

# TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

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

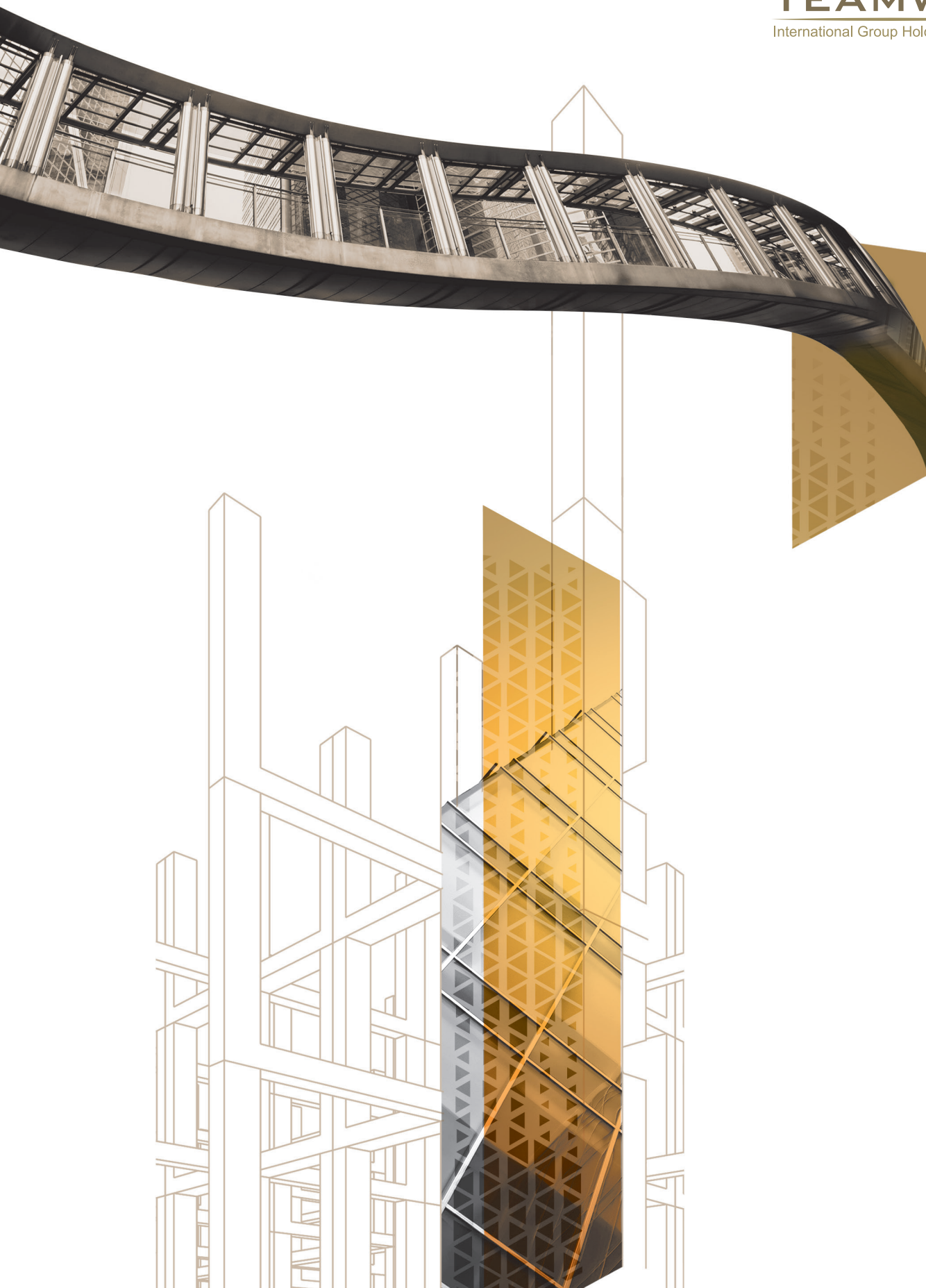


## TEAMWAY

International Group Holdings Limited

INTERIM REPORT

2020





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. Ngai Mei

Ms. Duan Mengying (*appointed on 30 January 2020*)

Mr. Xu Gefei (*resigned on 30 January 2020*)

### Independent Non-Executive Directors

Mr. Poon Lai Yin Michael

Mr. Chow Ming Sang

Mr. Chan Ka Leung Kevin

## AUDIT COMMITTEE

Mr. Poon Lai Yin Michael (*Chairman*)

Mr. Chow Ming Sang

Mr. Chan Ka Leung Kevin

## NOMINATION COMMITTEE

Mr. Poon Lai Yin Michael (*Chairman*)

Mr. Chow Ming Sang

Mr. Chan Ka Leung Kevin

## REMUNERATION COMMITTEE

Mr. Chan Ka Leung Kevin (*Chairman*)

Mr. Poon Lai Yin Michael

Mr. Chow Ming Sang

## COMPANY SECRETARY

Mr. Chang Chi Wai Stanley

## PRINCIPAL BANKERS

Hang Seng Bank Limited

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

## REGISTERED OFFICE

P.O. Box 1350, Clifton House, 75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2005–2006, 20/F., Tower 6,

The Gateway, Harbour City,

Tsim Sha Tsui, Kowloon, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Ltd.

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

## STOCK CODE

01239

## COMPANY WEBSITE

[www.teamwaygroup.com](http://www.teamwaygroup.com)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
<b>CONTINUING OPERATIONS</b>			
Revenue	4	135,444	202,197
Cost of sales		(112,490)	(169,641)
Gross profit		22,954	32,556
Other income and gains/(losses), net	5	226	25,171
Selling and distribution expenses		(15,219)	(16,127)
Administrative expenses		(15,193)	(21,120)
Finance costs	6	(19,036)	(23,142)
<b>LOSS BEFORE TAX</b>	7	<b>(26,268)</b>	(2,662)
Income tax expense	8	(1,282)	(1,477)
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(27,550)</b>	(4,139)
<b>DISCONTINUED OPERATION</b>			
Profit after tax for the period from discontinued operation	12	—	10,373
<b>(LOSS)/PROFIT FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>(27,550)</b>	6,234
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Basic and diluted	10		
— For (loss)/profit for the period		RMB(1.99) cents	RMB0.54 cents
— For loss for the period from continuing operations		RMB(1.99) cents	RMB(0.36) cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	<b>Six months ended 30 June</b>	
	<b>2020</b> <b>RMB'000</b> <b>(unaudited)</b>	<b>2019</b> <b>RMB'000</b> <b>(unaudited)</b>
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(27,550)</b>	6,234
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	<b>(4,783)</b>	395
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
– Equity investments designed at fair value through other comprehensive income: changes in fair value	–	52
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(4,783)</b>	447
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>(32,333)</b>	6,681

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		53,111	55,034
Investment properties		91,161	89,418
Right-of-use assets		11,359	10,869
Deposits and prepayments		1,909	3,861
Deferred tax assets		14	14
<b>Total non-current assets</b>		<b>157,554</b>	159,196
<b>CURRENT ASSETS</b>			
Inventories		33,182	21,927
Trade and notes receivables	11	182,337	211,032
Deposits, prepayments and other receivables		3,459	3,607
Cash and bank balances		35,306	46,671
<b>Total current assets</b>		<b>254,284</b>	283,237
<b>CURRENT LIABILITIES</b>			
Trade payables	13	59,437	57,584
Other payables and accruals	14	7,539	10,868
Interest-bearing bank and other borrowings	15	242,516	32,982
Lease liabilities	17	3,306	2,860
Tax payables		1,830	909
<b>Total current liabilities</b>		<b>314,628</b>	105,203
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(60,344)</b>	178,034
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>97,210</b>	337,230

## Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	<i>Notes</i>	<b>30 June 2020 RMB'000 (unaudited)</b>	31 December 2019 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	15	<b>182,995</b>	389,509
Lease liabilities	17	<b>2,630</b>	3,858
Deferred tax liabilities		<b>2,898</b>	2,843
Total non-current liabilities		<b>188,523</b>	396,210
<b>Net liabilities</b>		<b>(91,313)</b>	(58,980)
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	16	<b>11,371</b>	11,371
Reserves		<b>(102,684)</b>	(70,351)
<b>Deficiency in assets</b>		<b>(91,313)</b>	(58,980)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital RMB'000	Share premium account RMB'000	Available-for-sale investment revaluation/ fair value reserve 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 2019 (audited)	8,852	181,926	–	(27,434)	(11,430)	(8)	33,309	10,296	(235,330)	(39,819)
Profit for the year	–	–	–	–	–	–	–	–	6,234	6,234
Other comprehensive income for the period:										
Equity investment designed at fair value										
– Changes in fair value	–	–	52	–	–	–	–	–	–	52
Exchange differences on translation of foreign operations	–	–	–	–	395	–	–	–	–	395
Total comprehensive income for the period	–	–	52	–	395	–	–	–	6,234	6,681
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	–	–	(52)	–	–	–	–	–	52	–
Issue of shares (note 16(a))	472	8,963	–	–	–	–	–	–	–	9,435
30 June 2019 (unaudited)	9,324	190,889	–	(27,434)	(11,035)	(8)	33,309	10,296	(229,044)	(23,703)

	Share capital RMB'000	Share premium account RMB'000	Available-for-sale investment revaluation/ fair value reserve 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 2020 (audited)	11,371	201,940	–	(27,434)	(14,890)	(8)	33,462	10,296	(273,717)	(58,980)
Loss for the year	–	–	–	–	–	–	–	–	(27,550)	(27,550)
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	(4,783)	–	–	–	–	(4,783)
Total comprehensive loss for the period	–	–	–	–	(4,783)	–	–	–	(27,550)	(32,333)
30 June 2020 (unaudited)	11,371	201,940	–	(27,434)	(19,673)	(8)	33,462	10,296	(301,267)	(91,313)



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Net cash flows from operating activities	16,634	13,531
Net cash flows (used in)/from investing activities	(3,143)	18,300
Net cash flows (used in)/from financing activities	(26,148)	12,931
Net (decrease)/increase in cash and cash equivalents	(12,657)	44,762
Cash and cash equivalents at the beginning of period	46,671	24,458
Effect of foreign exchange rate changes, net	1,292	820
Cash and cash equivalents at the end of period represents by:		
Cash and bank balances	35,306	70,040



# 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, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suites 2005–2006, 20/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
- provision for corporate secretarial, consultancy and business valuation services (discontinued in 2019)

## 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.

Despite that the Group reported a net loss of RMB27,550,000 for the Period and had net liabilities of RMB91,313,000 as at 30 June 2020. The Directors have reviewed the Group’s cash flow projections covering a period of 12 months from 30 June 2020 which have taken into account the following measures:

- (i) with the total assets of the Group of approximately RMB411,838,000, the Group should be able to obtain additional loan facilities, if necessary;
- (ii) the Group is actively identifying any other possible financing options to strengthen the liquidity of the Group; and
- (iii) the Directors will strengthen to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs.

Based on the above, in the opinion of the Directors, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due at least the next 12 months from the end of the reporting period. Should the Group be unable to continue as a going concern, adjustments would have to be made to the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in this financial information.

### 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 certain financial instruments, 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 condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2019.

#### Application of new and amendments to HKFRSs

The Group has adopted the following revised HKFRSs for the first time in the current period’s unaudited interim financial information.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, and HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19 — Related Rent Concessions (early adopted)
Amendments to HKAS 1 and HKAS 8	Definition of Material

The amendments did not have any material impact on the condensed consolidated interim financial information of the Group.

#### 4. REVENUE AND OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services. The Group discontinued the principal activity of provision for corporate secretarial, consultancy and business valuation services for the year ended 31 December 2019.

The Group has presented the following reportable segments:

- design, manufacture and sale of packaging products and structural components in the People's Republic of China (the "PRC")
- property investment
- provision for corporate secretarial, consultancy and business valuation services (discontinued in 2019)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, dividend income from unlisted investment, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

Segment liabilities exclude interest-bearing bank and other borrowings, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2020	Continuing operations		
	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
<b>Segment revenue:</b>			
Revenue from external customers	134,649	795	135,444
<b>Segment results</b>	(324)	571	247
<i>Reconciliation:</i>			
Interest income			75
Finance costs			(19,036)
Corporate and other unallocated expenses, net			(7,554)
Loss before tax			(26,268)

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

	Continuing operations			Discontinued operation
	Sales of packaging products and structural components	Property investment	Total	Corporate secretarial, consultancy and business valuation services
Six months ended 30 June 2019	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
<b>Segment revenue:</b>				
Revenue from external customers	202,197	—	202,197	—
<b>Segment results</b>	3,616	(148)	3,468	(1,345)
<i>Reconciliation:</i>				
Interest income			64	—
Dividend income from unlisted investment			28,610	—
Finance costs			(23,142)	—
Corporate and other unallocated expenses, net			(11,662)	—
Loss before tax			(2,662)	(1,345)

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

30 June 2020	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
<b>Segment assets</b>	306,580	91,844	398,424
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			13,400
Total assets			411,838
<b>Segment liabilities</b>	67,111	424	67,535
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			425,511
Deferred tax liabilities			2,898
Corporate and other unallocated liabilities			7,207
Total liabilities			503,151

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

31 December 2019	Sales of packaging products and structural components RMB'000 (audited)	Property investment RMB'000 (audited)	Total RMB'000 (audited)
<b>Segment assets</b>	313,366	89,851	403,217
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			39,202
<b>Total assets</b>			<b>442,433</b>
<b>Segment liabilities</b>	65,950	487	66,437
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			422,491
Deferred tax liabilities			2,843
Corporate and other unallocated liabilities			9,642
<b>Total liabilities</b>			<b>501,413</b>



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

An analysis of other income and gains/(losses), net is as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Interest income	<b>75</b>	64
Foreign exchange differences, net	<b>(857)</b>	(3,277)
Dividend income from unlisted investment	<b>—</b>	28,610
Others	<b>1,008</b>	(226)
	<b>226</b>	25,171

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Interest on bank borrowings	<b>139</b>	374
Interest on other borrowings	<b>18,287</b>	21,856
Interest on lease liabilities	<b>210</b>	278
Finance costs arising on discounting trade and notes receivables	<b>385</b>	633
Others	<b>15</b>	1
	<b>19,036</b>	23,142

## 7. LOSS BEFORE TAX

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Depreciation of property, plant and equipment	3,175	3,822
Depreciation on right-of-use assets	1,537	1,497
Lease payments not included in measurement of lease liabilities	65	58
Cost of inventories sold	109,605	169,641
Directors' emoluments	1,911	1,994
Other employee salaries and benefits	19,686	27,838
Contributions to retirement benefits schemes, excluding those of Directors	1,937	2,519
Total employee benefits expenses	23,534	32,351

## 8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the period ended 30 June 2020 and 2019. Tax on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions in which the Group operates.

The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT") in respect of operations in the PRC has been calculated at the applicable tax rate of 25% (2019: 25%) on the estimated assessable profits for the period ended 30 June 2020 and 2019, or otherwise, 15% (2019: 15%) on the profits of the Group's entities operated in the PRC that were assessed as Encourage Industries in Western Regions Enterprise ("西部地區鼓勵類企業").

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Current — Hong Kong Charge for the period	—	—
Current — PRC Charge for the period	1,282	1,475
Deferred	—	2
Total tax charge for the period	1,282	1,477

## 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 2019: Nil).

## 10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

### (a) Basic

The calculation of basic and diluted (loss)/earnings per share are based on:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
(Loss)/Profit		
(Loss)/Profit attributable to owners of the parent, used in the basic (loss)/earnings per share calculation:		
– from continuing operations	<b>(27,550)</b>	(4,139)
– from discontinued operation	–	10,373
(Loss)/Profit attributable to owners of the parent	<b>(27,550)</b>	6,234

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic (loss)/earnings per share calculation	<b>1,384,734,000</b>	1,158,334,000

### (b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as potential dilutive ordinary shares outstanding during the six months ended 30 June 2020 and 2019 have no dilutive effect.

## 11. TRADE AND NOTES RECEIVABLES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Trade receivables		
— from sales of packaging products and structural components	101,899	133,504
Notes receivables	80,438	77,528
	<b>182,337</b>	211,032

The Group's trading terms with its customers are mainly on credit, or otherwise sales on cash terms are required. The credit period is generally one month, extending to six months for major customers. Notes receivables are received from customers under the ordinary course of business. All of them are bank acceptance bills with maturity period within six months.

Before accepting any new customers, the Group assesses the potential customers' credit quality and defines credit limits by customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Within 3 months	92,544	126,766
4 to 6 months	6,190	2,658
7 months to 1 year	116	2,666
Over 1 year	3,049	1,414
	<b>101,899</b>	133,504

## 12. DISCONTINUED OPERATION

On 22 March 2019, the Company announced the decision of the Board to wind up of Treasure Found Investments Limited and its subsidiaries (collectively referred to as the “**Treasure Found Group**”). The Treasure Found Group engaged in the provision of corporate secretarial, consultancy and business valuation services business, however, as a result of the continuing non-performance of the said business, the Board believes that the voluntary liquidation is in the best interests of the Company and its shareholders as a whole. The voluntary liquidation was completed in December 2019 and being classified as a discontinued operation.

The results of Treasure Found Group for the period are presented below:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Other income and gains/(losses), net	—	10
Administrative expenses	—	(1,355)
Loss before tax	—	(1,345)
Income tax credit	—	11,718
Profit after tax for the period from discontinued operation	—	10,373

Calculation of the basic and diluted earnings per share from the discontinued operation are based on:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
Earnings per share:		
Basic and diluted, from the discontinued operation	<b>N/A</b>	RMB0.90 cents
Profit attributable to owners of the parent from the discontinued operation	<b>N/A</b>	RMB10,373,000
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<b>1,384,734,000</b>	1,158,334,000

### 13. TRADE PAYABLES

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

	<b>At 30 June 2020 RMB'000 (unaudited)</b>	<b>At 31 December 2019 RMB'000 (audited)</b>
Within 3 months	<b>55,210</b>	53,013
4 to 6 months	<b>3,657</b>	4,141
7 months to 1 year	<b>234</b>	13
Over 1 year	<b>336</b>	417
	<b>59,437</b>	57,584

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

### 14. OTHER PAYABLES AND ACCRUALS

	<b>At 30 June 2020 RMB'000 (unaudited)</b>	<b>At 31 December 2019 RMB'000 (audited)</b>
Contract liabilities	<b>236</b>	262
Accruals	<b>4,600</b>	8,022
Other payables	<b>2,703</b>	2,584
	<b>7,539</b>	10,868

Other payables are non-interest bearing and have an average term of three months.

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2020 (unaudited)			At 31 December 2019 (audited)		
	Contractual interest rate (%)	Maturity	RMB'000	Contractual interest rate (%)	Maturity	RMB'000
<b>Current:</b>						
Bank loan — secured						
RMB loan ( <i>note a</i> )	3.85	2021	3,000	4.35	2020	10,000
Other borrowings:						
— unsecured US\$ loan	6.5	on demand	23,430	6.5	on demand	22,982
— secured HK\$ loan ( <i>note b</i> )	16.5	2021	216,086	—	—	—
			242,516			32,982
<b>Non-current:</b>						
Other borrowing:						
— unsecured US\$ loan	2.0	2023	182,995	2.0	2023	177,762
— secured HK\$ loan ( <i>note b</i> )	—	—	—	16.5	2021	211,747
			182,995			389,509
			425,511			422,491

## Notes:

- a. The Group's bank loan is secured by the Group's buildings and prepaid land lease payments, which had an aggregate carrying value at the end of the reporting period of RMB8,631,000 (31 December 2019: RMB9,103,000).
- b. Other loan was secured by share charge over the entire share capital of Cheng Hao International Limited, which is a wholly-owned subsidiary of the Company incorporated in British Virgin Islands.

## 16. SHARE CAPITAL

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

	Ordinary shares of HK\$0.01 each		Ordinary shares of HK\$0.001 each	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised				
At 1 January 2019 (audited)	—	—	200,000,000,000	200,000
Share consolidation ( <i>note b</i> )	20,000,000,000	200,000	(200,000,000,000)	(200,000)
At 31 December 2019 (audited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	20,000,000,000	200,000	—	—
	Number of shares '000	Amount HK\$'000	Equivalent to RMB RMB'000	
At 1 January 2019 (audited)	11,033,340	11,033	8,852	
Issue of shares ( <i>note a</i> )	550,000	550	472	
Shares consolidation ( <i>note b</i> )	(10,425,006)	—	—	
Issue of shares after share consolidation ( <i>note c</i> )	226,400	2,264	2,047	
At 31 December 2019 (audited), 1 January 2020 (audited) and 30 June 2020 (unaudited)	1,384,734	13,847	11,371	

## Notes:

- On 7 January 2019, the Company entered subscription agreements with Ms. Liu Xiaobei and Ms. Chen Yiru, pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to allot and issue, a total of 550,000,000 ordinary share of the Company at issue price of the HK\$0.02 per subscription share for an aggregate amount of HK\$11,000,000 (equivalent to approximately RMB9,435,000). Details of which were disclosed in the Company's announcements dated 7 January 2019 and 4 February 2019.
- Pursuant to an ordinary resolution passed on 21 February 2019, every ten issued existing ordinary shares with par value of HK\$0.001 each in the share capital of the Company were consolidated into one consolidated share with par value of HK\$0.01 each with effective on 22 February 2019.
- On 16 September 2019, the Company entered into the subscription agreements with Success Sense Limited, Kent Field Limited and All Superstar Limited, pursuant to which the subscribers have agreed to subscribe for, and the Company has agreed to issue a total of 226,400,000 subscription shares at a price of HK\$0.064 per subscription share for an aggregate amount of approximately HK\$14,490,000 (equivalent to approximately RMB13,097,000). Details of which were disclosed in the Company's announcements dated 16 September 2019, 17 September 2019 and 18 October 2019.



## 17. LEASES

### The Group as a lessee

The Group has lease contracts for land and buildings used in its operations. Leases of land and buildings generally have lease terms between 2 and 50 years. Other land and buildings generally have lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

### Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	<b>At 30 June 2020 RMB'000 (unaudited)</b>	At 31 December 2019 RMB'000 (audited)
Carrying amount at 1 January	<b>6,718</b>	720
New leases	—	8,610
Accretion of interest recognised during the period/year	<b>210</b>	402
Payments	<b>(1,205)</b>	(3,116)
Exchange realignment	<b>213</b>	102
Carrying amount at 30 June/31 December	<b>5,939</b>	6,718
Analysed into:		
Current portion	<b>3,306</b>	2,860
Non-current portion	<b>2,630</b>	3,858
	<b>5,936</b>	6,718

## 17. LEASES (Continued)

### The Group as a lessor

The Group leases its investment properties consisting of two residential properties in Hong Kong and Singapore respectively under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the Period was RMB795,000 (for the six months ended 30 June 2019: Nil), details of which are included in note 4 to the financial statements.

At 30 June 2020 and 31 December 2019, the undiscounted minimum payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Within one year	820	1,577
After one year but within two years	229	1,067
	<b>1,049</b>	2,644

## 18. RELATED PARTY DISCLOSURE

Save as disclosed elsewhere in the unaudited condensed consolidated financial statements, there were no other significant related party transactions and balances during the six months ended 30 June 2020 and 2019.

## 19. EVENT AFTER THE END OF THE REPORTING PERIOD

### Share consolidation and rights issue

An extraordinary general meeting was held on 27 July 2020 in which the resolution to approve the proposed share consolidation of every four (4) issued and unissued shares of par value of HK\$0.01 each be consolidated into one (1) consolidated share of par value of HK\$0.04 each (the “**Share Consolidation**”) and the resolution to approve the proposed right issue on the basis of two rights share for every one consolidated share at the subscription price of HK\$0.16 per rights share (the “**Right Issue**”) were passed by the shareholders of the Company.

The Share Consolidation became effective on 29 July 2020. Upon completion of the Share Consolidation, the authorised share capital of the Company was HK\$200,000,000 divided into 5,000,000,000 consolidated shares of par value of HK\$0.04 each, of which 346,183,500 consolidated shares were in issue.

Details of the Share Consolidation and Rights Issue are set out in the announcements of the Company dated 27 May 2020 and 7 September 2020, circular dated 9 July 2020 and prospectus dated 10 August 2020.

# 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			
	2020		2019	
	RMB'000	%	RMB'000	%
<i>Packaging products</i>				
Televisions	39,741	29.5	40,973	20.3
Air conditioners	25,479	18.9	63,254	31.3
Refrigerators	26,765	19.9	37,987	18.8
Washing machines	22,250	16.5	32,832	16.2
Water heater	5,748	4.3	7,540	3.7
Information Technology products	7,372	5.5	—	—
Others	1,769	1.3	5,657	2.8
<i>Structural components</i>				
For air conditioners	5,525	4.1	13,954	6.9
Total	134,649	100.0	202,197	100.0

For the six months ended 30 June 2020, the revenue amounted to approximately RMB134,649,000, decreased by approximately RMB67,548,000 or 33.4% when compared to that of approximately RMB202,197,000 for the six months ended 30 June 2019.

The revenue by product type remained relatively stable. For the six months ended 30 June 2020, the revenue derived from the Group's products for televisions, air conditioners (including packaging products and structural components) and refrigerators made the largest, second largest and third largest contributions to the segment revenue, amounting approximately RMB97,510,000 or 72.4% of segment revenue (for the six months ended 30 June 2019: approximately RMB156,168,000 or 77.3% 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			
	2020		2019	
	RMB'000	%	RMB'000	%
Raw materials	<b>80,255</b>	<b>71.4</b>	125,257	73.8
Direct labour costs	<b>10,602</b>	<b>9.4</b>	16,687	9.8
Manufacturing overhead	<b>21,633</b>	<b>19.2</b>	27,697	16.4
Staff costs	<b>872</b>	<b>0.8</b>	2,208	1.3
Depreciation	<b>2,401</b>	<b>2.1</b>	2,894	1.7
Utilities	<b>9,781</b>	<b>8.7</b>	14,168	8.4
Processing charges	<b>8,248</b>	<b>7.3</b>	7,728	4.6
Others	<b>331</b>	<b>0.3</b>	699	0.4
<b>Total</b>	<b>112,490</b>	<b>100.0</b>	169,641	100.0

For the six months ended 30 June 2020, the cost of sales amounted to approximately RMB112,490,000, decreased by approximately RMB57,151,000 or 33.7% when compared to that of approximately RMB169,641,000 for the six months ended 30 June 2019.

Due to the outbreak of a novel coronavirus (“**COVID-19**”) and the adverse economic environment, the overall operating environment for manufacturing industries remained tough even though there were benefits of lower raw material costs during the current period. However, as reflected in the similar gross profit margins for the periods ending 30 June 2020 and 30 June 2019, the benefits of the lower raw material costs were alleviated by the decrease in selling price of our products, and thus a decrease in revenue 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 2020. 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

### Property Investment Business

Investment properties of the Group include two residential premises located in Hong Kong and Singapore respectively. Both properties were investment properties acquired for investment purposes such as capturing long-term capital gain or generating rental income.

For the six months ended 30 June 2020, both investment properties were rented out and approximately RMB795,000 was recorded as rental income for the six months ended 30 June 2020.

The residential premises in Hong Kong is 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 while the residential premises in Singapore is situated 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.

To improve the liquidity of the Company, the Company has listed the investment property located in Singapore for sale. 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 notifiable transaction which will be subject to notification, publication and/or shareholders' approval requirements, the Company expects that it will take around a further 3 to 6 months to complete the approval processes before the sale can be completed.

### Discontinued business — Provision of Corporate Secretarial, Consultancy and Business Valuation Services Business

Due to the unsatisfactory financial performance and the uncertainty in business prospects of the corporate secretarial, consultancy and business valuation services business going forward, the Board passed a resolution on 22 March 2019 to discontinue the corporate secretarial, consultancy and business valuation services business.

Following the resolution passed by the Board to discontinue the corporate secretarial, consultancy and business valuation services business of the Treasure Found Group on 22 March 2019, the companies in the Treasure Found Group were placed into voluntary liquidation and liquidators were appointed in their respective jurisdictions in June 2019. As at 31 December 2019, the liquidation processes of all the companies in the Treasure Found Group were completed and thus, no segment revenue or profit was recorded for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

## FUTURE OUTLOOK

### Packaging Products and Structural Components Business

During the six months ended 30 June 2020, the outbreak of the COVID-19 exerted tremendous impact on the economic operation of China and across the globe. Overall speaking, China's epidemic prevention and control measures have been proven to be effective, and the epidemic situation has seen improving. As for our Company, some of our production facilities in China were forced to close temporarily for the prevention of the outbreak of COVID-19 for a few weeks during the first quarter of 2020 and has already resumed to normal production capacity. Currently, the overseas epidemic situation as well as the world economic situation are relatively severe and complicated.

However, China has gained progressive achievements in the overall planning of epidemic prevention and control as well as resumption of work and production. Since the production bases of our Company are all situated in China, the Company believes that the impact of the epidemic situation is short-term, external, and controllable.

The packaging products and structural components business has been able to maintain a relatively stable gross profit margin and continues to provide a stable source of income to the Company. In order to maximize the financial performance of this segment, the Company has been doing well in maintaining current customers while exploring cost reduction measures and looking for new customers at the same time.

### Property Investment Business

The Covid-19 outbreak struck a second blow to Hong Kong's property market which had already been weakened from the social unrest in 2019. Like during the SARS outbreak, this epidemic will freeze the properties turnover, particularly the retail and office market due to increasing vacancy rates and depressed tenants' demands for temporary reduction in lease rents in the face of this difficult business environment. However, according to the Financial Secretary Mr. Paul Chan, the coming property market price adjustment would be far smaller than what Hong Kong went through during the Asian financial crisis in 1997 and the outbreak of SARS in 2003. Back then, more than 100,000 households found themselves in negative equity territory, but the situation now is very different. The drop in the property market price has been in order, property holders' mortgage ratio remains low in general and developers' level of leverage is much lower, in which they would not flood the market with supplies in panic selling.

Hong Kong is not the only housing market feeling the effects. Home prices in Singapore also fell the most in three years in the second quarter as a city-wide shutdown to contain the coronavirus put the brakes on the property market. Analysts said the housing prices in Singapore may fall between 3% to 6% in year 2020.

In the wake of the pandemic, the property market will be balancing opposing forces. There will be market forces that will depress prices, such as economic headwinds and the weak job market. There will also be positive forces, such as low interest rates and ample liquidity.

### Conclusion

Although the raw material costs had been decreasing in the first half of 2020, the operating environment is still challenging for the packaging products and structural components business due to the downward pressure of the selling prices of our products. Thus, the Company will continuously look for attractive investment opportunities to broaden and diversify its income source and promote long-term development.

Looking forward, the Company will continue to apply strict control on costs while trying to maintain operating efficiency at the same time. In order for the Company not to miss out any investment opportunities and have the funds to invest in a timely manner, the Company will from time to time explore fund raising opportunities in the market or realise the existing investment to raise sufficient funds for such purpose.

## RECEIPT OF SHAREHOLDERS LOAN AND DIVIDENDS FROM AN INVESTMENT ENTITY

On 30 October 2018, Lucrum 1 Investment Limited ("**Lucrum 1**") disposed all of its shares of Cityneon Holdings Limited ("**Cityneon**") (the "**Disposal**"). Mutual Power International Limited ("**Mutual Power**", an indirect wholly-owned subsidiary of the Company) holds 8.5% shareholding in the issued share capital of Lucrum 1.

Up to 22 March 2019, Mutual Power has received the full amount of shareholders loan and dividends from Lucrum 1.

### UPDATE ON LITIGATION IN RELATION TO A LOAN RECEIVABLE

On 28 August 2017, Great Earn International Limited (“**Great Earn**”), an indirect wholly-owned subsidiary of the Company, entered into loan agreement (the “**Loan Agreement**”) with Rossoneri Sport Investment Co., Limited (“**Rossoneri**”), an independent third party, pursuant to which the Group has granted a facility in the principal amount of United States Dollars (“**US\$**”) 8,300,000 (approximately RMB53,906,000) (the “**Loan**”) to Rossoneri with carrying amount of approximately RMB54,583,000. The Loan is secured by share charge over the entire issued shares of Rossoneri Advance Co., Limited, the ultimate holding company of Rossoneri and wholly-owned by Mr. Li Yong Hong (“**Mr. Li**”), and a personal guarantee provided by Mr. Li. The Loan is bearing interest of 14% per annum, for a term of six months, with extension clauses for three months from the first expiry on 28 February 2018 (the “**First Extended Maturity Date**”, i.e. on 28 May 2018) and further three months from the expiry of the First Extended Maturity Date (the “**Second Extended Maturity Date**”, i.e. on 28 August 2018), subject to mutual agreement in writing to be made between Great Earn and Rossoneri.

Since the Loan has been overdue for long time and the timing and result for the court to make final judgement are unknown, the Directors have taken a prudent approach to make an impairment loss on the full amount of the outstanding principal amount in the sum of US\$7,300,000 (approximately RMB47,995,000) for the year ended 31 December 2018.

As suggested by lawyer, the Company issued an application for summary judgement on 14 May 2019 and on 11 September 2019, a judgement was granted in favor of the Company in which Rossoneri and Mr. Li were liable to pay the Company the sum of US\$7,300,000 (being the outstanding principal amount of the Loan) with interests at a rate of 24% from 1 May 2018 and the related costs until full payment is received. The Company is now seeking advice from the Company’s lawyers on the best option to enforce the judgement.

### FINANCIAL REVIEW

#### Financial results

For the six months ended 30 June 2020, the Group recorded the revenue of approximately RMB135,444,000, representing a decrease of approximately RMB66,753,000 or 33.0% as compared to that of approximately RMB202,197,000 for the six months ended 30 June 2019.

Loss attributable to owners of the Company was approximately RMB27,550,000 for the six months ended 30 June 2020, decreased by approximately RMB33,784,000 when compared to profit of approximately RMB6,234,000 for the six months ended 30 June 2019.

Basic and diluted loss per share was RMB1.99 cents and RMB1.99 cents respectively for the six months ended 30 June 2020 (for the six months ended 30 June 2019: basic and diluted earnings per share of RMB0.54 cents and RMB0.54 cents respectively).

#### Liquidity and Financial Resources

As at 30 June 2020, bank balances and cash of the Group amounted to approximately RMB35,306,000 of which approximately 23.5% 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 (31 December 2019: approximately RMB46,671,000 of which approximately 72.6% was denominated in HK\$, approximately 0.1% was denominated in US\$, approximately 0.5% was denominated in Singapore Dollars and the rest was denominated in RMB).

Details of bank and other borrowings of the Group as at 30 June 2020 are set out in Note 15 to the unaudited condensed consolidated financial statements.

### CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

As at 30 June 2020, a total of 1,384,734,000 Shares with par value of HK\$0.01 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 2019.

#### 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 RMB607,000 (for the six months ended 30 June 2019: approximately RMB3,480,000).

#### Capital commitment

As at 30 June 2020, the Group had no capital commitment (31 December 2019: Nil).

#### Contingent liabilities

As at 30 June 2020, the Group had no material contingent liabilities (31 December 2019: Nil).

#### Pledge of Assets

As at 30 June 2020, the Group had pledged (i) assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB8,631,000 (31 December 2019: approximately RMB9,103,000); and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company as at 30 June 2020 and 31 December 2019.

#### Gearing ratio

As at 30 June 2020, the gearing ratio was 1.03 (31 December 2019: 0.95), 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.



### HUMAN RESOURCES, TRAINING AND REMUNERATION POLICY

As at 30 June 2020, the Group has a number of 743 employees (30 June 2019: 701 employees). Total employee benefit expenses amounted to approximately RMB23,534,000 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB32,351,000). The Group has a management team (including product design and development team) with extensive industry experience. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees. The remuneration, promotion and salary increments of the employees are assessed according to their performance, professional and working experience, and prevailing market practices. In addition, the Group has implemented training programs for employees in various positions.

## 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 2020, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register maintained by the Company pursuant to Section 352 of Part XV of the SFO, or (iii) 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 of the Listing Rules, were as follows:

#### Long Positions in the Ordinary Shares of the Company:

Name of Director	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Xu Gefei ( <i>Note 1</i> )	Interest of controlled corporation	379,840,000	27.43%

*Note:*

1. Mr. Xu Gefei, an executive Director of the Company who resigned on 30 January 2020 beneficially held the entire issued share capital of Grand Luxe Limited and Yitou (China) Limited, which in turn, beneficially held 337,020,000 Shares and 42,820,000 Shares (i.e. 379,840,000 Shares in total).

Save as disclosed above, as at 30 June 2020, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and none of the Directors, the chief executive of the Company nor their associates (as defined in the Listing Rules) had any other interests or short positions in the shares of the Company, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or the chief executive of the Company is taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered into the register maintained by the Company, pursuant to Section 352 of Part XV of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange, pursuant to the Model code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules.

## Other Information

### 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 2020, 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 (Note 1)	Beneficial owner	337,020,000	24.34%
Mr. Xu Gefei (Note 1)	Interest of controlled corporation	379,840,000	27.43%
All Superstar Limited (Note 2)	Beneficial owner	88,800,000	6.41%
Success Sense Limited (Note 3)	Beneficial owner	88,800,000	6.41%
Mr. Chen Xiongwei (Note 3)	Beneficial owner/Interest of controlled corporation	97,040,000	7.01%

#### Notes:

1. Mr. Xu Gefei beneficially held the entire issued share capital of Grand Luxe Limited and Yitou (China) Limited, which in turn, beneficially held 337,020,000 Shares and 42,820,000 Shares (i.e. 379,840,000 Shares in total).
2. Mr. Fu Jinsen beneficially held the entire issued share capital of All Superstar Limited, which in turn, beneficially held 88,800,000 Shares.
3. Mr. Chen Xiongwei beneficially held 8,240,000 Shares of the Company and the entire issued share capital of Success Sense Limited, which in turn beneficially held 88,800,000 Shares (i.e. 97,040,000 Shares in total).

Save as disclosed above, as at 31 December 2019, no person (other than the Directors or chief executive of the Company) 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

During the six months ended 30 June 2020, no share options had been granted, exercised, lapsed or cancelled.

## 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 2020, 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 SHARE SUBSCRIPTION

The Company completed the allotment and issuance of 550,000,000 shares with par value of HK\$0.001 each on 4 February 2019 by way of share subscription (the “**Share Subscription I**”).

The Company completed the allotment and issuance of 226,400,000 shares with par value of HK\$0.01 each on 18 October 2019 by way of share subscription (the “**Share Subscription II**”).

The proceed received by the Company from the Share Subscription I and Share Subscription II, after deducting the relevant costs of the Share Subscription, amounted to approximately HK\$11,000,000 and HK\$14,490,000 in total.

As at 30 June 2020, the Company has used up the proceeds from both share subscriptions as general working capital and for repayment of interests of our existing debts.

## 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 2020.

## ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this report, for the six months ended 30 June 2020, 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 2020 (for the six months ended 30 June 2019: Nil).

## Other Information

### SEGMENT INFORMATION

Details of segment information of the Group for the six months ended 30 June 2020 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 2020, 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 2020.

### AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2020 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 2020 and this report.

On behalf of the Board

**Ngai Mei**

*Executive Director*

Hong Kong, 27 August 2020

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