

TARGET

Intelligence Report

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T U E S D A Y

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TEAMWAY INTERNATIONAL GROUP HOLDINGS LTD: MANAGEMENT IS EAGER TO SELL ITS BRICK-AND-MORTAR AS WELL AS ITS SILVERWARE

Shareholders of Teamway International Group Holdings Ltd (Code: 1239, Main Board, The Stock Exchange of Hongkong Ltd) might have been somewhat shocked to learn that, as at June 30, 2022, there was a Deficiency in Assets, amounting to **renminbi (RMB)** 111,274,000.00.

Compared with the Deficiency in Assets, as at December 31, 2021 – six months prior – the June 30, 2022, figure of RMB111,274,000.00, represented an increase of RMB34,337,000.00 with regard to the December 31, 2021, figure of RMB76,937,000.00.

A Deficiency in Assets is generally defined as a situation, suggestive of signs of financial distress; it indicates, inter alia, that a corporate entity might well be in default in respect of its obligations to creditors ... or an even worse situation could be on its way.

Very often, such a situation is generally considered dire ... in the extreme.

On Friday, August 26, 2022, Management of Teamway International Group Holdings Ltd produced its Interim Results in respect of the six months, ended June 30, 2022.

At Page Two of this Interim Report, the '**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**' was published and disseminated in the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**.

The following table, to which this medium has taken the liberty of inserted interpolations for the benefit of increased clarity, are, inter alia, the working parts of elements of this Company:

	For The Six Months, Ended June 30		Percentage Increase/(Decrease)*
	2022	2021	
	All Figures Are Denominated In RMB'000 (except where otherwise stipulated)		
Revenue	192,458	167,845	14.66
Gross Profit	30,275	20,274	49.33
Gross Profit Margin*	15.73 percent	12.08 percent	30.22
Loss Before Taxation	(20,395)	(25,605)	(20.35)
Loss For The Period Attributable To	(21,192)	(26,845)	(21.06)

Shareholder Of The Company			
Loss Per Share Attributable To Shareholders	(3.22) RMB Cents	(4.08) RMB Cents	(21.08)

* These are **TARGET**'s calculations.

Note: The renminbi (RMB) is the legal tender of the People's Republic of China (PRC).

At Page Four of the Interim Results, under the heading, '**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**', one notes that, under '**CURRENT ASSETS**', cash and bank balances had fallen by a little more than 26 percent to RMB38,848,000.00, compared with the figure, as at December 31, 2021, of RMB52,671,000.00.

Down below the section of Current Assets to '**Current Liabilities**', one discovers that '**Interest-bearing bank and other borrowings**' stood at the June 30, 2022, figure of RMB222,687,000.00, an increase of about nine percent, compared with the December 31, 2021, figure of RMB204,237,000.00.

Net Current Liabilities came in at RMB55,141,000.00, as at June 30, 2022, a figure, being an increase of 99.32 percent, compared with the figure of RMB27,664,000.00, recorded as at December 31, 2021.

At Page Five of the Interim Results, Net Liabilities of the Company stood at RMB111,274,000.00, as at June 30, 2022, an increase of 44.63 percent, compared with the figure, as at December 31, 2021, of RMB76,937,000.00.

At Pages Six and Seven of Teamway International Group Holdings Ltd, under the heading, '**BASIS OF PREPARATION**', one was informed of the following:

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

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

the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

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

‘Notwithstanding the above, significant uncertainties exist as to whether the Group’s plans and measures as describe (sic) 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.’

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