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天喔國際控股有限公司
Tenwow International Holdings Limited

(In Provisional Liquidation)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01219)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
(RMB million, unless otherwise specified)	**2018**	2017	Changes
Revenue	**1,258.8**	2,470.1	-49.0%
Gross Profit	**177.0**	503.6	-64.9%
Gross Profit Margin	**14.1%**	20.4%	-6.3 p.p.
Loss attributable to owners	**(3,328.3)**	120.7	N/A

The board (the "**Board**") of directors (the "**Directors**") of Tenwow International Holdings Limited (the "**Company**" or "**Tenwow**") hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2018 with comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
Revenue	*4*	**1,258,777**	2,470,103
Cost of sales		**(1,081,758)**	(1,966,490)
Gross Profit		**177,019**	503,613
Interest revenue		**4,065**	7,871
Other income		**16,585**	16,540
Other losses — net		**(4,101)**	(3,670)
Distribution costs		**(404,525)**	(200,581)
Administrative expenses		**(96,983)**	(107,789)
Other operating expenses		**(2,926,463)**	—
(Loss)/profit from operations		**(3,234,403)**	215,984
Finance costs		**(69,963)**	(58,786)
Share of profit of associates		**84**	85
Share of profit of a joint venture		**—**	6,898
(Loss)/profit before tax	*5*	**(3,304,282)**	164,181
Income tax expense	*6*	**(23,211)**	(38,662)
(Loss)/profit for the period		**(3,327,493)**	125,519
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
— Exchange differences on translation of foreign operations		**2,570**	(7,734)
Total comprehensive (expense)/income for the period		**(3,324,923)**	117,785

		Unaudited Six months ended 30 June	
		2018	2017
	Note	***RMB'000***	*RMB'000*
Total (loss)/profit attributable to:			
Owners of the Company		**(3,328,281)**	120,741
Non-controlling interests		**788**	4,778
		(3,327,493)	125,519
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(3,325,746)**	113,135
Non-controlling interests		**823**	4,650
		(3,324,923)	117,785
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company			
— Basic and diluted (loss)/earnings per share (Expressed in RMB cents per share)	*7*	**(150.9)**	5.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2018** *RMB'000*	Audited 31 December 2017 *RMB'000* *(Restated)*
Non-current assets			
Property, plant and equipment		**756,476**	1,060,120
Land use rights		**164,370**	148,801
Goodwill		**31,933**	31,933
Other intangible assets		**54,856**	56,153
Investments in associates		**2,874**	3,027
Investments in a joint venture		**—**	423,315
Deferred tax assets		**—**	25,336
		1,010,509	1,748,685
Current assets			
Inventories		**312,876**	1,079,160
Land use rights		**3,812**	3,580
Trade and other receivables	*9*	**1,069,595**	3,475,661
Restricted cash		**175,270**	714,898
Cash and cash equivalents		**36,391**	937,118
		1,597,944	6,210,417
Current liabilities			
Trade and other payables	*10*	**942,444**	1,837,350
Contract liabilites		**134,581**	—
Current tax liabilities		**18,026**	53,047
Borrowings		**2,674,776**	2,142,987
Deferred income		**2,575**	2,575
Finance lease payables		**40,766**	41,044
		3,813,168	4,077,003

	Note	Unaudited 30 June 2018 RMB'000	Audited 31 December 2017 RMB'000 (Restated)
Net current (liabilities)/assets		**(2,215,224)**	2,133,414
Total assets less current liabilities		**(1,204,715)**	3,882,099
Non-current liabilities			
Borrowings		**—**	534,800
Deferred income		**17,065**	17,947
Finance lease payables		**—**	13,583
Deferred tax liabilities		**15,839**	31,372
		32,904	597,702
NET(LIABILITIES)/ASSETS		**(1,237,619)**	3,284,397
Capital and reserves			
Share capital		**176,448**	176,448
Share premium		**1,190,822**	1,190,822
Reserves		**(2,659,856)**	1,857,325
Equity attributable to owners of the Company		**(1,292,586)**	3,224,595
Non-controlling interests		**54,967**	59,802
TOTAL EQUITY		**(1,237,619)**	3,284,397

NOTES

1. GENERAL INFORMATION

Tenwow International Holdings Limited was incorporated by Mr. Lin Jianhua (the "**Controlling Shareholder**") in the Cayman Islands on 25 August 2011 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**SEHK**") on 17 September 2013. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company, an investment holding company, and its subsidiaries are principally engaged in the manufacturing, distribution and trading of beverages, food and snacks and others in the People's Republic of China (the "**PRC**" or "**China**").

The functional currency of the Company is Hong Kong dollars ("**HK$**"). The directors of the Company (the "**Directors**") considered it more appropriate to use Renminbi ("**RMB**") as the presentation currency of the consolidated financial statements because RMB is the currency of the primary economic environment in which most of the group entities operate and being the functional currency of most of the entities comprising the Group, and all values are rounded to the nearest thousand ('000) unless otherwise stated.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard 34, "Interim Financial Reporting" and the applicable disclosure required by the Rules Governing the Listing of Securities on the SEHK ("**Listing Rules**").

Suspension of trading in shares of the Company

References are made to the Company's announcements dated 10 May 2018 and 17 August 2018, in relation to, among other things, the investigation of former chairman, Mr. Lin Jianhua and certain abnormal transactions. The trading in shares of the Company has been suspended since 13 August 2018.

Appointment of the Provisional Liquidators

On 24 October 2018, a winding up petition was presented in the Grand Court of the Cayman Islands (the "**Grand Court**") by a creditor for the winding up of the Company (the "**Petition**"). The Petition seeks the appointment of joint official liquidators of the Company. In the same proceedings as the Petition, the Company filed a summons seeking the appointment of joint provisional liquidators ("**JPLs**") of the Company on a light touch basis for the purpose of restructuring, as an alternative to compulsory liquidation (the "**JPL Application**"). Under the JPL Application, the Company has requested that, should JPLs be appointed and until further order of the Grand Court, the Board shall retain all its powers of management, subject to the JPLs' supervision of the exercise of such powers in relation to the ordinary course of business of the Company, and in relation to matters outside the ordinary course of business of the Company granting prior approval of the exercise of such powers. This would allow the Company's current management to work with the JPLs to oversee the implementation of a restructuring and resumption proposal that seeks to preserve value and business operations of the Company that would not otherwise be possible in a compulsory liquidation scenario. Accordingly, the Board believes it is in the interests of the Company, its shareholders and creditors that JPLs are appointed in respect of the Company pursuant to the JPL Application.

Listing status of the Company

On 24 August 2018, 18 February 2019, 3 April 2019 and 18 October 2019, the Stock Exchange had imposed on the Company the following resumption conditions:

(i) conduct a forensic investigation on certain abnormal transactions conducted during 2016 and/or 2017, including (i) the Financial Assistance under the Comprehensive Credit Line Contract; (ii) the arrangement in relation to the Prepayment and (iii) the Purchase Agreement (together as the "**Transactions**") (details of abnormal transactions are defined and as set out in the announcement of the Company dated 17 August 2018), disclose details of the investigation, the findings and rectifying actions taken and to be taken by the Company, and the implications on the Company's financial position (including but not limited to the financial results for the year ended 31 December 2016 and 2017) and operations;

(ii) conduct an appropriate investigation on the incident (the "**Incident**") in relation to the PRC investigation by the relevant authority in the PRC, the asset freeze and the involvement of Mr. Lin Jianhua, Nanpu Food (Group) Co., Ltd. ("**Nanpu**") (and any related entities) and the Group (details of the Incident are defined and as set out in the announcement of the Company dated 12 June 2018), disclose details of the investigation(s), the findings and rectifying actions taken and to be taken by the Company, and the implications of the Incident on the Company's financial positions and operations;

(iii) conduct an independent internal control review and demonstrate adequate internal control systems being in place to meeting the obligations under the Rules Governing the Listing of Securities on the Stock Exchange;

(iv) demonstrate that there is no reasonable regulatory concern about the management integrity, and/or the integrity of any persons with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence;

(v) demonstrate (with an appropriate level of professional assurance to the Stock Exchange's satisfaction) that the Company's published financial results remains accurate and complete in all material respects and not be misleading or deceptive;

(vi) inform the market all material information (including but not limited to the Incident and the Transactions) for shareholders and other investors to appraise the Company's position;

(vii) have the winding up petition(s) (or order(s), if made) against the Company withdrawn or dismissed and the appointment of any liquidator(s) (provisional or not) discharged;

(viii) publish all outstanding financial results and address any audit modifications; and

(ix) demonstrate the Company's compliance with Rule 13.24. (collectively, the "**Resumption Conditions**").

As mentioned in the announcement of the Company dated 21 November 2019, trading in the shares of the Company will remain suspended until further notice pending fulfilment of the Resumption Conditions and such other further conditions that may be imposed by the Stock Exchange.

Going concern basis

The Group incurred net loss for the six months ended 30 June 2018 of approximately RMB3,327,493,000, and as at 30 June 2018, the Group had net current liabilities and net liabilities of approximately RMB2,215,224,000 and RMB1,237,619,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively.

3. ACCOUNTING POLICIES AND ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies and the methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2017, except as stated below.

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified into financial assets at amortised cost.

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(b) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2018. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

(a) HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and the related interpretations.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017 *RMB'000*	Reclassification *RMB'000*	Carrying amounts previously reported at 1 January 2018 *RMB'000*
Current liabilities:				
Trade and other payables	*(i)*	1,837,350	(183,184)	1,654,166
Contract liabilities	*(i)*	—	183,184	183,184

Note:

(i) As at 1 January 2018, advances from customers of approximately RMB183,184,000 in respect of sales contracts previously included in trade and other payables were reclassified to contract liabilities.

(b) **HKFRS 9 "Financial Instruments"**

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The table below illustrates the measurement of financial assets subject to ECL under HKFRS 9 at the date of initial application, 1 January 2018.

	Trade and other receivables	Retained earnings
	RMB'000	*RMB'000*
Closing balances at 31 December 2017 — HKAS 39	3,475,661	1,607,633
Effect arising from initial application of HKFRS 9:		
— Impairment under ECL model	(1,192,107)	(1,192,107)
Opening balances at 1 January 2018 — HKFRS 9	2,283,554	415,526

(c) New/revised HKFRSs that have been issued but are not yet effective

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position except as stated below.

HKFRS 16 "Leases"

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's leased premises are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and amortisaton on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

Based on a preliminary assessment, the Group anticipates that the initial adoption of HKFRS 16 in the future will result in an increase in right-of-use assets and lease liabilities, which is unlikely to have material impact on the Group's financial position. The Group also anticipates that the net impact (as a result of the combination of the interest expenses arising from the lease liabilities and the amortisation of the right-of-use assets as compared to the rental expense under existing standard) on the Group's financial performance will not be material.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive Directors. The executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management determines the operating segments based on the internal reports provided for review to the executive Directors. The executive Directors consider the performance of the Group from a product perspective. The executive Directors assess the performance of the operating segments based on a measure of gross profit for the period which is consistent with that in the consolidated financial statements.

The Group's operations are mainly organize under the following business segments: own brand products and third-party brand products, and each has the segments of non-alcoholic beverages, alcoholic beverages, food and snacks, and other products.

The amounts provided to executive Directors with respect to total assets, total liabilities and capital expenditure are measured in a manner consistent with that of consolidated financial statements. The executive Directors review the total assets, total liabilities and capital expenditure at Group level. Therefore no segment information of total assets, total liabilities and capital expenditure information was presented.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary and only reporting format.

(a) Turnover

The Group's revenue which represents turnover for the six months ended 30 June 2018 and 2017 is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
— Own Brand Products		
Non-alcoholic beverages	**253,992**	364,347
Alcoholic beverages	**70,738**	247,362
Food and snacks	**247,153**	381,693
Others	**13,121**	23,512
	585,004	1,016,914
— Third-Party Brand Products		
Non-alcoholic beverages	**7,446**	23,165
Alcoholic beverages	**488,283**	1,120,260
Food and snacks	**147,959**	269,033
Others	**30,085**	40,731
	673,773	1,453,189
Total	**1,258,777**	2,470,103

(b) Segment information

The segment information for the six months ended 30 June 2018 is as follows:

	Own Brand Products					Third-Party Brand Products					
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment sales	253,992	70,738	247,153	13,121	585,004	7,446	488,283	147,959	30,085	673,773	1,258,777
Segment cost of sales	(196,727)	(51,546)	(190,358)	(4,489)	(443,120)	(5,443)	(460,358)	(144,233)	(28,604)	(638,638)	(1,081,758)
Segment gross profit	57,265	19,192	56,795	8,632	141,884	2,003	27,925	3,726	1,481	35,135	177,019

The segment information for the six months ended 30 June 2017 is as follows:

	Own Brand Products					Third-Party Brand Products					
	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Non-alcoholic beverages	Alcoholic beverages	Food and snacks	Others	Sub-total	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment sales	364,347	247,362	381,693	23,512	1,016,914	23,165	1,120,260	269,033	40,731	1,453,189	2,470,103
Segment cost of sales	(230,560)	(195,132)	(278,028)	(19,522)	(723,242)	(20,584)	(945,148)	(240,037)	(37,479)	(1,243,248)	(1,966,490)
Segment gross profit	133,787	52,230	103,665	3,990	293,672	2,581	175,112	28,996	3,252	209,941	503,613

Operating segments results are reconciled to (loss)/profit before tax as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Total profit of reportable segments	**177,019**	503,613
Unallocated amounts		
Interest revenue	**4,065**	7,871
Other income	**16,585**	16,540
Other losses — net	**(4,101)**	(3,670)
Distribution costs	**(404,525)**	(200,581)
Administrative expenses	**(96,983)**	(107,789)
Other operating expenses	**(2,926,463)**	—
Finance costs	**(69,963)**	(58,786)
Share of profit/(loss) of associates	**84**	85
Share of profit of a joint venture	**—**	6,898
(Loss)/profit before tax	**(3,304,282)**	164,181

The Group's operations are substantially located in the PRC. Accordingly, no geopraphical segment information is presented.

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Amortisation of other intangible assets	1,297	1,325
Amortisation of land use rights	1,866	1,713
Depreciation	44,811	44,988
Loss/(gain) on disposals of property, plant and equipment	(6,584)	658
Impairment losses on property, plant and equipment *	286,440	—
Operating lease charges	15,688	11,346
Auditor's remuneration	584	1,460
Cost of inventories sold	976,034	1,843,746
Allowance for inventories *	578,756	—
Write-down of inventories *	150,000	—
Impairment loss on investment in a joint venture *	423,315	—
Increase in loss allowances for trade and other receivables *	1,283,892	—
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	104,560	107,498
— Retirement benefits contributions	29,540	43,343
— Share-based payments	—	—
	134,100	150,841

* Included in other operating expenses

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made for both six months ended 30 June 2018 and 2017 as either the Group entities did not generate any assessable profits arising in Hong Kong or the Group entities have sufficient tax losses brought forward to set off against current period's assessable profit during that period.

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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. However, no provision was made for the financial period ended 30 June 2018 as the Group's entities incurred tax losses in the year. The EIT Law and Implementation Regulation of the EIT Law also required withholding tax to be levied on distribution of profits earned by a PRC entity to non-PRC tax residents for profits generated after 1 January 2008. The applicable dividend withholding tax rate is 10%.

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
— Provision for the period	**11,313**	44,913
Current tax — PRC Dividends Withholding Tax		
— Provision for the period	**2,095**	(4,586)
Current tax — Hong Kong Profits Tax		
— Provision for the period	**—**	—
Deferred tax	**9,803**	(1,665)
	23,211	38,662

7. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
(Loss)/earnings		
(Loss)/profit for the period attributable to owners of the Company	**(3,328,280)**	120,741
(Loss)/earnings for the purpose of calculating basic and diluted earnings per share	**(3,328,280)**	120,741
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share (thousands)	**2,205,970**	2,205,970
Effect of dilutive potential ordinary shares arising from share options outstanding (thousands)	**—**	3,371
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share (thousands)	**2,205,970**	2,209,341

The computation of diluted loss per share for both six months ended 30 June 2018 and 2017 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of shares during both six months ended 30 June 2018 and 2017.

8. DIVIDENDS

The Directors do not declare the payment of any dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB50,774,000).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018	As at 31 December 2017
	RMB'000	*RMB'000* *(Restated)*
Trade and bill receivables		
— due from third parties	**1,099,760**	1,799,047
— due from related parties	**88,774**	347,211
	1,188,534	2,146,258
Less: provision for impairment of trade receivables	**(534,841)**	(17,972)
Trade and bills receivables — net	**653,693**	2,128,286
Prepayments		
— due from third parties	**291,469**	461,157
— due from related parties	**95,722**	—
	387,191	461,157
Less: impairment losses	**(154,341)**	—
Prepayments, net	**232,850**	461,157
Other receivables		
— due from related parties	**2,153,866**	27,370
— Other third parties	**20,064**	859,240
	2,173,930	886,610
Less: provision for impairment of other receivables	**(1,990,878)**	(392)
Other receivables, net	**183,052**	886,218
Total trade and other receivables	**1,069,595**	3,475,661

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The majority of the Group's sales are on open account with credit terms ranging from 1 month to 4 months. As at 30 June 2018, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	As at 30 June 2018 *RMB'000*	As at 31 December 2017 *RMB'000* *(Restated)*
Within 3 months	**495,584**	1,827,458
3 to 6 months	**127,262**	210,719
6 to 12 months	**30,847**	72,720
Over 12 months	**—**	17,389
	653,693	2,128,286

10. TRADE, BILLS AND OTHER PAYABLES

	As at 30 June 2018 *RMB'000*	As at 31 December 2017 *RMB'000* *(Restated)*
Trade and bills payables		
Related companies	**60,255**	125,843
Other third parties	**541,476**	1,099,600
	601,731	1,225,443
Other payables		
Payables for acquisition of property, plant and equipment	**79,987**	79,599
Accrued staff costs	**10,312**	13,763
Other tax payables	**82,110**	182,424
Advances from customers	**—**	183,184
Accrued operating expenses	**160,942**	137,194
Interest payables	**4,548**	14,280
Due to related companies	**2,814**	1,463
	340,713	611,907
Total trade and other payables	**942,444**	1,837,350

The ageing analysis of trade and bills payables, based on invoice date, at the reporting date is as follows:

	As at 30 June 2018 *RMB'000*	As at 31 December 2017 *RMB'000* *(Restated)*
Within 2 months	**361,465**	855,959
2 to 3 months	**43,002**	130,839
4 to 6 months	**70,657**	219,732
7 to 12 months	**82,888**	12,233
Over 12 months	**43,719**	6,680
	601,731	1,225,443

Trade payables are non-interest bearing and the average credit terms received from suppliers of the Group is 30 (2017: 30) days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of First Half of 2018

The Group produces and distributes a wide range of own brand products and distributes various products produced by well-known international and domestic third-party brands. The Group's products can be divided into four major categories, namely food and snacks, non- alcoholic beverages, alcoholic beverages, and other products.

The first half of 2018 is extremely challenging. Since May 2018, we are unable to directly contact or reach Mr. Lin Jianhua ("**Mr. Lin**"), the controlling Shareholder, and the then executive director and former chairman of the Board. Mr. Lin was assisting relevant authority of the PRC with its investigation (the "**Incident**").

On 18 May 2018 and 23 May 2018, the Shanghai Municipal Public Security Bureau imposed temporary freezes on certain parcels of land and the properties, which are used by the Group as production facilities, offices and warehouses; and the equity interests of certain subsidiaries of the Company that are held by the Group (collectively, the "**Asset Freeze**")

As a result of the Asset Freeze, the Group was unable to renew three credit facilities with an aggregate outstanding amount of approximately RMB46 million which were respectively due on 4 June 2018 and 8 June 2018.

The non-payment of the outstanding amount of the aforementioned credit facilities has triggered the cross default provisions of certain other loan facility agreements entered into by the Group with its other lending banks in respect of loan facilities granted to the Group.

Various actions have been taken by the Group to generate additional cash flow, including boosting sales activities by disposing inventory and speeding up the collection of accounts receivables from customers and other parties.

On 28 June 2018, the Board resolved to serve a notice on Mr. Lin to remove him as the chairman of the Board, an executive Director and the chief executive officer of the Company with immediate effect pursuant to article 105(h) of the Company's articles of association. On the same day, Mr. Lin Qi, an existing executive Director, has been appointed as the chairman of the Board.

During the period, the Group recorded revenue and gross profit of approximately RMB1,258.8 million (first half of 2017: RMB2,470.1 million) and RMB177.0 million (first half of 2017: RMB503.6 million), respectively. Loss attributable to owners of the Company amounted to approximately RMB3,328.2 million. (first half of 2017: RMB120.7 million profit)

The Board did not declare any interim dividend for the six months ended 30 June 2018 (interim dividend for the six months ended 30 June 2017: RMB2.39 cents (equivalent to HK2.71 cents) per share).

Revenue

The table below sets forth the Group's revenue by product segment and main product category for the six months ended 30 June 2018 and 30 June 2017:

	Six months ended 30 June			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Own brand products				
Non-alcoholic beverages	**253,992**	**20.2%**	364,347	14.8%
Alcoholic beverages	**70,738**	**5.6%**	247,362	10.0%
Food and snacks	**247,153**	**19.6%**	381,693	15.5%
Others(1)	**13,121**	**1.0%**	23,512	1.0%
	585,004	**46.5%**	1,016,914	41.3%
Third-party brand products				
Non-alcoholic beverages	**7,446**	**0.6%**	23,165	0.9%
Alcoholic beverages	**488,283**	**38.8%**	1,120,260	45.3%
Food and snacks	**147,959**	**11.8%**	269,033	10.9%
Others(2)	**30,085**	**2.4%**	40,731	1.6%
	673,773	**53.5%**	1,453,189	58.7%
Total	**1,258,777**	**100%**	2,470,103	100.0%

Notes:

1. Primarily includes "Chuan Xiang" Chinese seasonings and packaging materials.
2. Primarily includes household care products.

Gross Profit and Gross Profit Margin

The table below sets forth the gross profit, proportion of total gross profit and gross profit margin by product segment and main product category for the six months ended 30 June 2018 and 30 June 2017:

	Six months ended 30 June					
	2018			2017		
	Gross Profit	**Shares**	**Gross profit margin**	**Gross Profit**	**Shares**	**Gross profit margin**
	RMB'000	*%*	*%*	*RMB'000*	*%*	*%*
Own brand products						
Non-alcoholic beverages	**57,265**	**32.3%**	**22.5%**	133,787	26.6%	36.7%
Alcoholic beverages	**19,192**	**10.8%**	**27.1%**	52,230	10.4%	21.1%
Food and snacks	**56,795**	**32.1%**	**23.0%**	103,665	20.6%	27.2%
Others	**8,632**	**4.9%**	**65.8%**	3,990	0.7%	17.0%
	141,884	**80.2%**	**24.3%**	293,672	58.3%	28.9%
Third-party brand products						
Non-alcoholic beverages	**2,003**	**1.1%**	**26.9%**	2,581	0.5%	11.1%
Alcoholic beverages	**27,925**	**15.8%**	**5.7%**	175,112	34.8%	15.6%
Food and snacks	**3,726**	**2.1%**	**2.5%**	28,996	5.8%	10.8%
Others	**1,481**	**0.8%**	**4.9%**	3,252	0.6%	8.0%
	35,135	**19.8%**	**5.2%**	209,941	41.7%	14.4%
Total	**177,019**	**100%**	**14.1%**	503,613	100.0%	20.4%

Own Brand Product Business

In the first half of 2018, revenue of the Group's own brand products amounted to RMB585.0 million (first half of 2017: RMB1,016.9 million). Gross profit margin was 24.3%% (first half of 2017: 28.9%) while gross profit amounted to RMB141.9 million (first half of 2017: RMB293.7 million). In the first half of 2018, own brand products contributed 80.2% to the Group's overall gross profit (first half of 2017: 58.3%).

— *Non-alcoholic Beverages*

The own brand non-alcoholic beverages comprise ready-to-drink beverages such as "VitC VitE" series, "Fruit Tea" series, "Charcoal Roasted" series, "Barno" coffee series, "Tenwow Idea" series, "Pure Tea" series, as well as bottled water series such as "Tribute Spring" ("金貢泉") and "My Favourite Water" ("心水").

In the first half of 2018, revenue of own brand non-alcoholic beverages amounted to RMB254.0 million (first half of 2017: 364.3 million). The decrease in revenue was mainly due to the reputational risk brought about by the Incident in May 2018 which has harmed confidence of our distributors, which were very cautious when placing orders to build up inventories prior to the summer season.

— *Alcoholic Beverages*

The Group's own brand alcoholic beverages, primarily targeting at the mass market, include imported bottled wines from Italy, France and Chile marketed under the Group's own brands, and own produced Chinese rice wines.

In the first half of 2018, revenue of own brand alcoholic beverages decreased to RMB70.7 million (first half of 2017: RMB247.4 million). Gross profit margin of own brand alcoholic beverages increased to 27.1% (first half of 2017: 21.1%). Gross profit, on the other hand, amounted to RMB19.2 million (first half of 2017: RMB52.2 million).

— *Food and Snacks*

The Group's own brand food and snacks mainly include products (such as roasted nuts and seeds, gift boxes, preserved fruits and meat snacks) sold under the Group's flagship "Tenwow" brand and its sub-brands (such as "Tenwow Ideas" ("天喔主意"), "Nuts' Manor" ("堅果莊園"), and "Jingchao Family" ("精炒世家")) and products sold under other own brands (such as the "Morning Smile" ("早早麥") oatmeal series).

In the first half of 2018, the Group scaled down this its roasted nuts and seeds business as raw materials will take up a great portion of capital resources. The downsizing of roasted nuts and seeds has greatly impacted the revenue of own brand food and snacks, which decreased to RMB247.1 million (first half of 2017: RMB381.7 million). Gross profit margin of own brand food and snacks was 23.0% (first half of 2017: 27.2%), while gross profit amounted to RMB56.8 million (first half of 2017: RMB103.7 million).

Third-party Brand Product Business

In the first half of 2018, the Group scaled down its third party brand distribution business in order to preserve capital resources. Third party brand product business tends to be capital intensive business. Taken into consideration of its financial position, the Group realigned itself by focusing on a few fast-selling key third party brands such as Moutai to sustain its third party brand business. As a result, revenue from third-party brand products decreased to RMB673.8 million (first half of 2017: RMB1,453.2 million). Overall gross profit margin was 5.2% (first half of 2017: 14.4%). Gross profit amounted to RMB35.1 million (first half of 2017: RMB209.9 million) as both revenue and gross profit margin decreased.

Revenue by Sales Channels

The table below sets forth the breakdown of the Group's revenue by sales channel for the six months ended 30 June 2018 and 30 June 2017:

	Six months ended 30 June			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Direct channels				
On-premise channels [(1)]	**32,012**	**2.5%**	402,014	16.3%
Modern retail channels [(2)]	**343,638**	**27.3%**	306,527	12.4%
Small business channels[(3)]	**364,147**	**28.9%**	263,506	10.7%
Other channels [(4)]	**167,803**	**13.3%**	160,838	6.5%
Sub-total	**907,600**	**72.1%**	1,132,885	45.9%
Distributors				
Nanpu[(5)]	**47,694**	**3.8%**	142,827	5.8%
Third-party distributors	**303,484**	**24.1%**	1,194,391	48.3%
Sub-total	**351,177**	**27.9%**	1,337,218	54.1%
Total	**1,258,777**	**100.0%**	2,470,103	100.0%

Notes:

(1) Includes chain restaurants, hotels, and leisure and entertainment locations that provide dine-in services for the Group's products.
(2) Includes chain hypermarkets, chain supermarkets and chain convenience stores.
(3) Includes wholesale centres and various retail stores.
(4) Primarily includes group purchase and online sales.
(5) Nanpu and its associates.

Revenue by Geographic Locations

The table below sets forth the Group's revenue contribution by sales in different geographic locations for the six months ended 30 June 2018 and 30 June 2017:

	Six months ended 30 June			
	2018		2017	
	RMB'000	***%***	*RMB'000*	*%*
Eastern China	**605,336**	**48.1%**	1,649,859	66.7%
Central China	**491,771**	**39.1%**	439,591	17.8%
Southern China	**96,699**	**7.7%**	174,899	7.1%
Northern China	**28,626**	**2.3%**	92,659	3.8%
Western China	**36,345**	**2.9%**	113,095	4.6%
Total	**1,258,777**	**100%**	2,470,103	100.0%

Distribution Costs

Distribution costs primarily include advertising and promotion expenses, wages and benefits, and transportation expenses, etc. relating to the distribution activities. In the first half of 2018, the Group's distribution costs amounted to RMB404.5 million (first half of 2017: RMB200.6 million).

Administrative Expenses

Administrative expenses consist primarily of wages and benefits for management and administrative staff, and depreciation expenses associated with property, facilities and equipment for administrative purposes. The Group's administrative expenses amounted to RMB97.0 million (first half of 2017: RMB107.8 million).

Other Operating Expenses

During the first half of 2018, the Group recorded other operating expenses of RMB2,926.5 million primarily due to: (i) increase in loss allowances of approximately RMB1,283.9 million for trade and other receivables; (ii) impairment of approximately RMB423.3 million in relation to the Group's investment in Nanpu; (iii) increase in loss allowance and write-down of approximately RMB728.8 million for inventories; and (iv) impairment of approximately RMB286.4 million for property, plant and equipment.

Finance Costs

The Group's finance costs primarily include bank loan interests and interests on finance leases. In the first half of 2018, finance costs amounted to RMB70.0 million (first half of 2017: RMB58.8 million).

Status of Nanpu, a joint venture

Nanpu's accounts cannot be obtained since May 2018 and its latest status remains unknown to the Board. An impairment on the investment in a joint venture of approximately RMB423.3 million was made in relation to the Group's investment in Nanpu. There will be no share of profit/loss from Nanpu in the first half of 2018 (2017: share of profit from Nanpu of RMB7 million).

Loss Attributable to the Owners of the Company

Loss attributable to owners of the Company was RMB3,328.3 million in the first half of 2018 (first half of 2017: profit attributable to owners of the Company: RMB120.7 million).

Liquidity and Capital Resources

The Group's funds and capital required for operations are primarily sourced from internal resources and loans provided by the Group's principal banks.

As at 30 June 2018, the Group had bank deposits and cash balance in the amount of RMB211.7 million (31 December 2017: RMB1,652.0 million). As at 30 June 2018, the Group had total borrowings and finance lease payables in the amount of RMB2,715.5 million (31 December 2017: RMB2,732.4 million).

The net borrowings of the Group as at 30 June 2018 (total borrowings less cash and cash equivalents and restricted cash) was RMB2,503.8 million (31 December 2017: RMB1,080.4 million). The Group's gearing ratio as at 30 June 2018 was 197.7% (31 December 2017: 24.8%).

Capital Expenditures and Capital Commitments

In the first half of 2018, the Group's capital expenditures and investments amounted to RMB44.1 million (first half of 2017: RMB103.5 million). The Group's capital commitments relating to building, equipment and land was RMB266.4 million in the first half of 2018 (31 December 2017: RMB285.6 million).

Key Financial Ratios

The following table sets forth the Group's key financial ratios:

	Six months ended 30 June	
	2018	2017
Gross profit margin	**14.1%**	20.4%
Operating margin	**N/A**	8.4%
Margin of profit attributable to the owners of the Company	**N/A**	4.9%

	30 June 2018	31 December 2017
Current ratio	**0.42**	1.52
Quick ratio	**0.34**	1.26
Gearing ratio*	**197.7%**	24.8%

* Gearing ratio = net borrowings ÷ (total equity + net borrowings)

Inventory

The Group's inventory primarily includes finished products, followed by raw materials and packaging materials, as well as work-in-process products. As at 30 June 2018, inventory and inventory turnover days were RMB312.9 million (31 December 2017: RMB1,079.2 million) and 52.3 days (31 December 2017: 87 days) respectively.

Trade Receivables

The Group's trade receivables refer to the Group's accounts receivable balance from its customers. As at 30 June 2018, trade receivables balance and trade receivables turnover days were RMB653.7 million (31 December 2017: RMB2,128.3 million) and 94 days (31 December 2017: 151 days) respectively.

Trade Payables

The Group's trade payables primarily include payment due to suppliers of third-party brand products, raw materials and outsourced products. As at 30 June 2018, trade payables balance and trade payable turnover days were RMB601.7 million (31 December 2017: RMB1,225.4 million) and 101 days (31 December 2017: 108 days) respectively.

Foreign Currency Risk

The majority of the Group's transactions are settled in Renminbi, which is not a free-floating currency. The fluctuation of Renminbi during the year did not have any material effect on the Group's performance. The Group will periodically review its foreign currency risks. As the Group is exposed to minimal exchange rate fluctuation risks, the Group currently did not have a hedging policy. However, the Group will closely monitor foreign currency risk, and will consider hedging should the need arise.

Contingent Liability

As at 30 June 2018, the Group was a defendant in various law suits claiming outstanding contractual payments together with damages and interests relating to failures in performing obligations in accordance with the terms of various contracts. The Group intends to contest the claim, and while the final outcome of the proceedings is uncertain, it is the directors' opinion that no provision is to be made in respect of those claims.

As at 31 December 2017, the Group was still in the process of renewing certificates for certain land use rights with net book value amounting to RMB0.9 million. The Group might incur certain obligations in connection with such application of land use rights certificates. Since the amount of the obligation cannot be measured with sufficient reliability, no provision was made in the consolidated financial statements.

Asset Pledge

As at 30 June 2018, buildings and land use rights with net book value of RMB469.8 million (31 December 2017: RMB389.6 million) and machinery and equipment with net book value of RMB106.0 million (31 December 2017: RMB125 million) were pledged for borrowings.

Human Resources and Staff Remuneration

As at 30 June 2018, the Group had a total of 2,886 employees in the PRC and Hong Kong (30 June 2017: 3,556 employees). In the first half of 2018, employee remuneration was RMB134.1 million (first half of 2017: RMB150.8 million). The Group's employees and Directors are remunerated with reference to their position, performance, experience and prevailing salary trends in the market. The Group provides professional management training to employees, and offers incentives and share options pursuant to the Company's share option scheme based on employee performance and the Group's profits.

Significant Investments

In the first half of 2018, the Group did not have any significant investments.

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures in the first half of 2018.

Future Plans for Material Investments or Capital Assets

The Directors currently do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business regularly, so as to take necessary measures in the Group's best interests.

Prospects

The rest of 2018 continued to be full of challenges. As domestic and international economic environment remained uncertain, the Chinese government had adopted various policies to ensure steady progress in the overall economy and to safeguard employment. Many circumstances will remain uncertain in the short term, but in the long run, the rising salary and purchasing power will be able to drive the overall consumer market. With the huge potential of China's consumer market, the Group believes that there are still ample opportunities up for grabs in the food and beverage market.

EVENTS AFTER THE REPORTING PERIOD

Trading of the Shares has been suspended since 13 August 2018.

On 17 August 2018, the Company announced it had come to the attention of the Board regarding certain transactions (the "**Transactions**"), namely:

(i) the Financial Assistance — pursuant to a comprehensive credit line contract (the "**Comprehensive Credit Line Contract**") entered into between (a) Tenwow Food (Group) Co., Ltd. (天喔食品(集團)有限公司) ("**Tenwow Food**") (an indirect wholly-owned subsidiary of the Company) and (b) the Ningbo Tongshang Bank (寧波通商銀行) (the "**Loan Bank**"), (x) Tenwow Food agreed to allow Shanghai Tiansheng Warehouse Co., Ltd. (上海天盛倉儲有限公司) (a company purportedly ultimately owned as to more than 30% by Mr. Lin) to use the credit line of RMB450,000,000 granted under the Comprehensive Credit Line Contract, and (y) the Loan Bank had right to directly recover all loans from Tenwow Food upon any event of default, and to debit directly from Tenwow Food's account to settle all debts relating thereto. The Board subsequently discovered an amount of RMB335,657,771 in the relevant accounts of Tenwow Food was deducted by the Loan Bank;

(ii) the Prepayment Agreements — pursuant to seven series of goods purchase agreements signed by six subsidiaries of the Company with two entities, prepayment in the aggregate amount of approximately RMB1,684,853,063 was made by the Group, but no delivery of goods had been made; and

(iii) the Purchase Agreement — pursuant to an alcoholic beverage purchase agreement entered into between (a) Nanpu Fine Wine & Spirits International Co., Ltd. (南浦酩酒坊國際有限公司) ("**Nanpu Fine Wine**") (an indirect wholly-owned subsidiary of the Company) and (b) Remfly Investment Co., Ltd. (寰發投資有限公司), payment in the aggregate amount of HK$60,000,000 was made by the Group, but no delivery of goods had been made.

All the then independent non-executive Directors resigned on 24 August 2018. The Board consisted of no independent non-executive Directors until 26 November 2018 when three new independent non-executive Directors were appointed.

As set out in the announcement of the Company dated 27 August 2018, the Stock Exchange imposed the first six of the nine Resumption Conditions on the Company.

In November 2018, the JPLs were appointed.

In respect of Resumption Conditions

As set out in the announcements of the Company dated 19 February 2019, 4 April 2019 and 18 October 2019, the Stock Exchange imposed the last three Resumption Conditions.

In respect of the Transactions

As set out in the announcement of the Company dated 12 February 2019, an independent committee of the Board (comprising all independent non-executive Directors) (the "**IBC**") for the forensic investigation on the Transactions was established. A forensic accountant has been engaged by the solicitors representing the IBC to conduct an forensic investigation on the Transactions (the "**Forensic Investigation**"). The final report of the Forensic Investigation was issued and was announced by the Company on 21 November 2019.

In respect of auditor

PricewaterhouseCoopers ("**PwC**") has resigned as auditor of the Company with effect from 12 April 2019. With the recommendation from the audit committee of the Company (the "**Audit Committee**"), the Board has resolved to appoint ZHONGHUI ANDA CPA Limited as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the forthcoming annual general meeting of the Company. Annual results of the Company for the year ended 31 December 2018 were published on 11 October 2019, to which the new auditor has issued a disclaimer of opinion.

In respect of internal control

On 19 June 2019, the Company engaged Pan-China Enterprise Risk Management Consulting Limited to act as its independent internal control adviser to conduct an independent internal control review as part of its ongoing effect to fulfill Resumption Conditions. The preliminary draft internal control review report was provided to the Company as set out in its announcement dated 21 November 2019.

In respect of potential investor

On 30 September 2019, the Company and 上海智陽投資有限公司 (the "**Potential Investor**", together with the Company, the "**Parties**") have entered into a memorandum of understanding (the "**MOU**") on potential investment in the Company's shares and participation in the Group's affairs in relation to, among other things, the reorganisation and resumption of trading of the Company's shares (the "**Possible Transaction**"). The MOU is non-legally binding (save for a provision on confidentiality) and only records the direction of the strategic cooperation between the Parties.

THE APPOINTMENT OF JOINT PROVISIONAL LIQUIDATORS

On 24 October 2018, a winding-up petition was presented in the Grand Court of the Cayman Islands (the "**Grand Court**") by a creditor for the winding-up of the Company (the "**Petition**"), which was listed for hearing on 12 December 2018.

Immediately following the presentation of the Petition, the Company filed an application seeking the appointment of joint provisional liquidators ("**JPLs**") of the Company on a light touch basis for the purpose of restructuring, as an alternative to compulsory liquidation (the "**JPL Application**"), pursuant to section 104(3) of the Companies Law of the Cayman Islands on the basis that the Company is unable to pay its debts and intends to present a compromise or arrangement to its creditors. On 16 November 2018, the Grand Court granted the JPL Application and ordered the appointment of Messrs. Lai Kar Yan (Derek) and Ho Kwok Leung (Glen) of Deloitte Touche Tohmatsu and Mr. Mike Penner of Deloitte & Touche as the JPLs of the Company with the power to act jointly and severally.

Following the appointment of the JPLs, the Board shall retain all its powers of management, subject to the JPLs' supervision of the exercise of such powers in relation to the ordinary course of business of the Company, and in relation to matters outside the ordinary course of business of the Company granting prior approval of the exercise of such powers.

The appointment of the JPLs under the order of the Grand Court was recognised by an order of the High Court of Hong Kong on 26 February 2019 with the powers conferred therein. The Grand Court has ordered that the hearing of the Petition be adjourned to 23 January 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

REVIEW OF INTERIM RESULTS AND FINANCIAL STATEMENTS

The unaudited interim results of the Group for the six months ended 30 June 2018 have been reviewed and approved by the Audit Committee. The Audit Committee would like to emphasize that they were not directors during the six months ended 30 June 2018 under review and they shared the view of the auditor's Disclaimer of Opinion as disclosed in the annual results announcement for the year ended 31 December 2018. Other than that, the Audit Committee is of the opinion that such interim results were prepared in accordance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements and therefore recommended for the Board's approval of the same.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules as its code of corporate governance.

Under CG Code provisions C.1.1 and C.1.2, management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval and provide the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. Instead of providing monthly updates to all members of the Board, all Directors (including independent non-executive Directors) were provided by the management with a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details on a quarterly basis, prior to the regular Board meetings or upon requests.

According to CG Code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lin was chairman and chief executive officer of the Company during the period from 1 January 2018 up until his removal on 28 June 2018. Mr. Lin Jianhua was then replaced by Mr. Lin Qi who was appointed as chairman of the Board with effect from 28 June 2018 and by Mr. Yan Zhixiong ("**Mr Yan**") who was appointed as chief executive officer of the Company with effect from 28 June 2018 until Mr. Yan resigned with effect from 29 December 2018. Thenafter, day-to-day operation and management of the Company was monitored by the executive Directors and senior management collectively. The Board is of the view that the balance of power and authority is ensured by the operation of the Board, which comprised experienced individuals whom meet from time to time to discuss issues affecting the operation and management of the Company. The Board will review the current situation from time to time and will make necessary arrangements when the Board considers appropriate.

MODEL CODE FOR 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. Specific enquiry has been made to all the Directors except Mr. Lin Jianhua who cannot be contacted due to the Incident. Accordingly, the Board considered that Mr. Lin Jianhua was unable to exercise his fiduciary duties as an executive Director and removed him as an executive Director on 28 June 2018. Save as disclosed above, all the Directors have confirmed that they have complied with the Model Code for the year ended 30 June 2018.

INTERIM DIVIDEND

The Directors do not declare the payment of any dividend for the six months ended 30 June 2018 (first half of 2017: RMB50,774,000).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (ir.tenwow.com.hk), respectively. The 2018 Interim Report will be despatched to the Shareholders and published on the above-mentioned websites in due course.

All dealings in the shares of the Company have been suspended with effect from 9:00 a.m. on 13 August 2018. Trading in the shares of the Company will remain suspended until further notice pending fulfilment of the Resumption Conditions and such other further conditions that may be imposed by the Stock Exchange. The Company will keep its shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

Subject to the application and grant of a validation order, any transfer of Shares may be restricted as Hong Kong Securities Clearing Company Limited may at any time, and without notice, exercise its powers to temporarily suspend any of its services in respect of the Company's shares, including the suspension of acceptance of deposits of share certificates of the Company into CCASS. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company

By Order of the Board
Tenwow International Holdings Limited
(In Provisional Liquidiation)
Lin Qi
Chairman

Hong Kong, 31 December 2019

As at the date of this announcement, the executive directors of the Company are Mr. Lin Qi and Mr. Yeung Yue Ming; the non-executive directors of the Company are Mr. Liu Zhao and Mr. Hu Hongwei; and the independent non-executive directors of the Company are Mr. Lam Tin Faat, Mr. Lau Fai Lawrence and Ms. Shen Congju.