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**TEAMWAY**

International Group Holdings Limited

**TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01239)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Teamway International Group Holdings Limited (the “**Company**”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”) together with the comparative figures for the corresponding period in 2022. The interim results have been reviewed by the audit committee (the “**Audit Committee**”) of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Revenue	4	183,909	192,458
Cost of sales		<u>(175,327)</u>	<u>(162,183)</u>
Gross profit		8,582	30,275
Other income and losses, net	5	(2,627)	(1,650)
Selling and distribution expenses		(17,432)	(18,081)
Administrative expenses		(14,858)	(12,538)
Finance costs	6	<u>(2,790)</u>	<u>(18,401)</u>
<b>LOSS BEFORE TAX</b>	7	<b>(29,125)</b>	<b>(20,395)</b>
Income tax credit/(expense)	8	<u>5,800</u>	<u>(797)</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(23,325)</u></b>	<b><u>(21,192)</u></b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		(23,362)	(21,192)
Non-controlling interests		<u>37</u>	<u>—</u>
		<b><u>(23,325)</u></b>	<b><u>(21,192)</u></b>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic and diluted	10	<b><u>RMB(3.37 cents)</u></b>	<b><u>RMB(3.22) cents</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>LOSS FOR THE PERIOD</b>	<b>(23,325)</b>	<b>(21,192)</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u><b>(15,194)</b></u>	<u><b>(13,145)</b></u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><b>(15,194)</b></u>	<u><b>(13,145)</b></u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u><b>(38,519)</b></u></u>	<u><u><b>(34,337)</b></u></u>
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>(38,556)</b>	<b>(34,337)</b>
Non-controlling interests	<u><b>37</b></u>	<u><b>—</b></u>
	<u><u><b>(38,519)</b></u></u>	<u><u><b>(34,337)</b></u></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b>RMB'000</b> (unaudited)	<b>RMB'000</b> (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>47,566</b>	37,154
Investment properties		<b>62,013</b>	59,591
Right-of-use assets		<b>6,040</b>	6,436
Deferred tax assets		<b>5,176</b>	939
Deposits and prepayments		<b>270</b>	264
		<hr/>	<hr/>
Total non-current assets		<b>121,065</b>	104,384
<b>CURRENT ASSETS</b>			
Inventories		<b>31,662</b>	14,131
Trade and notes receivables	<i>11</i>	<b>155,081</b>	189,764
Deposits, prepayments and other receivables		<b>19,685</b>	4,854
Loan and interest receivable		<b>2,867</b>	2,641
Cash and bank balances		<b>30,570</b>	33,265
		<hr/>	<hr/>
Total current assets		<b>239,865</b>	244,655
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>12</i>	<b>52,702</b>	55,741
Other payables and accruals		<b>15,166</b>	17,591
Interest-bearing bank and other borrowings		<b>265,683</b>	254,132
Lease liabilities		<b>845</b>	784
Tax payables		<b>24</b>	737
		<hr/>	<hr/>
Total current liabilities		<b>334,420</b>	328,985
<b>NET CURRENT LIABILITIES</b>		<b>(94,555)</b>	<b>(84,330)</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>26,510</b>	20,054
		<hr/>	<hr/>

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>194,005</b>	161,938
Lease liabilities		<b>367</b>	762
Deferred tax liabilities		<b>1,914</b>	2,679
		<hr/>	<hr/>
Total non-current liabilities		<b>(196,286)</b>	165,379
		<hr/>	<hr/>
<b>Net liabilities</b>		<b><u>(169,776)</u></b>	<b><u>(145,325)</u></b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>13</i>	<b>27,082</b>	22,487
Reserves		<b>(200,395)</b>	(167,812)
		<hr/>	<hr/>
		<b>(173,313)</b>	(145,325)
<b>Non-controlling interest</b>		<b>3,537</b>	—
		<hr/>	<hr/>
<b>Deficiency in assets</b>		<b><u>(169,776)</u></b>	<b><u>(145,325)</u></b>

## 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.

Notwithstanding that the Group incurred loss attributable to owners of the Company of RMB23,362,000 for the period ended 30 June 2023, and as of that date, the Group’s net liabilities amounted to RMB169,776,000; and the current liabilities of the Group at 30 June 2023 exceed its current assets at that date by RMB94,555,000, and the Group’s current liabilities at that date includes interest-bearing bank and other borrowings with the carrying amounts of RMB459,688,000, in which including RMB231,953,000 (the “**Loan**”) has default to a single lender (the “**Lender**”), according to their scheduled repayment date. These condition indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as going concern.

Given the above condition, the directors of the Company have prepared a cash flow projection for a period of twelve months after the end of the reporting period, after taking into account of the following circumstances and measures to be implemented:

- (i) in relation to the Loan for which the Group entered into an agreement with Lender on 31 March 2015, pursuant to which the Lender has agreed to provide a loan for a principal amount of HK\$200 million to the Group, the outstanding principal amount as at 30 June 2023 is HK\$155 million (equivalent to RMB143 million). The loan drawn down by the Group was secured by share charge over the entire issued shares of Cheng Hao International Limited, a wholly-owned subsidiary of the Company, carries interest at 18% per annum and repayable on 2 January 2023.

As disclosed in the Company's announcement dated 16 November 2022, the said Loan has entered into a dispute and a case management conference will be held on 12 June 2024. In the light of the complexity of the matter, the legal representative do not expect the matter to be resolved by 12 June 2024;

- (ii) the Company obtained a letter of continuous financial support and undertaken from the substantial shareholders;
- (iii) estimated sales proceed for RMB62 million from the disposal of the Group's investment property in Singapore; and
- (iv) the Group is actively identifying any other possible financing options to improved the liquidity portion of the Group.

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 and successful obtaining of additional new source of financial assets and when needed.

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 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 2023 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022.

### **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 2023 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

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



<b>Six months ended 30 June 2023</b>	<b>Sales of packaging products and structural components RMB'000 (unaudited)</b>	<b>Property investment RMB'000 (unaudited)</b>	<b>Total RMB'000 (unaudited)</b>
<b>Segment revenue:</b>			
Revenue from external customers	<u>183,494</u>	<u>415</u>	<u>183,909</u>
<b>Segment results</b>	<b>(20,809)</b>	<b>(135)</b>	<b>(20,944)</b>
<i>Reconciliation:</i>			
Interest income			223
Finance costs			(2,790)
Corporate and other unallocated expenses			<u>(5,614)</u>
Loss before tax			<u><u>(29,125)</u></u>

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

30 June 2023	Sales of packaging products and structural components <i>RMB'000</i> (unaudited)	Property investment <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
<b>Segment assets</b>	257,238	62,013	319,251
<i>Reconciliation:</i>			
Deferred tax assets			5,176
Corporate and other unallocated assets			36,503
Total assets			<u>360,930</u>
<b>Segment liabilities</b>	59,970	320	60,290
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			459,688
Deferred tax liabilities			1,914
Corporate and other unallocated liabilities			8,814
Total liabilities			<u>530,706</u>
31 December 2022	Sales of packaging products and structural components <i>RMB'000</i> (audited)	Property investment <i>RMB'000</i> (audited)	Total <i>RMB'000</i> (audited)
<b>Segment assets</b>	264,472	59,591	324,063
<i>Reconciliation:</i>			
Deferred tax assets			939
Corporate and other unallocated assets			24,037
Total assets			<u>349,039</u>
<b>Segment liabilities</b>	69,118	245	69,363
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			416,070
Deferred tax liabilities			2,679
Corporate and other unallocated liabilities			6,252
Total liabilities			<u>494,364</u>

## 5. OTHER INCOME AND LOSSES, NET

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income	223	50
Foreign exchange differences, net	(337)	(1,356)
(Impairment)/reversal of impairment of trade and notes receivables	(860)	47
Others	(1,653)	(391)
	<u>(2,627)</u>	<u>(1,650)</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank borrowings	155	167
Interest on other borrowings	1,709	17,698
Interest on lease liabilities	42	49
Finance costs arising on discounting trade and notes receivables	882	486
Others	2	1
	<u>2,790</u>	<u>18,401</u>

## 7. LOSS BEFORE TAX

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cost of inventories sold	<b>97,489</b>	121,841
Employee benefits expenses (including directors' remuneration)	<b>25,850</b>	28,167
Lease payments not included in the measurement of lease liabilities	<b>53</b>	23
Depreciation of property, plant and equipment	<b>2,448</b>	3,229
Depreciation of right-of-use assets	<b>448</b>	398
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<b>213</b>	148
	<b><u>213</u></b>	<b><u>148</u></b>

## 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 has been calculated at the applicable tax rate of 25% (for the six months ended 30 June 2022: 25%) on the assessable profits of subsidiaries of the Group based on existing PRC Corporate Income Tax Law.

Singapore Corporate Income Tax has been provided at 17% (for the six months ended 30 June 2022: 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 2022: Nil).

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Current tax — Mainland China		
Charge for the period	<b>1</b>	728
Over provision in prior years	<b>(822)</b>	—
Current tax — Singapore		
Charge for the period	<b>23</b>	22
	<b>(798)</b>	750
Deferred tax	<b>(5,002)</b>	47
	<b>(5,800)</b>	797

## 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 2022: Nil).

## 10. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Loss:		
Loss attributable to owners of the Company	<u><b>(23,362)</b></u>	<u><b>(21,192)</b></u>
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation	<u><b>692,566,000</b></u>	<u><b>658,696,000</b></u>

### (b) Diluted

The Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2023 and 2022.

## 11. TRADE AND NOTES RECEIVABLES

	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Trade receivables from sales of packaging products and structural components	<b>114,095</b>	121,806
Notes receivables	<b>44,443</b>	70,554
	<b>158,538</b>	192,360
Impairment	<b>(3,457)</b>	(2,596)
	<u><b>155,081</b></u>	<u><b>189,764</b></u>

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

	At <b>30 June</b> <b>2023</b> <i>RMB'000</i> (unaudited)	At 31 December 2022 <i>RMB'000</i> (audited)
Within 3 months	<b>102,816</b>	118,357
4 to 6 months	<b>8,406</b>	1,885
7 months to 1 year	<b>93</b>	42
	<b><u>111,315</u></b>	<b><u>120,284</u></b>

## 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 <b>30 June</b> <b>2023</b> <i>RMB'000</i> (unaudited)	At 31 December 2022 <i>RMB'000</i> (audited)
Within 3 months	<b>48,864</b>	54,110
4 to 6 months	<b>1,764</b>	923
7 months to 1 year	<b>851</b>	363
Over 1 year	<b>1,223</b>	345
	<b><u>52,702</u></b>	<b><u>55,741</u></b>

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 2022 (audited), 31 December 2022 (audited), 1 January 2023 (audited) and 30 June 2023 (unaudited)	<u>5,000,000,000</u>	<u>200,000</u>

##### *Issued and fully paid*

	Number of shares '000	Amount HK\$'000	Equivalent to RMB RMB'000
At 1 January 2022 (audited), 31 December 2022 (audited) and 1 January 2023 (audited)	658,696	26,348	22,487
Issue of shares ( <i>note</i> )	130,435	5,217	4,595
At 30 June 2023 (unaudited)	<u>789,131</u>	<u>31,565</u>	<u>27,082</u>

##### *Note:*

On 26 April 2023, the Company entered subscription agreements with Mr. Zeng Wenyong and Mr. Lee Hung Yuen, pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to allot and issue, a total of 130,434,783 ordinary share of the Company at issue price of the HK\$0.092 per subscription share for an aggregate amount of HK\$12,000,000 (equivalent to approximately RMB10,568,000). Details of which were disclosed in the Company's announcements dated 26 April 2023 and 15 May 2023.



## 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 RMB157,099,000 (31 December 2022: RMB150,138,000) due to Yitou (China) Limited (“**Yitou**”), a company of which Mr. Xu Gefei is a controlling shareholder. The interest expense of RMB1,488,000 (31 December 2022: RMB3,003,000) were charged at the rate of 2% per annum (31 December 2022: 2%) on a loan with a principal amount of US\$21,795,000 (equivalent to RMB157,099,000) (31 December 2022: RMB150,138,000) granted by Yitou and the interest payable as at 30 June 2023 was RMB13,906,000 (31 December 2022: RMB11,800,000).

## 15. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company as the first respondent was served with a petition (the “**Petition**”) issued by the Securities and Futures Commission (the “**SFC**”) as petitioner on 8 November 2022. A case management conference will be held on 12 June 2024. Details of the Petition are set out in the announcement of the Company dated 16 November 2022.
- (b) On 31 July 2023, Capital Wealth Inc Limited (“**Capital Wealth**”), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with 泉州古德造木家居有限公司 Quanzhou Gude Wooden Home Furniture Company Limited\* to establish a joint venture company specialising in the design, manufacturing, sales and marketing of mahogany home furniture in PRC. Please refer to the announcements of the Company dated 31 July 2023 and 1 August 2023 for details.

\* *For identification purpose only*

# 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			
	2023		2022	
	RMB'000	%	RMB'000	%
<i>Packaging products</i>				
Air conditioners	55,372	30.2	56,784	29.6
Televisions	33,769	18.4	41,531	21.6
Washing machines	33,537	18.3	38,257	19.9
Refrigerators	25,674	14.0	20,370	10.6
Information Technology products	19,594	10.7	16,892	8.8
Water heater	5,751	3.1	9,617	5.0
Others	1,820	1.0	1,556	0.8
<i>Structural components</i>				
For air conditioners	7,977	4.3	7,066	3.7
Total	<u>183,494</u>	<u>100.0</u>	<u>192,073</u>	<u>100.0</u>

The pressure of novel coronavirus (“COVID-19”) has finally alleviated, but the time of recovery of the economy is still unknown. For the six months ended 30 June 2023, the revenue amounted to approximately RMB183,494,000, decreased by approximately RMB8,579,000 or 4.5% when compared to that of approximately RMB192,073,000 for the six months ended 30 June 2022.

The revenue by product type remained relatively stable. For the six months ended 30 June 2023, the revenue derived from the Group's products for air conditioners (including packaging products and structural components), televisions, washing machines and refrigerators being for the four largest contributions to the segment revenue, amounting approximately RMB156,329,000 or 85.2% of segment revenue (for the six months ended 30 June 2022: approximately RMB164,008,000 or 85.4% of segment revenue).

### *Cost of sales*

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

	<b>Six months ended 30 June</b>			
	<b>2023</b>		<b>2022</b>	
	<i><b>RMB'000</b></i>	<b>%</b>	<i><b>RMB'000</b></i>	<b>%</b>
Raw materials	<b>97,489</b>	<b>55.6</b>	121,841	75.1
Direct labour costs	<b>12,039</b>	<b>6.9</b>	13,893	8.6
Manufacturing overhead	<b>65,799</b>	<b>37.5</b>	26,449	16.3
Staff costs	<b>2,534</b>	<b>1.5</b>	2,202	1.4
Depreciation	<b>2,148</b>	<b>1.2</b>	2,795	1.7
Utilities	<b>18,161</b>	<b>10.3</b>	14,693	9.0
Processing charges	<b>42,658</b>	<b>24.3</b>	6,311	3.9
Others	<b>298</b>	<b>0.2</b>	448	0.3
<b>Total</b>	<b><u>175,327</u></b>	<b><u>100</u></b>	<b><u>162,183</u></b>	<b><u>100.0</u></b>

For the six months ended 30 June 2023, the cost of sales amounted to approximately RMB175,327,000, increased by approximately RMB13,144,000 or 8.1% when compared to that of approximately RMB162,183,000 for the six months ended 30 June 2022.

There was a decrease in gross profit margin in the current period which was attributable to the increase in cost of sales mainly in the second quarter of 2023 due to higher production costs for partially outsourcing our production to other factories. This situation will be alleviated once our newly purchased production facilities are setup and put into production in the last quarter of 2023.

### ***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 2023. 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.

### **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 RMB415,000 for the six months ended 30 June 2023. As at 30 June 2023, 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.

### **Update on the Petition**

The Company was served with the Petition by SFC on 8 November 2022. A hearing of the Petition was held on 2 June 2023 and the court made directions for the next steps of the Petition. A case management conference will be held on 12 June 2024, and the parties should file and serve their respective proposed directions with brief written explanatory submissions 7 clear days before the said case management conference.

## **FUTURE OUTLOOK**

### **Packaging Products and Structural Components Business**

Although the COVID-19 pandemic has finally subsided, the global economy continues to face uncertainty against a backdrop of financial sector turmoil, high inflation, the Russia-Ukraine conflict and the ongoing impact of three years of pandemic. Mainland China's performance was uneven in 2022, with the constantly changing pandemic landscape reflected in the region's economic activity and subsequent slowed growth. There are also risks in the form of climate change, rising geopolitical tensions and a global financial crunch, all of which could affect China's economy to some extent. However, the China's real GDP growth is expected to rebound to 4.3% in 2023 following sluggish growth in 2022.

With the uncertain geopolitical and macroeconomic conditions, the management foresees that there is full of challenging in 2023 and will use their best endeavors to enhance operation efficiency while trying to maintain a stable performance of our business at the same time.

### **Property Investment Business**

Singapore's real estate market remained resilient despite of higher interest rates and government's cooling measure of higher stamp duties and 2023 began on a strong start due. The higher interest rates led to increased borrowing costs that contributed to slower demand in 2023. However, asking prices did not ease. Consequently, we should expect the same buying behaviours in 2023.

While overall home sales declined, there were green shoots. New home sales continued to perform well due to the limited supply. The Government continued to play an active role in ensuring that the residential market grew sustainably. Looking ahead, demand for homes is expected to be influenced by the uncertain external environment. Prospective buyers were also more cautious, given uncertain economic prospects. Property seekers may adopt a 'wait-and-see' approach and sellers are motivated to keep prices high amidst volatile global economic conditions.

## **Conclusion**

The current global economic climate is still recovering from the impacts of the Covid-19 pandemic. Given the current global economic situation, the Company was still able to maintain a stable performance over the last fiscal year. The management has always believed that diversification of income source can promote long term development for the Group. In July 2023, the Company made a move to start the mahogany home furniture business in PRC and expected it to bring positive outcome in the long run. The Group will continue to use its best endeavor, from time to time, to explore 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 2023, the Group recorded the revenue of approximately RMB183,909,000 representing a decrease of approximately RMB8,549,000 or 4.4% as compared to that of approximately RMB192,458,000 for the six months ended 30 June 2022.

Loss attributable to owners of the Company was approximately RMB23,362,000 for the six months ended 30 June 2023, increased by approximately RMB2,170,000 when compared to loss of approximately RMB21,192,000 for the six months ended 30 June 2022.

Basic and diluted loss per share was RMB3.37 cents and RMB3.37 cents respectively for the six months ended 30 June 2023 (for the six months ended 30 June 2022: basic and diluted loss per share of RMB3.22 cents and RMB3.22 cents respectively).

### **Liquidity and Financial Resources**

As at 30 June 2023, bank balances and cash of the Group amounted to approximately RMB30,570,000 of which approximately 62.4% was denominated in Hong Kong Dollars (“**HK\$**”), approximately 0.3% was denominated in United States Dollars (“**US\$**”), approximately 7.7% was denominated in Singapore Dollars (“**SGD**”) and the rest was denominated in Renminbi (“**RMB**”) (31 December 2022: approximately RMB33,265,000 of which approximately 48.7% was denominated in HK\$, approximately 0.3% was denominated in US\$, approximately 5.6% was denominated in SGD and the rest was denominated in RMB).

## **CAPITAL STRUCTURE AND CAPITAL MANAGEMENT**

As at 30 June 2023, a total of 789,130,547 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 2022.

### **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 RMB15,743,000 (for the six months ended 30 June 2022: approximately RMB4,787,000).

### **Capital commitment**

As at 30 June 2023, the Group had no capital commitment (31 December 2022: Nil).

### **Contingent liabilities**

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: Nil).

### **Pledge of Assets**

As at 30 June 2023, the Group had pledged (i) assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB18,318,000 (31 December 2022: approximately RMB6,265,000); and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company as at 30 June 2023 and 31 December 2022.

### **Gearing ratio**

As at 30 June 2023, the gearing ratio was 1.27 (31 December 2022: 1.19), 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.

## **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 2023, 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 2023, 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 2023.

## **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 2023.

## **ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT**

Save as disclosed in this announcement, for the six months ended 30 June 2023, 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 2023 (for the six months ended 30 June 2022: Nil).

## **SEGMENT INFORMATION**

Details of segment information of the Group for the six months ended 30 June 2023 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 2023, 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 2023.

## **AUDIT COMMITTEE**

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 have not been reviewed by the auditors of the Company. The audit committee of the Company (comprised all independent non-executive Directors) has reviewed the accounting principles, accounting standards and methods adopted by the Company together with the Group's management, discussed the matters concerning the internal controls, as well as reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 and this announcement.

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

Hong Kong, 30 August 2023

*As at the date of this announcement, the board of directors of the Company comprises Ms. Ngai Mei, Ms. Duan Mengying and Mr. Zeng Wenyong as executive Directors; Mr. Poon Lai Yin Michael, Mr. Chow Ming Sang and Mr. Tsang Hing Bun as independent non-executive Directors.*

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