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 2019

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
(RMB million, unless otherwise specified)	**2019**	2018	Changes
Revenue	**464.3**	1,258.8	(63.1%)
Gross Profit	**90.9**	177.0	(48.6%)
Gross Profit Margin	**19.6%**	14.1%	5.5 p.p.
Loss attributable to owners	**(60.2)**	(3,328.3)	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 2019 with comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited	
		Six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
Revenue		**464,298**	1,258,777
Cost of sales		**(373,318)**	(1,081,758)
Gross Profit		**90,980**	177,019
Interest revenue		**86**	4,065
Other income		**9,189**	16,585
Other losses — net		**(6,282)**	(4,101)
Distribution costs		**(44,161)**	(404,525)
Administrative expenses		**(51,422)**	(96,983)
Other operating expenses		**(6,202)**	(2,926,463)
Loss from operations		**(7,812)**	(3,234,403)
Finance costs		**(50,592)**	(69,963)
Share of (losses)/profits of associates		**(12)**	84
Loss before tax	*5*	**(58,416)**	(3,304,282)
Income tax expense	*6*	**(1,797)**	(23,211)
Loss for the period		**(60,213)**	(3,327,493)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
— Exchange differences on translation of foreign operations		**8,577**	2,570
Total comprehensive expenses for the period		**(51,636)**	(3,324,923)

	Note	Unaudited Six months ended 30 June **2019** ***RMB'000***	 2018 *RMB'000*
Total loss attributable to:			
Owners of the Company		**(60,211)**	(3,328,281)
Non-controlling interests		**(2)**	788
		(60,213)	(3,327,493)
Total comprehensive expense attributable to:			
Owners of the Company		**(45,563)**	(3,325,746)
Non-controlling interests		**(6,073)**	823
		(51,636)	(3,324,923)
Loss per share for loss attributable to owners of the Company			
— Basic and diluted loss per share (Expressed in RMB cents per share)	*7*	**(2.7)**	(150.9)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**Unaudited As at 30 June 2019** *RMB'000*	Audited As at 31 December 2018 *RMB'000*
Non-current assets			
Property, plant and equipment		**693,580**	705,176
Land use rights		**161,597**	162,553
Goodwill		**31,933**	31,933
Other intangible assets		**51,893**	53,908
Right-of-use assets		**3,249**	—
Investments in associates		**3,613**	3,785
		945,865	957,355
Current assets			
Inventories		**368,788**	365,719
Land use rights		**3,812**	3,812
Trade and other receivables	*9*	**403,085**	383,914
Restricted bank deposits		**23,694**	15,049
Cash and cash equivalents		**37,423**	17,735
		836,802	786,229
Current liabilities			
Trade, bills and other payables	*10*	**1,046,273**	973,245
Contract liabilities		**201,225**	161,715
Borrowings		**2,592,137**	2,609,080
Deferred income		**1,765**	1,765
Finance lease payables		**38,266**	38,266
Lease liabilities		**1,476**	—
Current tax liabilities		**3,176**	6,247
		3,884,318	3,790,318
Net current liabilities		**(3,047,516)**	(3,004,089)
Total assets less current liabilities		**(2,101,651)**	(2,046,734)

	Notes	Unaudited As at 30 June 2019 *RMB'000*	Audited As at 31 December 2018 *RMB'000*
Non-current liabilities			
Lease liabilities		**1,825**	—
Deferred income		**14,997**	16,993
Deferred tax liabilities		**16,148**	15,418
		32,970	32,411
NET LIABILITIES		**(2,134,621)**	(2,079,145)
Capital and reserves			
Share capital		**176,448**	176,448
Share premium		**1,190,822**	1,190,822
Reserves		**(3,545,136)**	(3,499,574)
Equity attributable to owners of the Company		**(2,177,866)**	(2,132,304)
Non-controlling interests		**43,245**	53,159
TOTAL EQUITY		**(2,134,621)**	(2,079,145)

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. This condensed consolidated financial information was approved for issue by the Board of Directors on 31 December 2019.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 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 period ended 30 June 2019 of approximately RMB60,213,000, and as at 30 June 2019, the Group had net current liabilities and net liabilities of approximately RMB3,047,516,000 and RMB2,134,621,000 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 2018, except as stated below.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	20%-86%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$ 5,000.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. 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.

HKFRS 16 "Leases"

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17"Leases".

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	RMB'000
At 1 January 2019:	
— Increase in right of use assets	4,091
— Increase in lease liabilities	4,091

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	RMB'000
Operating lease commitment at 31 December 2018	16,955
Less: Commitments relating to leases with a remaining lease term ending on or before 31 December 2019 and low-value	(12,522)
Discounting	(342)
Lease liabilities as at 1 January 2019	4,091

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.75% per annum.

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 2019 and 2018 is as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
— Own Brand Products		
Non-alcoholic beverages	**111,731**	253,992
Alcoholic beverages	**31,207**	70,738
Food and snacks	**70,554**	247,153
Others	**14,077**	13,121
	227,569	585,004
— Third-Party Brand Products		
Non-alcoholic beverages	**1,042**	7,446
Alcoholic beverages	**168,632**	488,283
Food and snacks	**66,227**	147,959
Others	**828**	30,085
	236,729	673,773
Total	**464,298**	1,258,777

(b) Segment information

The segment information for the six months ended 30 June 2019 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	111,731	31,207	70,554	14,077	227,569	1,042	168,632	66,227	828	236,729	464,298
Segment cost of sales	(79,039)	(25,887)	(59,013)	(8,288)	(172,227)	(2,271)	(139,813)	(57,884)	(1,123)	(201,091)	(373,318)
Segment gross profit	32,692	5,320	11,541	5,789	55,342	(1,229)	28,819	8,343	(295)	35,638	90,980

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

Operating segments results are reconciled to loss before tax as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Total profit of reportable segments	**90,980**	177,019
Unallocated amounts		
Interest revenue	**86**	4,065
Other income	**9,189**	16,585
Other losses — net	**(6,282)**	(4,101)
Distribution costs	**(44,161)**	(404,525)
Administrative expenses	**(51,422)**	(96,983)
Other operating expenses	**(6,202)**	(2,926,463)
Finance costs	**(50,592)**	(69,963)
Share of (losses)/ profit of associates	**(12)**	84
Loss before tax	**(58,416)**	(3,304,282)

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

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Amortisation of other intangible assets	**949**	1,297
Amortisation of land use rights	**1,958**	1,866
Depreciation	**32,706**	44,811
Loss/(gain) on disposals of property, plant and equipment	**5,443**	(6,584)
Impairment losses on property, plant and equipment *	—	286,440
Operating lease charges	**56,192**	15,688
Auditor's remuneration	**900**	584
Cost of inventories sold	**1,358,273**	976,034
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 *	**6,202**	1,283,392
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	**48,377**	104,560
— Retirement benefits contributions	**11,375**	29,540
— Share-based payments	—	—
	59,752	134,100

* 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 2019 and 2018 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 year ended 31 December 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%.

	2019	2018
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax		
— Provision for the period	**1,067**	11,313
Current tax — PRC Dividends Withholding Tax		
— Provision for the period	**—**	2,095
Current tax — Hong Kong Profits Tax		
— Provision for the period	**—**	—
Deferred tax	**730**	9,803
	1,797	23,211

7. 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:

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss for the period attributable to owners of the Company	**(60,211)**	(3,328,280)
Loss for the purpose of calculating basic and diluted earnings per share	**(60,211)**	(3,328,280)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (thousands)	**2,205,970**	2,205,970

The computation of diluted loss per share for both six months ended 30 June 2019 and 2018 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 2019 and 2018.

8. DIVIDENDS

The Directors do not declare the payment of any dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Trade receivables		
Related parties	**125,049**	108,894
Other third parties	**812,192**	619,323
	937,241	728,217
Less: Provision for loss allowance	**(778,673)**	(504,417)
Trade receivables, net	**158,568**	223,800
Prepayments		
Related parties	**85,929**	100,899
Other third parties	**244,954**	201,499
	330,883	302,398
Less: Impairment losses	**(224,145)**	(233,526)
Prepayments, net	**106,738**	68,872
Other receivables		
Related parties	**352,237**	357,190
Other third parties	**1,857,242**	1,964,817
	2,209,479	2,322,007
Less: Provision for loss allowance	**(2,071,700)**	(2,230,765)
Other receivables, net	**137,779**	91,242
Total trade and other receivables	**403,085**	383,914

(a) Ageing analysis

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

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Within 3 months	**150,340**	145,162
4 to 6 months	**8,228**	45,872
7 to 12 months	**—**	32,766
	158,568	223,800

10. TRADE, BILLS AND OTHER PAYABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Trade and bills payables		
Related companies	**1,069**	1,069
Other third parties	**536,787**	609,759
	537,856	610,828
Other payables		
Payables for acquisition of property, plant and equipment	**64,908**	95,347
Accrued staff costs	**9,677**	8,923
Other tax payables	**2,432**	20,227
Accrued operating expenses	**351,737**	195,366
Interest payables	**79,663**	42,554
Due to related companies	**—**	—
	508,417	362,417
Total trade and other payables	**1,046,273**	973,245

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

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Within 2 months	**116,208**	281,257
2 to 3 months	**19,290**	56,147
4 to 6 months	**32,379**	118,469
7 to 12 months	**231,374**	138,218
Over 12 months	**138,605**	16,737
	537,856	610,828

Trade payables are non-interest bearing and the average credit terms received from suppliers of the Group is 30 (2018: 30) days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of First Half of 2019

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.

In the first half of 2019, the Group has scaled down and stabilised its business and operation by focusing on key products and key markets. Revenue of the Group decreased to RMB464.3 million (first half of 2018: RMB1,258.8 million). Gross profit decreased to RMB90.9 million (first half of 2018: RMB177.0 million). Gross profit margin was 19.6% (first half of 2018: 14.1%).

The Board did not declare any interim dividend for the six months ended 30 June 2019 (first half of 2018:Nil).

Revenue

The table below sets forth the Group's revenue by product segment and main product category for the six months ended 30 June 2019 and 30 June 2018:

	Six months ended 30 June			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Own brand products				
Non-alcoholic beverages	**111,731**	**24.1%**	253,992	20.2%
Alcoholic beverages	**31,207**	**6.7%**	70,738	5.6%
Food and snacks	**70,554**	**15.2%**	247,153	19.6%
Others(1)	**14,077**	**3.0%**	13,121	1.0%
	227,569	**49.0%**	585,004	46.5%
Third-party brand products				
Non-alcoholic beverages	**1,042**	**0.2%**	7,446	0.6%
Alcoholic beverages	**168,632**	**36.3%**	488,283	38.8%
Food and snacks	**66,227**	**14.3%**	147,959	11.8%
Others(2)	**828**	**0.2%**	30,085	2.4%
	236,729	**51.0%**	673,773	53.5%
Total	**464,298**	**100%**	1,258,777	100%

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 2019 and 30 June 2018:

	Six months ended 30 June					
	2019			2018		
	Gross Profit *RMB'000*	**Shares** *%*	**Gross profit margin** *%*	**Gross Profit** *RMB'000*	**Shares** *%*	**Gross profit margin** *%*
Own brand products						
Non-alcoholic beverages	**32,692**	**35.9%**	**29.3%**	57,265	32.3%	22.5%
Alcoholic beverages	**5,320**	**5.8%**	**16.9%**	19,192	10.8%	27.1%
Food and snacks	**11,541**	**12.7%**	**16.4%**	56,795	32.1%	23.0%
Others	**5,789**	**6.4%**	**41.1%**	8,632	4.9%	65.8%
	55,342	**60.8%**	**24.3%**	141,884	80.2%	24.3%
Third-party brand products						
Non-alcoholic beverages	**(1,229)**	**-1.4%**	**-118.0%**	2,003	1.1%	26.9%
Alcoholic beverages	**28,819**	**31.7%**	**17.1%**	27,925	15.8%	5.7%
Food and snacks	**8,343**	**9.2%**	**12.6%**	3,726	2.1%	2.5%
Others	**(295)**	**-0.3%**	**-35.7%**	1,481	0.8%	4.9%
	35,638	**39.2%**	**15.1%**	35,135	19.8%	5.2%
Total	**90,980**	**100.0%**	**19.6%**	177,019	100%	14.1%

Own Brand Product Business

In the first half of 2019, revenue of the Group's own brand products amounted to RMB227.6 million (first half of 2018: RMB585.0 million). Gross profit margin was 24.3% (first half of 2018: 24.3%) while gross profit amounted to RMB55.3 million (first half of 2018: RMB141.9 million). In the first half of 2019, own brand products contributed 60.8% of the Group's overall gross profit (first half of 2018: 80.2%).

— *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, as well as bottled water series such as "Tribute Spring" ("金貢泉") and "My Favourite Water" ("心水"). In the first half of 2019, revenue and gross profit of own brand non-alcoholic beverages amounted to RMB111.7 million (first half of 2018: RMB254.0 million) and RMB32.7 million (first half of 2018: RMB57.3 million), respectively. Own brand non-alcoholic beverages contributed to around a quarter of revenue, over one third of gross profit and has a gross profit margin of 29.3% (first half of 2018: 22.5%), which is the highest among our major product segments. The Group will strive to focus on improving the overall performance of this particular segment.

— *Alcoholic beverages*

Revenue of the Group's own brand alcoholic beverages primarily was comprised of self-produced Chinese rice wines. The Group used to distribute larger quantity of imported bottled wines from Italy, France and Chile marketed under the Group's own brands. However, due to the financial difficulties after the Incident, the Group reduced importing bottled wines from overseas. Instead, it focused on well-established and self-produced Chinese rice wine that was tailored for local markets in Eastern China. This shift has caused the decrease of revenue of own brand alcoholic beverages to RMB31.2 million (first half of 2018: RMB70.7 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. Revenue of own brand food and snacks amounted to RMB70.6 million in the first half of 2018 (first half of 2017: RMB247.2 million) due to decline in sales of roasted nuts and seeds and Chinese New Year gift boxes. The downsizing of roasted nuts and seeds and Chinese New Year gift boxes has the greatest impact on this segment.

Third-party Brand Product Business

In the first half of 2019, revenue from third-party brand products amounted to RMB236.7 million (first half of 2018: RMB673.8 million). Overall gross profit margin was 15.1% (first half of 2018: 5.2%), while gross profit amounted to RMB35.6 million (first half of 2018: RMB35.1 million). This contributed to 39.2% of the Group's overall gross profit (first half of 2018: 19.8%).

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. Products that generally have longer shelf life and longer cash conversion cycle will not be the business focus of the Group in the near term. However, the Group did tactically maintained its relationship with a few key third party brands such as Moutai.

Revenue of third party brand alcoholic beverages, which mainly comprises Chinese wine and spirit, amounted to RMB168.6 million (first half of 2018: RMB488.3 million). On the other hand, revenue of third-party brand food and snacks amounted to RMB66.7 million (first half of 2018: RMB148.0 million).

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 2019 and 30 June 2018:

	Six months ended 30 June			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Direct channels				
On-premise channels [(1)]	**26,275**	**5.7%**	32,012	2.5%
Modern retail channels [(2)]	**119,221**	**25.7%**	343,638	27.3%
Small business channels[(3)]	**109,267**	**23.5%**	364,147	28.9%
Other channels [(4)]	**133,076**	**28.7%**	167,803	13.3%
Sub-total	**387,840**	**83.5%**	907,600	72.1%
Distributors				
Nanpu[(5)]	**3,350**	**0.7%**	47,694	3.8%
Third-party distributors	**73,107**	**15.7%**	303,484	24.1%
Sub-total	**76,456**	**16.5%**	351,177	27.9%
Total	**464,298**	**100.0%**	1,258,777	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 2019 and 30 June 2018:

	Six months ended 30 June			
	2019		2018	
	RMB'000	***%***	*RMB'000*	*%*
Eastern China	**332,827**	**71.7%**	605,336	48.1%
Central China	**94,860**	**20.4%**	491,771	39.1%
Southern China	**19,589**	**4.2%**	96,699	7.7%
Northern China	**3,598**	**0.8%**	28,626	2.3%
Western China	**13,424**	**2.9%**	36,345	2.9%
Total	**464,298**	**100.0%**	1,258,777	100%

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 2019, the Group's distribution costs amounted to RMB44.2 million (first half of 2018: RMB404.5 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 RMB51.4 million (first half of 2018: 97.0 million). A decrease in administrative expenses was primarily a result of the shrinking number of employees.

Finance Costs

The Group's finance costs primarily include bank loan interests and interests on finance leases. In the first half of 2019, finance costs amounted to RMB50.6 million (first half of 2018: RMB70.0 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. As investment in Nanpu was fully impaired in 2018, there was no share of profit/loss from Nanpu in the first half of 2019 (2018: Nil).

Loss Attributable to the Owners of the Company

Loss attributable to owners of the Company was RMB60.2 million in the first half of 2019 (first half of 2018: loss attributable to owners of the Company: RMB3,328.3 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 2019, the Group had bank deposits and cash balance in the amount of RMB61.1 million (31 December 2018: RMB32.8 million). As at 30 June 2019, the Group had total borrowings and finance lease payables in the amount of RMB2,630.4 million (31 December 2018: RMB2,647.3 million).

The net borrowings of the Group as at 30 June 2019 (total borrowings less cash and cash equivalents and restricted cash) was RMB2,569.30 million (31 December 2018: RMB2,614.6 million). The Group's gearing ratio as at 30 June 2019 was 591.1% (31 December 2018: 488.3%).

Capital Expenditures and Capital Commitments

In the first half of 2019, the Group's capital expenditures and investments amounted to RMB2.1 million (first half of 2018: RMB44.1 million). The Group's capital commitments relating to building, equipment and land was RMB225.3 million in the first half of 2019.

Key Financial Ratios

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

	Six months ended 30 June	
	2019	2018
Gross profit margin	**19.6%**	14.1%
Operating margin	**N/A**	N/A
Margin of profit attributable to the owners of the Company	**N/A**	N/A

	30 June 2019	31 December 2018
Current ratio	**0.22**	0.21
Quick ratio	**0.12**	0.11
Gearing ratio*	**591.1%**	488.3%

* 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 2019, inventory and inventory turnover days were RMB368.8 million (31 December 2018: RMB365.7 million) and 179 days (31 December 2018: 193 days) respectively.

Trade Receivables

The Group's trade receivables refer to the Group's accounts receivable balance from its customers. As at 30 June 2019, trade receivables balance and trade receivables turnover days were RMB158.6 million (31 December 2018: RMB223.8 million) and 62 days (31 December 2018: 277 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 2019, trade payables balance and trade payable turnover days were RMB537.9 million (31 December 2018: RMB610.8 million) and 260 days (31 December 2018: 245 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 2019, 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 2018, 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 2019, buildings, land use rights, and machinery and equipment with net book value of RMB533.7 million were pledged for borrowings (31 December 2018: RMB561.6 million).

Human Resources and Staff Remuneration

As at 30 June 2019, the Group had a total of 1,311 employees in the PRC and Hong Kong (31 December 2018: 1,697 employees). In the first half of 2019, employee remuneration was RMB59.8 million (first half of 2018: RMB134.1 million). The Group's employees and Directors are remunerated with reference to their position, performance, experience and prevailing salary trends in the market. The Company also operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Significant Investments

In the first half of 2019, 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 2019.

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 2019 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

In respect of Resumption Conditions

As set out in the announcement of the Company dated 18 October 2019, the Stock Exchange imposed the last 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 has been 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 2019.

REVIEW OF INTERIM RESULTS AND FINANCIAL STATEMENTS

The unaudited interim results of the Group for the six months ended 30 June 2019 have been reviewed and approved by the Audit Committee. 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.

Under CG Code provision C.2, the Board should establish and maintain appropriate and effective risk management and internal control systems. The Board should oversee the Company's risk management and internal control systems on an on-going basis and ensure that a review of the effectiveness and adequacy of such systems on a Group basis is conducted on an annual basis and when necessary. During the reporting period, the risk management and internal control systems aspect of CG Code provision C.2 was not complied with. In order to ensure an effective risk management and internal control systems of the Company in the future, the Company has engaged an independent internal control adviser, Pan-China Enterprise Risk Management Consulting Limited.

Save as disclosed above, the Company has complied with all other applicable code provisions as set out in the CG code for the six months ended 30 June 2019.

UPDATES ON DIRECTORS' INFORMATION

Mr. Hu Hongwei was re-designated from an existing independent non-executive director of the Company to a non-executive director of the Company with effect from 12 July 2019.

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. All the Directors have confirmed that they have complied with the Model Code for the six months ended 30 June 2019.

INTERIM DIVIDEND

The Directors do not declare the payment of any dividend for the six months ended 30 June 2019 (first half of 2018: Nil).

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 2019 Interim Report will be despatched to the Shareholders and published on the above-mentioned websites in due course.

CONTINUED SUSPENSION OF TRADING

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.