

**TEAMWAY INTERNATIONAL
GROUP HOLDINGS LIMITED**

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



TEAMWAY

International Group Holdings Limited

INTERIM REPORT

2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Ngai Mei
Ms. Duan Mengying

Independent Non-Executive Directors

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

AUDIT COMMITTEE

(THE “AUDIT COMMITTEE”)

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

NOMINATION COMMITTEE

(THE “NOMINATION COMMITTEE”)

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

REMUNERATION COMMITTEE

(THE “REMUNERATION COMMITTEE”)

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

COMPANY SECRETARY

Mr. Chang Chi Wai Stanley

AUDITORS

Zenith CPA Limited
Registered Public Interest Entity Auditor
16/F, Pico Tower
64-66 Gloucester Road
Wanchai, Hong Kong

PRINCIPAL BANKERS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2005-2006, 20/F, Tower 6
The Gateway, Harbour City
Tsim Sha Tsui, Kowloon, Hong Kong

STOCK CODE

01239

COMPANY WEBSITE

www.teamwaygroup.com

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	4	167,845	135,444
Cost of sales		(147,571)	(112,490)
Gross profit		20,274	22,954
Other income and gains, net	5	6,516	226
Selling and distribution expenses		(15,572)	(15,219)
Administrative expenses		(18,127)	(15,193)
Finance costs	6	(18,696)	(19,036)
LOSS BEFORE TAX	7	(25,605)	(26,268)
Income tax expense	8	(1,240)	(1,282)
LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE PARENT		(26,845)	(27,550)
			(restated)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
Basic and diluted	11	RMB(4.08) cents	RMB(5.65) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
LOSS FOR THE PERIOD	(26,845)	(27,550)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	2,240	(4,783)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	2,240	(4,783)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE PARENT	(24,605)	(32,333)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		38,518	51,148
Investment properties		54,161	94,360
Right-of-use assets		7,137	9,655
Deposits and prepayments		—	1,765
Deferred tax assets		14	14
Total non-current assets		99,830	156,942
CURRENT ASSETS			
Inventories		33,208	16,634
Trade and notes receivables	12	157,620	225,177
Deposits, prepayments and other receivables		12,002	4,536
Financial assets at fair value through profit or loss		—	2,000
Cash and bank balances		55,047	23,881
Total current assets		257,877	272,228
CURRENT LIABILITIES			
Trade payables	13	66,933	60,001
Other payables and accruals	14	6,988	13,127
Interest-bearing bank and other borrowings	15	194,459	119,469
Lease liabilities		2,188	2,883
Tax payables		851	2,174
Total current liabilities		271,419	197,654
NET CURRENT (LIABILITIES)/ASSETS		(13,542)	74,574
TOTAL ASSETS LESS CURRENT LIABILITIES		86,288	231,516

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	<i>Notes</i>	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	148,310	267,539
Lease liabilities		—	752
Deferred tax liabilities		2,515	3,157
Total non-current liabilities		150,825	271,448
Net liabilities		(64,537)	(39,932)
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	22,487	22,487
Reserves		(87,024)	(62,419)
Deficiency in assets		(64,537)	(39,932)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

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

* These reserve accounts comprise the consolidated reserves of negative RMB87,024,000 (31 December 2020: RMB62,419,000) in the unaudited condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash flows from operating activities	6,093	16,634
Net cash flows from/(used in) investing activities	31,339	(3,143)
Net cash flows used in financing activities	(5,290)	(26,148)
Net increase/(decrease) in cash and cash equivalents	32,142	(12,657)
Cash and cash equivalents at the beginning of period	23,881	46,671
Effect of foreign exchange rate changes, net	(976)	1,292
CASH AND CASH EQUIVALENT AT END OF PERIOD	55,047	35,306
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	55,047	35,306

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION

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

For the period ended 30 June 2021, the Group incurred a loss attributable to owners of the parent of RMB26,845,000 and reported net liabilities of RMB64,537,000 as at 30 June 2021. Notwithstanding the aforesaid conditions, the unaudited condensed consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

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

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

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

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and 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 unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

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. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	COVID-19 — Related Rent Concessions

The amendments did not have any material impact on the unaudited 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 and has two reportable segments as follows:

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

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

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

Six months ended 30 June 2020	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue:			
Revenue from external customers	134,649	795	135,444
Segment results	(324)	571	247
<i>Reconciliation:</i>			
Interest income			48
Finance costs			(19,036)
Corporate and other unallocated expenses			(7,527)
Loss before tax			(26,268)

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

30 June 2021	Sales of packaging products and structural components RMB'000 (unaudited)	Property investment RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment assets	259,943	55,096	315,039
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			42,654
Total assets			357,707
Segment liabilities	70,976	171	71,147
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			342,769
Deferred tax liabilities			2,515
Corporate and other unallocated liabilities			5,813
Total liabilities			422,244

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

31 December 2020	Sales of packaging products and structural components RMB'000 (audited)	Property investment RMB'000 (audited)	Total RMB'000 (audited)
Segment assets	313,406	95,143	408,549
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			20,607
Total assets			429,170
Segment liabilities	69,835	258	70,093
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			387,008
Deferred tax liabilities			3,157
Corporate and other unallocated liabilities			8,844
Total liabilities			469,102

5. OTHER INCOME AND GAINS, NET

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income	23	48
Fair value gains on financial assets at fair value through profit or loss	68	27
Foreign exchange differences, net	1,510	(857)
Gain on disposal of subsidiaries (note 9)	3,240	—
Others	1,675	1,008
	6,516	226

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest on bank borrowings	132	139
Interest on other borrowings	17,942	18,287
Interest on lease liabilities	102	210
Finance costs arising on discounting trade and notes receivables	519	385
Others	1	15
	18,696	19,036

7. LOSS BEFORE TAX

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Depreciation of property, plant and equipment	3,845	3,175
Depreciation of right-of-use assets	1,358	1,537
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	288	208
Lease payments not included in measurement of lease liabilities	21	65
Cost of inventories sold	111,140	109,605
Directors' emoluments	2,367	1,911
Other employee salaries and benefits	22,469	19,686
Contributions to retirement benefits schemes, excluding those of Directors	1,869	1,937
Total employee benefits expenses	26,705	23,534

8. INCOME TAX EXPENSE

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

The provision for current income tax in Mainland China is based on a statutory rate of 25% (for the six months ended 30 June 2020: 25%) of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for Chongqing Guangjing Packaging Materials Co., Ltd. is qualified as an encouraged industry company established in the western regions in Sichuan Province, and therefore is entitled to a preferential corporate income tax rate of 15% (for the six months ended 30 June 2020: 15%).

Singapore Corporate Income Tax has been provided at 17% (for the six months ended 30 June 2020: Nil) 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 2020: Nil).

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Current — PRC		
Charge for the period	1,827	1,282
Overprovision in prior year	(6)	—
Current — Singapore		
Charge for the period	19	—
Deferred tax	(600)	—
Total tax charge for the period	1,240	1,282

9. GAIN ON DISPOSAL OF SUBSIDIARIES

On 14 January 2021, the Company signed a provisional agreement to dispose of the investment property in Hong Kong situated at Flat A, 21/F., Tower 1, One SilverSea, 18 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong (registered in the Land Registry as Kowloon Inland Lot No. 11158) with a gross floor area of approximately 1,568 square feet through selling 100% equity interest of Gorgeous Assets Limited (“GAL”, a direct wholly-owned subsidiary of the Company) at a consideration of HK\$47,800,000 (the “Disposal of Property”). GAL is primarily engaged in property investment. The Group lost its control over GAL and GAL ceased to be the subsidiary of the Group after the completion of Disposal of Property on 13 April 2021.

On 9 December 2020, Peace Bright Investment Trading Limited (“**Peace Bright**”, a direct wholly-owned subsidiary of the Company) and Metro Master Limited (“**Metro Master**”, a direct wholly-owned subsidiary of Peace Bright) agreed to sell 100% equity interest of Chuzhou Chuangce Packaging Materials Company Limited (“**CCPMCL**”, a direct wholly-owned subsidiary of Metro Master) to Pengtian Limited (“Pengtian”), at a consideration of RMB53,968,000 (the “Disposal of Manufacturing Plant”). CCPMCL is primarily engaged in design, manufacture and sale of packaging products and structural components. The Group lost its control over CCPMCL and CCPMCL ceased to be the subsidiary of the Group after the completion of Disposal of Manufacturing Plant on 29 April 2021.

The assets and liabilities at the date of disposal were as below:

	At 13 April 2021	At 29 April 2021	Total
	GAL RMB'000 (unaudited)	CCPMCL RMB'000 (unaudited)	RMB'000 (unaudited)
Cash and bank balances	—	9,900	9,900
Property, plant and equipment	—	8,890	8,890
Investment property	38,690	—	38,690
Right-of-use assets	—	1,045	1,045
Deposits, prepayments and other receivables	—	1,144	1,144
Inventories	—	7,498	7,498
Trade and notes receivables	—	42,336	42,336
Trade payables	—	(8,673)	(8,673)
Other payables and accruals	—	(10,158)	(10,158)
Tax payables	—	(27)	(27)
Deferred tax liabilities	—	(145)	(145)
Total net assets	38,690	51,810	90,500
Gain on disposal of subsidiaries (note 5)	1,082	2,158	3,240
Total consideration	39,772	53,968	93,740
Satisfied by:			
Cash	39,772	—	39,772
Non-cash			
Net-off against other borrowing	—	53,968	53,968
	39,772	53,968	93,740

9. GAIN ON DISPOSAL OF SUBSIDIARIES *(Continued)*

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Six months ended 30 June 2021		
	GAL RMB'000 (unaudited)	CCPMCL RMB'000 (unaudited)	Total RMB'000 (unaudited)
Cash consideration	39,772	—	39,772
Cash and bank balances disposed of	—	(9,900)	(9,900)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	39,772	(9,900)	29,872

10. DIVIDENDS

No dividend was proposed or declared by the board of directors in respect of the Period (for the six months ended 30 June 2020: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

(a) Basic

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

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss		
Loss attributable to owners of the parent, used in the basic loss per share calculation	(26,845)	(27,550)

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
		(restated)
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic loss per share calculation (for the six months ended 30 June 2020: adjusted for share consolidation and rights issue which was completed on 29 July 2020 and 7 September 2020, respectively)	658,696,000	487,533,000

(b) Diluted

The Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2021 and 2020.

12. TRADE AND NOTES RECEIVABLES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Trade receivables	86,224	143,319
Notes receivables	73,228	85,882
	159,452	229,201
Impairment	(1,832)	(4,024)
	157,620	225,177

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Within 3 months	84,598	128,725
4 to 6 months	411	9,630
7 months to 1 year	—	1,135
Over 1 year	20	441
	85,029	139,931

13. TRADE PAYABLES

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Within 3 months	62,906	55,347
4 to 6 months	3,631	3,394
7 months to 1 year	100	620
Over 1 year	296	640
	66,933	60,001

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

14. OTHER PAYABLES AND ACCRUALS

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Contract liabilities	689	119
Accruals	5,145	9,492
Other payables (<i>note</i>)	1,154	3,516
	6,988	13,127

Note: Other payables are non-interest bearing and have an average term of one month.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	At 30 June 2021 (unaudited)			At 31 December 2020 (audited)		
	Contractual Interest rate (%)	Maturity	RMB'000	Contractual Interest rate (%)	Maturity	RMB'000
Current:						
Bank loan — secured						
RMB loan (<i>note a</i>)	3.85	2022	8,200	3.85	2021	5,000
Other borrowings:						
— unsecured US\$ loan	6.5	on demand	21,366	6.5	on demand	21,655
— secured HK\$ loan (<i>note b</i>)	15–18	2021-22	164,893	16.5-18	2021	92,814
			194,459			119,469
Non-current:						
Other borrowing:						
— unsecured US\$ loan	2	2023	148,310	2	2023	148,894
— secured HK\$ loan (<i>note b</i>)	—	—	—	16.5-18	2022	118,645
			148,310			267,539
			342,769			387,008

Notes:

- a. The Group's bank loan is secured by the Group's buildings and right-of-use assets, which had an aggregate carrying value at the end of the reporting period of RMB7,684,000 (31 December 2020: RMB8,157,000). The interest rate charged on the Group's bank loan is one-year China Interbank Offered Rate (31 December 2020: one-year China Interbank Offered Rate).
- 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 are as follows:

Authorised

	Ordinary shares of HK\$0.04 each		Ordinary shares of HK\$0.01 each	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
1 January 2020 (audited)	—	—	20,000,000,000	200,000
Share consolidation (<i>note a</i>)	5,000,000,000	200,000	(20,000,000,000)	(200,000)
At 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	5,000,000,000	200,000	—	—

Issued and fully paid

	Number of shares '000	Amount HK\$'000	Equivalent to RMB RMB'000
1 January 2020 (audited)	1,384,734	13,847	11,371
Share consolidation (<i>note a</i>)	(1,038,550)	—	—
Issue of shares by share placement and rights issue (<i>note b</i>)	312,512	12,501	11,116
At 31 December 2020 (audited), 1 January 2021 (audited) and 30 June 2021 (unaudited)	658,696	26,348	22,487

Notes:

- Pursuant to an ordinary resolution passed on 27 July 2020, every four issued existing ordinary shares with par value of HK\$0.01 each in the share capital of the Company were consolidated into one consolidated share with par value of HK\$0.04 each with effective on 29 July 2020.
- On 7 September 2020, the Company completed a rights issue of 198,772,000 rights shares and a placing of 113,740,000 new shares at a subscription price of HK\$0.16 each per share with gross proceeds of HK\$50,001,000 of which HK\$12,501,000 (equivalent to RMB11,116,000) was credited to share capital and HK\$37,500,000 (equivalent to RMB33,349,000) was credited to share premium account. Details of the rights issue and share placement were disclosed in the Company's announcement dated 27 May 2020, 5 June 2020, 27 July 2020 and 7 September 2020.

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:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Carrying amount at 1 January	3,635	6,718
Accretion of interest recognised during the period/year	102	365
Payments	(1,504)	(3,208)
Exchange realignment	(45)	(240)
Carrying amount at 30 June/31 December	2,188	3,635
Analysed into:		
Current portion	2,188	2,883
Non-current portion	—	752
	2,188	3,635

17. LEASES *(Continued)***The Group as a lessor**

The Group leases its investment property in Singapore (for the six months ended 30 June 2020: 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 RMB349,000 (for the six months ended 30 June 2020: RMB795,000), details of which are included in note 4 to the financial statements.

At 30 June 2021 and 31 December 2020, 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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Within one year	217	593

18. 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 RMB141,448,000 (31 December 2020: RMB143,360,000) due to Yitou (China) Limited (“**Yitou**”), a company of which Mr. Xu Gefei is a controlling shareholder. The interest expense of RMB1,406,000 (31 December 2020: RMB3,024,000) were charged at the rate of 2% per annum (31 December 2020: 2%) on a loan with a principal amount of US\$21,795,000 (equivalent to RMB141,448,000) (31 December 2020: RMB143,360,000) granted by Yitou and the interest payable as at 30 June 2021 was RMB6,862,000 (31 December 2020: RMB5,534,000). Further details of the loan granted by Yitou are set out in the note 15 to the financial statements.

19. EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Packaging Products and Structural Components Business

Revenue

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

An analysis of revenue by products is as follows:

	Six months ended 30 June			
	2021		2020	
	RMB'000	%	RMB'000	%
<i>Packaging products</i>				
Televisions	50,876	30.4	39,741	29.5
Air conditioners	36,719	21.9	25,479	18.9
Washing machines	30,081	18.0	22,250	16.5
Refrigerators	22,496	13.4	26,765	19.9
Information Technology products	15,208	9.0	7,372	5.5
Water heater	4,787	2.9	5,748	4.3
Others	1,133	0.7	1,769	1.3
<i>Structural components</i>				
For air conditioners	6,196	3.7	5,525	4.1
Total	167,496	100.0	134,649	100.0

During the six months ended 30 June 2020, the revenue took the biggest hit amid the start of COVID-19. As the situation of COVID-19 was gradually improving during the year 2020, the impact on revenue has also alleviated and the sales were getting back on track. For the six months ended 30 June 2021, the revenue amounted to approximately RMB167,496,000, increased by approximately RMB32,847,000 or 24.4% when compared to that of approximately RMB134,649,000 for the six months ended 30 June 2020.

The revenue by product type remained relatively stable. For the six months ended 30 June 2021, the revenue derived from the Group's products for televisions, air conditioners (including packaging products and structural components) and washing machines made the largest, second largest and third largest contributions to the segment revenue, amounting approximately RMB123,872,000 or 74.0% of segment revenue (for the six months ended 30 June 2020: approximately RMB97,510,000 or 72.4% 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			
	2021		2020	
	RMB'000	%	RMB'000	%
Raw materials	111,140	75.3	80,255	71.4
Direct labour costs	12,597	8.5	10,602	9.4
Manufacturing overhead	23,834	16.2	21,633	19.2
Staff costs	1,733	1.2	872	0.8
Depreciation	3,292	2.2	2,401	2.1
Utilities	13,095	8.9	9,781	8.7
Processing charges	5,426	3.7	8,248	7.3
Others	288	0.2	331	0.3
Total	147,571	100.0	112,490	100.0

For the six months ended 30 June 2021, the cost of sales amounted to approximately RMB147,571,000, increased by approximately RMB35,081,000 or 31.2% when compared to that of approximately RMB112,490,000 for the six months ended 30 June 2020.

The novel coronavirus ("COVID-19") pandemic has continued to impact the operating environment. The raw material costs have been increasing during the first half of 2021, and thus, an increase in cost of sales and a decrease in gross profit margin were 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 2021. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

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

Management Discussion and Analysis

Disposal of Manufacturing Plant

In view of the difficult operating environment, the management believes it is a good timing to capture the opportunity and realise our manufacturing plant located in Chuzhou to improve the overall cash flow by reducing the debts of the Company. The consideration of the Disposal of Manufacturing Plant was settled by offsetting directly from part of the outstanding loan and accrued interest owed by Peace Bright to Pengtian.

The completion of the Disposal of Manufacturing Plant is conditional upon the satisfaction or waiver of certain conditions precedent. On 10 March 2021, all the conditions precedent were satisfied and the Company received a written confirmation from Pengtian to waive all the conditions precedent. The title transfer of CCPMCL from regulatory bodies in China was completed on 29 April 2021.

For details of the Disposal of Manufacturing Plant, please refer to the announcements of the Company dated 9 December 2020 and 10 December 2020.

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 RMB349,000 for the six months ended 30 June 2021. As at 30 June 2021, the investment property in Singapore was listed for sale and will be disposed to improve the liquidity of the Company should opportunities arise. Since the market price of the investment property constitutes a significant portion of the Company's assets, the proposed sale is likely to constitute a discloseable/notifiable transaction which will be subject to notification, publication and/or shareholders' approval requirement from the listing rules before the sales can be completed.

Disposal of Investment Property in Hong Kong

During the six months ended 30 June 2021, a gain on disposal of RMB1,082,000 was recorded. The Board considers it was a good opportunity to realise the gain to further strengthen the cash flow of the Group and enable the Group to reallocate its resources for future development.

Details of the Disposal of Property are set out in the announcements of the Company dated 14 January 2021 and 19 January 2021.

FUTURE OUTLOOK

Packaging Products and Structural Components Business

The first half of 2021 was predominantly marked by the accelerated global rollout of several COVID-19 vaccines, the increasing containment of the pandemic and the highly uneven pace of global economic recovery. In China, market sentiment was mixed during the six months ended 30 June 2021 (the "**Period**"), with optimism drawn from the improved pandemic situation contrasting with concerns about a resurgence in infections and uncertainties arising from the economic front. China's economy continued to recover steadily, as production and demand continued to rebound; the overall market outlook was expected to be positive, with major macroeconomic indicators being within a reasonable range.

During the six months ended 30 June 2021, the Group recorded an increase in revenue as compared to the corresponding period in 2020. However, the decrease in gross profit margin indicates how tough the operating environment is during this epidemic situation. Despite the uncertainties over the recovery of the economy brought by the continuous spread of the mutated COVID-19 variants, especially the Delta variant across borders and the intensifying trade tension between China and the U.S., the packaging products and structural components business has been able to provide a stable source of income to the Company.

Property Investment Business

After the disposal of the property in Hong Kong during the six months ended 30 June 2021, the Group is taking a prudent investment strategy on acquiring and investing in investment properties. During the first half of 2021, the COVID-19 epidemic continued its worldwide effect, with cases of virus variants emerging in multiple areas, which caused uncertainties of the development of property markets.

In Singapore, although residential property prices have been trending up and private residential property prices rose in Q2 2021 for the fifth consecutive quarter, there may be a slower growth in the prices as lower transaction volumes are expected due to delay of new launches and ongoing sales and restrictions of limiting social gathering group sizes imposed by the Singapore Government to contain the growing COVID-19 clusters.

Conclusion

The raw material costs had been increasing in the first half of 2021, which overshadows the increase in revenue as reflected in the drop of gross profits. 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.

In the second half of the year, the Group will persevere with the management direction of increasing efficiency, reducing costs, improving structure and enhancing quality, with an aim to optimise internal operating procedures and enhance the overall competitiveness of the Group.

FINANCIAL REVIEW

Financial results

For the six months ended 30 June 2021, the Group recorded the revenue of approximately RMB167,845,000 representing an increase of approximately RMB32,401,000 or 23.9% as compared to that of approximately RMB135,444,000 for the six months ended 30 June 2020.

Loss attributable to owners of the Company was approximately RMB26,845,000 for the six months ended 30 June 2021, decreased by approximately RMB705,000 when compared to loss of approximately RMB27,550,000 for the six months ended 30 June 2020.

Basic and diluted loss per share was RMB4.08 cents and RMB4.08 cents respectively for the six months ended 30 June 2021 (for the six months ended 30 June 2020: basic and diluted loss per share of RMB5.65 cents (restated) and RMB5.65 cents (restated) respectively).

Liquidity and Financial Resources

As at 30 June 2021, bank balances and cash of the Group amounted to approximately RMB55,047,000 of which approximately 72.9% was denominated in HK\$, approximately 1.5% was denominated in Singapore Dollars, approximately 0.1% was denominated in US\$ and the rest was denominated in RMB (31 December 2020: approximately RMB23,881,000 of which approximately 69.5% was denominated in HK\$, approximately 3.1% was denominated in Singapore Dollars, approximately 0.1% was denominated in US\$ and the rest was denominated in RMB).

Details of bank and other borrowings of the Group as at 30 June 2021 are set out in Note 15 to the unaudited condensed consolidated financial statements.

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

As at 30 June 2021, a total of 658,696,000 Shares with par value of HK\$0.04 each are in issue.

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the reporting period as compare with the year ended 31 December 2020.

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 RMB624,000 (for the six months ended 30 June 2020: approximately RMB607,000).

Capital commitment

As at 30 June 2021, the Group had no capital commitment (31 December 2020: Nil).

Contingent liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

Pledge of Assets

As at 30 June 2021, the Group had pledged (i) assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB7,684,000 (31 December 2020: approximately RMB10,305,000); and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company as at 30 June 2021 and 31 December 2020.

Gearing ratio

As at 30 June 2021, the gearing ratio was 0.96 (31 December 2020: 0.90), which was measured on the basis of the Group's total borrowings divided by total equity.

Foreign exchange risk

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

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

OTHER INFORMATION

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

As at 30 June 2021, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").

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

The register of substantial shareholders of the Company required to be kept under section 336 of Part XV of the SFO shows that as at 30 June 2021, 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	58,660,000	8.91%
Mr. Fu Jinsen (Note 2)	Beneficial owner/Interest of controlled corporation	41,840,000	6.35%
Mr. Chen Xiongwei (Note 3)	Beneficial owner/Interest of controlled corporation	53,760,000	8.16%
Kent Field Limited (Note 4)	Beneficial owner	36,600,000	5.56%
Mr. Chen Hui (Note 4)	Beneficial owner/Interest of controlled corporation	48,400,000	7.35%
Mr. Wu Jianxin	Beneficial owner	52,730,000	8.01%
Mr. Xie Yuqiang	Beneficial owner	42,600,000	6.47%

Notes:

- Mr. Xu Gefei beneficially held the entire issued share capital of Grand Luxe Limited which in turn, beneficially held 58,660,000 Shares.
- Mr. Fu Jinsen beneficially held 19,640,000 Shares of the Company and the entire issued share capital of All Superstar Limited, which in turn, beneficially held 22,200,000 Shares (i.e. 41,840,000 Shares in total).
- Mr. Chen Xiongwei beneficially held 31,560,000 Shares of the Company and the entire issued share capital of Success Sense Limited, which in turn beneficially held 22,200,000 Shares (i.e. 53,760,000 Shares in total).
- Mr. Chen Hui beneficially held 11,800,000 Shares of the Company and the entire issued share capital of Kent Field Limited, which in turn beneficially held 36,600,000 Shares (i.e. 48,400,000 Shares in total).

Save as disclosed above, as at 30 June 2021, no person had registered an interest or short position in the securities or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

During the six months ended 30 June 2021, 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 2021, 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

On 7 September 2020, the Company completed a rights issue of 198,772,264 rights shares (the “**Rights Issue**”) and a placing of 113,740,000 new shares (the “**Placing**”) at a price of HK\$0.16 each per share after the ordinary resolutions for Rights Issue and Placing were duly passed at the EGM.

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 2021, the Company has used approximately HK\$41 million of the proceeds for repayment of the Group’s outstanding borrowings and the remaining net proceeds are expected to be used on or before 31 December 2021.

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 2021.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this report, for the six months ended 30 June 2021, there was no material acquisition, disposal or investment by the Group.

Other Information

DIVIDENDS

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

SEGMENT INFORMATION

Details of segment information of the Group for the six months ended 30 June 2021 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 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 2021, 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 2021.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the six months ended 30 June 2021 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 2021 and this report.

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

Hong Kong, 26 August 2021

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