



TEAMWAY

International Group Holdings Limited

**TEAMWAY INTERNATIONAL
GROUP HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1239

INTERIM REPORT

2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Ngai Mei
Ms. Duan Mengying

Independent Non-Executive Directors

Mr. Poon Lai Yin Michael
Mr. Chow Ming Sang
Mr. Chan Ka Leung Kevin

AUDIT COMMITTEE

(THE “AUDIT COMMITTEE”)

Mr. Poon Lai Yin Michael (*Chairman*)
Mr. Chow Ming Sang
Mr. Chan Ka Leung Kevin

NOMINATION COMMITTEE

(THE “NOMINATION COMMITTEE”)

Mr. Poon Lai Yin Michael (*Chairman*)
Mr. Chow Ming Sang
Mr. Chan Ka Leung Kevin

REMUNERATION COMMITTEE

(THE “REMUNERATION COMMITTEE”)

Mr. Chan Ka Leung Kevin (*Chairman*)
Mr. Chow Ming Sang
Mr. Poon Lai Yin Michael

COMPANY SECRETARY

Mr. Chang Chi Wai Stanley

AUDITORS

Zenith CPA Limited
Registered Public Interest Entity Auditor
Units 1903A–1905, 19/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of China Limited
Industrial and Commercial Bank of China Limited
China Minsheng Banking Corp., Ltd.
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
DBS Bank Ltd.
Industrial Bank Co. Ltd.
Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Ltd
PO Box 1350, Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

PO Box 1350, Windward 3, Regatta Office Park
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1604, 16/F, Tower 6
The Gateway, Harbour City
Tsim Sha Tsui, Kowloon, Hong Kong

STOCK CODE

01239

COMPANY WEBSITE

www.teamwaygroup.com

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	4	192,458	167,845
Cost of sales		(162,183)	(147,571)
Gross profit		30,275	20,274
Other income and (losses)/gains, net	5	(1,650)	6,516
Selling and distribution expenses		(18,081)	(15,572)
Administrative expenses		(12,538)	(18,127)
Finance costs	6	(18,401)	(18,696)
LOSS BEFORE TAX	7	(20,395)	(25,605)
Income tax expense	8	(797)	(1,240)
LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE PARENT		(21,192)	(26,845)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted	10	RMB(3.22) cents	RMB(4.08) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
LOSS FOR THE PERIOD	(21,192)	(26,845)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(13,145)	2,240
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(13,145)	2,240
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE PARENT	(34,337)	(24,605)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		40,013	39,548
Investment properties		55,911	54,646
Right-of-use assets		6,822	7,095
Deposits and prepayments		248	236
Deferred tax assets		14	14
Total non-current assets		103,008	101,539
CURRENT ASSETS			
Inventories		13,605	17,066
Trade and notes receivables	11	167,821	169,083
Deposits, prepayments and other receivables		11,044	6,557
Cash and bank balances		38,848	52,671
Total current assets		231,318	245,377
CURRENT LIABILITIES			
Trade payables	12	50,791	57,230
Other payables and accruals		10,993	10,046
Interest-bearing bank and other borrowings		222,687	204,237
Lease liabilities		736	685
Tax payables		1,252	843
Total current liabilities		286,459	273,041
NET CURRENT LIABILITIES		(55,141)	(27,664)
TOTAL ASSETS LESS CURRENT LIABILITIES		47,867	73,875

Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		155,154	146,753
Lease liabilities		1,121	1,368
Deferred tax liabilities		2,866	2,691
<hr/>			
Total non-current liabilities		159,141	150,812
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Net liabilities		(111,274)	(76,937)
<hr/>			
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	22,487	22,487
Reserves		(133,761)	(99,424)
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Deficiency in assets		(111,274)	(76,937)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital RMB'000	Share premium account RMB'000	Special reserve RMB'000	Exchange fluctuation reserve RMB'000	PRC capital reserve RMB'000	PRC statutory reserves RMB'000	Shareholders' contribution RMB'000	Accumulated losses RMB'000	Deficiency in assets RMB'000
At 1 January 2021 (audited)	22,487	235,289	(27,434)	(1,883)	(8)	33,462	10,296	(312,141)	(39,932)
Loss for the year	–	–	–	–	–	–	–	(26,845)	(26,845)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	2,240	–	–	–	–	2,240
Total comprehensive income/(loss) for the period	–	–	–	2,240	–	–	–	(26,845)	(24,605)
30 June 2021 (unaudited)	22,487	235,289	(27,434)	357	(8)	33,462	10,296	(338,986)	(64,537)
	Share capital RMB'000	Share premium account RMB'000	Special reserve RMB'000	Exchange fluctuation reserve RMB'000	PRC capital reserve RMB'000	PRC statutory reserves RMB'000	Shareholders' contribution RMB'000	Accumulated losses RMB'000	Deficiency in assets RMB'000
At 1 January 2022 (audited)	22,487	235,289	(39,934)	4,506	(8)	33,462	10,296	(343,035)	(76,937)
Loss for the year	–	–	–	–	–	–	–	(21,192)	(21,192)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	–	–	–	(13,145)	–	–	–	–	(13,145)
Total comprehensive loss for the period	–	–	–	(13,145)	–	–	–	(21,192)	(34,337)
30 June 2022 (unaudited)	22,487	235,289*	(39,934)*	(8,639)*	(8)*	33,462*	10,296*	(364,227)*	(111,274)

* These reserve accounts comprise the consolidated reserves of negative RMB133,761,000 (31 December 2021: RMB99,424,000) in the unaudited condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash flows (used in)/from operating activities	(4,429)	6,093
Net cash flows (used in)/from investing activities	(3,686)	31,339
Net cash flows used in financing activities	(7,938)	(5,290)
Net (decrease)/increase in cash and cash equivalents	(16,053)	32,142
Cash and cash equivalents at beginning of period	52,671	23,881
Effect of foreign exchange rate changes, net	2,230	(976)
CASH AND CASH EQUIVALENT AT END OF PERIOD	38,848	55,047
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	38,848	55,047

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Teamway International Group Holdings Limited was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 4 January 2011 and its shares (the “**Share(s)**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suite 1604, 16/F., Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong. The Company is an investment holding company.

During the Period, the Group was involved in the following principal activities:

- design, manufacture and sale of packaging products and structural components in the People’s Republic of China (the “**PRC**”)
- property investment

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

For the period ended 30 June 2022, the Group incurred a loss attributable to owners of the parent of RMB21,192,000 and reported net current liabilities and net liabilities of RMB55,141,000 and RMB111,274,000 as at 30 June 2022 respectively. Notwithstanding the aforesaid conditions, the unaudited condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

- (i) the Company has obtained a continuous financial support and undertaking from substantial shareholders of the Company;
- (ii) the Group is in negotiation with an independent party for the renewals of the Group’s other borrowing upon expiry in December 2022;
- (iii) possible disposal for the Group’s investment property in Singapore; and
- (iv) the Group is actively identifying any other possible financing options to strengthen the liquidity of the Group.

Notwithstanding the above, significant uncertainties exist as to whether the Group’s plans and measures as describe above will be able to be achieved by the Group and whether the Group will be able to continue as a going concern would depend upon the Group’s ability to generate adequate financing and operating cash flows in the near future, obtaining the continuous financial support from its shareholders. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The unaudited condensed consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue as a going concern.

3. PRINCIPAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) as described below, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the Period has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

4. REVENUE AND OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has two reportable segments as follows:

- design, manufacture and sale of packaging products and structural components in the PRC
- property investment

	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Six months ended 30 June 2022			
Segment revenue:			
Revenue from external customers	192,073	385	192,458
Segment results	3,524	(1,077)	2,447
<i>Reconciliation:</i>			
Interest income			50
Finance costs			(18,401)
Corporate and other unallocated expenses			(4,491)
Loss before tax			(20,395)

4. REVENUE AND OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2021	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue:			
Revenue from external customers	167,496	349	167,845
Segment results			
	(1,643)	(201)	(1,844)
<i>Reconciliation:</i>			
Interest income			23
Finance costs			(18,696)
Corporate and other unallocated expenses			(5,088)
Loss before tax			(25,605)

4. REVENUE AND OPERATING SEGMENT INFORMATION *(Continued)*

30 June 2022	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment assets	250,669	55,911	306,580
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			27,732
Total assets			334,326
Segment liabilities	59,061	203	59,264
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			377,841
Deferred tax liabilities			2,866
Corporate and other unallocated liabilities			5,629
Total liabilities			445,600

4. REVENUE AND OPERATING SEGMENT INFORMATION *(Continued)*

31 December 2021	Sales of packaging products and structural components RMB'000 (audited)	Property investment RMB'000 (audited)	Total RMB'000 (audited)
Segment assets	258,483	54,646	313,129
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			33,773
Total assets			346,916
Segment liabilities	64,037	198	64,235
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			350,990
Deferred tax liabilities			2,691
Corporate and other unallocated liabilities			5,937
Total liabilities			423,853

5. OTHER INCOME AND (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	50	23
Fair value gains on financial assets at fair value through profit or loss	—	68
Foreign exchange differences, net	(1,356)	1,510
Gain on disposal of subsidiaries	—	3,240
Others	(344)	1,675
	(1,650)	6,516

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank borrowings	167	132
Interest on other borrowings	17,698	17,942
Interest on lease liabilities	49	102
Finance costs arising on discounting trade and notes receivables	486	519
Others	1	1
	18,401	18,696

7. LOSS BEFORE TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold	121,841	111,140
Employee benefits expenses	28,167	26,705
Lease payments not included in the measurement of lease liabilities	23	21
Depreciation of property, plant and equipment	3,229	3,845
Depreciation of right-of-use assets	398	1,358
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	148	288

8. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax.

The provision for current income tax in Mainland China is based on a statutory rate of 25% (for the six months ended 30 June 2021: 25%) of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

Singapore Corporate Income Tax has been provided at 17% (for the six months ended 30 June 2021: 17%) on the estimated assessable profits arising in Singapore during the Period.

No Hong Kong profits tax has been provided as there is no assessable profit arising in Hong Kong during the Period (for the six months ended 30 June 2021: Nil).

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current — PRC		
Charge for the period	728	1,827
Overprovision in prior year	—	(6)
Current — Singapore		
Charge for the period	22	19
Deferred tax	47	(600)
Total tax charge for the period	797	1,240

9. DIVIDENDS

No dividend was proposed or declared by the board of directors in respect of the Period (for the six months ended 30 June 2021: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

(a) Basic

The calculation of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss:		
Loss attributable to owners of the parent	(21,192)	(26,845)

	Six months ended 30 June	
	2022	2021
	(unaudited)	(unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation	658,696,000	658,696,000

(b) Diluted

The Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2022 and 2021.

11. TRADE AND NOTES RECEIVABLES

	At	At
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade receivables from sales of packaging products and structural components	121,681	119,805
Notes receivables	48,240	51,424
	169,921	171,229
Impairment	(2,100)	(2,146)
	167,821	169,083

An ageing analysis of the trade receivables as at the end of the reporting period, based on the delivery date and net of loss allowance, is as follows:

	At	At
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Within 3 months	114,865	107,376
4 to 6 months	5,234	10,510
7 months to 1 year	106	153
Over 1 year	—	—
	120,205	118,039

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Within 3 months	49,016	54,920
4 to 6 months	998	1,914
7 months to 1 year	463	77
Over 1 year	314	319
	50,791	57,230

The trade payables are non-interest bearing and are normally settled on 30 days to 90 days.

13. SHARE CAPITAL

A summary of the movements in the Company's authorised and issued share capital during the period are as follows:

Ordinary shares of HK\$0.04 each

Authorised

	Number of shares	Amount HK\$'000
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	5,000,000,000	200,000

Issued and fully paid

	Number of shares '000	Amount HK\$'000	Equivalent to RMB RMB'000
At 1 January 2021 (audited), 31 December 2021 (audited), 1 January 2022 (audited) and 30 June 2022 (unaudited)	658,696	26,348	22,487

14. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group entered into the following material transactions with related parties during the period:

The Group had an outstanding loan balance of RMB145,205,000 (31 December 2021: RMB138,629,000) due to Yitou (China) Limited (“**Yitou**”), a company of which Mr. Xu Gefei is a controlling shareholder. The interest expense of RMB1,397,000 (31 December 2021: RMB2,820,000) were charged at the rate of 2% per annum (31 December 2021: 2%) on a loan with a principal amount of US\$21,795,000 (equivalent to RMB145,205,000) (31 December 2021: RMB138,629,000) granted by Yitou and the interest payable as at 30 June 2022 was RMB9,949,000 (31 December 2021: RMB8,124,000).

15. EVENTS AFTER THE REPORTING PERIOD

As at date of this report, the Group has no significant events after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of (i) design, manufacture and sale of packaging products and structural components in the PRC; and (ii) property investment.

Packaging Products and Structural Components Business

Revenue

Most of the Group's customers under the packaging products and structural components business are leading consumer electrical appliance manufacturers in the PRC.

An analysis of revenue by products is as follows:

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
<i>Packaging products</i>				
Air conditioners	56,784	29.6	36,719	21.9
Televisions	41,531	21.6	50,876	30.4
Washing machines	38,257	19.9	30,081	18.0
Refrigerators	20,370	10.6	22,496	13.4
Information Technology products	16,892	8.8	15,208	9.0
Water heater	9,617	5.0	4,787	2.9
Others	1,556	0.8	1,133	0.7
<i>Structural components</i>				
For air conditioners	7,066	3.7	6,196	3.7
Total	192,073	100.0	167,496	100.0

The situation of novel coronavirus ("COVID-19") has improved during the year 2021 and continued to improve in year 2022, with the sales and gross profit margin slowly getting back on track. The resurgence of COVID-19 at the beginning of 2022, however, is likely to slow this growth. For the six months ended 30 June 2022, the revenue amounted to approximately RMB192,073,000, increased by approximately RMB24,577,000 or 14.7% when compared to that of approximately RMB167,496,000 for the six months ended 30 June 2021.

The revenue by product type remained relatively stable. For the six months ended 30 June 2022, the revenue derived from the Group's products for air conditioners (including packaging products and structural components), televisions and washing machines made the largest, second largest and third largest contributions to the segment revenue, amounting approximately RMB143,638,000 or 74.8% of segment revenue (for the six months ended 30 June 2021: approximately RMB123,872,000 or 74.0% of segment revenue).

Cost of sales

The following table sets out a breakdown of the cost of sales for the periods stated below:

	Six months ended 30 June			
	2022		2021	
	RMB'000	%	RMB'000	%
Raw materials	121,841	75.1	111,140	75.3
Direct labour costs	13,893	8.6	12,597	8.5
Manufacturing overhead	26,449	16.3	23,834	16.2
Staff costs	2,202	1.4	1,733	1.2
Depreciation	2,795	1.7	3,292	2.2
Utilities	14,693	9.0	13,095	8.9
Processing charges	6,311	3.9	5,426	3.7
Others	448	0.3	288	0.2
Total	162,183	100.0	147,571	100.0

For the six months ended 30 June 2022, the cost of sales amounted to approximately RMB162,183,000, increased by approximately RMB14,612,000 or 9.9% when compared to that of approximately RMB147,571,000 for the six months ended 30 June 2021.

The operating environment has continued to remain tough as the raw material costs remained high throughout the year 2021 and the first half of 2022. However, with the benefit of increase in selling price, an increase in gross profit margin was recorded in the current period.

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of its packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene ("EPS") and expanded polyolefin ("EPO"). The Group retains a list of approved suppliers of raw materials and components and only makes its purchases from the list. The Group has established long-term commercial relationships with its major suppliers for stable supply and timely delivery of high quality raw materials and components. The Group has not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of packaging products for the six months ended 30 June 2022. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

The current production capacity enables the Group to promptly respond to market demand and strengthen its market position.

Management Discussion and Analysis

Disposal of Manufacturing Plant

In 2021, the company agreed to sell 100% equity interest of Chuzhou Chuangce Packaging Materials Company Limited (“**CCPMCL**”, an indirect wholly-owned subsidiary of the Company), at a consideration of RMB53,968,000 (the “**Disposal of Manufacturing Plant**”). CCPMCL is primarily engaged in design, manufacture and sale of packaging products and structural components. The Disposal of Manufacturing Plant was completed on 29 April 2021 and a gain on disposal of RMB2,158,000 was recorded.

The consideration of the Disposal of Manufacturing Plant was settled by offsetting directly from part of the outstanding loan and accrued interest owed by Peace Bright Investment Trading Limited (“**Peace Bright**”, a direct wholly-owned subsidiary of the Company) to Pengtian Limited. The management believes it is a good timing to capture the opportunity and realise our manufacturing plant located in Chuzhou to improve the overall cash flow by reducing the debts of the Company.

Property Investment Business

The Group’s investment property, situated in Singapore at 1 Bishopsgate #04–06 Bishopsgate Residences, Singapore 247676 (registered in the Singapore Land Authority under the Land Lot No. TS24-U13661M) with a gross floor area of approximately 3,068 square feet, recorded a rental income of RMB385,000 for the six months ended 30 June 2022. As at 30 June 2022, the investment property in Singapore was listed for sale and will be disposed to improve the liquidity of the Company should opportunities arise. Since the market price of the investment property constitutes a significant portion of the Company’s assets, the proposed sale is likely to constitute a discloseable/notifiable transaction which will be subject to notification, publication and/or shareholders’ approval requirement from the listing rules before the sales can be completed.

Disposal of Investment Property in Hong Kong

In 2021, the Company disposed of the investment property in Hong Kong situated at Flat A, 21/F., Tower 1, One SilverSea, 18 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong (registered in the Land Registry as Kowloon Inland Lot No. 11158) with a gross floor area of approximately 1,568 square feet through selling 100% equity interest of Gorgeous Assets Limited (“**GAL**”, a direct wholly-owned subsidiary of the Company) at a consideration of HK\$47,800,000 (the “**Disposal of Property**”). GAL is primarily engaged in property investment. The Disposal of Property was completed on 13 April 2021 and a gain on disposal of RMB1,082,000 was recorded.

The Board considers it was a good opportunity to realise the gain to further strengthen the cash flow of the Group and enable the Group to reallocate its resources for future development. Details of the Disposal of Property are set out in the announcements of the Company dated 14 January 2021 and 19 January 2021.

FUTURE OUTLOOK

Packaging Products and Structural Components Business

After a strong rebound in the first half of 2021, economic activity in China cooled rapidly in the second half, yet overall growth still outperformed the rest of the world in 2021. While most markets were gradually recovering towards the beginning of 2022, the war in Ukraine posed fresh uncertainty to this recovery. China’s economic growth is also expected to cool in 2022 due to resurgence of COVID-19 in the first quarter of 2022.

The management foresees that there is full of challenging in 2022, mainly attributable to the continued increase in raw materials costs. The Group will take appropriate measures to adapt to the challenging environment when necessary, including but not limited to prevailing cost control measures to increase the operating efficiency of the Group.

Property Investment Business

Singapore's real estate market is a safe haven for foreign investors, and property value seems to be growing steadily. Singapore's housing market remains healthy, despite a struggling economy caused by the COVID-19 pandemic. Private home prices in Singapore are expected to increase for the whole of 2022 as demand outpaces the backlog of supply.

The property cooling measures were first unveiled by the Singapore government in December 2021. The full impact of the measures as seen were just signs of slowing down of property price growth and alongside decreasing transactions volumes as the property prices continued to rise in the first and second quarters in 2022.

The sustained growth over the past one and a half years of the private property market in Singapore is a strong signal of property sellers' unwavering confidence. The property price growth is likely to continue, as buyers have also shown an unanticipated resilience in the market.

Conclusion

Despite the reopening of various countries and the gradual resumption of normal life, along with the inflation and downturn in financial markets, the Group expects there will be continued uncertainty and challenges in the near-term. The Group will continue to assess the impact of the COVID-19 pandemic on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith.

The Group will also continue to use its best endeavor, from time to time, to explore, in a prudent way, suitable investment opportunities to strengthen its financial position so as to enhance the interests of the Company and create value for shareholders which in time will bring sustainable and stable development to the Group.

FINANCIAL REVIEW

Financial results

For the six months ended 30 June 2022, the Group recorded the revenue of approximately RMB192,458,000 representing an increase of approximately RMB24,613,000 or 14.7% as compared to that of approximately RMB167,845,000 for the six months ended 30 June 2021.

Loss attributable to owners of the Company was approximately RMB21,192,000 for the six months ended 30 June 2022, decreased by approximately RMB5,653,000 when compared to loss of approximately RMB26,845,000 for the six months ended 30 June 2021.

Basic and diluted loss per share was RMB3.22 cents and RMB3.22 cents respectively for the six months ended 30 June 2022 (for the six months ended 30 June 2021: basic and diluted loss per share of RMB4.08 cents and RMB4.08 cents respectively).

Liquidity and Financial Resources

As at 30 June 2022, bank balances and cash of the Group amounted to approximately RMB38,848,000 of which approximately 56.2% was denominated in HK\$, approximately 0.2% was denominated in US\$, approximately 3.6% was denominated in Singapore Dollars and the rest was denominated in RMB (31 December 2021: approximately RMB52,671,000 of which approximately 72.9% was denominated in HK\$, approximately 0.1% was denominated in US\$, approximately 1.5% was denominated in Singapore Dollars and the rest was denominated in RMB).

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

As at 30 June 2022, a total of 658,696,000 Shares with par value of HK\$0.04 each are in issue.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the reporting period as compare with the year ended 31 December 2021.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of properties, plants and equipment. During the Period, capital expenditure of the Group amounted to approximately RMB4,787,000 (for the six months ended 30 June 2021: approximately RMB624,000).

Capital commitment

As at 30 June 2022, the Group had no capital commitment (31 December 2021: Nil).

Contingent liabilities

As at 30 June 2022, the Group had no material contingent liabilities (31 December 2021: Nil).

Pledge of Assets

As at 30 June 2022, the Group had pledged (i) assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB6,738,000 (31 December 2021: approximately RMB7,211,000); and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company as at 30 June 2022 and 31 December 2021.

Gearing ratio

As at 30 June 2022, the gearing ratio was 1.13 (31 December 2021: 1.01), which was measured on the basis of the Group's total borrowings divided by total equity.

Foreign exchange risk

Business transactions of the Group are mainly denominated in HK\$ and RMB. Accordingly, the Directors consider that the Group is not exposed to significant foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the Group's management monitors foreign exchange exposure. In the view of the fluctuation of RMB in recent years, the Group will consider hedging significant foreign currency exposure should the need arise.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2022, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders of the Company required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2022, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital:

Long Positions in Shares and Underlying Shares

Name of shareholders	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Grand Luxe Limited (<i>Note 1</i>)	Beneficial owner	58,660,000	8.91%
Mr. Chen Xiongwei (<i>Note 2</i>)	Beneficial owner/Interest of controlled corporation	53,760,000	8.16%
Kent Field Limited (<i>Note 3</i>)	Beneficial owner	36,600,000	5.56%
Mr. Chen Hui (<i>Note 3</i>)	Beneficial owner/Interest of controlled corporation	48,400,000	7.35%
Mr. Wu Jianxin	Beneficial owner	52,730,000	8.01%
Mr. Xie Yuqiang	Beneficial owner	42,600,000	6.47%

Notes:

1. Mr. Xu Gefei beneficially held the entire issued share capital of Grand Luxe Limited which in turn, beneficially held 58,660,000 Shares.
2. Mr. Chen Xiongwei beneficially held 31,560,000 Shares of the Company and the entire issued share capital of Success Sense Limited, which in turn beneficially held 22,200,000 Shares (i.e. 53,760,000 Shares in total).
3. Mr. Chen Hui beneficially held 11,800,000 Shares of the Company and the entire issued share capital of Kent Field Limited, which in turn beneficially held 36,600,000 Shares (i.e. 48,400,000 Shares in total).

Save as disclosed above, as at 30 June 2022, no person had registered an interest or short position in the securities or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The share option scheme (the “**Scheme**”) adopted by the Company on 11 June 2011 for a period of ten years was expired, and no option has been granted, outstanding, cancelled, lapsed or exercised by the Company under the Scheme. The Company currently has no other share option schemes.

USE OF PROCEEDS FROM THE PLACING AND PUBLIC OFFER

The Company was successfully listed on the Main Board of the Stock Exchange on 18 November 2011 by way of placing and public offer (the “**Placing and Public Offer**”).

The proceeds received by the Company from the Placing and Public Offer, after deducting the relevant costs of the Placing and Public Offer, amounted to approximately HK\$44,500,000 in total. As at 30 June 2022, the Group had used up all the net proceeds, of which (i) approximately HK\$2,700,000 had been used for the repayment of bank loan; (ii) approximately HK\$2,900,000 had been used as general working capital; (iii) approximately HK\$29,000,000 was used for acquiring, remodifying and upgrading of plant and machines; and (iv) approximately HK\$9,900,000 was used for acquiring and remodifying of mould.

USE OF PROCEEDS FROM THE RIGHTS ISSUE AND PLACING

The proceed received by the Company from the Rights Issue and Placing after deducting the relevant costs amounted to approximately HK\$50 million. The Company intended to use the net proceeds for repayment of the Group’s outstanding borrowings.

As at 30 June 2022, the Company has used approximately HK\$49.34 million of the proceeds for repayment of the Group’s outstanding borrowings. The remaining balance of the net proceeds is expected to be utilised on or before 31 December 2022.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during the six months ended 30 June 2022.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this report, for the six months ended 30 June 2022, there was no material acquisition, disposal or investment by the Group.

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

SEGMENT INFORMATION

Details of segment information of the Group for the six months ended 30 June 2022 are set out in Note 4 to the unaudited condensed consolidated financial statements.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the Company’s code of conduct regarding securities transactions and dealings by the Directors. Upon specific enquiries of all existing Directors, each of them confirmed that they have complied with the Model Code throughout the Period.

CORPORATE GOVERNANCE

During the six months ended 30 June 2022, the Company has adopted the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the CG Code. The Company was in full compliance with the applicable Code Provisions for the six months ended 30 June 2022.

By order of the Board
Teamway International Group Holdings Limited
Ngai Mei
Executive Director

Hong Kong, 26 August 2022

In case of any inconsistency, the English text of this report shall prevail over the Chinese text.