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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 2022**

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 2022, together with the comparative figures for the year ended 31 December 2021. 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 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	7	385,163	377,405
Cost of sales		<u>(327,331)</u>	<u>(324,451)</u>
Gross profit		57,832	52,954
Other income and (losses)/gains, net (Impairment)/reversal of impairment of trade and notes receivables	7	(3,636)	7,556
Impairment of loan and other receivables		(450)	944
Selling and distribution expenses		(354)	(25)
Administrative expenses		(38,287)	(35,151)
Finance costs	8	(25,867)	(31,444)
		<u>(39,387)</u>	<u>(36,274)</u>
LOSS BEFORE TAX	9	(50,149)	(41,440)
Income tax credit/(expense)	10	548	(1,954)
		<u>548</u>	<u>(1,954)</u>
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(49,601)</u>	<u>(43,394)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted — Loss for the year		<u>RMB(7.53) cents</u>	<u>RMB(6.59) cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(49,601)</u>	<u>(43,394)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(18,787)</u>	<u>6,389</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(18,787)</u>	<u>6,389</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(68,388)</u>	<u>(37,005)</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>37,154</b>	39,548
Investment properties		<b>59,591</b>	54,646
Right-of-use assets		<b>6,436</b>	7,095
Deferred tax assets		<b>939</b>	14
Deposits and prepayments		<b>264</b>	236
		<hr/>	<hr/>
Total non-current assets		<b>104,384</b>	101,539
<b>CURRENT ASSETS</b>			
Inventories		<b>14,131</b>	17,066
Trade and notes receivables	<i>13</i>	<b>189,764</b>	169,083
Deposits, prepayments and other receivables		<b>4,854</b>	6,557
Loan and interest receivable		<b>2,641</b>	—
Cash and bank balances		<b>33,265</b>	52,671
		<hr/>	<hr/>
Total current assets		<b>244,655</b>	245,377
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>55,741</b>	57,230
Other payables and accruals		<b>17,591</b>	10,046
Interest-bearing bank and other borrowings		<b>254,132</b>	204,237
Lease liabilities		<b>784</b>	685
Tax payable		<b>737</b>	843
		<hr/>	<hr/>
Total current liabilities		<b>328,985</b>	273,041
<b>NET CURRENT LIABILITIES</b>			
		<b>(84,330)</b>	(27,664)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>20,054</b>	73,875

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>161,938</b>	146,753
Lease liabilities	<b>762</b>	1,368
Deferred tax liabilities	<b>2,679</b>	2,691
	<hr/>	<hr/>
Total non-current liabilities	<b>165,379</b>	150,812
	<hr/>	<hr/>
<b>Net liabilities</b>	<b>(145,325)</b>	<b>(76,937)</b>
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<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>22,487</b>	22,487
Reserves	<b>(167,812)</b>	(99,424)
	<hr/>	<hr/>
<b>Deficiency in assets</b>	<b>(145,325)</b>	<b>(76,937)</b>
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## 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

Notwithstanding that the Group incurred net loss of RMB49,601,000 for the year ended 31 December 2022, and as of that date, the Group’s net liabilities amounted to RMB145,325,000; and the current liabilities of the Group at 31 December 2022 exceed its current assets at that date by RMB84,330,000, and the Group’s current liabilities at that date includes interest-bearing bank and other borrowings with the carrying amounts of RMB254,132,000, in which including RMB221,453,000 (“**The Loan**”) has default to a single lender (the “**Lender**”), according to their scheduled repayment date. These condition indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as going concern.

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

- (i) in relation to the Default Loan for which the Group entered into an agreement with Lender on 31 March 2015, pursuant to which the Lender has agreed to provide a loan for a principal amount of HK\$200 million to the Group, the outstanding principal amount as at 31 December 2022 is HK\$155 million (equivalent to RMB136 million). The loan drawn down by the Group was secured by share charge over the entire issued shares of Cheng Hao International Limited, a wholly-owned subsidiary of the Company, carries interest at 18% per annum and repayable on 2 January 2023.

As disclosed in the Company's announcement dated 16 November 2022, the said Default Loan has entered into a dispute and its initial hearing of the petition has been set for 2 June 2023 at the High Court of Hong Kong. In the light of the complexity of the matter, the legal representative of the Company expect that the court proceedings will take at least 6 to 9 months from the date of the first hearing, and the court likely fix a case management hearing at least 9 months from such hearing. Accordingly, the legal representative do not expect the matter to be resolved by 31 March 2024;

- (ii) the Company obtained a letter of continuous financial support and undertaken from the substantial shareholders;
- (iii) estimated sales proceed for RMB59 million from the disposal of the Group's investment property in Singapore; and
- (iv) the Group is actively identifying any other possible financing options to improved the liquidity portion of the Group.

Significant uncertainties exist as to whether the Group's plans and measures as describe above will be able to be achieved by the Group and whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future, obtaining the continuous financial support from its shareholders and successful obtaining of additional new source of financial assets and when needed.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue as a going concern.

### 3. BASIS OF PREPARATION

These 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 which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



If the Group loses control over a subsidiary, it derecognises (i) the assets and liabilities of the subsidiary and (ii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

#### 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- *HKFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

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

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

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>2</sup>
HKFRS 17	<i>Insurance Contracts</i> <sup>1</sup>
Amendments to HKFRS 17	<i>Insurance Contracts</i> <sup>1,5</sup>
Amendments to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i> <sup>6</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>2,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> <sup>1</sup>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i> <sup>1</sup>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion

<sup>5</sup> 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

<sup>6</sup> An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Group is in the process of making an assessment of the impact of these new and amendments to HKFRSs upon initial application. So far, the Group considers that, new and amendments to HKFRSs are unlikely to have a significant impact on the Group’s results of operations and financial position.

## 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

	<b>Sales of packaging products and structural components RMB'000</b>	<b>Property investment RMB'000</b>	<b>Total RMB'000</b>
<b>Year ended 31 December 2022</b>			
<b>Segment revenue:</b>			
Revenue from external customers	<u>384,372</u>	<u>791</u>	<u>385,163</u>
<b>Segment results</b>	<b>(1,919)</b>	<b>974</b>	<b>(945)</b>
<i>Reconciliation:</i>			
Interest income			314
Finance costs			(39,387)
Corporate and other unallocated expenses			<u>(10,131)</u>
Loss before tax			<u>(50,149)</u>
<b>Other segment information</b>			
Depreciation			
— Property, plant and equipment	6,749	—	6,749
— Right-of-use assets	122	—	122
Impairment of trade and notes receivables	450	—	450
Impairment of other receivables	<u>274</u>	<u>—</u>	<u>274</u>
<b>Capital expenditure*</b>	<u>4,255</u>	<u>—</u>	<u>4,255</u>

	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2021</b>			
<b>Segment revenue:</b>			
Revenue from external customers	<u>376,697</u>	<u>708</u>	<u>377,405</u>
<b>Segment results</b>	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>
<b>Other segment information</b>			
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
Impairment of other receivables	25	—	25
Fair value gains on investment properties, net	<u>—</u>	<u>1,342</u>	<u>1,342</u>
<b>Capital expenditure*</b>	<u>6,804</u>	<u>—</u>	<u>6,804</u>

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

<b>31 December 2022</b>	<b>Sales of packaging products and structural components <i>RMB'000</i></b>	<b>Property investment <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Segment assets</b>	<b>264,472</b>	<b>59,591</b>	<b>324,063</b>
<i>Reconciliation:</i>			
Deferred tax assets			939
Corporate and other unallocated assets			<u>24,037</u>
Total assets			<u><u>349,039</u></u>
<b>Segment liabilities</b>	<b>69,118</b>	<b>245</b>	<b>69,363</b>
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			416,070
Deferred tax liabilities			2,679
Corporate and other unallocated liabilities			<u>6,252</u>
Total liabilities			<u><u>494,364</u></u>

<b>31 December 2021</b>	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment assets</b>	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>
<b>Segment liabilities</b>	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>

## Geographical information

### (a) Revenue from external customers

	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2022</b>			
Singapore	—	791	791
Mainland China	<u>384,372</u>	<u>—</u>	<u>384,372</u>
	<u><b>384,372</b></u>	<u><b>791</b></u>	<u><b>385,163</b></u>
<b>Year ended 31 December 2021</b>			
Singapore	—	708	708
Mainland China	<u>376,697</u>	<u>—</u>	<u>376,697</u>
	<u><b>376,697</b></u>	<u><b>708</b></u>	<u><b>377,405</b></u>

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



**(b) Non-current assets**

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Hong Kong	<b>2,390</b>	2,345
Singapore	<b>59,591</b>	54,646
Mainland China	<b>41,464</b>	44,534
	<u><b>103,445</b></u>	<u>101,525</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:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A	<b>174,962</b>	165,075
Customer B	<b>84,609</b>	65,637
Customer C	<b>43,552</b>	54,733
	<u><b>43,552</b></u>	<u>54,733</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue</b>		
Sales of packaging products and structural components	384,372	376,697
Rental income from investment properties	791	708
	<u>385,163</u>	<u>377,405</u>
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Other income and (losses)/gains, net</b>		
Interest income	314	46
Fair value gains on investment properties, net	—	1,342
Fair value gains on financial assets at fair value through profit or loss	—	68
Foreign exchange differences, net	(3,850)	2,256
Gain on disposal of subsidiaries	—	3,240
Loss on disposal of items of property, plant and equipment	(181)	(17)
Government grants	290	467
Others	(209)	154
	<u>(3,636)</u>	<u>7,556</u>

## 8. FINANCE COSTS

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank borrowings	<b>264</b>	287
Interest on other borrowings	<b>38,351</b>	35,316
Finance costs arising on discounting trade and notes receivables	<b>667</b>	628
Interest on lease liabilities	<b>103</b>	41
Others	<b>2</b>	2
	<b><u>39,387</u></b>	<b><u>36,274</u></b>

## 9. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of inventories sold	<b>245,257</b>	245,242
Employee benefit expenses	<b>55,896</b>	56,018
Auditors' remuneration	<b>773</b>	823
Lease payments not included in the measurement of lease liabilities	<b>145</b>	111
Depreciation of property, plant and equipment	<b>7,153</b>	7,218
Depreciation of right-of-use assets	<b>871</b>	2,954
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<b><u>230</u></b>	<b><u>355</u></b>

## 10. INCOME TAX (CREDIT)/EXPENSE

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

The provision for current income tax in Mainland China has been calculated at the applicable tax rate of 25% (2021: 25%) on the assessable profits of subsidiaries of the Group based on existing PRC Corporate Income Tax Law.

Singapore Corporate Income Tax has been provided at 17% (2021: 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 (2021: Nil).

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax — Mainland China		
Charge for the year	<b>342</b>	2,392
Over provision in prior years	—	(6)
Current tax — Singapore		
Charge for the year	<b>47</b>	25
Underprovision in prior years	—	9
	<b>389</b>	2,420
Deferred tax	<b>(937)</b>	(466)
	<b>(548)</b>	1,954

## 11. DIVIDENDS

No dividend was proposed or declared by the board of directors in respect of the year (2021: 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:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss:		
Loss attributable to ordinary equity holders of the parent	<u><b>(49,601)</b></u>	<u>(43,394)</u>
	<b>2022</b>	2021
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	<u><b>658,696,000</b></u>	<u>658,696,000</u>

### (b) Diluted

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

### 13. TRADE AND NOTES RECEIVABLES

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables from sales of packaging products and structural components	<b>121,806</b>	119,805
Notes receivables	<b>70,554</b>	51,424
	<b>192,360</b>	171,229
Impairment	<b>(2,596)</b>	(2,146)
	<b><u>189,764</u></b>	<b><u>169,083</u></b>

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:

	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	<b>118,357</b>	107,376
3 to 6 months	<b>1,885</b>	10,510
7 months to 1 year	<b>42</b>	153
	<b><u>120,284</u></b>	<b><u>118,039</u></b>

## 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	54,110	54,920
3 to 6 months	923	1,914
7 months to 1 year	363	77
Over 1 year	345	319
	<u>55,741</u>	<u>57,230</u>

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

## 15. EVENTS AFTER THE REPORTING PERIOD

- (a) The Company as the first respondent was served with a petition (the “**Petition**”) issued by the Securities and Futures Commission (the “**SFC**”) as petitioner on 8 November 2022. An initial hearing of the Petition has been set in June 2023 at the High Court of Hong Kong. Details of the Petition are set out in the announcement of the Company dated 16 November 2022.
- (b) On 23 March 2023, the Board of Directors has established a special investigation committee in relation to the Petition. Details of the establishment of special investigation committee are set out in the announcement of the Company dated 23 March 2023.

## **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 2022.

### **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 2022, 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 to the consolidated financial statements which states that, the Group incurred a loss of RMB49,601,000 for the year ended 31 December 2022, and as of that date, had net current liabilities and net liabilities of RMB84,330,000 and RMB145,325,000 respectively. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and therefore, it maybe unable to realise its assets and discharge its liabilities in the normal course of business. The directors having considered the measures being taken by the Group, are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due. Accordingly, the consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements do not include any adjustment that would result from a failure of achieving the measures. We considered that the material uncertainty has been adequate disclosed in the consolidated financial statements. 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			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<i>Packaging products</i>				
Air conditioners	<b>94,344</b>	<b>24.5</b>	69,750	18.5
Televisions	<b>88,896</b>	<b>23.1</b>	101,729	27.0
Washing machines	<b>87,054</b>	<b>22.7</b>	85,983	22.8
Refrigerators	<b>45,614</b>	<b>11.9</b>	55,435	14.7
Information technology products	<b>31,797</b>	<b>8.3</b>	33,839	9.0
Water heaters	<b>19,525</b>	<b>5.1</b>	15,892	4.2
Others	<b>3,573</b>	<b>0.9</b>	2,689	0.7
<i>Structural components</i>				
For air conditioners	<b>13,569</b>	<b>3.5</b>	11,380	3.1
Total	<b><u>384,372</u></b>	<b><u>100</u></b>	<b><u>376,697</u></b>	<b><u>100</u></b>

During the current year, the revenue by product type remained relatively stable with the revenue derived from the Group's products for air conditioners (including packaging products and structural components), televisions, washing machines and refrigerators being the four largest contributions to the segment revenue, amounting to approximately RMB329,477,000 or 85.7% of total segment revenue (2021: approximately RMB324,277,000 or 86.1% 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			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Raw materials	<b>245,257</b>	<b>74.9</b>	245,242	75.6
Direct labour costs	<b>27,166</b>	<b>8.3</b>	26,561	8.2
Manufacturing overhead	<b>54,908</b>	<b>16.8</b>	52,648	16.2
Staff costs	<b>4,794</b>	<b>1.5</b>	3,697	1.1
Depreciation	<b>6,114</b>	<b>1.8</b>	6,333	1.9
Utilities	<b>30,735</b>	<b>9.4</b>	28,746	8.9
Processing charges	<b>12,234</b>	<b>3.8</b>	13,341	4.1
Others	<b>1,031</b>	<b>0.3</b>	531	0.2
Total	<b><u>327,331</u></b>	<b><u>100</u></b>	<b><u>324,451</u></b>	<b><u>100</u></b>

For the year ended 31 December 2022, the cost of sales amounted to approximately RMB327,311,000 increased by approximately RMB2,880,000 or 0.9% when compared to that of approximately RMB324,451,000 for the year ended 31 December 2021.

The gross profit margin for the year ended 31 December 2022 increased slightly to approximately 14.8% (2021: approximately 13.9%). Such increase in gross profit margin is mainly attributable to the decrease in depreciation from property, plant and equipment for the year ended 31 December 2022 while all other components of the costs remain relatively stable.

Although we are able to control the cost of sales at a similar level during the year, there are still many challenges ahead of the operating environment such as the upward pressure on raw material costs and the unstable macroeconomic environment associated with the development of novel coronavirus (“COVID-19”) and the uncertainty on the recovery of post-COVID 19 period.

### *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 2022. 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 two factories are capable of a maximum annual manufacturing capacity, in aggregate, of 18,400 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 2022, 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 RMB791,000.

Overall, sales activity in the residential property market in Singapore slowed due to a confluence of reasons — the December 2021 and September 2022's cooling measures, inflationary pressures, increasing interest rates and a worsening economic outlook. Thus, the increase in property prices was moderated and no fair value change was recorded for the year ended 31 December 2022.

To improve the liquidity of the Company, the Company has listed the investment property for sale as at 31 December 2022. 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 2022, the China economy continued to be hit hard by numerous unexpected factors including multiple outbreaks, extreme weather of severe heatwave, etc. The pressure of declining demand, supply disruption and expected weakening of the economy continued to evolve, while the level of complexity, severity and uncertainty of the development environment increased. Facing internal and external challenges, the entire country strove to maintain continual development of the national economy despite under pressure. The fundamentals of the economy's strong resilience, enormous potential and vast room to grow, as well as a positive long-term outlook remained unchanged. The key national macroeconomic indicators in 2022 in general were stable.

Despite the high raw materials costs, we are still able to maintain the gross profit ratio at a similar level. We have stable customers and many of them have been with good relationships with us for many years. With the expectation of resurgence of COVID-19, we are optimistic that the turnover of the packaging products and structural components business can make some improvement or at least be maintained at the same level coming into 2023.

In relation to the operations management, the Group will continue to look for ways to boost its operations efficiency, while try to explore new customers at the same time. The impact of the COVID-19 pandemic is expected to be lessen as the time goes on, and the Group will closely monitor the financial and business operations from time to time.

## **Property Investment Business**

In 2022, property prices continued to climb and the housing market in Singapore remains resilient amid declining sales volumes across all property types. For the whole of 2022, prices of private residential properties in Singapore increased by 8.6%, compared with the 10.6% increase in 2021. The overall asking prices did not ease and we should expect the same buying behaviours to be carried forward for a period of time in 2023.

Despite the uncertain geopolitical and macroeconomic conditions, many buyers maintain a positive view of the Singapore's property market in the long term. However, uncertain economic outlook increases the appeal of residential properties as they are known to appreciate in the long term and the scenario may drastically change if the already weakened economy is subjected to unforeseen shocks.

## **PROSPECTS**

The recent inflationary pressures around the world triggered a sharp increase in the interest rate in most of the economies and it affected every industries, investors and consumers. However, our customers are all located within the borders of China and thus, the effects on our Company are limited. We believe that with the lifting of COVID-19 related prevention and control measures, and the Group's effective business strategies, we can still achieve stable and sustainable performance despite the challenging environment and create long term value for shareholders.

Meanwhile, the Group will continue to keep up with the market trend and the industry requirements and also will explore new business opportunities in the healthcare industry to widen the Group's revenue stream. The Group will also continue to maintain closer business relationships with existing customers, explore the market for potential customers and is committed to improving the sales performance for 2023.

In light of the high interest rate and uncertain business environment, the Group will continue to adopt prudent financial management and stringent cost control.

## **FINANCIAL REVIEW**

### **Financial results**

For the year ended 31 December 2022, the Group recorded the revenue of approximately RMB385,163,000, representing an increase of 2.1% when compared to that of approximately RMB377,405,000 for the year ended 31 December 2021.

Loss attributable to owners of the Company was approximately RMB49,601,000 for the year ended 31 December 2022 when compared to loss of approximately RMB43,394,000 for the year ended 31 December 2021.

The increase in loss for the year ended 31 December 2022 was mainly attributable to the absence of the gain on disposal of subsidiaries and loss on exchange differences. The increase in loss was partially offset by the decrease in depreciation from property, plant and equipment.

Basic and diluted loss per share were RMB7.53 cents respectively (2021: RMB6.59 cents respectively).

### **Liquidity and financial resources**

As at 31 December 2022, bank balances and cash of the Group amounted to approximately RMB33,265,000 of which approximately 48.7% was denominated in Hong Kong dollars (“**HK\$**”), approximately 0.3% was denominated in US\$, approximately 5.6% was denominated in SIN\$ and the rest was denominated in RMB (2021: approximately RMB52,671,000 of which approximately 71.3% was denominated in HK\$, approximately 0.2% was denominated in US\$ approximately 2.1% was denominated in SIN\$ and the rest was denominated in RMB).

As at 31 December 2022, the Group’s bank borrowing of approximately RMB10,000,000 (2021: approximately RMB10,000,000) 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 2022 and 2021, all of the bank borrowings were denominated in RMB.

As at 31 December 2022, the Group's other borrowings of (i) approximately RMB22,679,000 (2021: approximately RMB20,940,000) had fixed interest rate at 6.5% per annum, was repayable on demand and was denominated in US\$; (ii) approximately RMB161,938,000 (2021: RMB146,753,000) had fixed interest rate at 2% per annum, was repayable on 31 May 2025, was unsecured and was denominated in US\$; and (iii) approximately RMB221,453,000 (2021: RMB173,297,000) 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 was denominated in HK\$.

### **Capital Structure**

As at 31 December 2022, 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 2022.

### **Acquisitions, disposals and significant investment**

Save as disclosed in this announcement, for the year ended 31 December 2022, 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 2022, capital expenditure of the Group amounted to approximately RMB5,215,000 (2021: approximately RMB6,804,000).

## **Pledge of assets**

The Group had pledged (i) assets of buildings and right-of-use assets to the bank in the amount of approximately RMB6,265,000 as at 31 December 2022 (2021: approximately RMB7,211,000; and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company to the lender as at 31 December 2022 and 2021.

## **Segment information**

Details of segment information of the Group for the year ended 31 December 2022 are set out in Note 6 to the consolidated financial statements.

## **Human resources and training**

As at 31 December 2022, the Group has 598 employees (2021: 590 employees). Total employee benefit expenses amounted to approximately RMB55,896,000 (2021: approximately RMB56,018,000). 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 2022, the gearing ratio was 1.19 (2021: 1.01), 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 2022, the Group had no capital commitment (2021: Nil).

## **Contingent liabilities**

As at 31 December 2022, the Group had no material contingent liabilities (2021: Nil).

## **DIVIDENDS**

No final dividend was proposed by the Board in respect of the year (2021: Nil).

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

For the year ended 31 December 2022, 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 2022, the Group had used up all the net proceed, 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 2022, the Company has used approximately HK\$49.34 million of the proceeds for repayment of the Group's outstanding borrowings. The remaining balance of the net proceeds is expected to be utilised on or before 30 June 2023.

## **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 2022.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company's corporate governance practices are based on the principles and 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 2022.

## **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. Tsang Hing Bun and Mr. Chow Ming Sang.

The audit committee has reviewed the accounting principles and practices adopted by the Group with the management and the Company's external auditors and discussed risk management, internal control and financial reporting matters (including the review of the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2022).

The figures in respect of the Group's consolidated results for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's external auditors to the amounts set out in the Company's audited consolidated financial statements for the year ended 31 December 2022.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.teamwaygroup.com>. The 2022 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company in due course and will be published on the websites of the Company and the Stock Exchange.

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

Hong Kong, 24 March 2023

*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. Tsang Hing Bun as independent non-executive Directors.*

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