nil) in respect of COVID-19-related subsidies provided by local government authorities. In the opinion of the management to the Group, there were no unfulfilled conditions or contingencies relating to these grants. Besides, government grants of approximately RMB1,818,000 (2019: approximately RMB3,185,000) 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

	2020	2019
	RMB'000	*RMB'000*
Loss allowances charged on:		
– Trade receivables	**706**	–
– Deposits for purchase of non-current assets	**–**	11,741
– Amount due from a related company	**–**	22,920
	706	34,661

8. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**7,913**	20,301
Interest expenses on bank borrowings	**1,639**	491
	9,552	20,792

9. LOSS FOR THE YEAR

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

	2020	2019
	RMB'000	*RMB'000*
Amortisation of intangible assets	**1,011**	1,287
Depreciation of right-of-use assets	**81,355**	79,755
Depreciation of property, plant and equipment	**27,374**	30,278
Depreciation of investment properties	**878**	–
Loss on written off of property, plant and equipment	**1,315**	29
(Gain)/Loss on disposal of property, plant and equipment	**(34,797)**	13
Operating lease charges		
– Rented retail outlets	**39,224**	28,334
Staff costs (Including directors' remuneration)		
– Salaries, bonuses and allowances	**166,384**	253,226
– Retirement benefits scheme contributions	**22,867**	29,231
	189,251	282,457
Auditor's remuneration	**1,400**	1,780
Cost of inventories sold *(Note)*	**242,229**	308,615
Charge of loss allowances onfinancial assets, net	**706**	34,661
Impairment losses on property, plant and equipment	**–**	2,807
Impairment losses on right-of-use assets	**–**	4,076

Note:

Cost of inventories sold includes staff costs, depreciation and operating lease charges of approximately RMB65,137,000 (2019: approximately RMB95,017,000) which are included in the amounts disclosed separately.

10. INCOME TAX EXPENSES

Income tax has been recognised in profit or loss as following:

	2020	2019
	RMB'000	*RMB'000*
Current tax		
Provision for the year – the PRC	**581**	607
Under-provision in prior years	**79**	214
	660	821

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the years ended 31 December 2020 and 2019.

PRC Enterprise Income Tax has been provided at a rate of 25% (2019: 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 2020 (2019: 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:

	2020	2019
	RMB'000	*RMB'000*
Loss		
Loss for the year for the purpose of calculating basic and diluted loss per share	**(110,371)**	(224,297)

	2020	2019
	'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 2020 and 2019.

13. TRADE AND OTHER RECEIVABLES

		2020	2019
	Note	***RMB'000***	*RMB'000*
Trade receivables		**6,206**	14,050
Loss allowance for expected credit losses ("**ECL**")		**(1,100)**	(394)
	(a)	**5,106**	13,656
Other receivables	*(b)*	**61,183**	6,293
Prepaid lease payments for retail outlets		**1,852**	2,306
Prepayments		**3,602**	5,007
Loss allowance for ECL on other receivables		**–**	(2,540)
		66,637	11,066
Total trade and other receivables		**71,743**	24,722

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.

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

	2020	2019
	RMB'000	*RMB'000*
0 to 30 days	**4,534**	13,383
31 to 60 days	**130**	94
61 to 90 days	**93**	165
91 to 180 days	**349**	–
Over 180 days	**–**	14
	5,106	13,656

At 31 December 2020, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately RMB1,100,000 (2019: approximately RMB394,000).

Reconciliation of loss allowance for ECL:

	2020	2019
	RMB'000	*RMB'000*
At 1 January	**394**	394
Charge of loss allowance on trade receivables for the year	**706**	–
At 31 December	**1,100**	394

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

(b) Included in other receivables was an advancement made to a third party with a carrying amount of RMB60,000,000 (2019: Nil) at 31 December 2020. 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.

14. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**63,179**	57,535
Accruals	**15,320**	11,619
Payroll and welfare payables	**16,710**	15,489
Other tax payables	**14,548**	5,868
Payables for acquisition of property, plant and equipment	**13,890**	15,486
Other payables	**11,743**	14,331
Total trade and other payables	**135,390**	120,328

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:

	2020	2019
	RMB'000	*RMB'000*
0 to 45 days	**38,877**	46,797
46 to 60 days	**12,039**	6,460
61 to 90 days	**10,264**	1,829
91 to 180 days	**1,245**	456
Over 180 days	**754**	1,993
	63,179	57,535

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

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 2020 and 2019 is set out as follows:

	For the years ended 31 December			
	2020		2019	
	Revenue	**Gross Profit**	Revenue	Gross Profit
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Bread and cakes	**286,686**	**114,761**	407,651	144,605
Moon cakes	**35,416**	**14,177**	31,559	23,559
Pastries	**53,914**	**21,582**	72,210	44,421
Other	**27,903**	**11,170**	40,521	30,741
	403,919	**161,690**	551,941	243,326

The Group's revenue in 2020 amounted to approximately RMB403,919,000, representing a decrease of approximately 26.8% as compared with approximately RMB551,941,000 in 2019, which was mainly attributable to:

(i) The prolonged COVID-19 pandemic caused severe impacts on economy and life in 2020, and the consumer industry remained sluggish throughout the year. As a retailing enterprise, the Group was more directly impacted by the pandemic and, as a result, recorded a significant decrease in revenue for the year as compared with last year. (ii) In 2020, the Group continued to implement the strategy of closing down loss-making stores, closing 99 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 year. (iii) Despite the Group's active attempt to change its traditional marketing model, its brand effect has been weakening over the years and it takes time for new sales channels to generate benefits, which also contributed to the decline in revenue for 2020.

In terms of geographical location, Shanghai has always been the main source of the Group's turnover. However, due to the impact of the pandemic and the closure of some loss-making stores, Shanghai contributed approximately 61.27% to the Group's revenue in 2020, representing a slight decrease as compared with 66.29% in 2019. For the year ended 31 December 2020, the revenues derived from Shanghai decreased by approximately RMB72,420,000, or approximately 22.52%, as compared to the year ended 31 December 2019. The revenues derived from Jiangsu and Zhejiang provinces decreased by approximately RMB33,290,000 and RMB25,000,000, representing 23.14% and 34.76%, respectively, as compared to the year ended 31 December 2019, which was due to the fact that these provinces were badly hit by the pandemic.

In terms of product categories, in 2020, sales revenue from major products of bread and cakes decreased by approximately RMB120,965,000 or 29.7% as compared to 2019, and sales revenue from pastries decreased by approximately RMB18,296,000 or 25.3% as compared to 2019. 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 RMB12,618,000 or approximately 31.1% as compared to 2019. Sales revenue from moon cakes increased slightly by approximately RMB3,857,000 or approximately 12.2% as compared to 2019 due to the mitigation of the pandemic and the rebounding consumption during the Mid-Autumn Festival in the second half of 2020.

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 pre-paid cards), both of which decreased in 2020 as compared with 2019 due to the decline in sales volume. In 2020, sales in cash (and bank cards and third-party payment platforms) amounted to approximately RMB229,190,000, accounting for 56.7% of the total sales revenue (2019: approximately RMB284,692,000, accounting for 51.6% of total sales revenue).

Gross profit

The Group's gross profit for the year ended 31 December 2020 was approximately RMB161,690,000, representing a decrease of approximately RMB81,636,000 or 33.6% as compared to approximately RMB243,326,000 for the year ended 31 December 2019, which was mainly due to the decrease in overall revenue during the year. The gross profit margin for the 2020 was approximately 40.0%, representing a slight decrease from 44.1% for the year ended 31 December 2019.

Other income, gain and losses

The Group's other income, gain and losses for the year ended 31 December 2020 amounted to approximately RMB47,305,000, representing an increase of approximately RMB42,352,000 as compared with approximately RMB4,953,000 for the year ended 31 December 2019, which was mainly due to a net gain of approximately RMB34,797,000 from the disposal of the property located at Chao Ku Street, Nanjing and the receipt of special government grants related to the COVID-19 of approximately RMB4,660,000 in 2020.

Charge of loss allowances on financial assets, net

Charge of loss allowances on financial assets was approximately RMB706,000 for the year ended 31 December 2020. (For the year ended 31 December 2019, the Group made charge of loss allowance of approximately RMB11,741,000 on deposits for purchase of non-current assets and approximately RMB22,920,000 on amount due from a related company, Shanghai Yi Pin Xuan Foodstuff Co., Ltd.).

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 RMB75,679,000 from approximately RMB341,994,000 for the year ended 31 December 2019 to approximately RMB266,315,000 for the year ended 31 December 2020.

Administrative expenses

Administrative expenses for the year ended 31 December 2020 amounted to approximately RMB42,133,000, representing a significant decrease of approximately RMB32,175,000 or 43.3% as compared to approximately RMB74,308,000 for the year ended 31 December 2019. During the year ended 31 December 2020, the Group strengthened the management and control of various administrative expenses and streamlined and optimized the human resources structure of departments, so that various administrative expenses including labor costs were reduced significantly during the year ended 31 December 2020.

Finance costs

The Group's finance costs decreased by approximately RMB11,240,000 or 54.1% from approximately RMB20,792,000 for the year ended 31 December 2019 to approximately RMB9,552,000 for the year ended 31 December 2020, which was mainly due to the decrease in interest expenses on lease liabilities.

Income tax expenses

Income tax expenses for the year ended 31 December 2020 amounted to approximately RMB660,000, representing a decrease of RMB161,000 as compared with approximately RMB821,000 for the year ended 31 December 2019, which was mainly due to the decrease in operating revenue for the year.

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

Net losses for the year ended 31 December 2020 was approximately RMB110,371,000, representing a significant decrease in loss of approximately RMB113,926,000 or approximately 50.8% as compared to the net loss of approximately RMB224,297,000 for the year ended 31 December 2019, which was mainly due to the Group's timely adoption of strong and effective measures to control various costs during the period.

ANALYSIS OF FINANCIAL POSITION

Inventory Turnover Days

The following table sets forth the inventory turnover days in 2020 and 2019:

	For the year ended 31 December	
	2020	2019
Inventory turnover days *(Note)*	**36**	32

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 an increase in the inventory turnover days due to lower sales.

Trade Receivables Turnover Days

The following table sets forth the trade receivables turnover days in 2020 and 2019:

	For the year ended 31 December	
	2020	2019
Trade receivables turnover days *(Note)*	**8**	9

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, with turnover days remain in the similar level for both 2020 and 2019.

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	
	2020	2019
	RMB'000	*RMB'000*
Age		
0 to 30 days	**4,534**	13,383
31 to 60 days	**130**	94
61 to 90 days	**93**	165
91 to 180 days	**349**	–
Over 180 days	**–**	14
	5,106	13,656

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 2020 and 2019:

	For the year ended 31 December	
	2020	2019
Trade payables turnover days *(Note)*	**91**	61

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	
	2020	2019
	RMB'000	*RMB'000*
Age		
0 to 45 days	**38,877**	46,797
46 to 60 days	**12,039**	6,460
61 to 90 days	**10,264**	1,829
91 to 180 days	**1,245**	456
Over 180 days	**754**	1,993
	63,179	57,535

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 2020 in view of the cash flow control.

Contract liabilities

Contract liabilities mainly include payments received from customers for prepaid cards and coupons. In 2020, the balance of prepaid cards and coupons decreased by approximately RMB31,169,000 (2019: RMB37,220,000) due to the slight increase in the redemption of prepaid cards and coupons as compared to 2019.

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 2020 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 disposed of a property located at Chao Ku Street, Qinhuai District, Nanjing in 2020. For details, please refer to the announcements of the Company dated 21 August 2020, 29 September 2020 and 8 December 2020, the circular of the Group dated 30 September 2020 and the poll results announcement of the Company dated 23 October 2020. Save as disclosed above, the Group did not have any material acquisition or disposal for the year ended 31 December 2020.

Significant investment

The Board did not have any resolutions relating to significant external investment for the year ended 31 December 2020.

Dividend policy

As the Group recorded operating loss in recent years, and considering the competition risk of the industry, the management will take the principle of remaining funds as its dividend policy. Firstly, the Group with aim to improve the future financial structure, replenish working capital and develop industry chain. After the establishment of sound financial system and the achievement of business development opportunity, the management will determine the appropriate amount in aggregation for dividends distribution and propose the proportion of dividends distribution if idle capital exists, and submit the dividend distribution plan to the Board. The dividends will be distributed to all shareholders after the approval in general meeting, if required.

LIQUIDITY AND FINANCIAL RESOURCES

Bank and cash balances decreased by RMB11,084,000 or approximately 14.8% from approximately RMB74,931,000 as at 31 December 2019 to approximately RMB63,847,000 as at 31 December 2020, which was due to the net cash used in operations and financing activities, which outweighed the net cash from investing activities.

The current ratio as at 31 December 2020 was 25.5%, which was higher than 22.4% as at 31 December 2019.

LIABILITIES

Gearing Ratio

As at 31 December 2020 and 2019, the Group's gearing ratio, calculated by dividing total liabilities by total assets, was approximately 105.9% and 89.5%, respectively. The increase in the gearing ratio is mainly due to the increase in bank borrowings in 2020.

Bank Borrowings

As at 31 December 2020, the Group had bank borrowings of RMB100,000,000 (2019: RMB35,950,000) at an interest rate adopted for general lending in the financial sector.

Banking Facilities

As at 31 December 2020, the Group had banking facilities of RMB100,000,000 (2019: RMB43,740,000), which was fully utilised.

Debentures

As at 31 December 2020, the Group had not issued any debentures (2019: Nil).

Contingent Liabilities

As at 31 December 2020, the Group had no material contingent liabilities (2019: Nil).

Capital Commitments

As at 31 December 2020, capital commitments contracted but not yet provided for in relation to the acquisition of property, plant and equipment amounted to approximately RMB10,765,000 (2019: RMB11,552,000).

Pledged Assets

As at 31 December 2020, the Groups' certain self-owned commercial properties with an aggregate carrying amount of approximately RMB135,495,000 (2019: RMB20,114,000) were pledged to secure bank borrowings.

Capital Structure

As at 31 December 2020, the Group had secured bank borrowings of approximately RMB100,000,000 (2019: RMB35,950,000) and lease liabilities of approximately RMB84,628,000 (2019: RMB125,204,000). Total equity amounted to approximately a deficit of RMB35,912,000 compared to approximately RMB74,459,000 of 2019. As at 31 December 2020, 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 2020.

HUMAN RESOURCES

In 2020, the Group shut down part of its loss-making stores, and optimized and downsized its workforce accordingly. As at 31 December 2020, the Group had 2,604 employees (as at 31 December 2019: 3,306) 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 2020, 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 2020, 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 2020.

DIVIDEND

As there is no profit for the year ended 31 December 2020, the Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: 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, including the existing Directors and the former Directors who had been Directors during the year ended 31 December 2020, and all Directors, including the existing Directors and the former Directors who had been Directors during the year ended 31 December 2020, have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2020.

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 2020 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.

For other deviations from the CG Code during 2020 which have been rectified as at the date of this announcement, please refer to pages 49 and 50 of the 2020 interim report of the Company for the six months ended 30 June 2020.

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 2020 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, consolidated statement of changes in equity for the year ended 31 December 2020 and the related notes thereto as set out in the 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 2020. 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 2020

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 2020.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2020, 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 RMB110.4 million for the year ended 31 December 2020 and as at 31 December 2020, the Group had net current liabilities and net liabilities of approximately RMB455.3 million and approximately RMB35.9 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 2020 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 2021

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