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TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01239)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the “**Board**”) of directors (the “**Director(s)**”) of Teamway International Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2019, together with the comparative audited annual results of the Group for the year ended 31 December 2018. The unaudited annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	2019 RMB'000 (unaudited)	2018 RMB'000 (audited)
CONTINUING OPERATIONS			
REVENUE	7	379,720	389,784
Cost of sales		<u>(318,118)</u>	<u>(333,775)</u>
Gross profit		61,602	56,009
Other income and gains/(losses), net	7	25,954	(5,295)
Selling and distribution expenses		(34,860)	(28,144)
Administrative expenses		(38,044)	(38,123)
Impairment loss on loan and interest receivables		—	(47,995)
Impairment loss on goodwill		—	(210,950)
Finance costs	8	<u>(46,130)</u>	<u>(42,216)</u>
LOSS BEFORE TAX	9	(31,478)	(316,714)
Income tax expense	10	<u>(1,704)</u>	<u>(2,413)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(33,182)	(319,127)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	11	<u>(933)</u>	<u>(1,185)</u>
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>(34,115)</u></u>	<u><u>(320,312)</u></u>
			(restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted			
— For loss for the year		<u><u>RMB(2.84) cents</u></u>	<u><u>RMB(29.03) cents</u></u>
— For loss for the year from continuing operations		<u><u>RMB(2.77) cents</u></u>	<u><u>RMB(28.92) cents</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
LOSS FOR THE YEAR	<u>(34,115)</u>	<u>(320,312)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(3,491)	(4,260)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designed at fair value through other comprehensive income:		
Changes in fair value	<u>—</u>	<u>818</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(3,491)</u>	<u>(3,442)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(37,606)</u>	<u>(323,754)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000 (unaudited)	2018 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		59,359	63,376
Investment properties		89,418	88,278
Right-of-use assets		10,869	—
Prepaid land lease payments		—	4,314
Deferred tax assets		14	14
Deposits and prepayments		1,873	8,160
Total non-current assets		161,533	164,142
CURRENT ASSETS			
Inventories		23,487	17,239
Prepaid land lease payments		—	116
Trade and notes receivables	14	209,266	198,973
Tax recoverable		—	79
Deposits, prepayments and other receivables		5,595	7,970
Financial assets at fair value through profit or loss		—	16,464
Cash and bank balances		46,671	24,458
Total current assets		285,019	265,299
CURRENT LIABILITIES			
Trade payables	15	57,584	40,935
Other payables and accruals		10,868	10,792
Interest-bearing bank and other borrowings		32,982	224,524
Lease liabilities		2,860	—
Tax payable		909	12,837
Total current liabilities		105,203	289,088
NET CURRENT ASSETS/(LIABILITIES)		179,816	(23,789)
TOTAL ASSETS LESS CURRENT LIABILITIES		341,349	140,353

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

31 December 2019

	<i>Notes</i>	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i> (audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		389,509	177,382
Lease liabilities		3,858	—
Deferred tax liabilities		2,843	2,790
Total non-current liabilities		396,210	180,172
Net liabilities		(54,861)	(39,819)
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	11,371	8,852
Reserves		(66,232)	(48,671)
Deficiency in assets		(54,861)	(39,819)

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, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is located at Suites 2005–2006, 20/F, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

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

- design, manufacture and sale of packaging products and structural components in the People’s Republic of China (the “**PRC**”)
- property investment
- provision for corporate secretarial, consultancy and business valuation services (discontinued during the year)

2. BASIS OF PRESENTATION

In preparing the unaudited consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group notwithstanding that the Group has net liabilities of approximately RMB54,861,000 as at 31 December 2019 and the Group incurred a loss of approximately RMB34,115,000 for the year ended 31 December 2019.

In view of the above, the Directors have reviewed the Group’s cash flow projections covering a period of twelve months from 31 December 2019 which have taken into account the following measures.

- (i) the total assets of the Group of approximately RMB446,552,000, the Group should be able to secure additional loan facilities, if necessary;
- (ii) the Group is actively identifying any other possible financing options to strengthen the liquidity of the Group; and
- (iii) the Directors will strengthen to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring the general administrative expenses and operating costs.

Based on the above, in the opinion of the Directors, the Group will have sufficient working capital to fulfill its financial obligations as and when they fall due in the coming twelve months from 31 December 2019. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. These consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

3. BASIS OF PREPARATION

The unaudited financial information 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 certain equity investments are measured at fair values. This financial information 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 new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments mentioned below, the application of the above new and revised HKFRSs has had no significant finance effect on this unaudited financial information.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Nature of the effect of adoption of HKFRS 16

The Group has lease contract for various items of leasehold land and building and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“**short-term leases**”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease) RMB'000 (unaudited)
Assets	
Increase in right-of-use assets	13,726
Decrease in prepaid land lease payments	<u>(4,430)</u>
Increase in total assets	<u><u>9,296</u></u>
Liabilities	
Increase in lease liabilities	
— Current	2,704
— Non-current	<u>6,592</u>
Increase in total liabilities	<u><u>9,296</u></u>

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	<i>RMB'000</i> (unaudited)
Operating lease commitments as at 31 December 2018	10,335
Less: Commitments relating to leases of low-value assets	(89)
	10,246
Weighted average incremental borrowing rate as at 1 January 2019	6.85%
Discounted operating lease commitments as at 1 January 2019 and lease liabilities as at 1 January 2019	9,296

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>Definition of a Business¹</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 17	<i>Insurance Contracts²</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material¹</i>

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 No mandatory effective date yet determined but available for adoption

The Group anticipates that the application of the above new and amendments to HKFRSs will have no material impact on the Group's financial statements in the foreseeable future.

6. OPERATING SEGMENT INFORMATION

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

The Group has presented the following reportable segments:

- design, manufacture and sale of packaging products and structural components in the PRC
- property investment
- provision for corporate secretarial, consultancy and business valuation services (discontinued during the year)

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

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

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

	Continuing operations			Discontinued operation
	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>	Corporate secretarial, consultancy and business valuation services <i>RMB'000</i>
Year ended 31 December 2019				
Segment revenue:				
Revenue from external customers	<u>379,191</u>	<u>529</u>	<u>379,720</u>	<u>—</u>
Segment results	7,853	(522)	7,331	—
<i>Reconciliation:</i>				
Interest income			104	—
Dividend income from unlisted investment			29,148	—
Finance costs			(46,130)	—
Corporate and other unallocated expenses			<u>(21,931)</u>	<u>(12,262)</u>
Loss before tax			<u>(31,478)</u>	<u>(12,262)</u>
Other segment information				
Depreciation				
— Property, plant and equipment	11,236	—	11,236	—
— Right-of-use assets	116	2,918	3,034	—
Fair value losses on investment properties	<u>—</u>	<u>539</u>	<u>539</u>	<u>—</u>
Capital expenditure*	<u>6,891</u>	<u>157</u>	<u>7,048</u>	<u>—</u>

	Continuing operations			Discontinued operation
	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>	Corporate secretarial, consultancy and business valuation services <i>RMB'000</i>
Year ended 31 December 2018				
Segment revenue:				
Revenue from external customers	389,784	—	389,784	6,198
Segment results	12,101	(2,286)	9,815	(336)
<i>Reconciliation:</i>				
Interest income			4,080	—
Finance costs			(42,216)	—
Impairment loss on goodwill			(210,950)	—
Corporate and other unallocated expenses			(77,443)	12
Loss before tax			<u>(316,714)</u>	<u>(324)</u>
Other segment information:				
Depreciation	11,161	—	11,161	—
Fair value losses on investment properties	—	1,928	1,928	—
Amortisation of prepaid land lease payments	<u>116</u>	<u>—</u>	<u>116</u>	<u>—</u>
Capital expenditure*	<u>10,099</u>	<u>48,731</u>	<u>58,830</u>	<u>—</u>

* Capital expenditure consists of additions to property, plant and equipment and investment property.

31 December 2019	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	317,485	89,851	407,336
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			39,202
Total assets			<u>446,552</u>
Segment liabilities	65,950	487	66,437
<i>Reconciliation:</i>			
Interest-bearing bank and other borrowings			422,491
Deferred tax liabilities			2,843
Corporate and other unallocated liabilities			9,642
Total liabilities			<u>501,413</u>

31 December 2018	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Corporate secretarial, consultancy and business valuation services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	294,605	88,347	16,251	399,203
<i>Reconciliation:</i>				
Deferred tax assets				14
Corporate and other unallocated assets				<u>30,224</u>
Total assets				<u><u>429,441</u></u>
Segment liabilities	60,258	—	12,128	72,386
<i>Reconciliation:</i>				
Interest-bearing bank and other borrowings				389,906
Deferred tax liabilities				2,790
Corporate and other unallocated liabilities				<u>4,178</u>
Total liabilities				<u><u>469,260</u></u>

Geographical information

(a) Revenue from external customers

Year ended 31 December 2019

	Continuing operations			Discontinued operation
	Sales of packaging products and structural compnents	Property investment	Total	Corporate secretarial, consultancy and business valuation services
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Hong Kong	—	392	392	—
Singapore	—	137	137	—
Mainland China	379,191	—	379,191	—
	<u>379,191</u>	<u>529</u>	<u>379,720</u>	<u>—</u>

Year ended 31 December 2018

Hong Kong	—	—	—	6,198
Mainland China	389,784	—	389,784	—
	<u>389,784</u>	<u>—</u>	<u>389,784</u>	<u>6,198</u>

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

(b) Non-current assets

	2019 RMB'000	2018 RMB'000
Hong Kong	47,175	98,211
Singapore	51,651	—
Mainland China	62,693	65,917
	161,519	164,128

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

Information about major customers

Revenue from continuing operations of RMB299,014,000 (2018: RMB301,727,000) was derived from a sales of the packaging products and structural components segment to four customers (2018: four customers). A summary of revenue earned from each of these major customers is set out below:

	2019 RMB'000	2018 RMB'000
Customer A	143,280	136,991
Customer B	46,468	60,462
Customer C	64,650	51,051
Customer D	44,616	53,223
	299,014	301,727

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Revenue from contracts with customers		
Sales of packaging products and structural components	379,191	389,784
Revenue from other sources		
Gross rental income from investment properties	529	—
	<u>379,720</u>	<u>389,784</u>
	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Other income and gains/(losses), net		
Interest income	104	4,080
Fair value losses on investment properties, net	(539)	(1,928)
Foreign exchange differences, net	(805)	(5,957)
Dividend income from unlisted investment	29,148	—
Impairment loss on trade and notes receivables	(1,153)	(277)
Fair value gains on financial assets at fair value through profit or loss	—	1,370
Loss on disposal of items of property, plant and equipment	(31)	(1,292)
Others	(770)	(1,291)
	<u>25,954</u>	<u>(5,295)</u>

8. FINANCE COSTS

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Interest on bank borrowings	786	708
Interest on other borrowings	43,998	38,265
Finance costs arising on discounting trade and notes receivables	935	3,240
Interest on lease liabilities	408	—
Others	3	3
	<u>46,130</u>	<u>42,216</u>

9. LOSS BEFORE TAX

Loss before tax from continuing operations is arrived at after charging:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Cost of inventories sold	242,587	259,108
Employee benefit expense (including directors' and chief executive's remuneration)	65,297	61,559
Auditors' remuneration	1,374	1,303
Minimum lease payments under operating lease	—	2,983
Amortisation of prepaid land lease payment	—	116
Lease payments not included in the measurement of lease liabilities	3,401	—
Depreciation on property, plant and equipment	12,203	12,704
Depreciation on right-of-use assets	<u>3,033</u>	<u>—</u>

10. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the years ended 31 December 2019 and 2018. Tax on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions in which the Group operates.

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Current — PRC		
Charge for the year	1,704	2,098
Underprovision in prior years	—	2
	<u>1,704</u>	<u>2,100</u>
Deferred	<u>—</u>	<u>313</u>
Total tax charge for the year	<u><u>1,704</u></u>	<u><u>2,413</u></u>

11. DISCONTINUED OPERATION

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Revenue	—	6,198
Cost of sales	—	(5,998)
Other income and gains/(losses), net	(10,936)	76
Administrative expenses	(1,326)	(600)
Loss before income tax	(12,262)	(324)
Income tax credit/(charge)	11,329	(861)
Loss for the year from discontinued operation	<u>(933)</u>	<u>(1,185)</u>

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

	2019	2018
Loss per share:		
Basic and diluted, from the discontinued operation	<u>RMB(0.07) cents</u>	<u>RMB(0.11) cents</u>
Loss attributable to ordinary equity holders of the parent from the discontinued operation	<u>RMB(933,000)</u>	<u>RMB(1,185,000)</u>
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation (note 13)	<u>1,199,731,000</u>	<u>1,103,340,000</u>

12. DIVIDENDS

No final dividend was proposed by the Board in respect of the year (2018: Nil).

13. 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:

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i> (audited)
Loss:		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
— from continuing operations	(33,182)	(319,127)
— from discontinued operation	<u>(933)</u>	<u>(1,185)</u>
Loss attributable to ordinary equity holders of the parent	<u><u>(34,115)</u></u>	<u><u>(320,312)</u></u>
	2019 (unaudited)	2018 (restated)
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	<u><u>1,199,731,000</u></u>	<u><u>1,103,334,000</u></u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as potential dilutive ordinary shares outstanding during the years ended 31 December 2019 and 2018 have no dilutive effect.

14. TRADE AND NOTES RECEIVABLES

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Trade receivables:		
— from sales of packaging products and structural components	132,579	127,452
— from rendering of corporate secretarial, consultancy and business valuation services	—	25
	132,579	127,477
Notes receivables	78,223	71,773
	210,802	199,250
Impairment:		
— Trade receivables	(841)	(188)
— Notes receivables	(695)	(89)
	(1,536)	(277)
	<u>209,266</u>	<u>198,973</u>

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (audited)
Within 3 months	129,140	117,402
3 to 6 months	231	9,112
7 months to 1 year	2,293	703
Over 1 year	74	72
	<u>131,738</u>	<u>127,289</u>

15. TRADE PAYABLES

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

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i> (audited)
Within 3 months	53,013	39,398
3 to 6 months	4,141	832
7 months to 1 year	13	227
Over 1 year	417	478
	<u>57,584</u>	<u>40,935</u>

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

16. SHARE CAPITAL

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

	Ordinary shares of HK\$0.01 each		Ordinary shares of HK\$0.001 each	
	Number of shares	Amount <i>HK\$'000</i>	Number of shares	Amount <i>HK\$'000</i>
Authorised				
At 1 January 2018, 31 December 2018 and 1 January 2019 (audited)	—	—	200,000,000,000	200,000
Share consolidation (<i>note b</i>)	<u>20,000,000,000</u>	<u>200,000</u>	<u>(200,000,000,000)</u>	<u>(200,000)</u>
At 31 December 2019 (unaudited)	<u><u>20,000,000,000</u></u>	<u><u>200,000</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

	Number of shares ‘000	Amount HK\$’000	Equivalent to RMB RMB’000
At 1 January 2018, 31 December 2018 and 1 January 2019 (audited)	11,033,340	11,033	8,852
Issue of shares (<i>note a</i>)	550,000	550	472
Shares consolidation (<i>note b</i>)	(10,425,006)	—	—
Issue of shares after share consolidation (<i>note c</i>)	226,400	2,264	2,047
	<u>1,384,734</u>	<u>13,847</u>	<u>11,371</u>
At 31 December 2019 (unaudited)	<u>1,384,734</u>	<u>13,847</u>	<u>11,371</u>

Notes:

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

17. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the business of (i) design, manufacture and sale of packaging products and structural components in the PRC; (ii) property investment; and (iii) provision of corporate secretarial, consultancy and business valuation services (discontinued during the year).

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			
	2019 (unaudited)		2018 (audited)	
	RMB'000	%	RMB'000	%
<i>Packaging products</i>				
Televisions	95,149	25.1	99,712	25.6
Refrigerators	80,689	21.3	70,372	18.1
Air conditioners	79,816	21.0	100,533	25.8
Washing machines	71,139	18.8	64,876	16.6
Water heaters	14,349	3.8	16,494	4.2
Information technology products	15,346	4.0	18,874	4.8
Others	6,056	1.6	2,168	0.6
<i>Structural components</i>				
For air conditioners	16,647	4.4	16,755	4.3
Total	<u>379,191</u>	<u>100.0</u>	<u>389,784</u>	<u>100.0</u>

The revenue by product type remained relatively stable. During the current year, the revenue derived from the Group's products for television and air conditioners (including packaging products and structural components) made the largest and second largest contributions to the segment revenue, amounting to approximately RMB191,612,000 or 50.5% of total segment revenue (2018: approximately RMB217,000,000 or 55.7% 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			
	2019		2018	
	(unaudited)		(audited)	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Raw materials	238,219	74.9	259,108	77.6
Direct labour costs	30,979	9.7	27,742	8.3
Manufacturing overhead	48,920	15.4	46,925	14.1
Staff costs	4,049	1.3	3,857	1.2
Depreciation	10,518	3.3	9,635	2.9
Utilities	25,616	8.1	24,861	7.4
Processing charges	7,800	2.4	7,991	2.4
Others	937	0.3	581	0.2
Total	<u>318,118</u>	<u>100</u>	<u>333,775</u>	<u>100.0</u>

For the year ended 31 December 2019, the cost of sales amounted to approximately RMB318,118,000 decreased by approximately RMB15,657,000 or 4.7% when compared to that of approximately RMB333,775,000 for the year ended 31 December 2018. The decrease in cost of sales, which is mainly contributed by the decrease in revenue, was decreasing at a similar pace with the drop in revenue which was reflected in similar gross profit margins of approximately 16.1% for the year ended 31 December 2019 and approximately 14.4% for the year ended 31 December 2018.

With the macroeconomic uncertainties and the outbreak of a novel coronavirus (“COVID-19”), the challenging operating conditions, mainly led by the increase in cost of sales, are expected to continue and affect the operating environment of packaging products and structural components business in the current year.

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 2019. 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 21,300 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.

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

The corporate secretarial, consultancy and business valuation services business is conducted under Treasure Found Group. For the year ended 31 December 2019, no segment revenue was recorded (for the year ended 31 December 2018: a segment revenue of approximately RMB6,198,000).

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

Following the resolution passed by the Board to discontinue the corporate secretarial, consultancy and business valuation services business of the Treasure Found Group on 22 March 2019, the companies in the Treasure Found Group were placed into liquidations and liquidators were appointed in their respective jurisdictions in June 2019. As at 31 December 2019, the liquidation processes of all the companies in the Treasure Found Group were completed.

Property Investment Business

For the year ended 31 December 2019, there are two investment properties in the property portfolio of the Group.

The existing 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 gross floor area of approximately 1,568 square feet recorded a fair value loss of approximately RMB3,967,000 for the year ended 31 December 2019.

The existing investment property in Singapore situated at 1 Bishopsgate#04-06 Bishopsgate Residences, Singapore 247676 (registered in the Singapore Land Authority under the Land Lot No. TS24- U13661M) with a gross floor area of approximately 3,068 square feet recorded a fair value gain of approximately RMB3,428,000 for the year ended 31 December 2019.

During the year ended 31 December 2019, both investment properties were rent out and approximately RMB529,000 was recorded as rental income during the year.

In order to improve the liquidity of the Company, the Company has listed the investment property located in Singapore for sale. Since the market price of the investment property constitutes a significant portion of the Company's assets, the proposed sale is likely to constitute a notifiable transaction which will be subject to notification, publication and/or shareholders' approval requirements, the Company expects it will take around 3 to 6 months to complete the approval processes before the sale can be completed.

Update on Litigation in relation to a Loan Receivable

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

Rossoneri failed to repay the Loan on 28 February 2018 and the Company has sent numerous reminders to Rossoneri. On 5 March 2018, Great Earn and Rossoneri entered into a supplemental deed (the “**Supplemental Deed**”), pursuant to which the extension clauses were superseded and the First Extended Maturity Date and Second Extended Maturity Date have been amended to 31 March 2018 and 30 April 2018, respectively. In addition, for the period from the date immediately after 28 February 2018, Rossoneri shall pay interest at the rate of 24% per annum. The interest shall become due and payable by Rossoneri to the Group on 31 March 2018. The Loan is further secured by a personal guarantee provided by Ms. Huang Qingbo (“**Ms. Huang**”), an independent third party of the Company. Further details of which were set out in the Company’s announcement dated 5 March 2018.

As at 30 April 2018, the Loan was still outstanding and in default position. On 17 May 2018, the Company promptly sent demand letters to each of Rossoneri, Mr. Li and Ms. Huang demanding for repayment of the Loan and asserted the rights of the Company under the Loan Agreement and the Supplemental Deed.

Rossoneri was only able to repay all the interests up to 30 April 2018 and part of the principal amount of US\$1,000,000. In order to protect the interests of the Company and shareholders as a whole, the Company decided to take legal actions and arranged the Company’s lawyer to issue the writ of summons to Rossoneri, Mr. Li and Ms. Huang respectively on 15 August 2018.

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

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

Receipt of shareholders loan and dividends from an investment entity

On 30 October 2018, Lucrum 1 Investment Limited (“**Lucrum 1**”) disposed all of its shares of Cityneon Holdings Limited (the “**Disposal**”). Mutual Power International Limited (“**Mutual Power**”, an indirect wholly-owned subsidiary of the Company) holds 8.5% shareholding in the issued share capital of Lucrum 1. Based on the 8.5% shareholding Mutual Power holds in the issued share capital of Lucrum 1, Lucrum 1 shall repay Mutual Power outstanding shareholders loan and other liabilities (the “**Shareholders’ Loan**”) and distribute approximately Singapore dollars (“**SIN\$**”) 5,585,749.67 as dividends to Mutual Power from the proceeds of the Disposal. Details have been disclosed in the announcement dated 30 October 2018.

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

FUTURE OUTLOOK

Packaging Products and Structural Components Business

The outbreak of COVID-19 has brought about additional uncertainties in the Group’s operating environment in China. As far as the Group’s businesses are concerned, the outbreak has caused operational delays. The Group has put in place contingency measures to lower the impact from the outbreak. However, the situation remains fluid at this stage. The Group’s financial results may be affected due to the general market condition. Having said that, the Group has strived its best to ensure the operation of its factories in China are functioning and it has managed to maintain stable supply of goods to the customers as at the date of this announcement. The economic performance of China may be impacted in the short run. But we expect that the epidemic will not affect the trend of economic stability and transformation of the China in the long run.

In view of the challenge posed by outbreak of COVID-19 since early 2020, the turnover of the packaging products and structural components business of the Group may subject to pressure and inevitably be adversely affected during the first half of 2020.

However, the Group will continue to look for ways and remedies to improve the efficiency of the production process and get prepared so that we could capture market rebound once the market conditions improve. Despite the challenging operating conditions and economic uncertainties, the packaging products and structural components business still remains as a source of stable income for the Group and is expected to continue in the near future.

Property Investment Business

The global property market appears to be showing signs of slowing down in 2019.

In Hong Kong, the property market in the first half of 2019 slowed down but surprisingly, house prices bounced back at the end of 2019 despite the impact of continuing violent protests, US-China trade war and the ailing economy. This shows how resilient Hong Kong's property market is. Looking forward to 2020, the US-China phase one trade deal and growth stabilization in China should have been positive for Hong Kong's economy, but it has been overshadowed by the outbreak of COVID-19. The property market in Hong Kong is struggling in the first quarter of 2020, the property price trend will not only depend on macroeconomic uncertainties, but also the level of social unrest and the development of COVID-19.

In Singapore, the house prices still went up by 2.7 percent in 2019, slowing from a 7.9 percent rise in 2018. The economy and property market in Singapore have been dampened in 2020 due to the outbreak of COVID-19. More than 38 percent of Singapore's population are foreigners as Singapore has its competitiveness to attract foreign companies. Balancing prosperity and home affordability is a tough game and Singapore's government will try to maintain the market to avoid tripping over the delicate balance.

Whilst the macroeconomic environment is expected to be uncertain in the coming year, it is expected there will be fluctuations in the global property market but we remain optimistic about the global property market in the long run.

PROSPECTS

The global economy is facing an unprecedentedly challenging environment as we head into 2020. In addition to the macroeconomic uncertainties, the outbreak of COVID-19 is expected to contract the global economy even further. The highly infectious virus, which has led to substantial travel bans and lockdowns across many different countries worldwide, will deliver a substantial hit to the global economy in the near term, and will also affect Hong Kong's and China's economies severely. The increased global travel restrictions amid virus infections locally and overseas, mandated immobility due to the lockdowns has also substantially reduced China's manufacturing capability, resulting in significant disruption to global supply chains and worldwide trade, posing a significant threat to the global economy.

Given the unpredictability associated with the development of COVID-19 and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact, if any, on the Group's future prospects and financial performances could be significantly different from the forecasts depending on how the situation evolves, the Group will closely monitor in this regard. Nevertheless, the management considers that by the time the COVID-19 is alleviated and becomes controllable, the global economy will rebound strongly and the Group's performance will restore order.

In order to capture any investment opportunities in a timely manner and/or optimising the financial position of the Group, the Company will continue to explore fund raising opportunities that may arise in the market or may realise the existing investment to raise sufficient funds to achieve such purpose.

FINANCIAL REVIEW

Financial results

For the year ended 31 December 2019, the Group recorded the revenue of approximately RMB379,720,000, representing a decrease of 4.1% when compared to that of approximately RMB395,982,000 for the year ended 31 December 2018.

Loss attributable to owners of the Company was approximately RMB34,115,000 for the year ended 31 December 2019 when compared to loss of approximately RMB320,312,000 for the year ended 31 December 2018. The substantial decrease in loss for the year ended 31 December 2018 was mainly attributable to the absence of the (i) one-off impairment of goodwill approximately RMB210,950,000 in relation to the corporate secretarial, consultancy and business valuation cash-generating unit in 2018; and (ii) one-off impairment of loan and interest receivables approximately RMB47,995,000 in 2018.

Basic and diluted loss per share were RMB2.84 cents respectively (2018: basic and diluted loss per share of RMB29.03 cents (restated) respectively).

Liquidity and financial resources

As at 31 December 2019, bank balances and cash of the Group amounted to approximately RMB46,671,000 of which approximately 65.5% was denominated in Hong Kong dollars ("HK\$"), approximately 0.1% was denominated in US\$, approximately 0.5% was denominated in SIN\$ and the rest was denominated in RMB (2018: approximately RMB24,458,000 of which approximately 59.7% was denominated in HK\$, approximately 0.1% was denominated in US\$ approximately 0.2% was denominated in SIN\$ and the rest was denominated in RMB).

As at 31 December 2019, the Group's bank borrowing of approximately RMB10,000,000 (2018: approximately RMB12,000,000) 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 2019 and 2018, all of the bank borrowings were denominated in RMB.

As at 31 December 2019, the Group's other borrowings of (i) approximately RMB22,982,000 (2018: approximately RMB21,727,000) had fixed interest rate at 6.5% per annum and was repayable within one year and were denominated in US\$; and (ii) approximately RMB177,762,000 (2018: RMB177,382,000) had fixed interest rate at 2% per annum, were repayable on 31 May 2023, were unsecured and were denominated in US\$; and (iii) approximately RMB211,747,000 (2018: RMB190,797,000) had fixed interest rate at 16.5% per annum, were repayable on 2 January 2021, 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 2019, a total of 1,384,734,000 Shares with par value of HK\$0.01 each are in issue.

During the year ended 31 December 2019, on 4 February 2019, the Company allotted and issued 550,000,000 shares (the “**Share Subscriptions I**”) with par value of HK\$0.001 each in the share capital of the Company in relation to the share subscriptions dated 7 January 2019 pursuant to the general mandate granted at the annual general meeting of the Company dated 19 June 2018.

On 21 February 2019, the Board put forward to the shareholders of the Company (the “**Shareholders**”) a proposal of share consolidation (the “**Share Consolidation**”) on the basis that every ten (10) issued existing ordinary shares with par value of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated share with par value of HK\$0.01 each. Pursuant to the resolution passed by the Shareholders at the extraordinary general meeting of the Company on 21 February 2019, the Share Consolidation became effective on 22 February 2019.

On 18 October 2019, the Company allotted and issued 226,400,000 shares (the “**Share Subscriptions II**”) with par value of HK\$0.01 each in the share capital of the Company in relation to the share subscriptions dated 16 September 2019 pursuant to the general mandate granted at the annual general meeting of the Company dated 20 June 2019.

Details of the Share Subscriptions I and Share Subscriptions II have been disclosed in the announcements dated 7 January 2019, 4 February 2019, 16 September 2019, 17 September 2019 and 18 October 2019. Details of the Share Consolidation have been disclosed in the circular dated 31 January 2019.

Acquisitions, disposals and significant investment

Save as disclosed in this announcement, for the year ended 31 December 2019, 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 investment property. For the year ended 31 December 2019, capital expenditure of the Group amounted to approximately RMB7,048,000 (2018: approximately RMB60,932,000).

Pledge of assets

The Group had pledged (i) assets of buildings and prepaid land lease payments to the bank in the amount of approximately RMB9,104,000 as at 31 December 2019 (2018: approximately RMB13,487,000; and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company to the lender as at 31 December 2019 and 2018.

Segment information

Details of segment information of the Group for the year ended 31 December 2019 are set out in Note 6 to the unaudited consolidated financial statements.

Human resources and training

As at 31 December 2019, the Group has 715 employees (2018: 698 employees). Total employee benefit expenses amounted to approximately RMB61,327,000 (2018: approximately RMB57,514,000). 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 2019, the gearing ratio was 0.95 (2018: 0.94), 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 2019, the Group had no capital commitment (2018: Nil).

Contingent liabilities

As at 31 December 2019, the Group had no material contingent liabilities (2018: Nil).

DIVIDENDS

No final dividend was proposed by the Board in respect of the year (2018: Nil).

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

For the year ended 31 December 2019, 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 2019, the Group had used up all the net proceeds, of which (i) approximately HK\$2,700,000 had been used for the repayment of bank loan; (ii) approximately HK\$2,900,000 had been used as general working capital; (iii) approximately HK\$29,000,000 was used for acquiring, remodifying and upgrading of plant and machines; and (iv) approximately HK\$9,900,000 was used for acquiring and remodifying of mould.

USE OF PROCEEDS FROM THE SHARE SUBSCRIPTIONS

The proceed received by the Company from the Share Subscriptions I, after deducting the relevant costs of the Share Subscriptions I, amounted to approximately HK\$11,000,000 in total. The Company intended to use the net proceeds as general working capital and for repayment of interests of existing debts.

The proceed received by the Company from the Share Subscriptions II, after deducting the relevant costs of the Share Subscriptions II, amounted to approximately HK\$14,490,000 in total. The Company intended to use the net proceeds as general working capital and for repayment of interests of existing debts.

As at 31 December 2019, the Company has used up the proceeds from both share subscriptions as general working capital and for repayment of interests of our existing debts.

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 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2019, 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 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the outbreak of COVID-19. The unaudited annual results contained herein have not been agreed with the Company’s auditors. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The unaudited annual results contained herein have been reviewed by the Audit Committee.

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 unaudited annual results of the Group for the year ended 31 December 2019 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.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.teamwaygroup.com).

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditor and the adjustments (if any) to the unaudited annual results contained herein and (ii) further announcement as and when necessary if there are other material development in the completion of the auditing process.

The annual report for the year ended 31 December 2019 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 31 March 2020

AAs 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.