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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 2020**

The board (the “**Board**”) of directors (the “**Director(s)**”) of Teamway International Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020, together with the comparative annual results of the Group for the year ended 31 December 2019. The annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 RMB'000
CONTINUING OPERATIONS			
REVENUE	6	362,833	381,486
Cost of sales		<u>(298,270)</u>	<u>(323,221)</u>
Gross profit		64,563	58,265
Other income and gains, net	6	15,027	27,079
Impairment losses on trade and notes receivables		(2,488)	(1,259)
Selling and distribution expenses		(34,517)	(34,860)
Administrative expenses		(38,297)	(38,044)
Finance costs	7	<u>(39,515)</u>	<u>(46,130)</u>
LOSS BEFORE TAX	8	(35,227)	(34,949)
Income tax expense	9	<u>(3,197)</u>	<u>(2,352)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(38,424)	(37,301)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation		<u>—</u>	<u>(933)</u>
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(38,424)</u>	<u>(38,234)</u>
			(restated)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	<i>11</i>		
Basic and diluted			
— For loss for the year		<u>RMB(7.66) cents</u>	<u>RMB(9.05) cents</u>
— For loss for the year from continuing operations		<u>RMB(7.66) cents</u>	<u>RMB(8.83) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	RMB'000	RMB'000
LOSS FOR THE YEAR	<u>(38,424)</u>	<u>(38,234)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>13,007</u>	<u>(3,460)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>13,007</u>	<u>(3,460)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(25,417)</u>	<u>(41,694)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		51,148	55,034
Investment properties		94,360	89,418
Right-of-use assets		9,655	10,869
Deferred tax assets		14	14
Deposits and prepayments		1,765	3,861
		<hr/>	<hr/>
Total non-current assets		156,942	159,196
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		16,634	21,927
Trade and notes receivables	<i>12</i>	225,177	211,032
Deposits, prepayments and other receivables		4,536	3,607
Financial assets at fair value through profit or loss		2,000	—
Cash and bank balances		23,881	46,671
		<hr/>	<hr/>
Total current assets		272,228	283,237
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	<i>13</i>	60,001	57,584
Other payables and accruals		13,127	10,868
Interest-bearing bank and other borrowings		119,469	32,982
Lease liabilities		2,883	2,860
Tax payable		2,174	909
		<hr/>	<hr/>
Total current liabilities		197,654	105,203
		<hr/>	<hr/>
NET CURRENT ASSETS		74,574	178,034
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		231,516	337,230
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*31 December 2020*

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		267,539	389,509
Lease liabilities		752	3,858
Deferred tax liabilities		3,157	2,843
		<hr/>	<hr/>
Total non-current liabilities		271,448	396,210
		<hr/>	<hr/>
Net liabilities		<u>(39,932)</u>	<u>(58,980)</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>14</i>	22,487	11,371
Reserves		(62,419)	(70,351)
		<hr/>	<hr/>
Deficiency in assets		<u>(39,932)</u>	<u>(58,980)</u>

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
- property investment

2. BASIS OF PRESENTATION

For the year ended 31 December 2020, the Group incurred a loss attributable to owners of the parent of RMB38,424,000 and reported net liabilities of RMB39,932,000 as at 31 December 2020. Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group is able to operate as a going concern for the foreseeable future. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months, after taking into consideration of the measures and arrangements made by the Group as detailed below:

- (i) the Company has obtained a continuous financial support and undertaking from substantial shareholders of the Company;
- (ii) the Group is in negotiation with an independent party for the renewals of the Group’s other borrowing upon expiry in January 2022;
- (iii) the unutilised banking facilities readily available to the Group amounted to RMB5,000,000 as at 31 December 2020;
- (iv) sales proceed from disposal of subsidiaries for offsetting part of outstanding loan and interest and replenishing working capital;

- (v) possible disposal for the Group’s investment property in Singapore; and
- (vi) the Group is actively identifying any other possible financing options to strengthen the liquidity of the Group.

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

3. BASIS OF PREPARATION

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

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s consolidated financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

5. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has two reportable segments as follows:

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

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

	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2019			
Segment revenue:			
Revenue from external customers	<u>380,957</u>	<u>529</u>	<u>381,486</u>
Segment results	4,382	(522)	3,860
<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>
Loss before tax			<u><u>(34,949)</u></u>
Other segment information			
Depreciation			
— Property, plant and equipment	9,592	—	9,592
— Right-of-use assets	116	—	116
Fair value losses on investment properties, net	<u>—</u>	<u>539</u>	<u>539</u>
Capital expenditure*	<u>3,151</u>	<u>157</u>	<u>3,308</u>

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

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

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	313,366	89,851	403,217
<i>Reconciliation:</i>			
Deferred tax assets			14
Corporate and other unallocated assets			<u>39,202</u>
Total assets			<u><u>442,433</u></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			<u>9,642</u>
Total liabilities			<u><u>501,413</u></u>

Geographical information

(a) Revenue from external customers

Year ended 31 December 2020

	Sales of packaging products and structural components <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
Hong Kong	—	514	514
Singapore	—	719	719
Mainland China	361,600	—	361,600
	<u>361,600</u>	<u>1,233</u>	<u>362,833</u>

Year ended 31 December 2019

Hong Kong	—	392	392
Singapore	—	137	137
Mainland China	380,957	—	380,957
	<u>380,957</u>	<u>529</u>	<u>381,486</u>

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

(b) Non-current assets

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Hong Kong	44,855	47,175
Singapore	54,894	51,651
Mainland China	57,179	60,356
	<u>156,928</u>	<u>159,182</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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Customer A	147,651	143,280
Customer B	47,305	46,468
Customer C	48,751	64,650
Customer D	N/A	44,616
	<u>243,707</u>	<u>299,014</u>

6. REVENUE AND OTHER INCOME AND GAINS, NET

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue		
Sales of packaging products and structural components	361,600	380,957
Rental income from investment properties	1,233	529
	<u>362,833</u>	<u>381,486</u>
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other income and gains, net		
Interest income	81	104
Fair value gains/(losses) on investment properties, net	10,657	(539)
Fair value gains on financial assets at fair value through profit or loss	69	—
Foreign exchange differences, net	3,106	(805)
Dividend income from an unlisted investment	—	29,148
Loss on disposal of items of property, plant and equipment	(767)	(954)
Government grants	1,821	—
Others	60	125
	<u>15,027</u>	<u>27,079</u>

7. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank borrowings	242	786
Interest on other borrowings	38,327	43,998
Finance costs arising on discounting trade and notes receivables	579	935
Interest on lease liabilities	365	402
Others	2	9
	39,515	46,130

8. LOSS BEFORE TAX

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of inventories sold	222,253	239,779
Employee benefit expenses	56,148	65,297
Auditors' remuneration	1,112	1,374
Lease payments not included in the measurement of lease liabilities	167	128
Depreciation on property, plant and equipment	9,161	10,559
Depreciation on right-of-use assets	3,035	2,991
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	304	106

9. INCOME TAX EXPENSE

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

The provision for current income tax in Mainland China is based on a statutory rate of 25% (2019: 25%) of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for Chongqing Guangjing Packaging Materials Co., Ltd. is qualified as an encouraged industry company established in the western regions in Sichuan Province, and therefore is entitled to a preferential corporate income tax rate of 15% (2019: 15%).

Singapore Corporate Income Tax has been provided at 17% (2019: 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 (2019: Nil).

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current — PRC		
Charge for the year	2,822	1,704
Underprovision in prior years	26	—
Withholding tax on dividend	—	648
Current — Singapore		
Charge for the year	31	—
Underprovision in prior years	4	—
	2,883	2,352
Deferred	314	—
Total tax charge for the year	<u>3,197</u>	<u>2,352</u>

10. DIVIDENDS

No dividend was proposed or declared by the board of directors in respect of the year (2019: Nil).

11. 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Loss:		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
— from continuing operations	(38,424)	(37,301)
— from discontinued operation	—	(933)
	<u> </u>	<u> </u>
Loss attributable to ordinary equity holders of the parent	<u>(38,424)</u>	<u>(38,234)</u>
	2020	2019 (restated)
Shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation as adjusted for share consolidation and rights issue which was completed on 29 July 2020 and 7 September 2020, respectively (2019: adjusted for share consolidation and rights issue which was completed on 29 July 2020 and 7 September 2020, respectively)	<u>501,820,000</u>	<u>422,398,000</u>

(b) Diluted

The Group had no potential dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

12. TRADE AND NOTES RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	143,319	134,345
Notes receivables	85,882	78,223
	229,201	212,568
Impairment	(4,024)	(1,536)
	<u>225,177</u>	<u>211,032</u>

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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	128,725	126,766
3 to 6 months	9,630	2,658
7 months to 1 year	1,135	2,666
Over 1 year	441	1,414
	<u>139,931</u>	<u>133,504</u>

13. 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	55,347	53,013
3 to 6 months	3,394	4,141
7 months to 1 year	620	13
Over 1 year	640	417
	<u>60,001</u>	<u>57,584</u>

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

14. 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\$0.04 each		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>	Number of shares	Amount <i>HK\$'000</i>
Authorised						
At 1 January 2019	—	—	—	—	200,000,000,000	200,000
Share consolidation (<i>note b</i>)	—	—	20,000,000,000	200,000	(200,000,000,000)	(200,000)
	—	—	20,000,000,000	200,000	—	—
At 31 December 2019 and 1 January 2020	—	—	20,000,000,000	200,000	—	—
Share consolidation (<i>note d</i>)	5,000,000,000	200,000	(20,000,000,000)	(200,000)	—	—
	5,000,000,000	200,000	—	—	—	—
At 31 December 2020	<u>5,000,000,000</u>	<u>200,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Number of shares '000	Amount HK\$'000	Equivalent to RMB RMB'000
At 1 January 2019	11,033,340	11,033	8,852
Issue of shares (<i>note a</i>)	550,000	550	472
Share consolidation (<i>note b</i>)	(10,425,006)	—	—
Issue of shares by share subscription (<i>note c</i>)	226,400	2,264	2,047
	<hr/>	<hr/>	<hr/>
At 31 December 2019 and 1 January 2020	1,384,734	13,847	11,371
Share consolidation (<i>note d</i>)	(1,038,550)	—	—
Issue of shares by share placement and rights issue (<i>note e</i>)	312,512	12,501	11,116
	<hr/>	<hr/>	<hr/>
At 31 December 2020	<u>658,696</u>	<u>26,348</u>	<u>22,487</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.

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

15. EVENTS AFTER THE REPORTING PERIOD

- (i) On 9 December 2020, Metro Master Limited ("**Metro Master**", an indirect wholly-owned subsidiary of the Company) agreed to sell 100% equity interest of Chuzhou Chuangce Packaging Materials Company Limited (the "**Target Company**", an indirect wholly-owned subsidiary of the Company legally and beneficially owned by Metro Master) to Pengtian Limited ("**Pengtian**") at a total consideration of RMB53,968,000 (the "**Disposal of Manufacturing Plant**"). The completion of the Disposal of Manufacturing Plant is conditional upon the satisfaction or waiver of certain conditions precedent. On 10 March 2021, all the conditions precedent were satisfied and the Company received a written confirmation from Pengtian to waive all the conditions precedent. Metro Master is now in the process of applying title transfer of the Target Company from regulatory bodies in China to complete the Disposal of Manufacturing Plant. Further details are set out in the Company's announcements dated 9 December 2020 and 10 December 2020.
- (ii) On 14 January 2021, the Company signed a provisional agreement to sell 100% equity interest of Gorgeous Assets Limited ("**Gorgeous Assets**", a direct wholly-owned subsidiary of the Company) to Top Nice Investments Limited ("**Top Nice**") at a purchase price of HK\$47,800,000 (the "**Disposal of Property**"). Gorgeous Assets only asset is a property situated at Flat A, 21/F., Tower 1, One SilverSea, 18 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong. Completion of the Disposal of Property shall take place on or before the completion date on 13 April 2021. Further details are set out in the Company's announcements dated 14 January 2021 and 19 January 2021.

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			
	2020		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<i>Packaging products</i>				
Televisions	98,113	27.1	96,760	25.4
Refrigerators	77,811	21.6	80,689	21.1
Air conditioners	58,087	16.0	79,971	21.0
Washing machines	70,474	19.5	71,139	18.7
Water heaters	15,092	4.2	14,349	3.8
Information technology products	26,602	7.4	15,346	4.0
Others	2,776	0.7	6,056	1.6
<i>Structural components</i>				
For air conditioners	12,645	3.5	16,647	4.4
Total	<u>361,600</u>	<u>100</u>	<u>380,957</u>	<u>100</u>

During the current year, the revenue by product type remained relatively stable with the revenue derived from the Group's products for televisions being the largest contribution of the segment revenue, amounting to approximately RMB98,113,000 or 27.1% of total segment revenue (2019: approximately RMB96,760,000 or 25.4% of total segment revenue). The revenue derived from the Group's products for refrigerators and air conditioners (including packaging products and structural components) made the second and third largest contributions to the segment revenue, amounting to approximately RMB148,543,000 or 41.1% of total segment revenue (2019: approximately RMB177,307,000 or 46.5% 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			
	2020		2019	
	RMB'000	%	RMB'000	%
Raw materials	222,253	74.5	239,779	74.2
Direct labour costs	27,039	9.1	30,979	9.6
Manufacturing overhead	48,978	16.4	52,463	16.2
Staff costs	2,171	0.7	4,049	1.2
Depreciation	7,394	2.5	8,873	2.8
Utilities	24,595	8.2	25,616	7.9
Processing charges	13,782	4.6	12,988	4.0
Others	1,036	0.4	937	0.3
Total	<u>298,270</u>	<u>100</u>	<u>323,221</u>	<u>100</u>

For the year ended 31 December 2020, the cost of sales amounted to approximately RMB298,270,000 decreased by approximately RMB24,951,000 or 7.7% when compared to that of approximately RMB323,221,000 for the year ended 31 December 2019. 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.

The increase in gross profit margins of approximately 17.5% for the year ended 31 December 2020 from approximately 15.2% for the year ended 31 December 2019 was mainly led by the decrease in labour costs due to PRC government's special arrangement on contributions of employees' retirement schemes caused by novel coronavirus ("COVID-19") during the year ended 31 December 2020. However, such decrease in labour costs is an one-off effect and will not continue in coming years.

The Company will still face the challenge from the possible increase in cost of sales in future. In addition to the outbreak of COVID-19 and unstable macroeconomic environment, the uncertainties to the operating environment of packaging products and structural components business still exist.

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 2020. 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 20,300 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.

Property Investment Business

For the year ended 31 December 2020, there are two investment properties in the property portfolio of the Group.

One investment property in Hong Kong was 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 2,016 square feet recorded a fair value gain of approximately RMB4,092,000 for the year ended 31 December 2020.

The other investment property in Singapore was 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 RMB6,565,000 for the year ended 31 December 2020.

During the year ended 31 December 2020, approximately RMB1,233,000 was recorded as rental income for both investment properties.

To improve the liquidity of the Company, the Company has listed both investment properties for sale as at 31 December 2020. Since the market prices of both investment properties constitute significant portions of the Company's assets, the proposed sales are 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.

On 14 January 2021, the Company signed a provisional agreement to dispose the investment property in Hong Kong through selling 100% equity interest of Gorgeous Asset. The Disposal of Property is due to complete on or before 13 April 2021.

FUTURE OUTLOOK

Packaging Products and Structural Components Business

The COVID-19 pandemic has brought about additional uncertainties in the Group's operating environment in China. As far as the Group's businesses are concerned, the effect on us is minimal in the sense that our operations and customers are all within the territory of China. During the year 2020 when a crippling pandemic plunged major world economies into recession, China has clearly come out on top. China's GDP resulted in an unexpected growth of 2.3 percent in year 2020, the only major economy of the world to see positive growth.

With the accelerating pace of recovery of China's economy and the effective control of pandemic by the Chinese government, we believe that the turnover of the packaging products and structural components business can at least be maintained at the same level.

However, the COVID-19 pandemic and the current economic situation will inevitably affect our opportunities to look for new customers. In view of this difficult operating environment, the management believes it is a good timing to capture the opportunity and realise the manufacturing plant to improve the overall cashflow by reducing the debts of the Company. On 9 December 2020, the Company signed an agreement to dispose one of our manufacturing plants located in Chuzhou. The consideration was settled by offsetting directly from part of the outstanding loan and accrued interest owed by Peace Bright Investment Trading Limited, a direct wholly-owned subsidiary of the Company, to Pengtian, the transferee of the Disposal of Manufacturing Plant.

The Group will continue to look for ways and remedies to improve the efficiency of the production process and maintain stable supply of goods to the customers. Despite the economic uncertainties under the current situation of COVID-19 pandemic, the packaging products and structural components business still remains as a source of income of the Group for the time being. In view of the unsatisfactory financial performance, the Group

will continue to look for attractive investment opportunities from time to time to broaden and diversify its income source with the aim to promote long term development for the Group.

Property Investment Business

In Singapore, even the economy has been affected badly due to the COVID-19 pandemic, the property market has performed surprisingly well with prices reaching new heights since the market peak in 2013. The prices of private residences went up 2.2 percent for the year 2020. Based on the performance in 2020, the outlook of Singapore's property market in 2021 looks encouraging as Singapore remains one of the most sought-after destinations for foreigners to invest in real estate, especially during turbulent times.

Whilst the global property market is expected to be uncertain in the midst of the pandemic, we remain optimistic about the global property market in the long run.

PROSPECTS

The outbreak of the Covid-19 virus that started in January 2020 triggering lockdowns has disrupted the global operating environments and generated huge uncertainties for the world.

This year is definitely a very difficult one to both the global and the local economies. While the COVID-19 pandemic has already inflicted tremendous human costs globally, in order to control the spread of the pandemic disease, governments in every part of the world are imposing necessary anti-epidemic measures, such as lockdown, which have brought destructive impacts on economic and business activities. The recovery of the global economy depends on how fast we can come out from this pandemic. In Hong Kong, in addition to the COVID-19 pandemic, the growing US-China tensions and social conflicts have brought further uncertainties to the local economy. Fortunately, the global economic situation now has limited effect on the main business of our Company as the manufacturing plants of our main business are all stationed in China and all of our customers are locals in China.

Nevertheless, the unpredictability associated with the development of COVID-19 and the unprecedentedly challenging environment of the global economy have become the obstacles for us to find new investors or explore new fund-raising opportunities. The Company will continue to look for new funding in order to capture new investment opportunities at the times when they come or may realise the existing investment to raise sufficient funds to achieve such purpose.

FINANCIAL REVIEW

Financial results

For the year ended 31 December 2020, the Group recorded the revenue of approximately RMB362,833,000, representing a decrease of 4.9% when compared to that of approximately RMB381,486,000 for the year ended 31 December 2019.

Loss attributable to owners of the Company was approximately RMB38,424,000 for the year ended 31 December 2020 when compared to loss of approximately RMB38,234,000 for the year ended 31 December 2019.

The slight increase in loss for the year ended 31 December 2020 was mainly attributable to the absence of dividend income of RMB29,148,000 recorded for the year ended 31 December 2019. The increase was partially offset by (i) the increase in gross profit as a result of decrease in depreciation from plant and machinery; (ii) the decrease in finance costs; and (iii) the increase in fair values of investment properties.

Basic and diluted loss per share and loss per share from continuing operations were RMB7.66 cents respectively (2019: RMB9.05 cents and RMB8.83 cents (restated) respectively).

Liquidity and financial resources

As at 31 December 2020, bank balances and cash of the Group amounted to approximately RMB23,881,000 of which approximately 69.5% was denominated in Hong Kong dollars (“**HK\$**”), approximately 0.1% was denominated in US\$, approximately 3.1% was denominated in SIN\$ and the rest was denominated in RMB (2019: approximately RMB46,671,000 of which approximately 72.6% was denominated in HK\$, approximately 0.1% was denominated in US\$ approximately 0.5% was denominated in SIN\$ and the rest was denominated in RMB).

As at 31 December 2020, the Group’s bank borrowing of approximately RMB5,000,000 (2019: 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 2020 and 2019, all of the bank borrowings were denominated in RMB.

As at 31 December 2020, the Group's other borrowings of (i) approximately RMB21,655,000 (2019: approximately RMB22,982,000) had fixed interest rate at 6.5% per annum and was repayable on demand and were denominated in US\$; and (ii) approximately RMB148,894,000 (2019: RMB177,762,000) had fixed interest rate at 2% per annum, were repayable on 31 May 2023, were unsecured and were denominated in US\$; and (iii) approximately RMB92,813,000 and RMB118,646,000 under current liabilities and non-current liabilities (2019: 211,747,000 under current liabilities) had fixed interest rate at 16.5% to 18% per annum, was repayable within one year and on 2 January 2022, 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 2020, a total of 658,695,764 Shares with par value of HK\$0.04 each are in issue.

On 27 July 2020, 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 four (4) issued existing ordinary shares with par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) consolidated share with par value of HK\$0.04 each. Pursuant to the resolution passed by the Shareholders at the extraordinary general meeting of the Company on 27 July 2020 (the "**EGM**"), the Share Consolidation became effective on 29 July 2020.

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

Details of the Share Consolidation, Rights Issue and Placing have been disclosed in the announcements dated 27 May 2020, 5 June 2020, 27 July 2020, 7 September 2020, circular dated 9 July 2020 and prospectus dated 10 August 2020.

Acquisitions, disposals and significant investment

Save as disclosed in this announcement, for the year ended 31 December 2020, 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 2020, capital expenditure of the Group amounted to approximately RMB8,192,000 (2019: approximately RMB3,308,000).

Pledge of assets

The Group had pledged (i) assets of buildings and prepaid land lease payments to the bank in the amount of approximately RMB10,304,000 as at 31 December 2020 (2019: approximately RMB9,103,000); and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company to the lender as at 31 December 2020 and 2019.

Segment information

Details of segment information of the Group for the year ended 31 December 2020 are set out in Note 5 to the consolidated financial statements.

Human resources and training

As at 31 December 2020, the Group has 751 employees (2019: 715 employees). Total employee benefit expenses amounted to approximately RMB56,148,000 (2019: approximately RMB65,297,000). 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 2020, the gearing ratio was 0.90 (2019: 0.95), 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 2020, the Group had no capital commitment (2019: Nil).

Contingent liabilities

As at 31 December 2020, the Group had no material contingent liabilities (2019: Nil).

DIVIDENDS

No final dividend was proposed by the Board in respect of the year (2019: Nil).

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

For the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

USE OF PROCEEDS FROM THE PLACING AND PUBLIC OFFER

The Company was successfully listed on the Main Board of the Stock Exchange on 18 November 2011 by way of placing and public offer (the "**Placing and Public Offer**").

The proceeds received by the Company from the Placing and Public Offer, after deducting the relevant costs of the Placing and Public Offer, amounted to approximately HK\$44,500,000 in total. As at 31 December 2020, the Group had used up all the net proceeds, of which (i) approximately HK\$2,700,000 had been used for the repayment of bank loan; (ii) approximately HK\$2,900,000 had been used as general working capital; (iii) approximately HK\$29,000,000 was used for acquiring, remodifying and upgrading of plant and machines; and (iv) approximately HK\$9,900,000 was used for acquiring and remodifying of mould.

USE OF PROCEEDS FROM THE RIGHTS ISSUE AND PLACING

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

As at 31 December 2020, the Company has used approximately HK\$33 million of the proceeds for repayment of the Group's outstanding borrowings.

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 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2020, 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 2020.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2020 as well as the Company's risk management and internal control review report. Besides, the Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules and the Company's compliance with the CG Code.

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

Hong Kong, 19 March 2021

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.