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TEAMWAY

International Group Holdings Limited

TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01239)

**ANNOUNCEMENT OF ANNUAL RESULTS FOR
THE YEAR ENDED 31 DECEMBER 2021**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Teamway International Group Holdings Limited (the “**Company**”) is hereby to announces the annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020. The annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	7	377,405	362,833
Cost of sales		<u>(324,451)</u>	<u>(298,270)</u>
Gross profit		52,954	64,563
Other income and gains, net	7	7,531	15,027
Reversal of impairment/(impairment) of trade and notes receivables		944	(2,488)
Selling and distribution expenses		(35,151)	(34,517)
Administrative expenses		(31,444)	(38,297)
Finance costs	8	<u>(36,274)</u>	<u>(39,515)</u>
LOSS BEFORE TAX	9	(41,440)	(35,227)
Income tax expense	10	<u>(1,954)</u>	<u>(3,197)</u>
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>(43,394)</u></u>	<u><u>(38,424)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted — For loss for the year		<u><u>RMB(6.59) cents</u></u>	<u><u>RMB(7.66) cents</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(43,394)</u>	<u>(38,424)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>6,389</u>	<u>13,007</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>6,389</u>	<u>13,007</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(37,005)</u>	<u>(25,417)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		39,548	51,148
Investment properties		54,646	94,360
Right-of-use assets		7,095	9,655
Deferred tax assets		14	14
Deposits and prepayments		236	1,765
		<hr/>	<hr/>
Total non-current assets		101,539	156,942
CURRENT ASSETS			
Inventories		17,066	16,634
Trade and notes receivables	<i>13</i>	169,083	225,177
Deposits, prepayments and other receivables		6,557	4,536
Financial assets at fair value through profit or loss		—	2,000
Cash and bank balances		52,671	23,881
		<hr/>	<hr/>
Total current assets		245,377	272,228
CURRENT LIABILITIES			
Trade payables	<i>14</i>	57,230	60,001
Other payables and accruals		10,046	13,127
Interest-bearing bank and other borrowings		204,237	119,469
Lease liabilities		685	2,883
Tax payable		843	2,174
		<hr/>	<hr/>
Total current liabilities		273,041	197,654
NET CURRENT (LIABILITIES)/ASSETS		(27,664)	74,574
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		73,875	231,516
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		146,753	267,539
Lease liabilities		1,368	752
Deferred tax liabilities		2,691	3,157
		<hr/>	<hr/>
Total non-current liabilities		150,812	271,448
		<hr/>	<hr/>
Net liabilities		(76,937)	(39,932)
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	22,487	22,487
Reserves		(99,424)	(62,419)
		<hr/>	<hr/>
Deficiency in assets		(76,937)	(39,932)
		<hr/>	<hr/>

NOTES:

1. CORPORATE AND GROUP INFORMATION

Teamway International Group Holdings Limited is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suite 1604, 16/F, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

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

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

2. BASIS OF PRESENTATION

For the year ended 31 December 2021, the Group incurred a loss attributable to owners of the parent of RMB43,394,000 and reported net current liabilities and net liabilities of RMB27,664,000 and RMB76,937,000 as at 31 December 2021 respectively. Notwithstanding the aforesaid conditions, the 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 in the foreseeable future, based on the cash flow projections of the Group covering a period up to 31 March 2023 and 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) an independent lender of the Group has agreed to renewing the Group’s other borrowing for a period of at least 12 months upon expiry;
- (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 consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue as a going concern.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The adoption of the above revised HKFRSs has had no significant financial effect on the consolidated financial statements.

5. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture</i> ³
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKFRS 17	<i>Insurance Contracts</i> ^{2,5}
Amendments to HKAS 1	<i>Classification of liabilities as Current or Non-current</i> ^{2,4}
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ²
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> ²
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ²
Amendments to HKAS 16	<i>Property, Plant and Equipment — Proceeds before Intended Use</i> ¹
Amendments to HKAS 37	<i>Onerous contracts: Cost of fulfilling a contract</i> ¹
Amendments to HKFRSs	<i>Annual Improvements to HKFRS 2018–2020 cycle</i> ²

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The directors of the Company anticipate that the application of the issued but not yet effective HKFRSs will have no significant impact on the Group's financial statements.

6. 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
- property investment

	Sales of packaging products and structural components RMB'000	Property investment RMB'000	Total RMB'000
Year ended 31 December 2021			
Segment revenue:			
Revenue from external customers	<u>376,697</u>	<u>708</u>	<u>377,405</u>
Segment results	4,099	1,732	5,831
<i>Reconciliation:</i>			
Interest income			46
Finance costs			(36,274)
Corporate and other unallocated expenses			<u>(11,043)</u>
Loss before tax			<u>(41,440)</u>
Other segment information			
Depreciation			
— Property, plant and equipment	7,088	—	7,088
— Right-of-use assets	134	—	134
Reversal of impairment of trade and notes receivables	944	—	944
Fair value gains on investment properties, net	<u>—</u>	<u>1,342</u>	<u>1,342</u>
Capital expenditure*	<u>6,804</u>	<u>—</u>	<u>6,804</u>

	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2020			
Segment revenue:			
Revenue from external customers	<u>361,600</u>	<u>1,233</u>	<u>362,833</u>
Segment results	9,138	11,356	20,494
<i>Reconciliation:</i>			
Interest income			81
Finance costs			(39,515)
Corporate and other unallocated expenses			<u>(16,287)</u>
Loss before tax			<u>(35,227)</u>
Other segment information			
Depreciation			
— Property, plant and equipment	8,497	47	8,544
— Right-of-use assets	140	—	140
Impairment of trade and notes receivables	2,488	—	2,488
Fair value gains on investment properties, net	<u>—</u>	<u>10,657</u>	<u>10,657</u>
Capital expenditure*	<u>8,192</u>	<u>—</u>	<u>8,192</u>

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

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

31 December 2020	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	313,406	95,143	408,549
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			<u>20,607</u>
Total assets			<u><u>429,170</u></u>
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			<u>8,844</u>
Total liabilities			<u><u>469,102</u></u>

Geographical information

(a) Revenue from external customers

Year ended 31 December 2021

	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Singapore	—	708	708
Mainland China	376,697	—	376,697
	<u>376,697</u>	<u>708</u>	<u>377,405</u>

Year ended 31 December 2020

Hong Kong	—	514	514
Singapore	—	719	719
Mainland China	361,600	—	361,600
	<u>361,600</u>	<u>1,233</u>	<u>362,833</u>

The revenue information is based on the location of the customers.

(b) Non-current assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Hong Kong	2,345	44,855
Singapore	54,646	54,894
Mainland China	44,534	57,179
	<u>101,525</u>	<u>156,928</u>

The non-current asset information is based on the location of the assets and excludes deferred tax assets.

Information about major customers

Revenue from each single customers (including sales to a group of entities which are known to be under common control with that customer) which accounted for 10% or more of the Group's revenue that solely derived from sales of packaging products and structural components' segment for the year, is set out below:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer A	165,075	147,651
Customer B	65,709	47,305
Customer C	N/A	48,751
	<u>N/A</u>	<u>48,751</u>

7. REVENUE AND OTHER INCOME AND GAINS, NET

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
Sales of packaging products and structural components	376,697	361,600
Rental income from investment properties	708	1,233
	<u>377,405</u>	<u>362,833</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income and gains, net		
Interest income	46	81
Fair value gains on investment properties, net	1,342	10,657
Fair value gains on financial assets at fair value through profit or loss	68	69
Foreign exchange differences, net	2,256	3,106
Gain on disposal of subsidiaries	3,240	—
Loss on disposal of items of property, plant and equipment	(17)	(767)
Government grants	467	1,821
Others	129	60
	<u>7,531</u>	<u>15,027</u>

8. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank borrowings	287	242
Interest on other borrowings	35,316	38,327
Finance costs arising on discounting trade and notes receivables	628	579
Interest on lease liabilities	41	365
Others	2	2
	<u>36,274</u>	<u>39,515</u>

9. LOSS BEFORE TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of inventories sold	245,242	222,253
Employee benefit expenses	56,018	56,148
Auditors' remuneration	823	1,112
Lease payments not included in the measurement of lease liabilities	111	167
Depreciation of property, plant and equipment	7,218	9,161
Depreciation of right-of-use assets	2,954	3,035
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>355</u>	<u>304</u>

10. 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% (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.

Singapore Corporate Income Tax has been provided at 17% (2020: 17%) on the estimated assessable profits arising in Singapore during the year.

No Hong Kong profits tax has been provided as there is no assessable profit arising in Hong Kong during the year (2020: Nil).

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current — PRC		
Charge for the year	2,392	2,822
(Over)/underprovision in prior years	(6)	26
Current — Singapore		
Charge for the year	25	31
Underprovision in prior years	9	4
	2,420	2,883
Deferred	(466)	314
Total tax charge for the year	<u>1,954</u>	<u>3,197</u>

11. DIVIDENDS

No dividend was proposed or declared by the board of directors in respect of the year (2020: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Loss:		
Loss attributable to ordinary equity holders of the parent	<u>(43,394)</u>	<u>(38,424)</u>
	2021	2020
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	<u>658,696,000</u>	<u>501,820,000</u>

(b) Diluted

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

13. TRADE AND NOTES RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables from sales of packaging products and structural components	119,805	143,319
Notes receivables	51,424	85,882
	171,229	229,201
Impairment	(2,146)	(4,024)
	169,083	225,177

An ageing 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	107,376	128,725
3 to 6 months	10,510	9,630
7 months to 1 year	153	1,135
Over 1 year	—	441
	118,039	139,931

14. TRADE PAYABLES

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 3 months	54,920	55,347
3 to 6 months	1,914	3,394
7 months to 1 year	77	620
Over 1 year	319	640
	<u>57,230</u>	<u>60,001</u>

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

15. SHARE CAPITAL

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

Authorised

	Ordinary shares of HK\$0.04 each		Ordinary shares of HK\$0.01 each	
	Number of shares	Amount <i>HK\$'000</i>	Number of shares	Amount <i>HK\$'000</i>
At 1 January 2020	—	—	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, 1 January 2021 and 31 December 2021	<u>5,000,000,000</u>	<u>200,000</u>	<u>—</u>	<u>—</u>

Issued and fully paid

	Number of shares '000	Amount HK\$'000	Equivalent to RMB RMB'000
At 1 January 2020	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>)	<u>312,512</u>	<u>12,501</u>	<u>11,116</u>
At 31 December 2020, 1 January 2021 and 31 December 2021	<u><u>658,696</u></u>	<u><u>26,348</u></u>	<u><u>22,487</u></u>

Notes:

- a. 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.
- b. 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.

16. EVENTS AFTER THE REPORTING PERIOD

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

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2021.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Material uncertainty related to going concern

We draw attention to note 2 in the consolidated financial statements, which indicated that the Group incurred a net loss of RMB43,394,000 for the year ended 31 December 2021 and, as of that date, the Group had net current liabilities of RMB27,664,000 and net liabilities of RMB76,937,000. These conditions, along with other matters as set forth in note 2, indicate that material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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:

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<i>Packaging products</i>				
Televisions	101,729	27.0	98,113	27.1
Washing machines	85,983	22.8	70,474	19.5
Air conditioners	69,750	18.5	58,087	16.0
Refrigerators	55,435	14.7	77,811	21.6
Information technology products	33,839	9.0	26,602	7.4
Water heaters	15,892	4.2	15,092	4.2
Others	2,689	0.7	2,776	0.7
<i>Structural components</i>				
For air conditioners	11,380	3.1	12,645	3.5
Total	<u>376,697</u>	<u>100</u>	<u>361,600</u>	<u>100</u>

During the current year, the revenue by product type remained relatively stable with the revenue derived from the Group's products for televisions being the largest contribution of the segment revenue, amounting to approximately RMB101,729,000 or 27.0% of total segment revenue (2020: approximately RMB98,113,000 or 27.1% of total segment revenue). The revenue derived from the Group's products for washing machines, air conditioners (including packaging products and structural components) and refrigerators made the second, third and fourth largest contributions to the segment revenue, amounting to approximately RMB222,548,000 or 59.1% of total segment revenue (2020: approximately RMB219,017,000 or 60.6% of total segment revenue).

Cost of sales

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

	Year ended 31 December			
	2021		2020	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Raw materials	245,242	75.6	222,253	74.5
Direct labour costs	26,561	8.2	27,039	9.1
Manufacturing overhead	52,648	16.2	48,978	16.4
Staff costs	3,697	1.1	2,171	0.7
Depreciation	6,333	1.9	7,394	2.5
Utilities	28,746	8.9	24,595	8.2
Processing charges	13,341	4.1	13,782	4.6
Others	531	0.2	1,036	0.4
Total	<u>324,451</u>	<u>100</u>	<u>298,270</u>	<u>100</u>

For the year ended 31 December 2021, the cost of sales amounted to approximately RMB324,451,000 increased by approximately RMB26,181,000 or 8.8% when compared to that of approximately RMB298,270,000 for the year ended 31 December 2020. This increase is mainly contributed by the increase in raw materials costs during the year.

Despite disposing one of our manufacturing plants during the year, our revenue is still increasing, but at a slower pace compared to the increase in cost of sales as reflected by the decrease in gross profit margins to approximately 13.9% for the year ended 31 December 2021 from approximately 17.5% for the year ended 31 December 2020. The labour costs bounced back to its normal level during the year ended 31 December 2021 after the one-off special arrangement by the PRC government in lowering the contribution of employee's retirement schemes during the year ended 31 December 2020.

There are still many challenges ahead of the operating environment of packaging products and structural components business due to the uncertainties associated with the development of novel coronavirus (“**COVID-19**”) and the unstable macroeconomic environment.

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of the Group's packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene and expanded polyolefin. The Group retains a list of approved suppliers of raw materials and components and only makes purchases from the list. The Group has established long-term commercial relationships with its major suppliers for a stable supply and timely delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of packaging products for the year ended 31 December 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 Group's three factories are capable of a maximum annual manufacturing capacity, in aggregate, of 18,300 tonnes of packaging products and structural components. The current production capacity enables the Group to promptly respond to market demand and strengthen its market position.

Disposal of Manufacturing Plant

During the year ended 31 December 2021, the company agreed to sell 100% equity interest of Chuzhou Chuangce Packaging Materials Company Limited ("**CCPMCL**", an indirect wholly-owned subsidiary of the Company), at a consideration of RMB53,968,000 (the "**Disposal of Manufacturing Plant**"). CCPMCL is primarily engaged in design, manufacture and sale of packaging products and structural components. The Disposal of Manufacturing Plant was completed on 29 April 2021 and a gain on disposal of RMB2,158,000 was recorded.

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

Property Investment Business

For the year ended 31 December 2021, 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 fair value gain of approximately RMB1,342,000 and a rental income of RMB708,000 for the year ended 31 December 2021.

To improve the liquidity of the Company, the Company has listed the investment property for sale as at 31 December 2021. Since the market price of the investment property constitute significant portions of the Company's assets, the proposed sale is likely to constitute discloseable/notifiable transactions which will be subject to notifications, publications and/or shareholders' approval requirements from the listing rules before the sales can be completed.

Disposal of Investment Property in Hong Kong

During the year ended 31 December 2021, the company disposed of the investment property in Hong Kong situated at Flat A, 21/F., Tower 1, One SilverSea, 18 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong (registered in the Land Registry as Kowloon Inland Lot No. 11158) with a gross floor area of approximately 1,568 square feet through selling 100% equity interest of Gorgeous Assets Limited ("**GAL**", a direct wholly-owned subsidiary of the Company) at a consideration of HK\$47,800,000 (the "**Disposal of Property**"). GAL is primarily engaged in property investment. The Disposal of Property was completed on 13 April 2021 and a gain on disposal of RMB1,082,000 was recorded.

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

FUTURE OUTLOOK

Packaging Products and Structural Components Business

During the year ended 31 December 2021, COVID-19 has continued to spread around the world. China is considered to be one of the countries that can effectively control the spread. Chinese government has implemented and continued to implement a number of preventive and control measures, including restricting and regulating people's travel and transportation arrangements to a certain extent, vaccination and the isolation of some residents, while strengthening health and pandemic prevention requirements in factories and offices, and implementing community management. Since our operations and customers of packaging products and structural components business are all within the territory of China, the effect on our revenue is minimal in the sense that our revenue is still increasing despite the disposal of one of our manufacturing plants during the year. We believe that the turnover of the packaging products and structural components business can at least be maintained at the same level.

However, the increase in raw materials costs was also inevitable during the pandemic period and this effect totally offset the increase in revenue and worsened the gross profits during 2021. Although China's economy continued demonstrating strong resilience, COVID-19 pandemic has caused increasing challenges and complexity to the operating environment.

In relation to operations management, the Group continued exploring various opportunities to boost its operations management efficiency. Meanwhile, the Group will closely monitor the COVID-19 pandemic situation and, as the case may be, continue to assess the impact of the pandemic on the Group's financial and business operations from time to time.

Property Investment Business

2021 has been a prosperous year for the Singapore property market, which has displayed incredible resilience in the face of the COVID-19 pandemic. With most borders remaining shut until the second half of the year, property activity in 2021 was primarily driven by local buyers. Singaporeans have shown that they are more adaptable than ever and have not let the COVID-19 pandemic get in the way of their property plans.

Prices have risen each quarter since the second quarter of 2020, and the last quarter of 2021 marked the seventh straight quarter of increases in private home prices and the strongest growth since 2019. Although the global interest rates and local mortgage rates recovered slightly in 2021, they have mostly remained low and are believed to continue to remain low with a gradual increase in 2022. Other factors such as continued increase in local demand and the increase of foreign investors after the reopen of borders, we expect property prices for the Singapore property market to continue thriving in 2022.

PROSPECTS

While the outbreak of COVID-19 Pandemic since January 2020 continues to affect the economic activities and transportations worldwide in 2021, the situation in PRC was generally under control after the implementation of preventive measures and various economic restoration policies by the government. Despite various external pressure, China's economy continued demonstrating strong resilience.

The COVID-19 variants have delayed the progress of the outbreak control. Challenges are expected to persist in the world economy in 2022. The overall economic and operating environment is expected to recover gradually due to the increase in vaccination rates and reopening of the affected economic sectors.

The Group will continue to navigate its businesses carefully amid these challenges and uncertainties. It will remain proactive, with necessary prudence, in looking for new investment opportunities that will provide sustainable benefits for the future. The Group is also exploring new and diversified income revenues in other investment fields on top of its existing packaging products and structural components business.

FINANCIAL REVIEW

Financial results

For the year ended 31 December 2021, the Group recorded the revenue of approximately RMB377,405,000, representing an increase of 4.0% when compared to that of approximately RMB362,833,000 for the year ended 31 December 2020.

Loss attributable to owners of the Company was approximately RMB43,394,000 for the year ended 31 December 2021 when compared to loss of approximately RMB38,424,000 for the year ended 31 December 2020.

The increase in loss for the year ended 31 December 2021 was mainly attributable to the increase in raw materials costs and decrease in fair value gains on investment properties. The increase in loss was partially offset by (i) the decrease in finance costs; and (ii) the decrease in administrative expenses.

Basic and diluted loss per share were RMB6.59 cents respectively (2020: RMB7.66 cents respectively).

Liquidity and financial resources

As at 31 December 2021, bank balances and cash of the Group amounted to approximately RMB52,671,000 of which approximately 71.3% was denominated in Hong Kong dollars (“**HK\$**”), approximately 0.2% was denominated in US\$, approximately 2.1% was denominated in SIN\$ and the rest was denominated in RMB (2020: approximately RMB23,881,000 of which approximately 69.5% was denominated in HK\$, approximately 0.1% was denominated in US\$ approximately 3.1% was denominated in SIN\$ and the rest was denominated in RMB).

As at 31 December 2021, the Group’s bank borrowing of approximately RMB10,000,000 (2020: approximately RMB5,000,000) had variable interest rates and was repayable within one year, which was secured by the Group’s buildings and prepaid land lease payments. As at 31 December 2021 and 2020, all of the bank borrowings were denominated in RMB.

As at 31 December 2021, the Group's other borrowings of (i) approximately RMB20,940,000 (2020: approximately RMB21,655,000) had fixed interest rate at 6.5% per annum and was repayable on demand and were denominated in US\$; (ii) approximately RMB146,753,000 (2020: RMB148,894,000) had fixed interest rate at 2% per annum, were repayable on 31 May 2023, were unsecured and were denominated in US\$; and (iii) approximately RMB173,297,000 under current liabilities (2020: RMB92,814,000 and RMB118,645,000 under current liabilities and non-current liabilities) had fixed interest rate at 18% per annum, was repayable on demand, which was secured by the entire issued share capital of a wholly-owned subsidiary of the Company and were denominated in HK\$.

Capital Structure

As at 31 December 2021, a total of 658,695,764 shares with par value of HK\$0.04 each are in issue. The number of total issued shares of the Company remained unchanged during the year ended 31 December 2021.

Acquisitions, disposals and significant investment

Save as disclosed in this announcement, for the year ended 31 December 2021, there was no material acquisition, disposal or significant investment by the Group.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of property, plant and equipment and right-of-use assets. For the year ended 31 December 2021, capital expenditure of the Group amounted to approximately RMB6,804,000 (2020: approximately RMB8,192,000).

Pledge of assets

The Group had pledged (i) assets of buildings and prepaid land lease payments to the bank in the amount of approximately RMB7,211,000 as at 31 December 2021 (2020: approximately RMB10,304,000; and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company to the lender as at 31 December 2021 and 2020.

Segment information

Details of segment information of the Group for the year ended 31 December 2021 are set out in Note 6 to the consolidated financial statements.

Human resources and training

As at 31 December 2021, the Group has 590 employees (2020: 751 employees). Total employee benefit expenses amounted to approximately RMB56,018,000 (2020: approximately RMB56,148,000). 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.

Gearing ratio

As at 31 December 2021, the gearing ratio was 1.01 (2020: 0.9), which was measured on the basis of the Group's total borrowings divided by total assets.

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.

Capital commitment

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

Contingent liabilities

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

DIVIDENDS

No final dividend was proposed by the Board in respect of the year (2020: Nil).

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

For the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

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 31 December 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 RIGHTS ISSUE AND PLACING

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

As at 31 December 2021, the Company has used approximately HK\$46.34 million of the proceeds for repayment of the Group's outstanding borrowings. The remaining balance of the net proceeds is expected to be utilised on or before 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (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 during the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2021, the Company has adopted the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") contained in the 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 compliance with the applicable Code Provisions for the year ended 31 December 2021.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Poon Lai Yin Michael (an independent non-executive director with the appropriate professional qualifications as required under rule 3.10(2) of the Listing Rules who serves as chairman of the Audit Committee), Mr. Chan Ka Leung Kevin and Mr. Chow Ming Sang.

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2021 as well as the Company's risk management and internal control review report. Besides, the Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules and the Company's compliance with the CG Code.

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

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises Ms. Ngai Mei and Ms. Duan Mengying as executive Directors; Mr. Poon Lai Yin Michael, Mr. Chow Ming Sang and Mr. Chan Ka Leung Kevin as independent non-executive Directors.

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