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TIANYUN INTERNATIONAL HOLDINGS LIMITED
天韵國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock Code: 6836)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

HIGHLIGHTS

	For the year ended 31 December			
	2021		2020	
	Excluding deconsolidation loss	**Including deconsolidation loss**	Excluding deconsolidation loss	Including deconsolidation loss
	RMB million	***RMB million***	*RMB million*	*RMB million*
Key financial data				
Revenue	**871.6**	**871.6**	850.3	850.3
Gross profit	**235.1**	**235.1**	234.6	234.6
Gross profit margin	**27.0%**	**27.0%**	27.6%	27.6%
Net profit/(loss)	**147.3**	**(0.9)**	149.1	149.1

- Revenue increased by 2.5% to RMB871.6 million as compared with the corresponding period in 2020
- Gross profit increased by 0.2% to RMB235.1 million as compared with the corresponding period in 2020
- Gross margin slightly decreased to 27.0% in 2021
- Net profit before losses in relation to deconsolidation, slightly decreased by 1.2% to RMB147.3 million as compared with the corresponding period in 2020

The board of directors (the "**Directors**" or the "**Board**") of Tianyun International Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**Year Under Review**") together with the comparative figures for the year ended 31 December 2020. The results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Year ended 31 December	
	Note	**2021**	2020
		RMB'000	*RMB'000*
Revenue	*6*	**871,578**	850,250
Cost of sales		**(636,499)**	(615,644)
Gross profit		**235,079**	234,606
Other income		**4,559**	2,645
Other gains/(losses), net		**2,763**	(6,624)
Selling and distribution expenses		**(22,088)**	(15,301)
Research and development expenses		**(27,600)**	(3,197)
General and administrative expenses		**(30,942)**	(36,033)
Loss on deconsolidation of Yichang Tiantong Group	*13*	**(135,265)**	–
Impairment loss on amount due from Yichang Tiantong Group		**(13,017)**	–
Operating profit		**13,489**	176,096
Finance income		**15,585**	15,611
Finance costs		**(749)**	(8,620)
Finance income – net		**14,836**	6,991
Profit before income tax		**28,325**	183,087
Income tax expense	*7*	**(29,264)**	(33,952)
(Loss)/profit and total comprehensive (expense)/ income, net of tax for the year		**(939)**	149,135
(Loss)/profit and total comprehensive (expense)/ income attributable to:			
Equity holders of the Company		**(939)**	149,253
Non-controlling interest		**–**	(118)
		(939)	149,135
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company for the year (expressed in RMB)			
– Basic (loss)/earnings per share	*8*	**(0.001)**	0.151
– Diluted (loss)/earnings per share	*8*	**(0.001)**	0.151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Right-of-use assets		**130,698**	78,638
Property, plant and equipment		**306,025**	384,447
Investment properties		**30,100**	30,300
Prepayments	*10*	**99,358**	31,419
Goodwill		**–**	1,104
Total non-current assets		**566,181**	525,908
Current assets			
Inventories		**74,451**	86,969
Trade and other receivables	*10*	**164,501**	218,064
Restricted cash		**–**	5,000
Cash and cash equivalents		**490,106**	528,287
Total current assets		**729,058**	838,320
Total assets		**1,295,239**	1,364,228
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	*11*	**158,929**	141,685
Reserves		**874,008**	874,947
		1,032,937	1,016,632
Non-controlling interest		**–**	(147)
Total equity		**1,032,937**	1,016,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31 DECEMBER 2021

		As at 31 December	
	Note	**2021**	2020
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**302**	–
Deferred tax liabilities		**6,481**	4,590
Total non-current liabilities		**6,783**	4,590
Current liabilities			
Trade and bills payables	*12*	**17,641**	19,776
Accruals and other payables		**34,649**	28,570
Amount due to a substantial shareholder		**104,000**	81,630
Bank borrowings		**92,286**	180,388
Contingent consideration payable		**–**	20,207
Lease liabilities		**347**	355
Current income tax liabilities		**6,596**	12,227
Total current liabilities		**255,519**	343,153
Total equity and liabilities		**1,295,239**	1,364,228

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION OF THE GROUP AND GROUP ORGANISATION

The Group is principally engaged in the manufacturing and sales of processed fruit and beverage products and trading of fresh fruits.

The Company is an investment holding company incorporated in the British Virgin Islands on 8 September 2011 with limited liability. The address of its registered office is Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands, VG1110.

The Company has listed its shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 July 2015.

On 5 March 2021, Sichuan Development International Holding Company Limited (四川發展國際控股有限公司) ("**SDIH**"), a then substantial shareholder of the Company, transferred all of the 263,914,740 shares in the Company held by it, being 27% of the equity interest in the Company, to Rainbow Lead Ventures Limited ("**RLVL**"), a company incorporated in the BVI with limited liability. Following the transfer, SDIH ceased to have any interest in the Company and RLVL became a substantial shareholder of the Company.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and Hong Kong Companies Ordinance Cap.622, and have been prepared under the historical cost convention as modified by the valuation of investment properties which is stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3 ACCOUNTING POLICIES

(a) Amended standards and framework adopted by the Group

The Group has adopted the following amendments to standards and framework for the current accounting:

- Amendment to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, "**Interest Rate Benchmark Reform – Phase 2**"
- Amendment to HKFRS 16, "**Covid-19 related Rent Concessions beyond 30 June 2021**"

Other than the amendment to HKFRS 16, the Group has not applied any new standard or amendments that is not yet effective for the current accounting period. The adoption of amendments to existing standards and framework did not have a significant effect on the consolidated financial statements or result in any significant changes in the Group's accounting policies.

(b) New and amended standards that have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted

- Amendments to HKFRS 3, HKAS 16 and HKAS 37, "**Narrow-scope amendments**" [1]
- HKFRS 17 and Amendments to HKFRS17, "**Insurance Contract**" [2]
- Amendments to HKFRS 10 and HKAS 28, "**Sales or Contribution of Assets between an Investor and its Associate or Joint Venture**" [3]
- Amendments to HKAS 1, "**Classification of Liabilities as Current or Non-current**" [2]
- Amendments to HKAS 1 and HKFRS Practice Statement 2, "**Disclosure of Accounting Policies**" [2]
- Amendments to HKAS 8, "**Definition of Accounting Estimates**" [2]
- Amendments to HKAS 12, "**Deferred tax related to assets and liabilities arising from a single transaction**" [2]
- Amendments to Account Guideline 5, "**Revised Merger Account for Common Control Combinations**" [4]
- Annual Improvements, "**Annual Improvement 2018-2020 Cycle**" [1]
- HK Interpretation 5 (2020), "**Classification by the Borrower of a Repayment on Demand Clause**" [2]

[1] effective for annual period beginning on or after 1 January 2022
[2] effective for annual period beginning on or after 1 January 2023
[3] to be determined
[4] effective for business combinations/common control combinations for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Due to the enhancement of research and development function during the year ended 31 December 2021, a new expense item namely "**Research and development expenses**" is formed in the consolidated statement of comprehensive income. Prior period comparative has been reclassified to conform with current year presentation.

4 DECONSOLIDATION OF SUBSIDIARIES

Subsequent to the financial year ended 31 December 2021, the Company alleged the Group's wholly-owned subsidiary, namely Tiantong Food (Yichang) Limited (天同食品(宜昌)有限公司) ("**Tiantong Yichang**") carried out an unauthorised transaction in respect of a loan granted to Mr. Gu Qinghua ("**Mr. Gu**") in the principal amount of RMB34.4 million during the year ended 31 December 2021 ("**Loan Transfer**").

References are made to the Company's announcements respectively dated 29 July 2022 and 3 October 2022 in relation to the result of the forensic investigation for the Loan Transfer. The forensic accountant is of the view that the Loan Transfer was an unauthorised transaction carried out by the management of Tiantong Yichang without the approval from the Group's chief executive officer and the Company's board of directors pursuant to the Company's investment management internal control.

Subsequent to the Loan Transfer was exposed, the management of the Group visited Tiantong Yichang's plant, but were denied access by their security staff. Further, the Company demanded the management of Tiantong Yichang to return Tiantong Yichang's company and finance chops, but the request was refused.

The Company has been seeking legal advice from the PRC Legal Adviser to address the issue and to regain control of Tiantong Yichang and its subsidiaries, namely Tiantong Food and Beverages (Yuanan) Limited (天同食品飲料(遠安)有限公司) (collectively referred as the "**Yichang Tiantong Group**"). On 20 July 2022, a lawyer of the Company's PRC Legal Adviser (the "**Visiting Lawyer**") visited Tiantong Yichang's plant to investigate and verify the Loan Transfer. However, despite clear explanation from the Visiting Lawyer of his capacity as the legal representative of the Company, he was denied access by the security guard at the entrance of Tiantong Yichang's plant.

The Company also requested Yichang Tiantong Group to provide necessary assistance for the audit of the Group's consolidated financial statements for the year ended 31 December 2021 ("**2021 Financial Statements**"). Despite repeated demands and requests from the Company, the management of Yichang Tiantong Group did not respond to the Company's requests and have failed to provide all necessary books and records to the Company.

Under the above circumstances, the Company's board of directors are in the opinion that the Company was unable to exercise control over Yichang Tiantong Group.

Since the Company was unable to obtain books and records of Yichang Tiantong Group, in preparing the Group's 2021 Financial Statements, the financial information of Yichang Tiantong Group was, therefore, deconsolidated from the 2021 Financial Statements on 1 January 2021. The Company's board of directors are of the opinion that the exclusion of Yichang Tiantong Group from the 2021 Financial Statements will more fairly present the performance and financial position of the Group.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker that are used to making strategic decisions. The chief operating decision-maker is identified as the CEO of the Company.

The chief operating decision-maker assesses the performance of the business based on a measure of profit after income tax and considers the business in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment – manufacturing and sales of processed fruit and beverage products and trading of fresh fruits, and segment information are not presented.

The Company is domiciled in the British Virgin Islands while the Group operates its business in the PRC. For the year ended 31 December 2021, the Group's revenue of RMB821,770,000 (2020: RMB794,348,000) was generated from domestic and overseas customer based in the PRC and paid in RMB, and the Group's revenue of RMB49,808,000 (2020: RMB55,902,000) was generated from direct overseas customers paid in foreign currencies. Substantially all non-current assets were located in the PRC.

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by the chief operating decision maker internally. Accordingly, no segment assets and liabilities are presented.

Information about major customers

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

6 REVENUE

The Group is principally engaged in the manufacturing and sales of processed fruit and beverage products and trading of fresh fruits.

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Revenue recognised at point in time		
Domestic sales	**821,770**	794,348
Direct overseas sales	**49,808**	55,902
Total sale of goods	**871,578**	850,250

7 INCOME TAX EXPENSE

British Virgin Islands ("BVI") income tax

The Company is incorporated in the BVI under the Business Companies Act of the BVI and, accordingly, is exempted from the BVI income tax.

Hong Kong profits tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax. Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% for the years ended 31 December 2021 and 2020 on the estimated assessable profit for the years. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during both years.

PRC corporate income tax

PRC corporate income tax is taxed at the rate of 25% of profits for PRC statutory financial reporting purpose for the years ended 31 December 2021 and 2020, adjusted for those items which are not assessable or deductible for PRC corporate income tax purpose. Shandong Tiantong Food Co., Ltd., one of the subsidiaries of the Group, has been approved as High and New Technology Enterprise, and is subject to a preferential corporate income tax rate of 15% between 28 November 2019 to 27 November 2022.

PRC withholding tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% (2020: 5%). The Group is therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in the PRC.

At 31 December 2021, the undistributed profits of the Group's subsidiaries in the PRC deferred tax liabilities related to amounted to RMB6,481,000 (2020: RMB4,590,000) has been recognised in the consolidated statement of financial position.

Deferred tax liabilities have not been recognised for the retained earnings of its subsidiaries as at 31 December 2017 as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed by these subsidiaries in the foreseeable future. Therefore, the retained earnings before 2017 would be retained for future development of its subsidiaries in the PRC. The Group has recognised PRC withholding tax since the year ended 31 December 2018.

The income tax expense of the Group for the years is analysed as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Current income tax	**27,373**	32,429
Deferred income tax	**1,891**	1,523
	29,264	33,952

8 (LOSS)/EARNINGS PER SHARE

(a) Basic

	Year ended 31 December	
	2021	2020
(Loss)/profit attributable to equity holders of the Company *(RMB$'000)*	**(939)**	149,253
Weighted average number of ordinary shares in issue *(thousand)*	**990,459**	977,462
Weighted average number of issuable shares *(thousand)*	**–**	9,686
Less: weighted average of shares held under share award scheme *(thousand)*	**(2,216)**	(2,216)
	988,243	984,932
Basic (loss)/earnings per share *(RMB dollar)*	**(0.001)**	0.151

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares after adjusting for weighted average number of issuable shares of which conditions are satisfied under the contingent consideration arrangement and weighted average shares held under the share award scheme.

(b) Diluted

The calculation of diluted (loss)/earnings per share for the year is based on the following:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Adjusted (loss)/profit attributable to equity holders of the Company for calculation of diluted (loss)/earnings per share	**(939)**	149,253

	Number of shares	
	2021	2020
Weighted average number of ordinary shares in issue *(thousand)*	**990,459**	977,462
Total number of issuable share	**–**	9,686
Effect of dilutive potential shares:		
Share options of the Company assumed to be exercised *(thousand)*	**–**	19
Less: weighted average of shares held under share award scheme *(thousand)*	**(2,216)**	(2,216)
Weighted average number of shares for calculation of diluted (loss)/earnings per share *(thousand)*	**988,243**	984,951
Diluted (loss)/earnings per share *(RMB dollar)*	**(0.001)**	0.151

Diluted (loss)/earnings per share is calculated by adjusting the (loss)/profit attributable to equity holders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31 December 2021, the Group has no potential ordinary shares in issue.

For the year ended 31 December 2020, the Group has share options which may result in dilutive potential ordinary shares. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration.

For the year ended 31 December 2020, diluted earnings per share did not assume the impact of issuable shares under the contingent consideration arrangement as it has an anti-dilutive effect.

9 DIVIDENDS

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Final dividend paid during the year:		
2020: nil (2019: HK$0.03 per ordinary share)	**–**	26,752

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

10 TRADE AND OTHER RECEIVABLES

		As at 31 December	
		2021	2020
		RMB'000	*RMB'000*
Trade receivables		**128,909**	173,988
Less: loss allowance of trade receivables	*(b)*	**(1,668)**	(691)
Trade receivables, net	*(a)*	**127,241**	173,297
Prepayments and deposit	*(c)*	**132,340**	73,049
Other receivables	*(c)*	**4,278**	3,137
		263,859	249,483
Less: non-current portion:			
Prepayment for property, plant and equipment		**(3,358)**	(31,419)
Deposit for land use right		**(96,000)**	–
Current portion		**164,501**	218,064

(a) Trade receivables

The Group's credit terms granted to wholesale customers were generally 60 days (2020: 30 to 60 days).

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

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Less than 30 days	**51,259**	97,749
31 to 60 days	**74,394**	75,378
61 to 90 days	**815**	170
91 to 180 days	**773**	–
	127,241	173,297

As at 31 December 2021, trade receivables of RMB1,588,000 were past due but not yet impaired (2020: RMB170,000). These relate to a number of independent customers for whom there is no recent history of default and based on past experience, the overdue amounts can be recovered.

The ageing analysis of these trade receivables, net of loss allowance based on due date is as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Overdue		
Less than 30 days	**815**	170
More than 30 days	**773**	–
	1,588	170

The trade receivables are denominated in the following currencies:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
RMB	**117,080**	168,216
USD	**10,161**	5,081
	127,241	173,297

The carrying values of trade receivables approximate their fair value. The Group does not hold any collateral as security.

(b) Impairment of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. The Group also continuously monitors the credit risks by assessing the credit quality of respective counterparties, taking into account its financial position, past experience and other factors. When necessary, the Group will make specific provision for those balances which cannot be recovered apart from the general provision arise from the expected credit loss model.

The loss allowance for impaired trade receivables had been charged within operating profit in the consolidated statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

(c) Prepayments and other receivables

The carrying amounts of prepayments and other receivables approximate their fair values. The prepayment and other receivables are mainly denominated in RMB. Other receivables do not contain impaired assets.

11 SHARE CAPITAL

Authorised ordinary shares

Under the BVI Companies Act, there is no concept of authorised capital. The Company is authorised to issue an unlimited number of shares and the shares do not have any par value.

Issued and fully paid ordinary shares

	Number of ordinary shares	Share capital *HK$'000*	Equivalent share capital *RMB'000*
As at 1 January 2020	977,462,000	219,006	168,437
Final dividends paid relating to 2019 *(Note a)*	–	(29,324)	(26,752)
As at 31 December 2020 and 1 January 2021	977,462,000	189,682	141,685
Issuance of ordinary shares *(Note b)*	13,050,000	19,967	17,244
As at 31 December 2021	990,512,000	209,649	158,929

Note:

(a) Distribution of share capital as dividends

During the year ended 31 December 2020, the Company has paid dividends declared in 2019 amounted to RMB26,752,000. Share capital amounted to RMB26,752,000 was distributed as dividends.

(b) Issuance of shares

During the year ended 31 December 2021, the Group allotted and issued 13,050,000 ordinary shares of the Company to Long Advance Investments Limited as consideration shares for the acquisition of Strong Won Investment Limited and its subsidiaries ("**Strong Won Group**") in 2018. The number of consideration shares was calculated based on the aggregated amount of production volume and revenue from the principal business of Strong Won Group over the three years from the completion date of the acquisition. The fair value of the consideration shares amounted to HK$19,967,000 (equivalent to approximately RMB17,244,000) is credited to share capital when the financial liability was extinguished.

12 TRADE AND BILLS PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Trade and bills payables	**17,641**	19,776

As at the end of the reporting period, the ageing analysis of the trade and bills payables based on invoice date were as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Less than 30 days	**13,663**	19,245
31 to 90 days	**1,718**	253
91 to 180 days	**1,902**	23
181 to 365 days	**358**	99
Over 365 days	**–**	156
	17,641	19,776

The carrying amounts of trade payables approximate their fair values and are denominated in RMB.

13 DECONSOLIDATION OF SUBSIDIARIES

(a) Loss on deconsolidation of Yichang Tiantong Group

As described in note 4 of the consolidated financial statements, due to the obstructions faced by the Company in exercising control and gathering information and documents from the Yichang Tiantong Group, the Company regards that they had lost control over the Yichang Tiantong Group. Under these circumstances, the directors have not been able to obtain complete accounting records.

Due to the loss of control over the Yichang Tiantong Group, in the opinion of the directors, the assets and liabilities were derecognised from the 2021 Financial Statements on 1 January 2021. The following set out the financial impact on the deconsolidation of Yichang Tiantong Group:

	1 January 2021 ***RMB'000***
Property, plant and equipment	**125,469**
Leasehold land and land use rights	**10,463**
Prepayment for property, plant and equipment	**30,775**
Goodwill	**1,104**
Inventories	**13,031**
Trade receivables	**41,633**
Prepayment, deposits and other receivables	**616**
Restricted cash	**5,000**
Cash and cash equivalents	**28,113**
Trade payables	**(14,623)**
Accruals and other payables	**(14,292)**
Amount due to inter-group companies	**(12,385)**
Bank and other borrowings	**(72,550)**
Current tax liabilities	**(7,089)**
Net assets of the Yichang Tiantong Group	**135,265**
Loss on deconsolidation of Yichang Tiantong Group	**(135,265)**
	–
Net cash outflow arising on deconsolidation of Yichang Tiantong Group	
Cash and bank balances	**(28,113)**

(b) Impairment loss on amount due from Yichang Tiantong Group

As at 31 December 2021, the Group has amount due from Yichang Tiantong Group of approximately RMB13,017,000. Due to the loss of control over the Yichang Tiantong Group, an impairment loss of RMB13,017,000 had been provided in the Group's consolidated financial statements for the year ended 31 December 2021.

14 SUBSEQUENT EVENT

Suspension of trading

The Company was not in a position to publish the unaudited annual results of the Group for the Year Under Review on 31 March 2022 in accordance with Rule 13.49(3) of the Listing Rules, due to the necessity to clarify certain issues in connection with the bank confirmations relating to a loan transfer of approximately RMB34.40 million by a management of a subsidiary of the Company to Mr. Gu Qinghua ("**Loan Transfer**") as detailed in note 4 to the consolidated financial statements.

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:00 am on 1 April 2022 as required under Rule 13.50 of the Listing Rules. Please see announcements of the Company dated 31 March 2022 and 8 April 2022 for details.

On 23 April 2022, the Board has resolved to establish an investigation committee ("**Investigation Committee**"), initially comprising (i) two independent non-executive Directors, namely Mr. Liang Zhongkang and Mr. Shiu Shu Ming; and (ii) an executive Director, namely Mr. Yeung Wan Yiu to investigate the unauthorized transaction(s). Please see announcement of the Company dated 29 April 2022 for details.

On 11 May 2022, the Company received a letter from the Stock Exchange setting out resumption guidance for the resumption of trading in the shares of the Company ("**Resumption Guidance**"). Please see announcement of the Company dated 12 May 2022 for details.

PricewaterhouseCoopers ("**PwC**") has resigned as auditor of the Company with effect from 16 May 2022 as PwC has not been able to obtain any information nor satisfactory explanations in connection with the audit matters and is not able to determine and perform the necessary additional audit procedures and the time required to finalise the audit for the Year under Review. Elite Partners CPA Limited (the "**Auditor**") has been appointed as the new auditor to fill a casual vacancy following PwC's resignation. Please see announcement of the Company dated 16 May 2022 for details.

The Company announced the Resumption Guidance of the Stock Exchange and the Company's resumption plan with details of actions that the Company has taken or intends to take as well as the expected timeframe in fulfilling the Resumption Guidance to resume trading in the Shares. Please see announcements of the Company dated 30 June 2022 and 30 September 2022 for details.

The Investigation Committee had on 18 May 2022 engaged Mazars Certified Public Accountants LLP (the "**Forensic Accountant**") as the Company's forensic accountant to conduct an independent forensic investigation into the unauthorized transaction(s). On 29 July 2022, the Company received a forensic investigation report from the Forensic Accountant with a summary of key findings. On 24 August 2022, the Investigation Committee resolved to mandate the Forensic Accountant to conduct further investigation into the electronic data and other matters. On 23 September 2022, the Forensic Accountant issued to the Investigation Committee a supplemental report on the key findings. Please see announcements of the Company respectively dated 29 July 2022 and 3 October 2022 for details.

The Company engaged Elite Partners Risk Advisory Services Limited ("**IC Consultant**") on 18 May 2022 to conduct the internal control review and to prepare a report on the findings ("**IC Review Report**") covering internal control systems for the period from 1 July 2021 to 30 June 2022. On 5 August 2022, the Audit Committee reported the results of the internal control review to the Board. The Board has reviewed and approved the IC Review Report on the same day. Please see announcement of the Company dated 5 August 2022 for details.

The Directors had previously resolved that it was appropriate to deconsolidate the financial results of Tiantong Yichang and Tiantong Yuanan (the "**Yichang Tiantong Group**") from the Group's financial statements with effect from 31 December 2021. Despite the series of actions taken by the Company as disclosed, the Company had failed to regain and recover the control of the Yichang Tiantong Group. In view of such circumstances, the Board has resolved that the Yichang Tiantong Group be deconsolidated ("**Deconsolidation**") effective from 31 December 2021 for the reason that the Company has lost control of the Yichang Tiantong Group. For details, please see announcement of the Company dated 10 August 2022.

Subsequently, the Company had further discussions with the Auditor. The auditor has been unable to carry out all necessary procedures for the audit of the accounts of the Yichang Tiantong Group for the Reporting Period (namely, the financial year ended 31 December 2021) due to the loss of control of the Yichang Tiantong Group by the Company and the lack of collaboration with the auditor by the staff of the Yichang Tiantong Group. In view of the situation, the Company considers, and the auditor concurs, the exclusion of the unaudited management accounts of the Yichang Tiantong Group from the Group's account for the Reporting Period will more fairly present the performance and financial position of the Company and its subsidiaries excluding the Yichang Tiantong Group (the "**Remaining Group**"). The Deconsolidation would take effect from 1 January 2021 rather than from 31 December 2021 as previously stated. Please see announcement of the Company dated 19 August 2022 for details.

The issues concerning the Deconsolidation are elaborated in notes 4 and 13 to the consolidated financial statements above.

Voluntary Winding Up of a Subsidiary

Following the Deconsolidation, on 10 August 2022, Strong Won Investment Limited ("**Strong Won BVI**"), the sole shareholder of Strong Won Investment Hong Kong Limited ("**Strong Won HK**") resolved to wind up Strong Won HK by way of member's voluntary winding-up under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). Strong Won BVI and Strong Won HK are indirect wholly-owned subsidiaries of the Company. Dr. Wan Ho Yuen Terence and Mr. Yeung Chun Wa of Zhonghui Anda CPA Limited have been appointed as the joint voluntary liquidators of Strong Won HK. Apart from holding 100% equity interest in Tiantong Yichang (which in turn holds 100% equity interest in Tiantong Yuanan), Strong Won HK has no other major assets or operation. For details, please see announcement of the Company dated 10 August 2022.

Change of corporate positions and committees

Mr. Shiu Shu Ming has been appointed as an independent non-executive director, a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company with effect from 6 April 2022. Please see announcement of the Company dated 6 April 2022 for details.

Mr. O'Yang Wiley has resigned as an independent non-executive director, the chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee with effect from 12 May 2022 due to his personal commitment. Mr. Shiu Shu Ming has been appointed as the chairman of the Audit Committee with effect from 12 May 2022. Please see announcement of the Company dated 14 April 2022 for details.

Mr. Yeung Wan Yiu has been appointed as an executive director with effect from 21 April 2022. Please see announcement of the Company dated 21 April 2022 for details.

Mr. O'Yang served a notice on 23 April 2022 that the effective dates of Mr. O'Yang's cessation as chairman of the Audit Committee and member of each of the Remuneration Committee and the Nomination Committee has been revised from 12 May 2022 to 23 April 2022, while the appointment of Mr. Shiu Shu Ming as chairman of the Audit Committee would be effective on the said date (i.e. 23 April 2022). Please see announcement of the Company dated 25 April 2022 for details.

Prof. Lu Yuanping has resigned as an independent non-executive director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 18 June 2022 due to her other work commitment. Please see announcement of the Company dated 23 May 2022 for details.

Prof. Ye Xingqian has been appointed as an independent non-executive director, a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Investigation Committee with effect from 18 June 2022. Please see announcement of the Company dated 17 June 2022 for details.

Mr. Sun Xingyu has ceased to be an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules, and Mr. Yeung Wan Yiu was appointed in his stead both with effect from 20 July 2022. Please see announcement of the Company dated 20 July 2022 for details.

Change of Address of Hong Kong Branch Share Registrar and Transfer Office

With effect from 15 August 2022, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, will change its address from Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong to 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Below set out an extract of the report by Elite Partners CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the Year:

"We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

a) Deconsolidation of subsidiaries

During the year ended 31 December 2021, the Group's subsidiaries, namely Tiantong Food (Yichang) Limited ("**Tiantong Yichang**") carried out an unauthorised transaction in respect of a loan granted to Mr. Gu Qinghua ("**Mr. Gu**") in the principal amount of RMB34.4 million ("**Loan Transfer**"). In the opinion of the board of directors of the Company and the Group's PRC legal adviser, the Loan Transfer was an unauthorised transaction carried out by the management of Tiantong Yichang without the approval by the Group.

Subsequent to the exposure of the Loan Transfer as detailed in note 2.2 to the consolidated financial statements, the Group attempted to exercise their control over Tiantong Yichang and its subsidiary, namely Tiantong Food and Beverages (Yuanan) Limited ((“**Tiantong Yuanan**”) and together with Tiantong Yichang are collectively referred as “**Yichang Tiantong Group**”)) to request the necessary documents for the Loan Transfer and assess the books and records of Yichang Tiantong Group for the purpose of preparing the Group’s consolidated financial statements for the year ended 31 December 2021 (“**2021 Financial Statements**”). However, the management of the Group and the Group’ legal representative were denied access to the premises of Yichang Tiantong Group and failed to obtained necessary books and records of Yichang Tiantong Group despite repeated demands and requests from the Group. In the opinion of the directors, the Company could not exercise effective control over Yichang Tiantong Group due to the continuing uncooperative behavior of their senior management.

For the purpose of more fairly presenting the performance and financial position of the Group, in preparing the 2021 Financial Statements, the board of directors deconsolidated the financial information of Yichang Tiantong Group from 2021 Financial Statements on 1 January 2021 under the circumstances that the Group was unable to assess and obtain the completed sets of accounting records of Yichang Tiantong Group, and there was no necessary assistance from the management of Yichang Tiantong Group in relation to the audit of the 2021 Financial Statements.

Under the above circumstances, we were unable to carry out sufficient appropriate audit procedures to satisfy ourselves as to (i) whether the deconsolidation of Yichang Tiantong Group, including its timing was appropriate; (ii) whether the loss arising from the deconsolidation of Yichang Tiantong Group was free from material misstatements; and (iii) whether the segment information and other related disclosure in relation to the profit or loss item of the Group’s consolidated financial statements for the year ended 31 December 2021 were free from material misstatements.

b) Opening balances and corresponding figures

We were appointed as the auditor of the Group on 16 May 2022. Due to the limitation in accessing the underlying accounting records of Yichang Tiantong Group, we were unable to obtain sufficient appropriate audit evidence in respect of the opening balances as at 1 January 2021. In addition, we were unable to review the work papers of the predecessor auditor of the Group's consolidated financial statements for the year ended 31 December 2020. As a result, we were unable to determine whether the opening balances in respect of Yichang Tiantong Group contain misstatements that materially affect the current period's consolidated financial statements and whether the corresponding figures included in the current period's consolidated financial statements have been presented, in all material respects, in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**").

Any adjustments that might have been found to be necessary in respect of the above would have an effect on the Group's net assets as at 31 December 2021 and the financial performance and cash flows of the Group for the year ended 31 December 2021 and may have resulted in additional information being disclosed in the consolidated financial statements as to the nature of the transactions and any contingent liabilities, commitments, related party transactions and significant non-adjusting subsequent events relating to the Yichang Tiantong Group."

THE BOARD'S RESPONSE TO THE DISCLAIMER OF OPINION

The View of the Board and the Audit Committee on the Disclaimer of Opinion

The Auditor expressed a disclaimer of opinion in the independent auditors' report on the 2021 Financial Statements (the "**Independent Auditors' Report**"). As stated in the paragraph headed "**Basis for Disclaimer of Opinion**" in the extract of the Independent Auditors' Report, the basis for the Auditor to express a disclaimer of opinion was limitation of scope on (a) deconsolidation of subsidiaries; and (b) opening balances and corresponding figures. The Board and the audit committee of the Board (the "**Audit Committee**") have reviewed and agreed with the disclaimer of opinion on the Independent Auditors' Report (the "**Audit Qualification**"). Below sets out the view of the Board and the Audit Committee in relation to the Audit Qualification and the proposed plan to address the Audit Qualification.

(a) Deconsolidation of subsidiaries

Details of the basis of this Audit Qualification

Tiantong Yichang was acquired by the Group in January 2018 ("**Acquisition**") from a company wholly-owned by Mr. Li Jinrong ("**Mr. Li**"). Details of the Acquisition were disclosed in the Company's announcement dated 15 September 2017. Tiantong Yuanan was established by Tiantong Yichang as the latter's wholly-owned subsidiary subsequent to the Acquisition. Mr. Li had been the legal representative and general manager of Tiantong Yichang before and after the Acquisition.

The Loan Transfer was brought to the notice of the Board by PricewaterhouseCoopers ("**PwC**"), the former auditor of the Company, during the audit of the 2021 Financial Statements. Immediately after learning the audit issues raised by PwC, the Company has removed Mr. Li from management duties of Yichang Tiantong Group. The Company has on 7 April 2022 appointed Mr. Jiang Yubao ("**Mr. Jiang**") and Mr. Yu Haoran ("**Mr. Yu**") to replace Mr. Li as the legal representative, director and general manager of Tiantong Yichang and Tiantong Yuanan, respectively.

Despite repeated requests and demand by the Group, the finance staff of Yichang Tiantong Group refused to hand over the company chop and the finance chop of Yichang Tiantong Group to Mr. Jiang and Mr. Yu, respectively. In addition, the staff of Yichang Tiantong Group refused to collaborate with the Forensic Accountant in the Forensic Investigation and denied the PRC Legal Advisor of the Company ("**Visiting Lawyer**") access to the premises of Tiantong Yichang when the Visiting Lawyer attempted to visit Tiantong Yichang on 20 July 2022 to investigate and verify the situation.

Following the visit, the Visiting Lawyer has opined that the Company had lost control of Yichang Tiantong Group from 23 December 2021 when Mr. Li and the finance staff of Yichang Tiantong Group blatantly ignored the Group's internal control procedures and proceeded with the Loan Transfer. Further, the Group had requested Yichang Tiantong Group to provide all necessary assistances in relation to the audit of the 2021 Financial Statements and the preparation of Yichang Tiantong Group's management accounts for the six months ended 30 June 2022. Despite repeated demands and requests from the Company, Yichang Tiantong Group did not respond to the Company's requests and have failed to provide all necessary books and records to the Company.

On 29 July 2022, the Company received from the Forensic Accountant a report of the Forensic Investigation (the "**Forensic Investigation Report**") in which the Forensic Accountant concluded that Tiantong Yichang had conducted an unauthorized transaction (i.e. the Loan Transfer) in the amount of approximately RMB34.40 million. Key findings on the Forensic Investigation and details of the actions taken by the Company and the difficulties it faced in regaining the control of Yichang Tiantong Group were disclosed in the Company's announcement dated 29 July 2022 (the "**Key Forensic Findings Announcement**"). To address the Stock Exchange's concern, the Company further instructed the Forensic Accountant to conduct a forensic investigation with extended scope. Details of the extended scope and key findings of the extended forensic investigation (the "**Extended Forensic Investigation Report**") were disclosed in the Company's announcement dated 3 October 2022.

Despite the series of actions taken by the Company as disclosed in the Key Forensic Findings Announcement, the Company has failed to regain and recover the control of Yichang Tiantong Group. In view of the above, the Board has resolved that it is appropriate to deconsolidate the financial results of Yichang Tiantong Group from the Group's financial statements with effect from 1 January 2021 on the ground that the Company has lost control of Yichang Tiantong Group.

The view of the Board and the Audit Committee on the Audit Qualification

The Board and the Audit committee acknowledged the view of the Auditor regarding the deconsolidation of Yichang Tiantong Group. After examining the evidence and documents available in relation to the loss of control of the Yichang Tiantong Group, the findings of the Forensic Accountant as set out in the Forensic Investigation Report and the Extended Forensic Investigation Report, the Board and the Audit Committee concluded that the Loan Transfer was caused by (i) Mr. Li overriding the Company's internal payment control procedures; and (ii) the improper and unlawful conducts and acts of some members of the senior management of Yichang Tiantong Group who intentionally neglected the instructions and authority of the Group's management and the Board. As revealed by the Extended Forensic Investigation Report, none of the Directors and senior management of the Group other than those of Yichang Tiantong Group identified in the Forensic Investigation Report had prior knowledge of, or was involved in, the Loan Transfer. The deconsolidation is beyond the control and without any fault of the Company and its directors.

Action plan of the Group to address the Audit Qualification

Following the loss of control of Yichang Tiantong Group, the Board considers that it would be prudent and in the best interest of the Company to segregate Yichang Tiantong Group from the Group as soon as possible in order to entrench the Group from any further potential tangible and intangible losses and damages arising from the loss of control of Yichang Tiantong Group, including reputational risks and potential third-party claims. On 10 August 2022, Strong Won BVI, the sole shareholder of Strong Won HK, resolved to wind up Strong Won HK by way of member's voluntary winding-up under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). Strong Won BVI and Strong Won HK are indirect wholly-owned subsidiaries of the Company. Strong Won HK in turn holds 100% equity interest in Tiantong Yichang. Dr. Wan Ho Yuen Terence and Mr. Yeung Chun Wa of Zhonghui Anda CPA Limited have been appointed as the joint voluntary liquidators ("**Liquidators**") of Strong Won HK. Leveraging on the Liquidators' extensive commercial network and wealth of experience in handling liquidations and distressed assets disposal, the Board believes that the Liquidators would provide the best solution to the Group in dealing with the assets and liabilities of Strong Won HK and its subsidiaries. By appointing the Liquidators, the Group's legal control over Strong Won HK and Yichang Tiantong Group had been transferred to them. The Group no longer had legal control over Yichang Tiantong Group after appointment of the Liquidators.

Yichang Tiantong Group was deconsolidated during the financial year ended 31 December 2021. The Board and the Audit Committee are of the view that the limitation of scope on deconsolidation of Yichang Tiantong Group was a one-off, non-recurring incident, which will affect the opening balance on the 2021 Financial Statements. The carrying value of the net assets of Yichang Tiantong Group and the amount due from Yichang Tiantong Group to the Group were fully impaired in the 2021 Financial Statements.

The Board, the Audit Committee and the Auditor agree that the Audit Qualification, following the commencement of the member's voluntary winding up of Strong Won HK, will be resolved in the consolidated financial statements of the Company for the year ending 31 December 2022 ("**2022 Financial Statements**") with no disclaimer of opinion expected to be issued for the 2022 Financial Statements, except for the qualification on the opening balances and corresponding figures (i.e. figures for 2021 Financial Statements) due to the carrying forward effect from the Audit Qualification on the 2021 Financial Statements.

(b) Opening balances and corresponding figures

Details of the basis of the Audit Qualification

Elite Partners CPA Limited was appointed as the auditor of the Group on 16 May 2022. Due to the limitation on accessing the underlying accounting records of Yichang Tiantong Group, the Auditor was unable to obtain sufficient appropriate audit evidence in respect of the opening balances as at 1 January 2021. In addition, the Auditor was unable to review the work papers of the predecessor auditor of the Group (i.e. PwC) of the consolidated financial statements for the year ended 31 December 2020. As a result, the Auditor was unable to determine whether the opening balances in respect of Yichang Tiantong Group contain misstatements that materially affect the current period's consolidated financial statements and whether the corresponding figures included in the current period's consolidated financial statements have been presented, in all material respects, in accordance with the HKFRSs.

The view of the Board and the Audit Committee on the Audit Qualification

The Board and the Audit Committee consider that the Company has provided all available audit evidences to the Auditor and, except for the uncertainty or possible effect of the matters leading to the Audit Qualification disclosed herein, the performance and financial position of the Group for the financial year ended 31 December 2021 were reasonably presented.

The Board and the Audit Committee acknowledge the limitation of the Auditor in accessing the underlying accounting records of Yichang Tiantong Group and the uncooperative behaviour of the staff of Yichang Tiantong Group owing to loss of control mentioned above. There were no other satisfactory audit procedures that the Auditor could adopt to obtain sufficient appropriate evidence in this regard. Also, the Board and the Audit Committee understand the difficulties in obtaining work papers in respect of the previous financial year from PwC. While the Board and the Audit Committee agree with the Audit Qualification on that basis, they both consider the Audit Qualification arising from the deconsolidation, except for the qualification on the opening balances and corresponding figures (i.e. figures for 2021 Financial Statements) due to the carrying forward effect, will be removed in the 2022 Financial Statements following the deconsolidation of Yichang Tiantong Group and the commencement of the member's voluntary winding-up of Strong Won HK. The Auditor will be able to rely on their own work papers going forward.

Action plan of the Group to address the Audit Qualification

The Company will continue to provide all available audit evidence and support to the Auditor for the purposes of the audit of the financial statements of the Group. The Board and the Audit Committee understand, after discussion with the Auditor, the possible consequential effect on the 2022 Financial Statements, resulting from the disclaimer of opinion on the 2021 Financial Statements, according to Hong Kong Standard on Auditing 710 Comparative Information – Corresponding Figures and Comparative Financial Statements, would possibly be a modified opinion on the corresponding figures (i.e. figures for the 2021 Financial Statements) of the Group's 2022 Financial Statements. Accordingly, the Board and the Audit Committee consider that no further action is required to remove the disclaimer of opinion in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2021 marks the first year of China's 14th Five-Year Plan. Steady progress was made through China's successful management of both economic development and pandemic control. Despite the turbulent situation of the COVID-19 pandemic affecting global economic growth, China's economy exhibited a trend of high quality growth resulting from steady growth in domestic consumer demand and the optimisation and upgrade of consumption structure, which has created a positive impact in terms of stimulating the food industry. According to information of the National Bureau of Statistics of China, China recorded gross domestic product of RMB114 trillion, representing a growth of 8.1% year-on-year based on fixed prices. Retail sales of consumer goods amounted to RMB44.1 trillion, representing a growth of 12.5% year-on-year. For the export market, according to the statistics of the General Administration of Customs of China, both China's import and export trade recorded rapid growth, with exports of intermediary goods achieving growth of 28.6% in particular, due to China's excellent pandemic control and the gradual recovery of the world economy.

During the Year Under Review, the Group capitalised on the massive opportunities created under the post-pandemic new normal and the policy of internal circulation. Being committed to provide more varieties of fruit products and specialty beverages to satisfy the demands of consumers, the Group was active in research and development ("**R&D**") innovation, steadily increased production capacity and continued to optimise our sales network positioning.

During the Year Under Review, the Group received numerous honors. The Group's wholly-owned subsidiary, 山東天同食品有限公司 ("**Shandong Tiantong Food**"), was awarded "**13-Five' Light Industry Technological Innovation Advanced Collective**" honours, demonstrating a high level of recognition on the Group's efforts in product innovation and technological empowerment, proving that the Group is an industry leader among its peers. Moreover, the Group was listed as a 2021 Top 100 China Food OEM Enterprise and was ranked 21st at the national level, reflecting the massive potential of the Group's fruit processing business and demonstrating a high level of market recognition for the Group's product quality and service quality.

Own Brand and OEM Business

Facing a rising demand for healthy food products from young consumers, in 2021, the Group devoted efforts to establish a chic brand image, and also continued to make progress in product diversification, packaging diversification and deseasonalisation. The Group's own brands, "**天同時代 (Tiantong Times)**", "**繽果時代 (Bingo Time)**" and "**果小懶 (fruit zz)**" successively launched new products, including canned fruit products featuring China Chic zodiac characters on the new packaging, assorted canned fruits, and canned poach pears in brown syrup, which received widespread acclaim. The "**享派 Shiok Party**" energy drinks, beloved by consumers, and the healthy and delicious "**妖果季**" beverage, featuring large fruit chunks, were highly recognised by both distributors and consumers during the Year Under Review, and the Group has already developed more new flavours that will be released to the market in the near future.

During the Year Under Review, the Group maintained intensive efforts in formulating its marketing strategy. Products under the Group's own brands were sold in 27 provinces, direct municipalities and autonomous regions across China, with a sales network covering renowned chain supermarkets and stores such as RT MART, AEON, Jingkelong, JHCVS and Jiajiali.

Consumption patterns have changed significantly in the post-pandemic era as online retail volume continue to climb. During the Year Under Review, the Group maintained intensive efforts in formulating its marketing strategy to enhance market penetration and recognition of our own brands. The Group organised promotional activities in conjunction with different themes and festivals, and was actively involved in sales on popular online shopping platforms and short video live streaming platforms. The market responded positively towards the Group's natural and quality food and beverage products as well as diversified packaging and promotional strategies.

The Group's OEM business continued to contribute stable revenue to the Group, with business coverage over renowned international brands in regions across the five continents, including the United Kingdom, Europe, Canada, the United States, Australia, New Zealand and Japan. Despite the volatility of the global pandemic situation, there is still a robust worldwide appetite for importing various processed fruit products made in China. The Group will continue to explore more business partnership opportunities in various regional markets in order to promote sustainable development of our OEM business.

Trading of Fresh Fruits

For years, the Group has selected and resold a small portion of fresh fruits to domestic fresh fruit wholesalers. China is both the largest fruit producing and consumption country and its consumers are increasingly aware of quality and branding in purchasing fruits. The Group will continue to actively seek business partners that have both domestic and international fresh fruit sales channels and reputable Chinese brands associated with fresh fruits, in order to promote more sales, processing and exchange of fresh fruits from different origins of both domestic and overseas markets, and bring a richer and more diversified variety of quality fruits and processed fruits to the consumers at large.

Research, Development and Innovation

As a national level high-tech enterprise, the Group focuses on innovative technology to promote enterprise development and strives to achieve breakthroughs in production technology. Through research, development and innovation of quality products, the Group penetrates and expands into domestic and overseas markets. We continue to optimise production facilities in order to raise our level of automation and production efficiency. The Group actively invests in the development of various processed fruit products and specialty beverage products, so as to expand product varieties and diversify our brand portfolio. We remain committed to our strategy of deseasonalisation in order to be able to maintain all-weather, year-round production and sales.

During the Year Under Review, the Group enhanced the functions of the R&D department, continued to improve our technical know-how, developed more diverse product varieties and flavours, and designed a series of new packaging targeted at the preferences of younger age groups. In particular, we devoted efforts to build a China Chic brand by incorporating elements of traditional Chinese culture into the packaging, which merged the product characteristics with the "**Made in China**" concept and at the same time satisfied the desire for new tastes from consumers. Further, the Group has successfully developed an innovative series of "**fruit ball**" products as a crossover to the refreshment beverage market. Made with real fruit bits, it features a translucent appearance and chewy texture, and is considered a healthier choice for consumers.

Expansion of Production Capacity

During the Year Under Review, the construction work of the Group's No. 5 and No.6 production workshops in Shandong has been basically completed and production lines will be installed during 2022. The workshops are expected to commence operations by the end of 2022. Moreover, the Group has completed the acquisition of construction land located in Honghe Prefecture, Yunnan Province, the PRC, as part of the Group's key initiative in the development of the tropical fruit products in China. The Group plans to invest in the construction of an integrated production base (the "**Yunnan Production Base**") in order to further expand the Group's product varieties, production capacity and sales network.

The new Yunnan Production Base, which will be focused on tropical and sub-tropical processed fruit products, has a site area of over 130,000 square metres with total designed annual production capacity of 90,000 tonnes, comprising, inter alia, a research centre, a processing centre, a sorting centre, a sales and trading centre, and a warehousing and logistics centre. It will also promote optimisation of the Group's warehousing and logistics system across China, and improve cost effectiveness of our own brand products. Given the abundance of fruit resources in Yunnan, it is anticipated that with progress on construction works, commencement of production will soon follow. The Group believes that with the Regional Comprehensive Economic Partnership ("**RCEP**") becoming effective in 2022, the relevant goods can enjoy tariff concessions, which in turn lower the costs of purchases from their origins.

Merger and Acquisition and Strategic Partnership

As the domestic and overseas economies recover from the pandemic, the Group is also actively seeking opportunities for mergers and acquisitions and strategic partnerships in the hopes of enhancing our existing business, expanding our business network, exploring new markets, new technology and new invention opportunities, and strengthening the Group's overall competitiveness. During the Year Under Review, the Group has successfully expanded from its current focus on a variety of processed fruit products to the field of specialty beverages. In particular, our own brand of fruit juice and vitamin sports beverage, the "**享派 Shiok Party**" series of products, have gradually launched to the international market in 2021. The Group is also seeking strategic partnership opportunities to further diversify to more varieties of food and beverage products and sell its own brand products in various overseas markets.

Outlook

According to Euromonitor forecasts, the growth of functional foods market in China will shift from first-tier and second-tier cities to third tier and fourth tier cities, and it is expected that in the next five years up to 2026, the industry market size in China could reach approximately RMB600 billion. Given the increased concerns among consumers for health and wellness, the popularity of variety of healthy foods and products such as fruit jelly and soft drinks will increase. Packaging with trendy features will also be developed to express unique lifestyles, provide convenience and promote eco-friendliness, in order to cater to market preferences.

The Group will keep up with the pace of economic recovery, as we strive to perform well in various aspects such as product line diversification, research and development of new products, expansion of production capacity and robust operations. The Group will gradually launch more new products with different flavours on its fruit juice vitamin sports beverage series and chunky fruit beverage series as we endeavour to solidify our "**crossover**" strategic development. As demand in the specialty beverage and processed fruit product market continues to grow, we will actively develop and launch more varieties of specialty beverages and snacks to satisfy customer demands, which will establish a sound foundation for the Group's diversified fruit processing and specialty beverage production business.

FINANCIAL REVIEW

Revenue

During the Year Under Review, our revenue increased to approximately RMB871.6 million from approximately RMB850.3 million for the year ended 31 December 2020, representing an increase of approximately RMB21.3 million or 2.5%. The Group continued to sell its processed fruit and beverage products under its own brand and on an OEM basis, and engaged in trading of fresh fruits. The increase in revenue during the Year Under Review was mainly attributable to the increase in the sales of our own brand and OEM products of approximately RMB31.3 million and RMB15.7 million respectively.

Breakdown of revenue by business segments for the year ended 31 December 2021 and the comparative figures in 2020 is set out as follows:

	For the year ended 31 December		Changes	
	2021	2020		
	RMB million	*RMB million*	*RMB million*	*%*
Revenue				
Own Brand Sales	**500.7**	469.4	31.3	6.7
OEM Sales	**316.7**	301.0	15.7	5.2
Fresh Fruits Sales and others	**54.2**	79.9	(25.7)	(32.2)
Total	**871.6**	850.3	21.3	2.5

During the Year Under Review, revenue from our sales of processed fruits and beverage products under our own brand accounted for 57.4% (2020: 55.2%) of the total revenue and represented the largest business segment of the Group. Own brand sales increased from approximately RMB469.4 million for the year ended 31 December 2020 to approximately RMB500.7 million for the year ended 31 December 2021, representing an increase of approximately RMB31.3 million or 6.7%. The increase was mainly contributed by the increase in sales from newly launched speciality beverage products.

Revenue from sales of processed fruit products on an OEM basis continued to contribute a significant portion of the total revenue of the Group and represented 36.3% (2020: 35.4%) of the total revenue during the Year Under Review. Our processed fruit products are mainly sold to international and well-known brand owners either by our Group directly to overseas brand owners or trading entities, or through local import and export entities based in the PRC. During the Year Under Review, revenue from OEM sales increased by RMB15.7 million or 5.2% from approximately RMB301.0 million for the year ended 31 December 2020 to approximately RMB316.7 million for the year ended 31 December 2021. Although the COVID-19 continued to affect the consumption, commercial and tourism activities around the world during the Year Under Review, our processed fruit products continued to receive orders from the existing customers and brand owners around the world.

We continued to trade a small portion of our fresh fruits to fresh fruits wholesalers during the Year Under Review. Revenue contributed by fresh fruit sales and others represented 6.2% of the total revenue for the year ended 31 December 2021 (2020: 9.4%). Revenue from fresh fruit sales and others during the Year Under Review decreased by RMB25.7 million or 32.2% to approximately RMB54.2 million. The decrease was mainly driven by the decrease in the sales of fresh mandarin oranges and grapes, and frozen fruits.

Gross profit and gross profit margin

	For the year ended 31 December			
	2021	2020	Changes	
	RMB million	*RMB million*	*RMB million*	*%*
Gross profit				
Own Brand Sales	**138.7**	127.4	11.3	8.9
OEM Sales	**86.9**	88.9	(2.0)	(2.2)
Fresh Fruits Sales and others	**9.5**	18.3	(8.8)	(48.1)
Total gross profit	**235.1**	234.6	0.5	0.2

Gross profit for the year ended 31 December 2021 increased to approximately RMB235.1 million from approximately RMB234.6 million for the year ended 31 December 2020, representing a year-on-year increase of RMB0.5 million, or 0.2%. During the Year Under Review, the increase in gross profit from own brand sales, which was offset by the decrease in gross profit from OME sales, and fresh fruit sales and others. The increase in gross profit from own brand sales was driven by increase in its revenue. The decrease in gross profit from OEM sales was mainly due to the drop of its gross margin. The decrease in gross profit from fresh fruits sales and others was mainly driven by the drop of revenue from them.

	For the year ended 31 December	
	2021	2020
Gross profit margin		
Own Brand Sales	**27.7%**	27.1%
OEM Sales	**27.4%**	29.5%
Fresh Fruits Sales and others	**17.5%**	23.0%
Overall gross profit margin	**27.0%**	27.6%

During the Year Under Review, the overall gross profit margin decreased from 27.6% to 27.0%. The decrease in overall gross margin was mainly caused by the decrease in gross profit margin on processed fruit products from OEM sales due to the rise in average costs on the processed fruit products, which was partially offset by the increase in gross profit margin on the sales of beverage products under our own brand. With regard to gross profit margin of fresh fruits sales and others, if certain other and miscellaneous adjustments are excluded, the gross margin would decrease slightly to 23.2% for the year ended 31 December 2021 (2020: 24.6%).

Selling and distribution expenses

Selling and distribution expenses mainly include the transportation and delivery costs, promotion and advertising expenses, and salary and related staff costs from sales and marketing department. For the year ended 31 December 2021, the selling and distribution expenses increased from approximately RMB15.3 million for the year ended 31 December 2020 to approximately RMB22.1 million, representing a year-on-year increase of approximately RMB6.3 million, or 41.2%. The increase was mainly attributable to the increase in promotion and advertising expenses, and transportation and delivery costs during the Year Under Review.

Research and development expenses

Research and development expenses mainly include raw materials, staff costs and overhead expenses related to the R&D functions. The amount of expenses increased from RMB3.2 million for the year ended 31 December 2020 to RMB27.6 million for the year ended 31 December 2021, representing a year-on-year increase of approximately RMB24.4 million, or 762.5%. During the Year under Review, the Group's R&D functions were enhanced and number of R&D projects for new product development and existing product improvement increased.

General and administrative expenses

General and administrative expenses mainly include salary expenses and related staff costs for management and administrative departments, professional fees, depreciation and amortisation, foreign exchange differences, and various taxes with regard to the use of land and buildings. The amount of expenses decreased from RMB36.0 million for the year ended 31 December 2020 to RMB30.9 million for the year ended 31 December 2021, representing a year-on-year decrease of approximately RMB5.1 million, or 14.2%. The decrease was mainly attributable to the decrease in depreciation, salary expenses and related staff costs, and miscellaneous tax expenses which was partially offset by the increase in auditors remuneration.

Income tax expenses

Income tax expenses represent mainly the PRC enterprise income tax payable by our PRC subsidiaries. For the year ended 31 December 2021, our income tax expenses decreased by RMB4.7 million, or approximately 13.8%, to RMB29.3 million from RMB34.0 million for the year ended 31 December 2020. The overall decrease in the income tax expenses was primarily due to the decrease in our assessable income in the PRC during the Year Under Review.

Net loss/profit

For the year ended 31 December 2021, net profit decreased by approximately RMB150.0 million or 100.6% from approximately RMB149.1 million for the year ended 31 December 2020 to a net loss of RMB0.9 million for the year ended 31 December 2021. The substantial decrease was mainly due to the losses resulting from deconsolidation of Yichang Tiantong Group with a total amount of approximately RMB148.3 million.

Without taking into account the losses in relation to deconsolidation of Yichang Tiantong Group, the net profit for the year ended 31 December 2021 would only slightly decrease by approximately RMB1.7 million or 1.1% to approximately RMB147.4 million, as compared to a net profit of approximately RMB149.1 million for the year ended 31 December 2020, which was at a similar-level as comparing to 2020.

Liquidity, financial resources and capital resources

The Group principally meets its working capital and other liquidity requirements through a combination of operating cash flows, capital contributions and bank and other borrowings.

Summary of major indicators in respect of the strength on the liquidity of the Group

	As at 31 December 2021	As at 31 December 2020
Gearing ratio (%)	**8.93%**	17.7%
Current ratio	**2.85**	2.44
Cash and cash equivalent (RMB million)	**490.1**	528.3
Net current assets (RMB million)	**473.5**	495.2
Quick ratio	**2.56**	2.19

The gearing ratio of the Group as at 31 December 2021 was 8.93% (31 December 2020: 17.7%). Gearing ratio was calculated based on total debts divided by total equity. The amount of total debts was calculated by aggregating the bank and other borrowings (excluding the amount due to a substantial shareholder).

The current ratio (calculated based on total current assets divided by total current liabilities) of the Group as at 31 December 2021 was 2.85 (31 December 2020: 2.44).

As at 31 December 2021, our cash and cash equivalents amounted to approximately RMB490.1 million (31 December 2020: RMB528.3 million). Our net current assets was approximately RMB473.5 million as at 31 December 2021, as compared to approximately RMB495.2 million as at 31 December 2020.

The quick ratio (calculated based on total currents assets (excluding inventory) divided by total current liabilities) of the Group as at 31 December 2021 was 2.56 (31 December 2020: 2.19). With stable cash inflows generated in the daily business operation, the Group has sufficient financial resources for potential future expansion.

The Group manages its capital structure by maintaining a balance between the equity and debts. The Group makes adjustments to the capital structure from time to time in light of the changes in economic conditions affecting the Group.

The Group has not experienced any material difficulties or adverse effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the Year Under Review.

Capital structure

The Group's total equity and liabilities amounted to approximately RMB1,032.9 million and RMB262.3 million, respectively as at 31 December 2021 (31 December 2020: RMB1,016.5 million and RMB347.7 million).

Bank borrowings, and net finance income

As at 31 December 2021, the total amount of interest-bearing bank borrowings was approximately RMB92.3 million (31 December 2020: RMB180.4 million).

Net finance income of the Group represents finance income less finance costs. Net finance income increased from approximately RMB7.0 million for the year ended 31 December 2020 to approximately RMB14.8 million for the year ended 31 December 2021, representing an increase of approximately RMB7.8 million or approximately 70.9%.

During the Year Under Review, the finance income was approximately RMB0.3 million and remained at the same level as that for the year ended 31 December 2020. Finance costs decreased by approximately RMB7.9 million or 91.9%. The overall increase in net finance income was mainly attributable to the decrease in interest expenses on bank borrowings and increase in interest capitalisation.

Pledged assets

The Group pledged its right-of-use assets and buildings as collaterals for the bank borrowings. As at 31 December 2021, the net book value of pledged right-of-use assets and buildings amounted to approximately RMB89.6 million (2020: RMB147.5 million).

Capital expenditure

During the Year Under Review, we made several improvement works and built new facilities for the sustainable development of our business. Our total capital expenditure amounted to RMB87.2 million (2020: RMB121.5 million). The construction of the new No. 5 and No. 6 workshops was basically completed. Capital expenditure in relation to the construction of new workshops and production facilities of approximately RMB69.0 million had been expended as of 31 December 2021. Approximately RMB16.7 million were expended in relation to upgrading works on production facilities and addition of machineries. With respect to the Yunnan production base, approximately RMB64.0 million were expended to acquire the land use rights in respect of the land in the city of Mile, Yunnan Province, the PRC. The non-current portion of the prepayment mainly comprises a refundable deposit of RMB96.0 million at the PRC Government in preparation for application for and participating in the land auction.

Interest rate risk

The Group has not used any derivatives to hedge against interest rate risk. The interest rate risk of the Group arises from the bank balances at floating interest rates, and the bank and other borrowings. The bank borrowings obtained at variable rates exposes the Group to cash flow interest rate risk which is partially offset by the bank balances held at variable rates. The borrowings of the Group at fixed interest rates also expose the Group to fair value interest rate risk. During the Year Under Review, the bank and other borrowings of the Group at variable rates and fixed rates were all denominated in Renminbi or HKD. The cash deposits placed with banks generate interest at the prevailing market interest rate.

Foreign currency exposure

The Group mainly operates in the PRC and most of the transactions are conducted in Renminbi. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to bank deposits, bank and other loans and trade receivables denominated in the United States dollars or HKD. Foreign exchange risk also arises from sales transactions in foreign currencies with overseas customers which have mostly been conducted in United States dollars. The monetary assets of the Group were denominated in HKD, Renminbi and United States dollars. The Group has not implemented any hedging measures to mitigate the aforesaid foreign exchange risk. The management will monitor its foreign exchange exposure from time to time and will consider implementing hedging measures if necessary.

Human resources

As at 31 December 2021, the number of employees of the Group was 670. The total staff costs, including Directors' emoluments, amounted to approximately RMB46.9 million for the Year Under Review (31 December 2020: approximately RMB52.3 million). The emoluments payable to the Directors are subject to their respective terms of engagement approved by the Remuneration Committee of the Company having regard to the operating results of the Group, the performance of individual Directors and comparable market statistics. The Group implements a remuneration policy which offers or has in place bonus, a share option scheme and a share award scheme with reference to the performance of the Group and individual employees. The Group also provides insurances, medical benefits and contribute to retirement funds for employees so as to sustain the competitiveness of the Group.

For the years ended 31 December 2021 and 2020, there were no forfeited contributions which were available to reduce the Group's existing level of contributions to the state-managed retirement benefits schemes operated by the local PRC governments nor Mandatory Provident Fund Scheme for all employees in Hong Kong.

Commitments and contingent liabilities

As at 31 December 2021, the capital commitments contracted for but not yet incurred and provided for as of 31 December 2021 amounted to approximately RMB4.4 million (31 December 2020: RMB56.9 million). In addition, the Group did not have any material outstanding contingent liabilities.

Material acquisitions and disposals

Discloseable Transaction: Completion of Allotment and Issue of Consideration Shares

As disclosed in the announcement of the Company dated 15 September 2017, according to the sale and purchase agreement dated 15 September 2017 ("**Agreement**") entered into among the vendor (being Long Advance Investments Limited) and the purchaser (being Tianyi Holding Hong Kong Limited, which is a wholly-owned subsidiary of the Company), if the Target Group (being Strong Won Investment Limited and its subsidiaries) reaches the Target Production Volume and Target Revenue (as respectively defined in the announcement), the Company shall allot and issue a maximum of 17,188,000 ordinary shares to Long Advance Investments Limited as consideration shares. The Company has allotted and issued 13,050,000 ordinary shares to Long Advance Investments Limited on 2 June 2021 as consideration shares. The consideration shares allotted and issued to Long Advance Investments Limited represented approximately 1.34% of the total issued share capital of the Company before such allotment and issue, and approximately 1.32% of the enlarged issued share capital of the Company after such allotment and issue. After such allotment and issue of shares, the entire consideration for the acquisition under the Agreement has been settled. For details, please see announcement of the Company dated 2 June 2021.

Termination of Discloseable and Connected Transaction in relation to Joint Venture

Reference is made to the announcement of the Company dated 11 February 2019 and the circular of the Company dated 18 March 2019 ("**JV Circular**").

As disclosed in the JV Circular, on 11 February 2019, the Company and Sichuan Yizhan Enterprise Co Ltd. ("**Sichuan Yizhan**") entered into the conditional Joint Investment Agreement (incorporating a joint venture agreement, collectively the "**Joint Venture Arrangements**"), pursuant to which the Company and Sichuan Yizhan would establish a joint venture company in Sichuan Province, the PRC for developing a base for, among other things, fruit and vegetable processing, grading and trading. The Joint Venture Arrangements were approved by the independent shareholders of the Company on 2 April 2019. The joint venture company, namely Tianyun Food (Sichuan) Ltd. (天韵食品（四川）有限公司) ("**JV Co**"), was established on 30 July 2019 and was held as to 70% by Tianyi Holding Hong Kong Limited (a wholly-owned subsidiary of the Company) ("**Tianyi Holding**") and 30% by Sichuan Yizhan.

On 2 July 2021, the Company, Tianyi Holding and Sichuan Yizhan entered into an agreement pursuant to which the parties have agreed to unconditionally and irrevocably terminate the Joint Venture Arrangements with immediate effect. For details, please see announcement of the Company dated 12 July 2021.

Discloseable Transaction: Acquisition of Land Use Rights

On 22 December 2021, Mile City Natural Resources Bureau (彌勒市自然資源局) and Tiantong Food (Mile) Company Limited (a wholly-owned subsidiary of the Company, "**Tiantong Food (Mile)**") entered into the Land Grant Contract, pursuant to which Mile City Natural Resources Bureau agreed to grant, and Tiantong Food (Mile) agreed to acquire, the land use rights in respect of a parcel of industrial land with a site area of 132,579.55 square metres in Xiaoshishan Villager Group, Kuaxi Villager Committee, Xingtian Industrial Park, Mile City, Yunnan Province ("**Land**") for a term of 50 years at the consideration of RMB61,119,380. The Land Grant Contract constitutes a discloseable transaction for the Group under Chapter 14 of the Listing Rules. The Land was delivered by Mile City Natural Resources Bureau to the Group on 22 December 2021 as agreed. For details, please see announcement of the Company dated 22 December 2021.

Save as disclosed above, during the year ended 31 December 2021 and up to the date of this announcement, the Group did not have any other material acquisitions or disposals of subsidiaries or associated companies.

SUBSEQUENT EVENTS

The Group has a number of subsequent events, details of which are set out in note 14 to the consolidated financial statements.

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

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

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has reviewed together with the management the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the consolidated financial statements for the year ended 31 December 2021.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, Elite Partner CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Elite Partner CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Elite Partner CPA Limited on the preliminary announcement. The Audit Committee has reviewed the annual results for the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. During the Year Under Review, the Company has complied with the relevant provisions of the CG Code, save and except code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yang Ziyuan is our chief executive officer, and he is also the chairman of our Board as he has considerable experience in the fruit processing industry.

The Board believes that vesting the roles of both the chairman of our Board and the chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Year under Review.

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Thursday, 1 December 2022, while the notice and circular convening the 2022 AGM will be published and dispatched to the shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 28 November 2022 to Thursday, 1 December 2022 (both days inclusive), during such period no transfer of shares of the Company will be registered. In order to be eligible to vote at the 2022 AGM, all transfer of shares of the Company accompanied by the relevant share certificate(s) and appropriate transfer form(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 25 November 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.tianyuninternational.com. The 2021 annual report of the Company will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

By Order of the Board
Tianyun International Holdings Limited
Yang Ziyuan
Chairman and Executive Director

Hong Kong, 24 October 2022

As at the date of this announcement, the Board comprises (i) Mr. Yang Ziyuan, Mr. Sun Xingyu and Mr. Yeung Wan Yiu as the executive Directors; (ii) Ms. Chu Yinghong and Mr. Wong Yim Pan as the non-executive Directors; and (iii) Mr. Liang Zhongkang, Mr. Shiu Shu Ming and Prof. Ye Xingqian as the independent non-executive Directors.