ANNUAL REPORT 2017

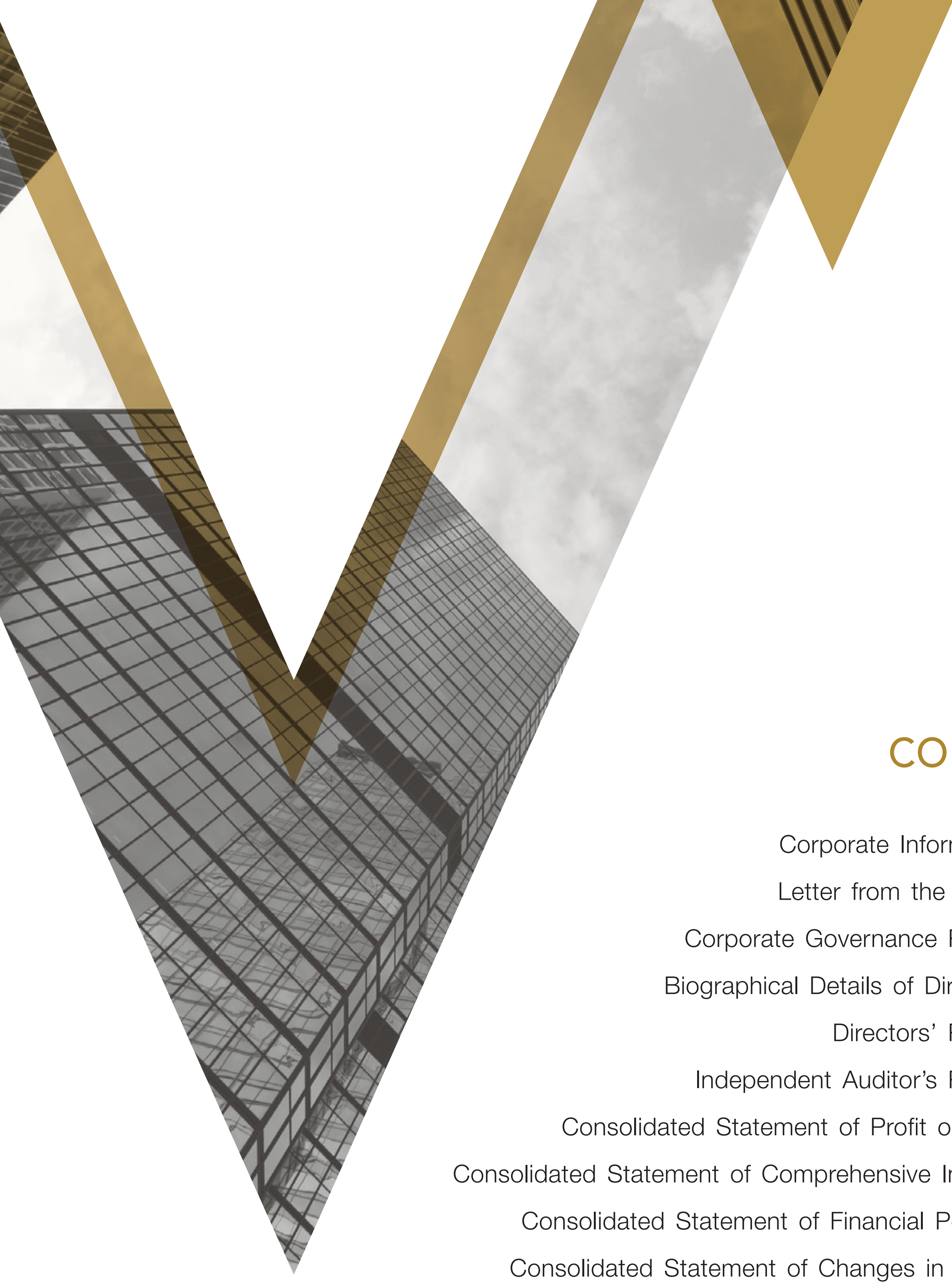
TEAMWAY
International Group Holdings Limited

TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED

(Formerly known as Jin Bao Bao Holdings Limited 金寶寶控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1239



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Xu Gefei *(Chairman)*
(appointed on 6 March 2018)
Mr. He Xiaoming *(Vice Chairman)*
Ms. Ngai Mei *(appointed on 28 February 2017)*
Ms. Xie Yan *(resigned on 11 August 2017)*
Mr. Ling Zheng *(resigned on 6 March 2018)*

Independent Non-Executive Directors

Ms. Man See Yee *(appointed on 11 August 2017)*
Ms. Bu Yanan *(appointed on 5 July 2017)*
Mr. So Stephen Hon Cheung
(appointed on 11 August 2017)
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*
Mr. Lam Chi Wai *(resigned on 5 July 2017)*
Mr. Chan Chun Kau *(resigned on 11 August 2017)*

AUDIT COMMITTEE (THE "AUDIT COMMITTEE")

Ms. Man See Yee *(Chairman)*
(appointed on 11 August 2017)
Ms. Bu Yanan *(appointed on 5 July 2017)*
Mr. So Stephen Hon Cheung
(appointed on 11 August 2017)
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*
Mr. Lam Chi Wai *(resigned on 5 July 2017)*
Mr. Chan Chun Kau *(resigned on 11 August 2017)*

NOMINATION COMMITTEE (THE "NOMINATION COMMITTEE")

Ms. Man See Yee *(Chairman)*
(appointed on 11 August 2017)
Ms. Bu Yanan *(appointed on 5 July 2017)*
Mr. So Stephen Hon Cheung
(appointed on 11 August 2017)
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*
Mr. Lam Chi Wai *(resigned on 5 July 2017)*
Mr. Chan Chun Kau *(resigned on 11 August 2017)*

REMUNERATION COMMITTEE (THE "REMUNERATION COMMITTEE")

Ms. Bu Yanan *(Chairman) (appointed on 5 July 2017)*
Ms. Man See Yee *(appointed on 11 August 2017)*
Mr. So Stephen Hon Cheung
(appointed on 11 August 2017)
Mr. Lam Chi Wai *(resigned on 5 July 2017)*
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*
Mr. Chan Chun Kau *(resigned on 11 August 2017)*

COMPANY SECRETARY

Ms. Choi Yee Man

AUDITORS

Zenith CPA Limited
Rooms 2103–05, 21/F
Dominion Centre
43–59 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China Limited
Industrial and Commercial Bank of China Limited
China Minsheng Banking Corp., Ltd.
Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Industrial Bank Co. Ltd.
Industrial and Commercial
Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Ltd
PO Box 1350, Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

PO Box 1350, Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2005–2006, 20/F, Tower 6
The Gateway, Harbour City
Tsim Sha Tsui, Kowloon
Hong Kong

STOCK CODE

01239

COMPANY WEBSITE

www.teamwaygroup.com

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of Teamway International Group Holdings Limited (formerly known as Jin Bao Bao Holdings Limited, the "**Company**", together with its subsidiaries, the "**Group**"), I am pleased to present all shareholders of the Company (the "**Shareholders**") the annual report of the Company for the year ended 31 December 2017.

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 People's Republic of China (the "**PRC**"); (ii) provision of corporate secretarial, consultancy and business valuation services; and (iii) 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			
	2017		2016	
	RMB'000	**%**	RMB'000	%
Packaging products				
Air conditioners	**98,961**	**32.3**	44,051	19.1
Televisions	**71,358**	**23.3**	74,060	32.2
Refrigerators	**48,386**	**15.7**	30,659	13.3
Washing machines	**44,707**	**14.6**	35,921	15.6
Water heaters	**12,829**	**4.2**	11,763	5.1
Information technology products	**12,005**	**3.9**	15,683	6.8
Others	**836**	**0.3**	387	0.2
Structural components				
For air conditioners	**17,573**	**5.7**	17,764	7.7
Total	**306,655**	**100.0**	230,288	100.0

The revenue by product type remained relatively stable. During the current year, the revenue derived from the Group's products for air conditioners and televisions (including packaging products and structural components) made the largest and second largest contributions to the segment revenue, amounting to approximately RMB187,892,000 or 61.3% of total segment revenue (2016: approximately RMB135,875,000 or 59.0% 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			
	2017		2016	
	RMB'000	**%**	RMB'000	%
Raw materials	**198,885**	**75.7**	124,183	67.3
Direct labour costs	**22,891**	**8.7**	21,540	11.7
Manufacturing overhead	**41,125**	**15.6**	38,669	21.0
Staff costs	**3,193**	**1.2**	2,675	1.5
Depreciation	**6,882**	**2.6**	5,642	3.1
Utilities	**21,310**	**8.1**	21,623	11.7
Processing charges	**9,165**	**3.5**	7,817	4.2
Others	**575**	**0.2**	912	0.5
Total	**262,901**	**100.0**	184,392	100.0

For the year ended 31 December 2017, the cost of sales amounted to approximately RMB262,901,000, increased by approximately RMB78,509,000 or 42.6% when compared to that of approximately RMB184,392,000 for the year ended 31 December 2016. The increase in cost of sales was in line with the increase in revenue. However, the increase in cost of sales, which is mainly contributed by the increase in raw materials costs, was far more than the increment in revenue which was reflected in the decrease in gross profit margin from approximately 19.9% for the year ended 31 December 2016 to approximately 14.3% for the year ended 31 December 2017.

The steady growth of the PRC's economy cannot fully offset the challenge of increasing cost of sales the Group is facing and the operating environment of packaging products and structural components business remained tough 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 ("**EPS**") and expanded polyolefin ("**EPO**"). 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 2017. 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 20,000 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.

Provision of Corporate Secretarial, Consultancy and Business Valuation Services Business

The provision of corporate secretarial, consultancy and business valuation services business is conducted under Treasure Found Investments Limited and its subsidiaries (collectively referred to as "**Treasure Found Group**"). For the year ended 31 December 2017, a segment revenue of approximately RMB72,361,000 (2016: RMB145,449,000) and a segment profit of approximately RMB62,357,000 (2016: RMB65,033,000). The decrease in segment revenue and profit was primarily due to the decrease in the fees income generated from the provision of consultancy services during the current year. Details of this segment information are set out in Note 4 to the consolidated financial statements.

The corporate secretarial, consultancy and business valuation services covered a variety of services, including consultancy service on accounting and internal control matters, corporate secretarial service, business valuation service, loan facilitation service, property agency service, transaction agency service, project agency service, strategic planning service and ad-hoc strategic consultancy service.

As disclosed in the announcements of the Company dated 10 November 2016 and 14 November 2016, Shining Praise Limited has irrevocably and unconditionally guaranteed to the Company (the "**Profit Guarantee**") that the audited consolidated profit before tax of Treasure Found Group for the year ended 31 December 2017 shall not be less than HK$30 million (the "**Guaranteed Profit**"). If the actual audited consolidated profit before tax of Treasure Found Group for the year ended 31 December 2017 shall be less than the Guaranteed Profit, the consideration shall be reduced accordingly.

The audited consolidated profit before tax of Treasure Found Group for the year ended 31 December 2017 as shown in the audited accounts of Treasure Found Group exceeded HK$30 million and hence the Profit Guarantee have been met.

Property Investment Business

For the year ended 31 December 2017, the Group's existing investment property situated at Flat A, 21/F., Tower 1, One SilverSea, 18 Hoi Fai Road, Tai Kok Tsui, Kowloon, Hong Kong (registered in the Land Registry as Kowloon Inland Lot No. 11158) with a gross floor area of approximately 1,568 square feet was still at vacant possession and no revenue was generated from this business segment.

On 14 December 2017, Winner Alliance Limited (a direct wholly-owned subsidiary of the Company, as the purchaser), accepted an option letter offered by Prime Residential Development Pte. Ltd. (as the vendor) at a consideration of Singapore Dollars ("**S$**") 8,300,000 (equivalent to approximately RMB40,408,000) in relation to the acquisition (the "**Acquisition**") of a residential premises located 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. The total cost of the premises together with transaction costs such as stamp duty and legal costs was approximately S$9,795,000 (equivalent to approximately RMB47,686,000). The said property was sold with vacant possession and the Acquisition was completed on 22 February 2018.

Details of the Acquisition were disclosed in the announcement of the Company dated 14 December 2017.

FUTURE OUTLOOK

Packaging Products and Structural Components Business

The challenging operating conditions, mainly led by the increase in raw material costs, manufacturing overheads, direct labour costs and commodities prices, continues to adversely affect the performance of the packaging products and structural components business. The gross profit margin decreased two years in a row, even though the turnover of the packaging products and structural components business of the Group increased two years in a row, which truly reflected the impact on increasing cost of sales and the tough operating environment of manufacturing industries in the PRC. The Group had taken measures to improve the efficiency and effectiveness of the production process with the aim to suppress the increase in cost of sales, but the increase in costs associated with the manufacturing of the packaging products and structural components showed no sign to slow down and is expected to persist.

In view of the unsatisfactory business and financial performance of packaging products and structural components business for the abovementioned reasons, the Company therefore from time to time seeks attractive investment opportunities to broaden and diversify its income source and to accelerate the Group's business and earnings growth and long-term development.

Provision of Corporate Secretarial, Consultancy and Business Valuation Services Business

Under the PRC's "One Belt One Road" strategy, we expect more cross-border business activities to arise and the demand for our provision of corporate secretarial, consultancy and business valuation services will persist in the future and contribute stable income to the Group.

Property Investment Business

The Group is positive about the prospect of the global property market and with an addition of the property in Singapore in our investment property portfolio, we are optimistic on the long term capital gain in the future. The Company will continue to look for opportunities to optimise the property portfolio of the Group.

PROSPECTS

In view of the current situations and with the global economy conditions continue to improve at a steady pace, we hope all these trends will continue in year 2018. However, the overall performance of our packaging products and structural components business is expected to be limited by the continuing decrease in gross profit margin in the foreseeable future. Meanwhile, the Group continues to evaluate suitable areas to diversify our business with the aim to broaden its income sources and deliver sustainable returns to our shareholders. With the money lenders license newly obtained on 20 February 2018 and the procedures for the applications of licenses to conduct regulated activities under the Securities and Futures Ordinance (the "**SFO**") are in the final stage, a good financial platform will be set up and the Group is ready to harvest any business opportunities in the financial and/or securities market in the near future.

Due to market uncertainties, the Group will continue to maintain a conservative treasury policy. The Group will continue to cautiously explore and expand its investment portfolio and may look beyond the Hong Kong region for investment opportunities in efforts to maintain competitiveness. The Directors are of the view that the investment in Cityneon Holdings Limited ("**Cityneon**") in Singapore in year 2017 is a good investment due to the potential growth of Cityneon and consider investing more in the future.

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 2017, the Group recorded the revenue of approximately RMB379,016,000, representing a increase of 0.9% when compared to that of approximately RMB375,737,000 for the year ended 31 December 2016.

Loss attributable to owners of the Company was approximately RMB1,975,000 for the year ended 31 December 2017 when compared to profit of approximately RMB15,755,000 for the year ended 31 December 2016.

Basic and diluted loss per share were RMB0.02 cents respectively (2016: basic and diluted earnings per share of RMB0.16 cents respectively).

Liquidity and financial resources

As at 31 December 2017, bank balances and cash of the Group amounted to approximately RMB64,691,000 of which approximately 58.3% was denominated in Hong Kong dollars ("**HK$**"), approximately 8.9% was denominated in United States Dollar ("**US$**") and the rest was denominated in RMB (2016: approximately RMB162,533,000 of which approximately 81.8% was denominated in HK$, approximately 0.1% was denominated in US$ and the rest was denominated in RMB).

As at 31 December 2017, the Group's bank borrowing of approximately RMB5,000,000 (2016: approximately RMB1,000,000) 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 2017 and 2016, all of the bank borrowings were denominated in RMB.

As at 31 December 2017, the Group's other borrowings of (i) approximately RMB187,345,000 (2016: approximately RMB210,498,000) had fixed interest rate at 10% per annum and was repayable within one year, which was secured by the entire issued share capital of a wholly-owned subsidiary of the Company and were denominated in HK$; and (ii) approximately RMB172,766,000 (2016: Nil) had fixed interest rate at 10% per annum, were repayable on 10 May 2020, were unsecured and were denominated in US$; and (iii) approximately RMB24,775,000 (2016: Nil) had fixed interest rate at 8% per annum, were repayable within one year, were unsecured and were denominated in HK$. The Group's other borrowing of approximately RMB56,395,000 as at 31 December 2016 which had fixed interest rate at 24% per annum had been fully settled during the year.

Capital Structure

On 28 June 2017, the Company allotted and issued 833,340,000 shares with par value of HK$0.001 each in relation to a share subscription dated 25 May 2017 pursuant to the general mandate granted at the annual general meeting of the Company dated 20 June 2017. As at 31 December 2017 and the date of this report, a total of 11,033,340,000 Shares with par value of HK$0.001 each are in issue. Details of share subscription were disclosed in the Company's announcements dated 25 May 2017, 9 June 2017 and 28 June 2017.

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 2017, capital expenditure of the Group amounted to approximately RMB15,041,000 (2016: approximately RMB64,311,000).

Capital commitment
As at 31 December 2017, the Group had capital commitment of approximately RMB32,326,000 (2016: approximately RMB3,070,000).

Contingent liabilities
As at 31 December 2017, the Group had no material contingent liabilities (2016: Nil).

Pledge of assets
The Group had pledged (i) assets of buildings and prepaid land lease payments to the bank in the amount of approximately RMB3,063,000 as at 31 December 2017 (2016: approximately RMB3,388,000); and (ii) the entire issued share capital of a wholly-owned subsidiary of the Company to the lender as at 31 December 2017 and 2016.

Segment information
Details of segment information of the Group for the year ended 31 December 2017 are set out in Note 4 to the audited consolidated financial statements.

Gearing ratio
As at 31 December 2017, the gearing ratio was 1.37 (2016: 1.09), which was measured on the basis of the Group's total borrowings divided by total equity.

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.

Human resources and training
As at 31 December 2017, the Group has 677 employees (2016: 618 employees). Total employee benefit expenses amounted to approximately RMB49,492,000 (2016: approximately RMB41,249,000). 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.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to our Shareholders, customers, suppliers and business partners for their unremitting support, and the management team and all our staff for their contributions.

On behalf of the Board

Xu Gefei
Chairman and Executive Director

Hong Kong, 28 March 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability and to earn the confidence of Shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all Shareholders.

For the year ended 31 December 2017, 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 Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Listing Rules (the "**Model Code**") as the Company's code of conduct regarding securities transactions and dealings by the Directors. Each of the existing Directors, upon specific enquiries by the Company, confirmed that they have complied with the Model Code during the year ended 31 December 2017.

BOARD OF DIRECTORS

Members of the Board of Directors

As at the date of this annual report, the Board comprised the following Directors, (i) executive Directors, Mr. Xu Gefei (Chairman), Mr. He Xiaoming (Vice Chairman), and Ms. Ngai Mei; and (ii) independent non-executive Directors, Ms. Man See Yee, Ms. Bu Yanan and Mr. So Stephen Hon Cheung.

The biographies of all Directors are set out in the section headed "Biographical Details of Directors" in this annual report. All Directors have the relevant experiences for effectively carrying out their respective duties.

In accordance with Rule 3.10 of the Listing Rules, the Company has already appointed three independent non-executive Directors and at least one of them has accounting expertise to assist the management in formulating development strategies of the Group, and to ensure that the preparation of the financial reports and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the Shareholders and the Company. The Company has received annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules, and believes that, for the year ended 31 December 2017 and up to the date of this annual report, they were independent to the Company in accordance with the relevant requirements of the Listing Rules.

Responsibilities of Directors

All newly-appointed Directors receive comprehensive and formal training on the first occasion of their appointments to ensure that they have a proper understanding of the businesses and development of the Group and are fully aware of their responsibilities under the statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and corporate governance policies of the Company.

To facilitate the Directors to discharge their responsibilities, they are continuously updated with regulatory developments, business and market changes and the strategic development of the Group.

Supply of and Access to Information

In respect of regular Board meetings, and so far, as practicable in all other cases, an agenda accompanied by the relevant Board papers are sent to all Directors in a timely manner and before the intended date of a Board meeting.

All Directors are entitled to have access to Board papers, minutes and related materials.

The Operation of the Board

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board is also responsible for formulating the development targets and objectives, material acquisitions and disposals, material capital investment, dividend policies, the appointment and removal of directors and senior management, remuneration policies and other major operation and financial issues of the Company. The powers and duties of the Board include convening Shareholders' meetings and reporting the Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining business plans and investment plans, formulating annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the memorandum and articles of association of the Company (the "**Articles of Association**"). Daily business operations and administrative functions of the Group are delegated to the management.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Code Provision A.1.1 of the CG Code stipulates that the Board shall convene meetings regularly and convene at least four board meetings every year (approximately once a quarter).

During the year ended 31 December 2017, the Board held 19 meetings. The attendance of the Directors at the Board meetings is as follows:

Directors	Meetings attended/held
Executive Directors	
Mr. Xu Gefei *(Chairman) (appointed on 6 March 2018)*	N/A
Mr. He Xiaoming *(Vice Chairman)*	8/19
Ms. Ngai Mei *(appointed on 28 February 2017)*	14/17
Mr. Ling Zheng *(Chairman) (resigned on 6 March 2018)*	8/19
Ms. Xie Yan *(resigned on 11 August 2017)*	9/13
Independent Non-Executive Directors	
Ms. Man See Yee *(appointed on 11 August 2017)*	5/6
Ms. Bu Yanan *(appointed on 5 July 2017)*	4/8
Mr. So Stephen Hon Cheung *(appointed on 11 August 2017)*	3/6
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*	10/13
Mr. Lam Chi Wai *(resigned on 5 July 2017)*	6/11
Mr. Chan Chun Kau *(resigned on 11 August 2017)*	9/13

In general, notices of meetings of the Board are sent to all Directors through email or fax before the dates of meetings. In order to enable the Directors to consider the issues to be approved in the meetings with adequate time, the notices of regular Board meetings are sent to all Directors 14 days prior to the convening of the meeting while prior notification of the convening of ad hoc board meetings are made to all Directors in due course. In order to provide all Directors with a full picture of the latest operating conditions of the Company, the management representatives of the Company will report the latest operating conditions of the Company and the implementation of the issues resolved in the last Board meeting to all the Directors before the convening of the meeting.

CORPORATE GOVERNANCE DUTIES

The Board is responsible for performing the corporate governance duties as set out in the Code Provision D.3.1. During the year ended 31 December 2017, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Code Provision A.6.5 of the CG Code provides that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year, all Directors were provided with regular updates on the Group's business and operation and information which covered topics including but not limit to the CG Code, the disclosure and compliance of inside information, updates and changes in relation to legislative and regulatory requirements in which the Group conducts its business for their study and reference. During the year, all Directors had participated in continuous professional development to develop and refresh their knowledge and skills pursuant to the CG Code. All Directors (being Mr. Ling Zheng, Mr. He Xiaoming, Ms. Xie Yan, Ms. Ngai Mei, Ms. Bu Yanan, Ms. Man See Yee, Mr. So Stephen Hon Cheung, Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau) received regular briefings and updates from the company secretary of the Company on the Group's business, operations and corporate governance matters, studied publications, books and other reading materials or attended seminars or workshops delivered by professionals, which are relevant to their duties and responsibilities.

COMMITTEES UNDER THE BOARD

The Audit Committee, the Remuneration Committee and the Nomination Committee were established under the Board. These committees perform supervision and control of the Company based on their written terms of reference.

Audit Committee

The Company established the Audit Committee on 10 June 2011 with written terms of reference in compliance with the Code Provisions of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely, Ms. Man See Yee (an independent non-executive Director appointed on 11 August 2017 with the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules who serves as Chairman of the Audit Committee), Ms. Bu Yanan and Mr. So Stephen Hon Cheung (appointed on 5 July 2017 and 11 August 2017 respectively). Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau had ceased to be the members of the Audit Committee since their resignations as independent non-executive Directors on 11 August 2017, 5 July 2017 and 11 August 2017 respectively.

The written terms of reference of the Audit Committee are in line with the Code Provisions of the CG Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website.

During the year ended 31 December 2017, the Audit Committee had considered, reviewed and discussed areas of concerns during the audit process, the compliance of company policy, the internal control procedures and the corporate governance of the Group and had approved the annual audited financial statements and the interim financial statements, respectively. There is no disagreement between the Board and the Audit Committee regarding the selection and appointment of the external auditors.

The Audit Committee had held 3 meetings during the year ended 31 December 2017.

The attendance of the members of the Audit Committee at the Audit Committee meeting is as follows:

Directors	**Meetings attended/held**
Ms. Man See Yee *(Chairman) (appointed on 11 August 2017)*	1/1
Ms. Bu Yanan *(appointed on 5 July 2017)*	1/1
Mr. So Stephen Hon Cheung *(appointed on 11 August 2017)*	1/1
Mr. Lee Chi Hwa, Joshua *(ceased to be member on 11 August 2017)*	2/2
Mr. Lam Chi Wai *(ceased to be member on 5 July 2017)*	2/2
Mr. Chan Chun Kau *(ceased to be member on 11 August 2017)*	2/2

Nomination Committee

The Company established the Nomination Committee pursuant to a resolution of the Directors passed on 10 June 2011. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board's succession, and to ensure that the candidates to be nominated as Directors are experienced and high caliber individuals. The Nomination Committee consists of three independent non-executive Directors, namely, Ms. Man See Yee, Ms. Bu Yanan and Mr. So Stephen Hon Cheung (appointed on 11 August 2017, 5 July 2017 and 11 August 2017 respectively). Ms. Man See Yee is the Chairman of the Nomination Committee. Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau had ceased to be the members of the Nomination Committee since their resignations as independent non-executive Directors on 11 August 2017, 5 July 2017 and 11 August 2017 respectively.

The written terms of reference of the Nomination Committee are in line with the Code Provisions of the CG Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website.

The Nomination Committee shall meet at least once every year for reviewing the structure, size and composition of the Board and assessing the independence of the independent non-executive Directors and other related matters.

The Nomination Committee had held 4 meetings during the year ended 31 December 2017.

The attendance of the members of the Nomination Committee at the Nomination Committee meeting is as follows:

Directors	Meeting attended/held
Ms. Man See Yee *(Chairman) (appointed on 11 August 2017)*	N/A
Ms. Bu Yanan *(appointed on 5 July 2017)*	1/1
Mr. So Stephen Hon Cheung *(appointed on 11 August 2017)*	N/A
Mr. Lee Chi Hwa, Joshua *(ceased to be member on 11 August 2017)*	4/4
Mr. Lam Chi Wai *(ceased to be member on 5 July 2017)*	2/3
Mr. Chan Chun Kau *(ceased to be member on 11 August 2017)*	4/4

During the year ended 31 December 2017, the Nomination Committee had reviewed the structure, size and composition of the Board and the retirement and re-appointment arrangement of the Directors at the Company's forthcoming annual general meeting.

Board Diversity Policy

The Board has adopted a board diversity policy in accordance with the requirement set out in the CG Code (the "**Board Diversity Policy**") and discussed all measurable objectives set for implementing the policy. The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 10 June 2011 in compliance with the Code Provisions of the CG Code. The Company has adopted the Code Provisions to make recommendations to the Board to determine the remuneration packages of individual executive Directors and the members of senior management. The primary duties of the Remuneration Committee include: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. The Remuneration Committee comprises three independent non-executive Directors, namely Ms. Bu Yanan, Ms. Man See Yee and Mr. So Stephen Hon Cheung (appointed on 5 July 2017, 11 August 2017 and 11 August 2017 respectively). Ms. Bu Yanan is the Chairman of the Remuneration Committee. Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau had ceased to be the members of the Remuneration Committee since their resignations as independent non-executive Directors on 11 August 2017, 5 July 2017 and 11 August 2017 respectively.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the Code Provisions of the CG Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once every year for reviewing the remuneration policies.

The Remuneration Committee had held 4 meeting during the year ended 31 December 2017.

The attendance of the members of the Remuneration Committee at the Remuneration Committee meeting is as follows:

Directors	**Meeting attended/held**
Mr. Bu Yanan *(Chairman) (appointed on 5 July 2017)*	1/1
Ms. Man See Yee *(appointed on 11 August 2017)*	N/A
Mr. So Stephen Hon Cheung *(appointed on 11 August 2017)*	N/A
Mr. Lam Chi Wai *(ceased to be member on 5 July 2017)*	2/3
Mr. Lee Chi Hwa, Joshua *(ceased to be member on 11 August 2017)*	4/4
Mr. Chan Chun Kau *(ceased to be member on 11 August 2017)*	4/4

During the year ended 31 December 2017, the Remuneration Committee reviewed the existing remuneration policies of the Company.

Further particulars regarding Directors' and chief executive's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Note 8 and Note 9 to the audited consolidated financial statements. As the members of the Board coincide with the members of the senior management of the Group and the remuneration of Directors have been disclosed, no disclosure about the remuneration payable to members of senior management could be made.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Mr. He Xiaoming, Ms. Ngai Mei, Ms. Bu Yanan, Ms. Man See Yee, Mr. So Stephen Hon Cheung and Mr. Xu Gefei were appointed for an initial term of one year commencing from 5 March 2015, 28 February 2017, 5 July 2017, 11 August 2017, 11 August 2017 and 6 March 2018 respectively. All of their appointments are renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointed and subject to termination by either party upon giving not less than 3 months' prior written notice to the other party.

In accordance with article 112 of the Articles of Association, any Director appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Ms. Man See Yee and Mr. So Stephen Hon Cheung will retire from office as the independent non-executive Directors and Mr. Xu Gefei will retire from office as the executive Director at the forthcoming annual general meeting of the Company and each of them, being eligible, will offer themselves for re-election respectively.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one third of the Directors shall retire from office by rotation. Each director shall retire at least once every three years and such Directors shall include those who have been assumed the longest term of office since their last election or re-election. Mr. He Xiaoming will retire from office as executive Director by rotation at the forthcoming annual general meeting of the Company and be eligible to offer himself for re-election.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the accounts and the consolidated financial statements of the Company for the year ended 31 December 2017. The auditors to the Company acknowledge their reporting responsibilities in the independent auditors' report on the consolidated financial statements for the year ended 31 December 2017. Save as disclosed in this report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

COMPANY SECRETARY

The company secretary of the Company, Ms. Choi Yee Man ("**Ms. Choi**"), appointed on 1 June 2015, is responsible for facilitating the process of Board meetings, as well as communications among Board members, with Shareholders and the management of the Company. Ms. Choi is a fellow member of the Hong Kong Institute of Certified Public Accountants. She holds a bachelor's degree in Business Administration from City University of Hong Kong. She possesses extensive experience in the area of accounting, finance, auditing and internal control.

During the year ended 31 December 2017, Ms. Choi undertook not less than 15 hours of professional training to update her skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

AUDITORS' REMUNERATION

Remuneration to the external auditors of the Company amounted to HK$1,410,000 for the provision of annual audit services for the year ended 31 December 2017.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for establishing, maintaining and monitoring a sound and effective system of internal control and risk management of the Group. The Group's risk management and internal control system is designed to safeguard the shareholders' investment and the Group's assets against misappropriation and unauthorised disposition, to identify and manage key risks that may impact the Group's performance and to ensure strict compliance with relevant laws and regulations. However, systems of risk management and internal control, no matter how well designed and operated, can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

The Board has established process on an ongoing basis for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the systems of risk management and internal control from time to time in response to the changes to the business environment or regulatory guidelines.

In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group and in performing the internal audit functions for the Group. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Report on review of risk management and internal control systems is submitted to the Audit Committee and the Board at least once a year. During the year ended 31 December 2017, the Board, through the Audit Committee, had performed annual review of the effectiveness and adequacy of the systems of risk management and internal controls of the Group covering all material controls in area of financial, operational and compliance controls and risk management functions. No material internal control aspects of any significant problems were identified. The Board and the Audit Committee considered that (i) the key areas of the Group's risk management and internal control systems are reasonably implemented during the year; and (ii) there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year. The Board will regularly review their adequacy and effectiveness.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company's annual general meeting provides a useful platform for direct communication between the Board and Shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings.

During the year ended 31 December 2017, the Company held 2 general meetings, which were the annual general meeting (the "**2017 AGM**") held on 20 June 2017 and 1 extraordinary general meeting held on 8 August 2017.

The attendance record of the Directors at the general meetings during the year ended 31 December 2017 is set out below:

Directors	Meetings attended/held
Executive Directors	
Mr. Xu Gefei *(Chairman) (appointed on 6 March 2018)*	N/A
Mr. He Xiaoming *(Vice Chairman)*	0/2
Ms. Ngai Mei *(appointed on 28 February 2017)*	2/2
Mr. Ling Zheng *(Chairman) (resigned on 6 March 2018)*	2/2
Ms. Xie Yan *(resigned on 11 August 2017)*	2/2
Independent Non-Executive Directors	
Ms. Man See Yee *(appointed on 11 August 2017)*	N/A
Ms. Bu Yanan *(appointed on 5 July 2017)*	1/1
Mr. So Stephen Hon Cheung *(appointed on 11 August 2017)*	N/A
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*	2/2
Mr. Lam Chi Wai *(resigned on 5 July 2017)*	1/1
Mr. Chan Chun Kau *(resigned on 11 August 2017)*	2/2

The Company's external auditors also attended the 2017 AGM.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 64 of the Articles of Association, extraordinary general meetings of the Company (the "**EGM(s)**") shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board to convene the EGM(s), shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy (the "**Policy**") on 16 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Suites 2005–2006, 20/F., Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. Any such proposals shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Suites 2005–2006, 20/F., Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and the Shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.teamwaygroup.com.

During the year ended 31 December 2017, there had been no significant change in the Company's constitutional documents.

PERMITTED INDEMNITY

The Company has arranged appropriate insurance covers in respect of any possible legal action against the Directors and officers of the Group and the insurance coverage is reviewed on an annual basis.

EXECUTIVE DIRECTORS

Mr. Xu Gefei (徐格非) ("Mr. Xu"), aged 42, is the Chairman and an Executive Director of the Company since 6 March 2018. He has been the legal representative and executive director of Shanghai Tian Yuan Decoration and Design Works Company Limited* (上海天元裝飾設計工程有限公司), a company principally engaged in architectural decoration design, building decoration design, business consulting, convention and exhibition services, sales of building materials, and the provision of the first-rate European kitchen cabinet systems and electrical appliances to high-end properties in China since 2008. Mr. Xu also established Shanghai Tian Yuan Environmental Works* (上海天元環境工程) in 2014 and developed the APS gas chromatographic air purifiers under the key brand name "IIECC*(艾易西)". Mr. Xu expanded his business into the Hong Kong market in 2013 and has since been the sole director and shareholder of Yitou (China) Limited, a company principally engaged in trading and investment business in Hong Kong. He has accumulated extensive business operation experiences in the utilities, real estate, finance, manufacturing and other sectors. Save as disclosed above, Mr. Xu did not hold any directorship in other listed public companies in the past three years and does not hold any other positions with the Group.

Mr. He Xiaoming (何笑明) ("Mr. He"), aged 44, is the Vice Chairman and an Executive Director of the Company since 5 March 2015. Mr. He has extensive business management and hospitality experience. He is the chairman of Beijing Langyi International Investment Co., Ltd.* (北京朗逸國際投資有限公司), which is principally engaged in development and management of hotels and other real estate assets.

Ms. Ngai Mei (魏薇) ("Ms. Ngai"), aged 35, is an Executive Director of the Company since 28 February 2017. Ms. Ngai also holds directorship in various subsidiaries of the Company. Ms. Ngai graduated from Manchester Metropolitan University, UK and has more than ten years working experience in corporate management and merger and acquisition. She once worked in China Minsheng Banking Corporation Limited ("**CMBC**"), during which time she participated in the CMBC Initial Public Offerings, was responsible for overall planning of overseas investor relations and participated in various large roadshows cooperated closely with investment banks, financial public relation and related professional teams. She also joined the acquisition of Asia Commercial Bank and participated in the license application of CMBC's Hong Kong Branch. Ms. Ngai was also responsible for investor relations and corporate financing of Hong Kong listed companies, leading a number of financing projects.

*   English translation of the Chinese name of the PRC entity is for identification purpose only.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Man See Yee (文思怡) ("Ms. Man"), aged 45, is an Independent Non-Executive Director since 11 August 2017, and is the Chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee of the Company. Ms. Man obtained her bachelor degree in professional accountancy from The Chinese University of Hong Kong in 1997. Ms. Man is a fellow practising member of the Hong Kong Institute of Certified Public Accountants, a practising member of the Chinese Institute of Certified Public Accountants, a Hong Kong Chartered Tax Adviser and a Chartered Financial Analyst. Ms. Man is also an active member of various professional bodies and social associations. Ms. Man has more than 20 years' working experience in the auditing, accounting and financial industry. Prior to joining the Company, she was with the Big Four accounting firms of senior position responsible for leading auditing and transaction advisory engagements for multinational corporations, Chinese state-owned/private conglomerates, private equity funds and investment banks clients on their audits, listing applications, mergers and acquisitions, divestments, debt and equity capital raising deals. Ms. Man has spent most of her work life in Hong Kong, with 5 years based in Shanghai. She is knowledgeable in both international as well as PRC business practices and has extensive experiences in a range of industries from natural resources, utilities, financial sectors, manufacturing, real estate, among the others.

Ms. Bu Yanan (卜亞楠女士) ("Ms. Bu"), aged 32, is an Independent Non-Executive Director since 5 July 2017, and is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Ms. Bu graduated from City University of Hong Kong with a Bachelor of Laws and has completed the Practising Certificate in Law programme to qualify for admission as a barrister of the High Court of Hong Kong in 2011. She is also an Accredited General and Family Mediator of the Hong Kong International Arbitration Centre and of the Hong Kong Mediation Accreditation Association, a fellow of Hong Kong Institute of Arbitrators. Ms. Bu has been in active practice at the Bar in various criminal and commercial matters and has extensive legal experience. She is an independent non-executive director of China Child Care Corporation Limited (a company listed on the Stock Exchange with Stock Code: 1259) since 15 September 2017.

Mr. So Stephen Hon Cheung (蘇漢章) ("Mr. So"), aged 62, is an Independent Non-Executive Director since 11 August 2017, and is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. Mr. So is a director of the accounting firm T.M Ho, So & Leung CPA Limited, and is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Professional Accountants of Canada and a member of the Society of Certified Management Accountants of Canada. He holds a bachelor degree in commerce from the University of British Columbia, Canada and is now a visiting professor of various universities and colleges in Beijing, Liaoning, Sichuan, Xinjiang, Qinghai and Guangdong of China. He has extensive experience in the commercial sector of manufacturing, wholesale and trading and in public practice working for various companies in Hong Kong, China and Canada. Mr. So is an independent non-executive director of Pinestone Capital Limited (stock code: 804) since May 2015, PINE Technology Holdings Limited (stock code: 1079) since September 2002 and both YGM Trading Limited (stock code: 375) and Yangtzekiang Garment Limited (stock code: 294) since 20 September 2017, the shares of those companies are listed on the Main Board of the Stock Exchange. From May 2011 to February 2017, Mr. So was an independent non-executive director of Milan Station Holdings Limited (stock code:1150), the shares of which are listed on the Main Board of the Stock Exchange.

DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 December 2017.

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 8 August 2017 and approved by the Registrar of Companies of the Cayman Islands, the English name of the Company was changed from "Jin Bao Bao Holdings Limited" to "Teamway International Group Holdings Limited" and the Chinese name of the Company "金寶寶控股有限公司" will no longer be adopted.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the Company's subsidiaries as at 31 December 2017 are set out in Note 1 to the audited consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

Details of (i) business review and (ii) future development of the Group's business are set out respectively in the sections headed "Business review" and "Future outlook" under "Letter from the Board" of this annual report from pages 3 to 6.

Principal Risks and Uncertainties

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group.

Market Risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, like foreign exchange rates, interest rates and equity prices. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Business Risk

Performance of our Group's core business will be affected by various factors, including but not limited to the economic conditions of PRC and Hong Kong and the performance of Hong Kong property market, which would not be mitigated even with careful and prudent investment strategy and strict control procedures.

Manpower and Retention Risk

The Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The Group will provide attractive remuneration package to suitable candidates and personnel, but may lead to the increment of labor cost.

Foreign Exchange Rates Risk

As part of the Group's assets and liabilities were denominated in HK$ and US$, in view of the potential RMB exchange rate fluctuations, our Group will continue to closely monitor the exposure and take any actions when appropriate.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group's management closely monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

The financial risk management policies and practices of the Group are set out in Note 38 to the audited consolidated financial statements.

There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. As a responsible corporation, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment and incorporates environmental friendly practices into its daily course of business to achieve efficient use of resources, water and energy saving and waste reduction.

In accordance with Rule 13.91 of the Listing Rules, the Company will publish an Environmental, Social and Governance ("**ESG**") Report within three months after the publication of this annual report in compliance with the provisions set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules.

Compliance with the Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. To the best knowledge of the Directors, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2017. There was no material breach of or non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2017.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and Shareholders. During the year ended 31 December 2017, there were no material and significant dispute between the Group and its key stakeholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2017 and financial position of the Group as at 31 December 2017 are set out in the audited consolidated financial statements on pages 36 to 99 in this annual report.

The Directors do not recommend the payment of any dividends for the year ended 31 December 2017 (2016: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 100 of this annual report. This summary does not form part of the audited consolidated financial statements.

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 2017, the Group had used net proceeds of approximately HK$36,595,000, 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$21,095,000 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. The remaining net proceeds to be used for acquiring, remodifying and upgrading of plant and machines amounted to approximately HK$7,905,000 as at 31 December 2017.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 13 to the audited consolidated financial statements in this annual report.

RESERVES

Details of the movements of reserves of the Group during the year ended 31 December 2017 are set out in the consolidated statement of changes in equity in page 39.

Movements in the distributable reserves of the Company and the Group during the year ended 31 December 2017 are set out in Note 41 to the audited consolidated financial statements and in the consolidated statement of changes in equity in page 39.

BANK BORROWINGS

Details of bank borrowings of the Group are set out in Note 25 to the audited consolidated financial statements in this annual report.

REMUNERATION POLICY

The Group determines its employee salaries with reference to the prevailing market salary rate of respective locations, experience as well as performance of such employees. In order to motivate the Group's employees and retain talent, the Group has adopted the employee incentives, which include the share option scheme and bonus sharing arrangement. The employee incentives are available to the Group's employees who are considered qualified for such incentives by the management members of the Group based on their performances in the year under review. For details of the share option scheme, please refer to the paragraph headed "Share Option Scheme" in this annual report.

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, benefits in kind or discretionary bonuses relating to the performance of the Group. The Group also reimburses the Directors and senior management of the Company for expenses which are necessarily and reasonably incurred for providing services to the Group or discharging their duties in relation to the operations of the Group. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment elsewhere in the Group and desirability of performance-based remuneration.

Details of the remuneration of Directors and chief executive are set out in Note 8 to the audited consolidated financial statements in this annual report.

RETIREMENT SCHEMES

The Group participates in defined contribution retirement plans which cover the Group's eligible employees in the PRC and a Mandatory Provident Fund Scheme for the employee(s) in Hong Kong. Particulars of these retirement plans are set out in Note 2.4 to the audited consolidated financial statements in this annual report.

SHARE OPTION SCHEME

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "**Scheme**") on 10 June 2011 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the shares of the Company (the "**Shares**") to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on 18 November 2011 and shall be valid and effective for a period of ten years commencing on 10 June 2011, subject to the early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the Listing Rules. In any event, the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time.

The total number of securities available for issue under the Scheme as at the date of this annual report was 1,020,000,000 Shares which represented 10% of the issued share capital of the Company as at the date of the 2016 annual general meeting (i.e. 14 June 2016). The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

During the period between the date of the listing of Shares on the Main Board of the Stock Exchange and 31 December 2017, no option has been granted by the Company under the Scheme.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and senior management of the Company are set out in the section headed "Biographical Details of Directors" in this annual report.

DIRECTORS AND SERVICE CONTRACTS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors
Mr. Xu Gefei *(Chairman) (appointed on 6 March 2018)*
Mr. He Xiaoming *(Vice Chairman)*
Ms. Ngai Mei *(appointed on 28 February 2017)*
Mr. Ling Zheng *(resigned on 6 March 2018)*
Ms. Xie Yan *(resigned on 11 August 2017)*

Independent Non-Executive Directors
Ms. Man See Yee *(appointed on 11 August 2017)*
Ms. Bu Yanan *(appointed on 5 July 2017)*
Mr. So Stephen Hon Cheung *(appointed on 11 August 2017)*
Mr. Lee Chi Hwa, Joshua *(resigned on 11 August 2017)*
Mr. Lam Chi Wai *(resigned on 5 July 2017)*
Mr. Chan Chun Kau *(resigned on 11 August 2017)*

As at 31 December 2017, none of the Directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

The Directors consider that those related party transactions disclosed in Note 35 to the audited consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules but are exempt from any of the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules as they are the service contracts of the Directors.

COMPETING INTERESTS

During the year ended 31 December 2017, the following Director(s) had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Director(s)	Name of Company/ Partnership/Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Mr. Chan Chun Kau *(resigned on 11 August 2017)*	Lawrence Chan & Co.	Sole Proprietor	Provision of corporate secretarial services

Save as disclosed above, to the best knowledge of the Directors, none of the Directors is interested in any businesses (apart from the businesses of the Company or its subsidiaries) which compete or are likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries during the year.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board confirmed that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and based on the confirmations received, the Company considers that the independent non-executive Directors remain to be independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2017, the interests and short positions of each Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Ordinary Shares of the Company:

Name of Director(s)	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Ling Zheng *(resigned on 6 March 2018)*	Beneficial owner	930,000,000	8.43%

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section of "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the year ended 31 December 2017 was the Company, any of its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2017, as recorded in the register required to be kept by the Company under Section 336 of the SFO, the following persons (except the Directors and chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in Shares and Underlying Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Cao Longbing *(note 1)*	Beneficial owner/Interest of controlled corporation	2,187,000,000	19.82%
Bright State Investment Limited *(note 1)*	Beneficial owner	2,183,000,000	19.79%
Mr. Ling Zheng	Beneficial owner	930,000,000	8.43%
Media Range Limited *(note 2)*	Beneficial owner	833,340,000	7.55%
Mr. Jiang Zhong *(note 2)*	Interest of controlled corporation	833,340,000	7.55%

Notes:

1 Bright State Investment Limited, a company incorporated in Hong Kong with limited liability and beneficially owning 2,183,000,000 shares, is wholly and beneficially owned by Mr. Cao Longbing. Mr. Cao Longbing is also the beneficial owner of 4,000,000 shares.

2 Media Range Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly and beneficially owned by Mr. Jiang Zhong.

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

Save as disclosed in this annual report, none of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2017.

KEY CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, sales to the Group's five largest customers accounted for approximately 82.3% (2016: approximately 89.5%) of the annual revenue and the sales to the largest customer included therein accounted for approximately 26.6% (2016: approximately 37.3%). For the year ended 31 December 2017, purchases from the Group's five largest suppliers accounted for approximately 77.3% (2016: approximately 81.7%) of the annual purchases and the purchases from the largest supplier included therein accounted for approximately 64% (2016: approximately 25.5%).

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the year ended 31 December 2017.

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

For the year ended 31 December 2017, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any listed securities of the Company.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this annual report, for the year ended 31 December 2017, there was no material acquisition, disposal or significant investment by the Group.

PRE-EMPTIVE RIGHTS

There are no relevant provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, and therefore the Company is not obliged to offer new shares on a pro-rata basis to existing Shareholders.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules throughout the year ended 31 December 2017 and as at the date of this annual report.

CORPORATE GOVERNANCE

The Company had adopted the Code Provisions set out in the CG Code in Appendix 14 to the Listing Rules. The Company has complied with the Code Provision of the CG Code for the year ended 31 December 2017.

AUDITORS

The Company's financial statements for the years ended 31 December 2011 to 2015 were audited by HLB Hodgson Impey Cheng Limited.

The Company's financial statements for the years ended 31 December 2016 and 2017 were audited by Zenith CPA Limited.

Zenith CPA Limited as auditor of the Company will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Xu Gefei
Chairman and Executive Director

Hong Kong, 28 March 2018

ZENITH 誠豐
ASSURANCE I TRANSACTIONS I ADVISORY

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS JIN BAO BAO HOLDINGS LIMITED)

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Teamway International Group Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 36 to 99, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirement of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 19 to the consolidated financial statements which indicates the Group has extended a loan of US$8.3 million, with carrying amount of RMB54,583,000 classified as loan and interest receivables included in the consolidated statement of financial position at 31 December 2017, to Rossoneri Sport Investment Co., Limited (the "**Borrower**") on 5 March 2018, and the ultimate recovery of its loan and interest receivables depends on the success of proposed debt refinancing of the Borrower. No provision for impairment losses has been made in the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS JIN BAO BAO HOLDINGS LIMITED) *(continued)*

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS *(continued)*

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	**How our audit addressed the key audit matter**
Impairment assessments for goodwill	
The Group has carrying amount of goodwill amounting to RMB194,331,000 and RMB14,053,000 arising from consultancy cash generating unit ("**CGU**") and business valuation CGU, respectively, in the consolidated statement of financial position at 31 December 2017. The management has performed an annual impairment test in accordance with the Group's accounting policies and concluded that there is no impairment in respect of the goodwill. This calculation was based on value in use calculations. We identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and because the value in use calculations involve significant management judgement and estimates with respect to the underlying cash flows, in particular the average revenue growth rates and discount rates. The significant accounting judgements and estimates and disclosures for goodwill impairment testing are set out in notes 3 and 16 to the consolidated financial statements.	Our procedures in relation to the impairment of goodwill included: • we assessed the assumptions and estimates made by management; • we obtained an understanding of the current and expected future developments of the respective CGUs and factors that might affect the estimates of cash flow projections and discount rates applicable to those CGUs; • we involved our valuation specialists to assist us in evaluating the methodologies used and certain key assumptions and estimates made by management, including, among others, the specific discount rate and average revenue growth rate of each relevant CGU, with reference to relevant external information sources; and • we evaluated the adequacy of related disclosures in the consolidated financial statements.

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS JIN BAO BAO HOLDINGS LIMITED) *(continued)*

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS *(continued)*

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of available-for-sale investments	
As at 31 December 2017, the carrying amount of the Group's available-for-sale investments of RMB21,919,000 were represented i) the listed equity investments of RMB1,935,000; and ii) the unlisted fund investments of RMB19,984,000. The management has performed an annual impairment test in accordance with the Group's accounting policies and recognised impairment on available-for-sale investments of RMB3,576,000 for the year ended 31 December 2017 in respect of listed equity investments. The determination of whether an available-for-sale investment is impaired requires significant judgment. We identified the impairment of available-for-sale investments as a key audit matter due to the significant management judgments involved in assessing impairment. The significant accounting judgements and estimates is set out in note 3 to the consolidated financial statements.	Our procedures in relation to the impairment of available-for-sale investments included: • we obtained understanding of impairment assessment procedures carried out by management; • we used independent sources of information to identify market value of the listed equity investments at the end of the reporting period; • we obtained audited financial statements of the unlisted fund to assess any indication of impairment of respective investment; • we recalculated the amount of impairment recognised to the profit and loss for the year.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS JIN BAO BAO HOLDINGS LIMITED) *(continued)*
(Incorporated in the Cayman Islands with limited liability)

RESPONSIBILITIES OF THE DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

TO THE SHAREHOLDERS OF TEAMWAY INTERNATIONAL GROUP HOLDINGS LIMITED (FORMERLY KNOWN AS JIN BAO BAO HOLDINGS LIMITED) *(continued)*

(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hung Pui Yu.

Zenith CPA Limited
Certified Public Accountants
Hung Pui Yu
Practising Certificate Number: P06702
Hong Kong
28 March 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000
REVENUE	5	**379,016**	375,737
Cost of sales		**(267,062)**	(264,710)
Gross profit		**111,954**	111,027
Other income and gains/(losses), net	5	**3,136**	(1,970)
Selling and distribution expenses		**(20,234)**	(16,579)
Administrative expenses		**(38,730)**	(19,591)
Finance costs	6	**(40,683)**	(19,900)
PROFIT BEFORE TAX	7	**15,443**	52,987
Income tax expense	10	**(17,418)**	(37,232)
(LOSS)/PROFIT FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT		**(1,975)**	15,755
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
— For (loss)/profit for the year	12	**RMB(0.02) cents**	RMB0.16 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017 RMB'000	2016 RMB'000
(LOSS)/PROFIT FOR THE YEAR	**(1,975)**	15,755
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(3,576)**	—
Impairment losses	**3,576**	—
Exchange differences on translation of foreign operations	**(2,993)**	(2,926)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(2,993)**	(2,926)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE PARENT	**(4,968)**	12,829

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**68,495**	65,585
Investment property	14	**37,469**	40,308
Prepaid land lease payments	15	**4,434**	2,528
Goodwill	16	**208,384**	206,565
Deferred tax assets	27	**14**	26
Available-for-sale investments	17	**21,919**	—
Deposits and prepayments	21	**26,458**	—
Loan to an investment entity	26	**64,946**	—
Total non-current assets		**432,119**	315,012
CURRENT ASSETS			
Inventories	18	**14,768**	14,294
Prepaid land lease payments	15	**112**	71
Loan and interest receivables	19	**54,583**	—
Trade and notes receivables	20	**171,614**	142,511
Deposits, prepayments and other receivables	21	**8,219**	5,644
Cash and bank balances	22	**64,691**	162,533
Total current assets		**313,987**	325,053
CURRENT LIABILITIES			
Trade payables	23	**42,762**	109,463
Other payables and accruals	24	**12,899**	11,712
Interest-bearing bank and other borrowings	25	**217,120**	267,893
Tax payable		**13,979**	3,492
Total current liabilities		**286,760**	392,560
NET CURRENT ASSETS/(LIABILITIES)		**27,227**	(67,507)
TOTAL ASSETS LESS CURRENT LIABILITIES		**459,346**	247,505
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	**172,766**	—
Deferred tax liabilities	27	**2,645**	2,185
Total non-current liabilities		**175,411**	2,185
Net assets		**283,935**	245,320
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**8,852**	8,126
Reserves		**275,083**	237,194
Total equity		**283,935**	245,320

Mr. Xu Gefei
Director

Ms. Ngai Mei
Director

	Share capital RMB'000 *(note 28)*	Share premium account RMB'000	Available-for-sale investment revaluation reserve RMB'000	Special reserve RMB'000 *(note 30(c))*	Exchange fluctuation reserve RMB'000	PRC capital reserve RMB'000 *(note 30(a))*	PRC statutory reserves RMB'000 *(note 30(b))*	Shareholders' contribution RMB'000 *(note 30(d))*	Retained profits RMB'000	Total equity RMB'000
At 1 January 2016	7,958	102,490	–	(27,434)	(1,251)	(8)	30,222	10,296	73,471	195,744
Profit for the year	–	–	–	–	–	–	–	–	15,755	15,755
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	(2,926)	–	–	–	–	(2,926)
Total comprehensive (loss)/income for the year	–	–	–	–	(2,926)	–	–	–	15,755	12,829
Issue of shares *(note 28)*	168	36,579	–	–	–	–	–	–	–	36,747
Transfer from retained profits	–	–	–	–	–	–	1,682	–	(1,682)	–
At 31 December 2016 and 1 January 2017	8,126	139,069	–	(27,434)	(4,177)	(8)	31,904	10,296	87,544	245,320
Loss for the year	–	–	–	–	–	–	–	–	(1,975)	(1,975)
Other comprehensive loss for the year:										
Available-for-sale investments:										
– Change in fair value	–	–	(3,576)	–	–	–	–	–	–	(3,576)
– Impairment losses	–	–	3,576	–	–	–	–	–	–	3,576
Exchange differences on translation of foreign operations	–	–	–	–	(2,993)	–	–	–	–	(2,993)
Total comprehensive loss for the year	–	–	–	–	(2,993)	–	–	–	(1,975)	(4,968)
Issue of shares *(note 28)*	726	42,857	–	–	–	–	–	–	–	43,583
Transfer from retained profits	–	–	–	–	–	–	842	–	(842)	–
At 31 December 2017	**8,852**	**181,926***	**–***	**(27,434)***	**(7,170)***	**(8)***	**32,746***	**10,296***	**84,727***	**283,935**

* These reserve accounts comprise the consolidated reserves of RMB275,083,000 (2016: RMB237,194,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**15,443**	52,987
Adjustments for:			
Finance costs	6	**40,683**	19,900
Interest income	5	**(4,373)**	(429)
Loss on disposal of items of property, plant and equipment	5	**46**	4,492
Depreciation	7	**11,075**	8,890
Amortisation of prepaid land lease payments	7	**113**	71
Changes in fair value of investment property	5	**822**	(1,266)
Gain on disposal of available-for-sale investments	5	**(725)**	—
Impairment loss on available-for-sale investment	5	**3,576**	—
Write back of inventories	7	**(71)**	(531)
Operating cashflows before movements in working capital		**66,589**	84,114
Increase in inventories		**(403)**	(5,829)
Increase in trade and notes receivables		**(25,264)**	(42,084)
(Increase)/decrease in deposits, prepayments and other receivables		**(28,869)**	2,197
(Decrease)/increase in trade payables		**(61,073)**	90,736
Increase in other payables and accruals		**1,716**	8,229
Cash (used in)/generated from operations		**(47,304)**	137,363
Interest paid		**(2,744)**	(219)
People's Republic of China ("**PRC**") income tax paid		**(2,292)**	(3,572)
Hong Kong profits tax paid		**(2,425)**	—
Overseas tax paid		**—**	(31,215)
Net cash flows (used in)/from operating activities		**(54,765)**	102,357
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(14,219)**	(27,574)
Additions to items of investment property		**(822)**	—
Refundable earnest money refunded/(paid)		**—**	167,546
Proceeds from disposal of items of property, plant and equipment		**229**	174
Advances loan to independent third parties		**(87,212)**	—
Repayment of loan from independent third parties		**33,306**	—
Acquisition of subsidiaries	31	**(17,343)**	(205,481)
Advances of loan to an investment entity		**(64,946)**	—
Purchase of land use rights		**(2,060)**	—
Purchases of available-for-sale investments		**(52,414)**	—
Proceeds from disposal of available-for-sale investments		**27,757**	—
Interest received		**3,667**	429
Net cash flows used in investing activities		**(174,057)**	(64,906)

	Notes	2017 RMB'000	2016 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**43,583**	—
New bank and other loans		**190,680**	56,244
Repayment of bank and other loans		**(50,959)**	(2,000)
Repayment to the ultimate holding company		**—**	(1,916)
Interest paid		**(35,384)**	(32)
Net cash flows from financing activities		**147,920**	52,296
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(80,902)**	89,747
Cash and cash equivalents at beginning of year		**162,533**	65,667
Effect of foreign exchange rate changes, net		**(16,940)**	7,119
CASH AND CASH EQUIVALENT AT END OF YEAR		**64,691**	162,533
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**42,318**	162,533
Non-pledged time deposits with original maturity of less than three months when acquired	22	**22,373**	—
Cash and bank balances as stated in the statement of financial position		**64,691**	162,533

1. CORPORATE AND GROUP INFORMATION

Teamway International Group Holdings Limited (the "**Company**") 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
- provision for corporate secretarial, consultancy and business valuation services
- property investment

Information about subsidiaries

Particulars of the Company's principal subsidiaries at 31 December 2017 are as follows:

Name	Place of incorporation/ registration	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Great Earn International Limited[4]	Hong Kong	HK$1	—	100	Investment holding
Mutual Power International Limited[4]	Hong Kong	HK$1	—	100	Investment holding
Peace Bright Investment Trading Limited[2]	BVI/Hong Kong	US$2	100	—	Investment holding
Chuzhou Chuangce Packaging Materials Company Limited# (滁州創策包裝材料有限公司)[2, 3]	PRC	RMB25,000,000	—	100	Design, manufacture and sale of packaging products and structural components
Chongqing Guangjing Packaging Materials Co. Ltd# (重慶光景包裝製品有限公司)[2, 3]	PRC	US$3,300,000	—	100	Design, manufacture and sale of packaging products and structural components
Sichuan Hejing Packing Materials Co. Ltd# (四川和景包裝製品有限公司)[2, 3]	PRC	RMB33,000,000	—	100	Design, manufacture and sale of packaging products and structural components
Gorgeous Assets Limited[2]	BVI	US$100	100	—	Property investment
Treasure Found Investments Limited[2]	BVI	US$1	100	—	Investment holding
PV Holdings Limited[2]	BVI	US$1	—	100	Provision for consultancy services
PV Advisory Services Limited	Hong Kong	HK$1	—	100	Provision for corporate secretarial and consultancy services
Grand Intelligent Limited[1, 2]	BVI	US$1	—	100	Investment holding
Nova Appraisals Limited[1]	Hong Kong	HK$10,000	—	100	Provision for business valuation services
Teamway Finance Limited[4]	Hong Kong	HK$1	—	100	Money lending
Teamway Asset Management Limited[5]	Hong Kong	HK$5,000,000	—	100	Inactive
Teamway Securities Limited (formerly known as Legendary Finance Limited)	Hong Kong	HK$5,000,000	—	100	Inactive

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only.
[1] These entities are acquired during the year. Further details of this acquisition is included in note 31 to the consolidated financial statements
[2] The statutory financial statement of these subsidiaries are not audited by Zenith CPA Limited
[3] Registered as wholly-foreign-owned enterprises under PRC law
[4] These entities are incorporated during the year
[5] This entity is acquired during the year

The above table lists the subsidiaries of the Company, which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These 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 property and listed equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12

None of the above amendments to HKFRSs has had a significant financial effect on these consolidated financial statements. Disclosure has been made in note 33 to the consolidated financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and the impact of the amendments are described below:

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 33 to the consolidated financial statements.

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's consolidated financial statements as the Group do not have subsidiaries classified as a disposal group held for sale as at 31 December 2017.

2.3 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 consolidated financial statements:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[1]
HKFRS 9	*Financial Instruments*[1]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[1]
HKFRS 16	*Leases*[3]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 28	*Long-term interests in associates and joint ventures*[2]
Amendments to HKAS 40	*Transfers of Investment Property*[1]
HK(IFRIC) — Int 22	*Foreign Currency Transactions and Advance Consideration*[1]
HK(IFRIC) — Int 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet the an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group expects to will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

Currently, the Group's financial assets are classified into loans and receivables and available-for-sale financial investments.

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on loans and receivables except for certain trade and bills receivables. Certain Group's trade and bills receivables are managed with a business model under which they are either held to collect contractual cash flows or sold prior to their expiry date. Accordingly, these trade and bills receivables will be reclassified as financial assets at fair value through other comprehensive income ("**FVTOCI**"). Gains and losses recorded in other comprehensive income for the trade and bills receivables will be recycled to profit or loss when the trade and bills receivables are derecognised.

For the available-for-sale financial investments carried at fair value, they are qualified for designation as measured at FVTOCI under HKFRS 9. Accordingly, the Group does not expect the adoption of HKFRS 9 will have a significant impact on the classification and measurement. However, the fair value gains or losses accumulated in the investment revaluation reserve as at 1 January 2018 will no longer be subsequently reclassified to profit or loss.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(a) Classification and measurement *(Continued)*

For the available-for-sale financial investments carried at cost less impairment, they are qualified for designation as measured at FVTOCI under HKFRS 9. The Group expects to apply the option to measure these available-for-sale financial investments at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve. Since the Group has a number of available-for-sale financial investments of which it required time to gather information to assess and finalised their fair values as at 1 January 2018, the assessment has yet been completed. Based on the preliminary assessment, the Group does not expect the fair values of these investments are significant different from their carrying amount as at 1 January 2018.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade, loan and interest and other receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group has expected that the provision for impairment and related deferred tax assets will increase upon the initial adoption of the standard.

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15 and expected that the standard will not have significant impact, when applied, on the consolidated financial statements of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Impairment *(Continued)*

HKFRS 16, issued in May 2016, 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 recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption, and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 34(a) to the consolidated financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB3,302,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Impairment *(Continued)*

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HK(IFRIC)–Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the consolidated financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

HK(IFRIC)–Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

(b) Impairment *(Continued)*

Annual Improvements to HKFRSs 2015–2017 Cycle, issued in February 2018, sets out amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23. The Group expects to adopt the amendments from 1 January 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- HKFRS 3 Business Combinations: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.

- HKFRS 11 Joint Arrangements: Clarifies that when an entity that participates in (but does not have joint control of) a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.

- HKAS 12 Income Taxes: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.

- HKAS 23 Borrowing Costs: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sales are complete.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment property and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Leasehold improvements	20% or over the relevant lease terms whichever is shorter
Plant and machinery	10% to 20%
Office equipment	20%
Motor vehicles	20% to 40%
Moulds	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment property

Investment property is interest in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. A property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment property are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains/(losses) in the statement of profit or loss. The loss arising from impairment is recognised in other income and gains/(losses) in the statement of profit or loss.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted fund trust investments. Equity investments classified as available for sale investments are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income and gains/(losses), or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other income and gains/(losses). Interest and dividends earned whilst holding the available-for-sale investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income and gains/(losses).

When the fair value of unlisted fund trust investments cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating the fair value, such unlisted fund trust investments are stated at cost less any impairment losses.

If there is objective evidence that an impairment loss has been incurred on such unlisted fund trust investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial assets. Impairment losses on these assets are not reversed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Financial assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income and gains/(losses) in the statement of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment less than cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables and accruals, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of consultancy and business valuation services, is recognised when the services are rendered; and

(c) interest income, is recognised using the effective interest rate method.

Share-based payment arrangements

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date.

At the end of the reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity-settled employee benefits reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

The Company's functional currency is the Hong Kong dollar while the presentation currency of these financial statements is RMB. In the opinion of the directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

The major judgements, estimates and assumptions that have the most significant effect on the amount recognised in the consolidated financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes from the distribution of dividends from subsidiaries in the PRC according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividend, where the Group considers that if it is probable that the profits of the subsidiaries in the PRC will not be distributed in the foreseeable future, then no withholding taxes are provided.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Estimating the recoverability amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2017 was RMB208,384,000. Further details are set out in note 16 to the consolidated financial statements.

Impairment of available-for-sale investments

The determination of whether an available-for-sale investment is impaired requires significant judgment. For unlisted fund investments, when there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the suitable discount rate. Where the actual future cash flows are less than expected, which resulted in downward revision of estimate futures cashflows, an impairment loss may arise. For listed available-for-sale equity investments, a significant or prolonged decline in fair value below cost is considered to be objective evidence of impairment. Judgment is required when determining whether a decline in fair value has been significant or prolonged. In making this judgment, the Group evaluates the duration and extent to which the fair value of an investment is less than its cost. In assessing whether it is prolonged, the decline is evaluated against the period in which the fair value of the asset has been below its original cost at initial recognition. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. The Group also takes into account other factors, such as the historical data on market volatility and the price of the specific investment, significant changes in technology, markets, economics or the law, as well as industry and sector performance and the financial information regarding the investee that provides evidence that the cost of the equity securities may not be recovered. Judgment is also required to determine whether historical performance remains representative of current and future economic conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and variable selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. The directors assess the estimations at the end of each reporting period.

Impairment of trade, loan and interest and other receivables

The Group makes impairment of trade, loan and interest and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of the customers and other debtors and the current market condition. The directors reassess the impairment at the end of each reporting period.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful lives of the property, plant and equipment. If the expectation differs from the original estimate, such difference will impact the depreciation and the amortisation charged in the year in which such estimate is changed.

4. OPERATING SEGMENT INFORMATION

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

(a) the sales of packaging products and structural components segment;
(b) the corporate secretarial, consultancy and business valuation services segment; and
(c) the property investment segment.

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, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

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

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2017	Sales of packaging products and structural components RMB'000	Corporate secretarial, consultancy and business valuation services RMB'000	Property investment RMB'000	Total RMB'000
Segment revenue:				
Revenue from external customers	306,655	72,361	–	379,016
Segment results	12,088	62,357	(1,006)	73,439
Reconciliation:				
Interest income				4,373
Finance costs				(40,683)
Corporate and other unallocated expenses				(21,686)
Profit before tax				15,443
Other segment information:				
Depreciation	10,039	–	–	10,039
Write-back of inventories, net	71	–	–	71
Fair value losses on investment property	–	–	822	822
Amortisation of prepaid land lease payments	113	–	–	113
Loss on disposal of items of property, plant and equipment	141	–	–	141
Capital expenditure	10,080	–	822	10,902

Year ended 31 December 2016	Sales of packaging products and structural components RMB'000	Corporate secretarial and consultancy services RMB'000	Property investment RMB'000	Total RMB'000
Segment revenue:				
Revenue from external customers	230,288	145,449	—	375,737
Segment results	12,737	65,033	1,238	79,008
Reconciliation:				
Interest income				429
Finance costs				(19,900)
Corporate and other unallocated expenses				(6,550)
Profit before tax				52,987
Other segment information:				
Depreciation	8,890	—	—	8,890
Write-back of inventories, net	531	—	—	531
Fair value gains on investment property	—	—	1,266	1,266
Amortisation of prepaid land lease payments	71	—	—	71
Loss on disposal of items of property, plant and equipment	4,492	—	—	4,492
Capital expenditure*	27,574	—	36,735	64,309

* Capital expenditure consists of additions to property, plant and equipment and investment property including assets from acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION *(continued)*

31 December 2017	Sales of packaging products and structural components RMB'000	Corporate secretarial, consultancy and business valuation services RMB'000	Property investment RMB'000	Total RMB'000
Segment assets	280,071	253,209	52,730	586,010
Reconciliation:				
Deferred tax assets				14
Corporate and other unallocated assets				160,082
Total assets				746,106
Segment liabilities	48,386	3,757	—	52,143
Reconciliation:				
Interest-bearing bank and other borrowings				389,886
Tax payable				13,979
Deferred tax liabilities				2,645
Corporate and other unallocated liabilities				3,518
Total liabilities				462,171

31 December 2016	Sales of packaging products and structural components RMB'000	Corporate secretarial and consultancy services RMB'000	Property investment RMB'000	Total RMB'000
Segment assets	259,538	337,462	40,320	637,320
Reconciliation:				
Deferred tax assets				26
Corporate and other unallocated assets				2,719
Total assets				640,065
Segment liabilities	37,721	80,798	—	118,519
Reconciliation:				
Interest-bearing bank and other borrowings				267,893
Tax payable				3,492
Deferred tax liabilities				2,185
Corporate and other unallocated liabilities				2,656
Total liabilities				394,745

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographic information

(a) Revenue from external customers

	2017 RMB'000	2016 RMB'000
Hong Kong	**25,840**	5,425
Mainland China	**306,655**	230,288
South Korea	**46,521**	140,024
	379,016	375,737

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

(b) Non-current assets

	2017 RMB'000	2016 RMB'000
Hong Kong	**340,401**	246,873
Mainland China	**69,785**	68,113
	410,186	314,986

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

Information about major customers

Revenue of RMB265,003,000 (2016: RMB175,774,000) was derived from a segment of sales of packaging products and structural components segment to four customers (2016: three customers), while the revenue of RMB46,919,000 (2016: RMB140,024,000) was derived from a segment of corporate secretarial and consultancy and business valuation services to one customer (2016: one customer), including sales to a group of entities which are known to be under common control of that customer. A summary of revenue earned from each of these major customers is set out below:

	2017 RMB'000	2016 RMB'000
Customer A	**–**	140,024
Customer B	**100,795**	66,234
Customer C	**76,560**	64,542
Customer D	**45,403**	44,998
Customer E	**42,245**	N/A*
Customer F	**46,919**	N/A*
	311,922	315,798

* The corresponding revenue of these customers is not disclosed as they individually did not contribute over 10% of the Group's total revenue for the year.

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

An analysis of revenue, other income and gains/(losses), net is as follows:

	2017 RMB'000	2016 RMB'000
Revenue		
Sales of packaging products and structural components	306,655	230,288
Corporate secretarial, consultancy and business valuation services	72,361	145,449
	379,016	375,737
Other income and gains/(losses), net		
Bank interest income	176	429
Interest income from loan receivables	4,197	—
Commission income	190	—
Fair value (losses)/gains on investment property *(note 14)*	(822)	1,266
Government grants	—	527
Foreign exchange differences, net	2,092	748
Gain on disposal of available-for-sale investments	725	—
Impairment loss on available-for-sale investments	(3,576)	—
Loss on disposal of items of property, plant and equipment	(46)	(4,492)
Others	200	(448)
	3,136	(1,970)

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 RMB'000	2016 RMB'000
Interest on bank borrowings	277	32
Interest on other borrowings	37,662	19,649
Finance costs arising on discounted trade and notes receivables	2,742	219
Others	2	—
	40,683	19,900

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2017** **RMB'000**	2016 *RMB'000*
Cost of inventories sold		**198,885**	124,714
Depreciation	*13*	**11,075**	8,890
Minimum lease payments under operating leases		**2,143**	1,128
Amortisation of prepaid land lease payments#	*15*	**113**	71
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):			
— Wages and salaries		**41,585**	36,986
— Pension scheme contribution		**4,100**	3,267
		45,685	40,253
Auditors' remuneration		**1,255**	980
Write-back of inventories, net##		**(71)**	(531)

\# Included in "Administrative expenses" in the consolidated statement of profit or loss

\## Write-back of inventories when the relevant inventory was sold. Amount included in "Cost of sales" in the consolidated statement of profit or loss

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of directors) Regulation, is as follows:

	Fees	Salaries, allowances and other benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
2017				
Executive directors				
Mr. He Xiaoming	**312**	**–**	**–**	**312**
Ms. Xie Yan *(note (ii))*	**255**	**–**	**–**	**255**
Mr. Ling Zheng *(note (iii))*	**234**	**–**	**–**	**234**
Ms. Ngai Mei *(note (v))*	**2,601**	**–**	**13**	**2,614**
Independent non-executive directors				
Mr. Chan Chun Kau *(note (viii))*	**64**	**–**	**–**	**64**
Mr. Lam Chi Wai *(note (vi))*	**53**	**–**	**–**	**53**
Mr. Lee Chi Hwa, Joshua *(note (ix))*	**64**	**–**	**–**	**64**
Ms. Bu Yanan *(note (vii))*	**81**	**–**	**–**	**81**
Ms. Man See Yee *(note (x))*	**65**	**–**	**–**	**65**
Mr. So Stephen Hon Cheung *(note (xi))*	**65**	**–**	**–**	**65**
	3,794	**–**	**13**	**3,807**
2016				
Executive directors				
Mr. He Xiaoming	283	–	–	283
Mr. Liu Liangjian *(note (i))*	19	–	–	19
Ms. Xie Yan *(note (ii))*	388	–	–	388
Mr. Ling Zheng *(note (iii))*	–	–	–	–
Mr. Gui Shutao *(note (iv))*	–	–	–	–
Independent non-executive directors				
Mr. Chan Chun Kau	102	–	–	102
Mr. Lam Chi Wai	102	–	–	102
Mr. Lee Chi Hwa, Joshua	102	–	–	102
	996	–	–	996

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

Notes:

(i) Mr. Liu Liangjian resigned his position as an executive director of the Company on 22 January 2016.

(ii) Ms. Xie Yan was appointed as an executive director of the Company on 22 January 2016 and resigned her position as an executive director of the Company on 11 August 2017.

(iii) Mr. Ling Zheng was appointed as an executive director of the Company on 27 September 2016 and resigned his position as an executive director of the Company after the end of reporting period, on 6 March 2018.

(iv) Mr. Gui Shutao was appointed as an executive director of the Company on 14 October 2016 and resigned on 17 November 2016.

(v) Ms. Ngai Mei was appointed as an executive director of the Company on 28 February 2017.

(vi) Mr. Lam Chi Wai resigned his position as an independent non-executive director of the Company on 5 July 2017.

(vii) Ms. Bu Yanan was appointed as an independent non-executive director of the Company on 5 July 2017.

(viii) Mr. Chan Chun Kau resigned his position as an independent non-executive director of the Company on 11 August 2017.

(ix) Mr. Lee Chi Hwa, Joshua resigned his position as an independent non-executive director of the Company on 11 August 2017.

(x) Ms. Man See Yee was appointed as an independent non-executive director of the Company on 11 August 2017.

(xi) Mr. So Stephen Hon Cheung was appointed as an independent non-executive director of the Company on 11 August 2017.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2016: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one executive director (2016: none), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2016: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2017 **RMB'000**	2016 RMB'000
Salaries, allowances and benefits in kind	**3,708**	1,854
Pension scheme contributions	**34**	51
	3,742	1,905

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2017	2016
Nil to HK$1,000,000	**2**	5
HK$1,000,001 to HK$1,500,000	**1**	—
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$2,500,000	**1**	—
	4	5

There were no non-directors and non-chief executive highest paid employees being granted share option during the year (2016: Nil).

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the years ended 31 December 2017 and 2016. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

The PRC Enterprise Income Tax ("**EIT**") in respect of operations in the PRC has been calculated at the applicable tax rate of 25% (2016: 25%) on the estimated assessable profits for the years ended 31 December 2017 and 2016, or otherwise, 15% (2016: 15%) on the profits of the Group's entities operated in the PRC that were assessed as Encourage Industries in Western Regions Enterprise (西部地區鼓勵類企業).

Tax on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions in which the Group operates.

	2017 RMB'000	2016 RMB'000
Current — Hong Kong		
Charge for the year	**4,132**	971
Current — PRC		
Charge for the year	**2,549**	3,199
Underprovision in prior years	**31**	204
Current — Elsewhere	**10,234**	31,215
Deferred *(note 27)*	**472**	1,643
Total tax charge for the year	**17,418**	37,232

10. INCOME TAX EXPENSE *(continued)*

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2017 RMB'000	2016 RMB'000
Profit before tax	**15,443**	52,987
Tax at domestic tax rates applicable to profits of taxable entities in the countries concerned	**6,523**	30,456
Income not subject to tax	**(2,484)**	(97)
Expenses not deductible for tax	**12,948**	5,204
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**460**	1,329
Tax losses utilised from previous periods	**(60)**	—
Underprovision in prior years	**31**	204
Tax losses not recognised	**—**	136
Income tax expense	**17,418**	37,232

11. DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic (loss)/earnings per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of RMB1,975,000 (2016: profit of RMB15,755,000) and the weighted average number of 10,626,944,055 ordinary shares (2016: 10,123,497,268 ordinary shares) in issue during the year.

The diluted (loss)/earnings per share amounts is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in issue during the years ended 31 December 2017 and 2016.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Moulds RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2017								
At 31 December 2016 and at 1 January 2017:								
Cost	25,666	295	59,357	556	4,344	28,131	14,277	132,626
Accumulated depreciation	(12,445)	(295)	(34,168)	(448)	(2,211)	(17,474)	–	(67,041)
Net carrying amount	13,221	–	25,189	108	2,133	10,657	14,277	65,585
At 1 January 2017, net of accumulated depreciation	13,221	–	25,189	108	2,133	10,657	14,277	65,585
Additions	–	1,655	735	695	2,065	5,212	3,857	14,219
Disposals	–	–	(161)	–	(93)	(9)	(12)	(275)
Transfers	14,113	–	3,098	–	–	–	(17,211)	–
Depreciation provided during the year *(note 7)*	(1,454)	(641)	(3,670)	(110)	(832)	(4,368)	–	(11,075)
Exchange realignment	–	25	–	3	13	–	–	41
At 31 December 2017, net of accumulated depreciation	25,880	1,039	25,191	696	3,286	11,492	911	68,495
At 31 December 2017:								
Cost	39,779	1,655	62,618	1,251	5,675	33,328	911	145,217
Accumulated depreciation	(13,899)	(616)	(37,427)	(555)	(2,389)	(21,836)	–	(76,722)
Net carrying amount	25,880	1,039	25,191	696	3,286	11,492	911	68,495
31 December 2016								
At 1 January 2016:								
Cost	25,497	276	67,785	648	2,950	27,990	1,120	126,266
Accumulated depreciation	(11,198)	(276)	(44,460)	(508)	(1,948)	(16,309)	–	(74,699)
Net carrying amount	14,299	–	23,325	140	1,002	11,681	1,120	51,567
At 1 January 2016, net of accumulated depreciation	14,299	–	23,325	140	1,002	11,681	1,120	51,567
Additions	169	–	1,337	25	1,506	5,099	19,438	27,574
Disposals	–	–	(3,000)	(12)	(12)	(1,642)	–	(4,666)
Transfers	–	–	6,281	–	–	–	(6,281)	–
Depreciation provided during the year *(note 7)*	(1,247)	–	(2,754)	(45)	(363)	(4,481)	–	(8,890)
At 31 December 2016, net of accumulated depreciation	13,221	–	25,189	108	2,133	10,657	14,277	65,585
At 31 December 2016:								
Cost	25,666	295	59,357	556	4,344	28,131	14,277	132,626
Accumulated depreciation	(12,445)	(295)	(34,168)	(448)	(2,211)	(17,474)	–	(67,041)
Net carrying amount	13,221	–	25,189	108	2,133	10,657	14,277	65,585

At 31 December 2017, certain of the Group's buildings with a net carrying amount of RMB1,903,000 (2016: RMB2,193,000) were pledged to secure general banking facilities granted to the Group (note 25).

14. INVESTMENT PROPERTY

	2017 RMB'000	2016 RMB'000
Carrying amount at 1 January	**40,308**	—
Additions	**822**	36,735
Net (loss)/gain from a fair value adjustment *(note 5)*	**(822)**	1,266
Exchange realignment	**(2,839)**	2,307
Carrying amount at 31 December	**37,469**	40,308

The Group's investment property is a residential apartment in Hong Kong. The directors of the Company have determined that the class of its investment property's asset is residential property, based on the nature, characteristics and risks of the property.

The Group's investment property was revalued on 31 December 2017 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at HK$45,000,000 (equivalent to RMB37,469,000) (2016: HK$45,000,000 (equivalent to RMB40,308,000)). Each year, the Group's management decide, to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussion with the valuer on the valuation assumptions and valuation result when the valuation is performed.

Particulars of the Group's investment property are as follows:

Location	Use	Tenure	Attributable interest of the Group
Flat A, 21/F, Tower 1, One Silversea 18 Hoi Fai Road Tai Kok Tsui, Kowloon Hong Kong	Residential	Medium term lease	100%

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

	Fair value measurement as at 31 December 2017 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Residential property	**—**	**—**	**37,469**	**37,469**

14. INVESTMENT PROPERTY *(continued)*

Fair value hierarchy *(continued)*

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Residential property	—	—	40,308	40,308

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The fair value of the investment property was determined using the comparison approach based on market comparables of similar properties and with adjustments made on factors such as location, size, age, condition and aspects of the properties. There has been no change in the valuation techniques used in prior year.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment property:

Investment property held by the Group	Valuation techniques	Significant unobservable inputs	Range or weighted average 2017	2016	Relationship of input to fair value
Flat A, 21/F Tower 1, One Silversea 18 Hoi Fai Road Tai Kok Tsui, Kowloon Hong Kong	Sales comparison method	Estimated market price per square feet (RMB)	**21,079 to 25,593**	23,130 to 24,039	The higher the market price, the higher the fair value

The sales comparison method is adopted by making reference to comparable market transactions in the assessment of the fair value of a property interest. The approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors, including the transaction date, level of floor, environmental atmosphere, size of apartment and etc.

15. PREPAID LAND LEASE PAYMENTS

	2017 RMB'000	2016 RMB'000
Carrying amount at 1 January	2,599	2,670
Additions	2,060	—
Amortised during the year *(note 7)*	(113)	(71)
Carrying amount at 31 December	4,546	2,599
Current portion included in deposits, prepayments and other receivables	(112)	(71)
Non-current portion	4,434	2,528

The leasehold lands are situated in Mainland China and are held under a long term lease.

At 31 December 2017, certain of the Group's prepaid land lease payments with net carrying amount of RMB1,160,000 (2016: RMB1,195,000) were pledged to secure general banking facilities granted to the Group (note 25).

16. GOODWILL

	Total RMB'000
Cost at 1 January 2016	—
Acquisition of subsidiaries *(note 31(b))*	206,565
At 31 December 2016	206,565
At 31 December 2016:	
Cost	206,565
Accumulated impairment	—
Net carrying amount	206,565
Cost at 1 January 2017	206,565
Acquisition of subsidiaries (note 31(a))	14,053
Exchange realignment	(12,234)
At 31 December 2017	208,384
At 31 December 2017:	
Cost	208,384
Accumulated impairment	—
Net carrying amount	208,384

16. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash generating unit for impairment testing:

— Corporate secretarial and consultancy cash generating unit (the "**Consultancy CGU**")

— Business valuation cash generating unit (the "**Business Valuation CGU**")

Consultancy CGU

The recoverable amount of the Consultancy CGU has been determined by value in use approach adopted by BMI Appraisals Limited, an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projection is 14.94%. The growth rate used to extrapolate the cash flows of the Consultancy CGU beyond the five-year period is 3.00%.

Assumptions were used in the value in use calculation of the Consultancy CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

The average revenue growth rate of 12.47% with reference to the performance in the past year and the management's estimates. Used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

The discount rate of 14.94% is used with reference to the current market data for the relevant industry and comparable companies.

The terminal growth rate of 3.00% is used with reference to the Hong Kong's average inflation rate.

The values assigned to the above key assumptions on the budgeted gross margins, and discount rate are consistent with external information sources.

Business Valuation CGU

The recoverable amount of the Business Valuation CGU has been determined by value in use approach adopted by BMI Appraisals Limited, an independent qualified valuer, based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- Average revenue growth rate of 3% with reference to the average performance in the past and the expected returns within the relevant industry;

- Discount rate of 13.2% is used with reference to the current market data for the relevant industry and comparable companies; and

- Terminal growth rate 2% is used with reference to the Hong Kong's average inflation rate in the past five years.

The values assigned to the above key assumption on market development of business valuation services industry, discount rates and inflation rate are consistent with external information sources.

16. GOODWILL *(continued)*

Business Valuation CGU *(continued)*

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Consultancy CGU		**Business Valuation CGU**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Carrying amount of goodwill	**194,331**	206,565	**14,053**	—	**208,384**	206,565

17. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	RMB'000	RMB'000
Listed equity investments, at fair value *(note a)*	**1,935**	—
Unlisted fund trust investments, at cost *(note b)*	**19,984**	—
	21,919	—

Notes:

(a) The investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

(b) At the end of the reporting period, the Group invested in investment funds. These investment funds mainly invest in debt securities, with a primary objective to provide the investors with investment return.

As at 31 December 2017, the unlisted fund investments were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the director of the Company are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

18. INVENTORIES

	2017 RMB'000	2016 RMB'000
Raw materials	**6,316**	6,367
Work in progress	**172**	145
Finished goods	**5,848**	5,646
Packaging materials and consumables	**2,432**	2,136
	14,768	14,294

19. LOAN AND INTEREST RECEIVABLES

On 28 August 2017, Great Earn International Limited ("**Great Earn**"), an indirect wholly-owned subsidiary of the Company, entered into 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 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, subject to extension for three months from the first expiry on 28 February 2018 (the "**First Extended Maturity Date**") and further three months from 28 February 2018 (the "**Second Extended Maturity Date**"), subject to mutual agreement in writing to be made between Great Earn and Rossoneri.

On 5 March 2018, Great Earn and Rossoneri entered into a supplemental deed, pursuant to which 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. Further details of which were set out in the Company's announcement dated 5 March 2018.

Mr. Li, through Rossoneri Advance Co., Limited, Rossoneri and various holding companies, held 99.93% equity interest in Associazione Calcio Milan S.p.A, one of the leading European football clubs. Rossoneri and its subsidiaries (collectively referred to as "**Rossoneri Group**") is currently looking for refinancing its existing indebtedness with issuance of new bonds, which are well cover the outstanding balances due to the Group. (the "**Proposed Debt Optimising**"). Up to the date of this consolidated financial statements, the Proposed Debt Optimising is still undergoing.

The directors are of the view that the Proposed Debt Optimising will proceed as planned and loan and interest receivables will be fully repaid upon the Proposed Debt Optimising becoming effective. Accordingly, no provision for impairment losses of the loan and interest receivables has been made in the consolidated financial statements.

20. TRADE AND NOTES RECEIVABLES

	2017 RMB'000	2016 RMB'000
Trade receivables:		
— from sales of packaging products and structural components	**110,828**	96,122
— from rendering of corporate secretarial, consultancy and business valuation services	**629**	231
	111,457	96,353
Notes receivables	**60,157**	46,158
	171,614	142,511

The Group's trading terms with its customers are mainly on credit, or otherwise sales on cash terms are required. The credit period is generally one month, extending up to 6 months for major customers. Notes receivables are received from customers under the ordinary course of business and all of them are held by bank acceptance bills with maturity period within six months.

Before accepting any new customers, the Group assesses the potential customers' credit quality and defines credit limits by customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2017 RMB'000	2016 RMB'000
Within 3 months	**105,633**	91,940
4 to 6 months	**5,548**	3,349
7 months to 1 year	**251**	918
Over 1 year	**25**	146
	111,457	96,353

20. TRADE AND NOTES RECEIVABLES *(continued)*

The aging analysis of the trade receivables that are not individually or collectively considered to be impaired is as follow:

	2017 RMB'000	2016 RMB'000
Neither past due nor impaired	**107,287**	95,087
Less than 3 months past due	**3,841**	148
Over 3 to 6 months past due	**220**	972
Over 6 to 12 months past due	**101**	146
Over 12 months past due	**8**	—
	111,457	96,353

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000
Deposits	**9,802**	398
Prepayments	**23,468**	4,513
Other receivables	**1,407**	733
	34,677	5,644
Less: Deposits and prepayments under non-current portion	**(26,458)**	—
Current assets portion	**8,219**	5,644

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

22. CASH AND BANK BALANCES

	2017 RMB'000	2016 RMB'000
Cash and bank balances	**42,318**	162,533
Time deposits	**22,373**	—
	64,691	162,533

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB21,197,000 (2016: RMB29,527,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rate based on daily bank deposit rates. Short term time deposits are made for period of one day depending on the immediate cash requirements of the Group, and earn interests at the respective short term time deposits rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23. 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:

	2017 RMB'000	2016 RMB'000
Within 3 months	**41,925**	103,146
4 to 6 months	**445**	3,153
7 months to 1 year	**82**	2,863
Over 1 year	**310**	301
	42,762	109,463

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

24. OTHER PAYABLES AND ACCRUALS

	2017 RMB'000	2016 RMB'000
Receipt in advance	**4,058**	263
Accruals	**5,011**	4,124
Other payables	**3,830**	7,325
	12,899	11,712

Other payables are non-interest bearing and have an average term of three months.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2017			2016		
	Contractual interest rate (%)	**Maturity**	**RMB'000**	Contractual interest rate (%)	Maturity	RMB'000
Current						
Bank loan — secured *(note (a))*	**5.48**	**On demand**	**5,000**	5.48	On demand	1,000
Other borrowings:						
— unsecured	**8**	**2018**	**24,775**	24	2017	56,395
— secured *(note (b))*	**10**	**2018**	**187,345**	10	2017	210,498
			217,120			267,893
Non-current						
Other borrowing:						
— unsecured	**10**	**2020**	**172,766**	—	—	—
			389,886			267,893

Notes:

(a) The Group's bank loan is secured by the Group's buildings and prepaid land lease payments, which had an aggregate carrying value at the end of the reporting period of RMB3,063,000 (2016: RMB3,388,000). The interest rate charged on the Group's bank loan is one-year China Interbank Offered Rate (CHIBOR), plus 118.1 basis points.

(b) Other loan was secured by share charge over the entire share capital of a wholly-owned subsidiary of the Company.

(c) The secured bank loan which is denominated in RMB, whereas the unsecured other borrowings under non-current liabilities and current liabilities are denominated in US$ and HK$, respectively. The secured other borrowings under current liabilities which is denominated in HK$.

26. LOAN TO AN INVESTMENT ENTITY

The loan to an investment entity of which 7.5% equity interests was held by the Company, is unsecured, interest free and has no fixed terms of repayment. The amount was advanced to an investment entity for a long term investment purpose and thus, are classified as non-current assets.

27. DEFERRED TAXATION

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Write-down of inventories RMB'000	Provision for unrealised profits RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2016	159	181	(856)	(516)
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(133)	(181)	(1,329)	(1,643)
At 31 December 2016 and 1 January 2017	26	—	(2,185)	(2,159)
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(12)	—	(460)	(472)
At 31 December 2017	**14**	**—**	**(2,645)**	**(2,631)**

	2017 RMB'000	2016 RMB'000
Deferred tax assets recognised in the consolidated statement of financial position	**14**	26
Deferred tax liabilities recognised in the consolidated statement of financial position	**(2,645)**	(2,185)
	(2,631)	(2,159)

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. SHARE CAPITAL

	Number of share '000	Share capital HK$'000
Authorised		
Ordinary shares of HK$0.001 each at 31 December 2016, 1 January 2017 and 31 December 2017	200,000,000	200,000

	Number of shares in issue '000	Issued share HK$'000	Equivalent to RMB RMB'000
Issued and fully paid			
At 1 January 2016	10,000,000	10,000	7,958
Issue of ordinary share in relation to acquisition of a subsidiary *(note a)*	200,000	200	168
At 31 December 2016 and 1 January 2017	10,200,000	10,200	8,126
Issue of new shares *(note b)*	833,340	833	726
At 31 December 2017	11,033,340	11,033	8,852

Notes:

a. On 20 May 2016, the Company had completed the acquisition of the entire equity interest of Gorgeous Assets Limited with aggregate consideration of HK$43,600,000 was taken place. Upon such completion, 200,000,000 ordinary shares of the Company with par value of HK$0.001 each were issued as the full payment of the consideration of the acquisition. The fair value of the 200,000,000 ordinary shares of the Company, determined using the closing market price of HK$0.218 per share at the date of completion on 20 May 2016, amounted to HK$43,600,000 (equivalent to RMB36,747,000). Details of which were disclosed in the announcements of the Company dated 13 May 2016 and 16 May 2016.

b. On 25 May 2017, the Company entered a subscription agreement with Media Range Limited (the "Subscriber"), pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to allot and issue, a total of 833,340,000 ordinary share of the Company (the "Subscription Share(s)") at issue price of the HK$0.06 per Subscription Share for an aggregate amount of approximately HK$50,000,000 (equivalent to RMB43,583,000). Details of which were disclosed in the Company's announcements dated 25 May 2017, 9 June 2017 and 28 June 2017.

29. SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the directors, employees, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, and any substantial shareholder of any member of the Group. The Scheme became effective on 10 June 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of grant of the share options.

No share options were granted, exercised, cancelled or lapsed under the scheme during the year nor outstanding at the end of the reporting period.

30. RESERVES

The amounts of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on page 39 to the financial statements. The other reserves of the Group are summarised as follows:

(a) PRC capital reserve

Exchange differences relating to the translation of the capital contributions by the equity owner of the Group's PRC subsidiaries from foreign currency to RMB are recognised directly in the PRC capital reserve.

(b) PRC statutory reserves

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to maintain two statutory reserves, being an enterprise expansion fund and a statutory surplus reserve fund which are non-distributable. Appropriations to such reserves are made out of profit after tax reported in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by the directors annually but must not be less than 10% of the profit after tax, until such reserves reached to 50% of the registered capital of the relevant subsidiaries. The statutory surplus reserve fund can be used to make up their prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

(c) Special reserve

Special reserve of the Group represents the difference between the aggregate amount of considerations paid by the Group for the acquisition of Chuzhou Chuangce Packaging Materials Company Limited, Chongqing Guangjing Packing Materials Co. Ltd and Sichuan Jinghong Packing Materials Co. Ltd., and the aggregate amount of paid-in capital of the aforesaid subsidiaries acquired pursuant to the corporate reorganisation undertaken during the year ended 31 December 2011.

(d) Shareholders' contributions

On 24 October 2011, Rich Gold International Limited ("**Rich Gold**") executed a deed of release in favor of the Company, pursuant to which Rich Gold unconditionally and irrevocably released and discharged the repayment of a shareholder's loan from Rich Gold to the Company in the amount of HK$12,500,000 (equivalent to approximately RMB10,296,000) and any claim regarding such repayment. Such amount was recorded in shareholders' contributions in equity.

31. BUSINESS COMBINATION

a) On 31 March 2017, the Group acquired a 100% equity interest of Grand Intelligent Limited and its subsidiaries (collectively referred to as "**Grand Intelligent Group**") from Power Grand Investments Limited, an independent third party, at the consideration of HK$20,000,000 (equivalent to approximately RMB17,365,000). Grand Intelligent Group is engaged in the provision of business valuation services. The acquisition was made as part of the Group's strategy to expand its business segment. The purchase consideration for the acquisition was in the form of cash, with HK$20,000,000 (equivalent to approximately RMB17,365,000) paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Grand Intelligent Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Bank balances	22
Trade and other receivables	4,018
Trade payables	(52)
Other payable	(22)
Tax payable	(654)
Total identifiable net assets at fair value	3,312
Goodwill on acquisition *(note 16)*	14,053
Satisfied by cash	17,365

An analysis of the cash flows in respect of the acquisition of Grand Intelligent Group is as follows:

	RMB'000
Cash consideration	(17,365)
Bank balances acquired	22
Net outflow of cash and cash equivalents included in cash flows from investing activities	(17,343)

Since the acquisition, Grand Intelligent Group contributed approximately RMB217,000 to the Group's revenue and approximately RMB177,000 to the consolidated profit after tax for the year ended 31 December 2017.

Had the combination taken place at the beginning of the year ended 31 December 2017, the revenue of the Group and the profit of the Group for the year ended 31 December 2017 would have been approximately RMB383,028,000 and approximately RMB1,331,000, respectively.

31. BUSINESS COMBINATION *(continued)*

b) In 2016, the Group acquired a 100% equity interest of Treasure Found Investments Limited and its subsidiaries (the "Treasure Found Group") from Shining Praise Limited, an independent third party, at the consideration of HK$250,000,000 (equivalent to RMB220,612,000). The Treasure Found Group was engaged in the provision of corporate secretarial and consultancy services. The acquisition was made as part of the Group's strategy to expand its business segment. The purchase consideration for the acquisition was in the form of cash, with HK$250,000,000 (equivalent to RMB220,612,000) paid at the acquisition date.

The fair values of the identifiable assets and liabilities of the Treasure Found Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Trade and other receivables	857
Bank balances	15,131
Other payables	(180)
Tax payable	(1,761)
Shareholder's loan	(88,245)
Total identifiable net liabilities at fair value	(74,198)
Sale loan assigned	88,245
	14,047
Goodwill on acquisition *(note 16)*	206,565
Satisfied by cash	220,612

An analysis of the cash flows in respect of the acquisition of Treasure Found Group was as follows:

	RMB'000
Cash consideration	(220,612)
Cash and bank balances acquired	15,131
Net outflow of cash and cash equivalents included in cash flows from investing activities	(205,481)

Since the acquisition, Treasure Found Group contributed RMB145,449,000 to the Group's revenue and RMB32,844,000 to the consolidated profit after tax for the year ended 31 December 2016.

Had the combination taken place at the beginning of the year ended 31 December 2016, the revenue of the Group and the profit after tax of the Group for the year ended 31 December 2016 would had been RMB385,814,000 and RMB27,492,000, respectively.

32. ACQUISITION OF ASSETS AND LIABILITIES

On 20 May 2016, the Group acquired a 100% equity interest in Gorgeous Assets Limited ("**Gorgeous Assets**") from an independent third party. Gorgeous Assets is engaged in property investment in Hong Kong.

At the time of acquisition, Gorgeous Assets had not engaged in any business and accordingly, in the opinion of the directors, the acquisition of Gorgeous Assets does not constitute a business combination but an acquisition of assets and liabilities. For accounting purpose, the cost of acquisition of HK$43,600,000 (equivalent to RMB36,747,000) has been allocated to the following identifiable assets and liabilities of Gorgeous Assets as at the date of acquisition as follows:

	RMB'000
Net asset acquired:	
Investment property	36,735
Utilities deposits	12
Total identifiable net assets acquired	36,747
Satisfied by:	
200,000,000 ordinary shares	36,747

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising financing activities

	Interest-bearing bank and other borrowings RMB'000
At 1 January 2017	267,893
Changes from financing cash flows	139,721
Foreign exchange movement	(20,283)
Interest expense	37,939
Interest paid	(35,384)
At 31 December 2017	389,886

34. COMMITMENTS

(a) Operating lease arrangements

The Group leases certain of its office premises and warehouse and are negotiated for terms ranging from one to two years.

As at 31 December 2017, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2017 RMB'000	2016 RMB'000
Within one year	2,596	–
In the second to fifth years, inclusive	706	–
	3,302	–

(b) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	2017 RMB'000	2016 RMB'000
Contracted, but not provided for:		
Property, plant and equipment	32,326	3,070

35. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

(a) During the year, a consultancy fee of RMB1,577,000 was paid to Mr. Yiu To Wa, a related party of the Company and considered as key management personnel of the Group as at 31 December 2017.

(b) Compensation of key management personnel of the Group:

The remuneration of directors of the Company, who also represented as members of key management of the Group, are set out in note 8 to the consolidated financial statements.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2017 RMB'000	2016 RMB'000
Financial assets		
Loans and receivables		
Loan to an investment entity	64,946	—
Loan and interest receivables	54,583	—
Trade and notes receivables	171,614	142,511
Financial assets included in deposits, prepayments and other receivables	11,209	1,131
Cash and bank balances	64,691	162,533
	367,043	306,175
Available-for-sale financial investments		
Available-for-sale investments	21,919	–
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	42,762	109,463
Financial liabilities included in other payables and accruals	6,131	5,461
Interest-bearing bank and other borrowings	389,886	267,893
	438,779	382,817

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the directors and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value on recurring basis:

	Fair value measurement using			
As at 31 December 2017	**Quoted prices in active markets (Level 1) RMB'000**	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Available-for-sale investments:				
Listed equity investments	**1,935**	–	–	**1,935**

The Group did not have any financial liabilities measured at fair value as at 31 December 2017 and 2016.

During the years ended 31 December 2017 and 2016, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Management has assessed that the fair values of financial assets and financial liabilities recorded at amortised cost and considered their carrying amounts approximate their fair values largely due to the short term maturities of these instruments.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loan to an investment entity, loan and interest receivables, trade and other receivables, deposits, cash and bank balances, available-for-sale investments, trade and other payables, and interest-bearing bank and other borrowings.

The main risk arising from the Group's financial instruments are foreign currency risk, equity price risk, credit risk, liquidity risk and interest rate risk. The Group does not have any written risk management policies and guidelines. The board of directors reviews and agree policies for managing each of these risks and they are summarized below.

Foreign currency risk

The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities (including loan and interest receivables, trade and notes receivables, deposits and other receivables, short-term bank deposits, cash and bank balances and cash, trade payables, other payables, other borrowings and foreign currency denominated intra group balances) which expose the Group to foreign currency risk at the end of the reporting period are as follows:

	Assets		Liabilities	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
HK$	**48,362**	133,765	**216,323**	234,232
US$	**60,336**	6	**172,766**	—
S$	**64,946**	—	**—**	—

The following table details the sensitivity to a 5% (2016: 5%) increase and decrease in the relevant foreign currencies and all other variables were held constant. 5% is the sensitivity rate used which represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2016: 5%) change in foreign currency rate. A positive (negative) number below indicates a decrease (increase) in post-tax loss (2016: an increase (decrease) in post-tax profit) for the year where functional currencies of respective group entities strengthen 5% (2016: 5%) against foreign currencies. For a 5% (2016: 5%) weakening of functional currencies of respective group entities against foreign currencies, there would be an equal and opposite impact on the result for the year.

	2017	2016
	RMB'000	RMB'000
HK$	**8,398**	5,023
US$	**5,622**	—
S$	**(3,247)**	—

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from available-for-sale investments (note 17) as at 31 December 2017. The Group's listed investments are listed on the Stock Exchanges and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity instruments RMB'000	Increase/ decrease in profit before tax RMB'000	Increase/decrease in equity RMB'000
2017			
Investments listed in:			
Hong Kong – Available-for-sale	**1,935**	**97**	**–**

Credit risk

The maximum exposure to credit risk by the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

There is significant concentration of credit risk of the top five largest customers account over 55% (2016: 73%) of the carrying amounts of trade receivables at 31 December 2017. In order to minimise the credit risk, the management of the Group generally grants credit terms only to customers with good credit history and also closely monitors overdue trade debt. The recoverable amount of each individual trade debt is reviewed at the end of the reporting period and adequate impairment for doubtful debts has been made for irrecoverable amounts. In this regard, the directors consider that the credit risk of the Group is significantly reduced.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with good reputation.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigates the effects of fluctuations in cash flows.

At 31 December 2017, the Group has available unutilised short-term bank loan facilities of RMB1,000,000 (2016: RMB5,000,000).

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

	On demand or less than 1 year RMB'000	**More than 1 year** RMB'000	**Total undiscounted cash flows** RMB'000
At 31 December 2017			
Trade payables	**42,762**	**—**	**42,762**
Other payables and accruals	**6,140**	**—**	**6,140**
Interest-bearing bank and other borrowings	**229,652**	**211,120**	**440,772**
	278,554	**211,120**	**489,674**
At 31 December 2016			
Trade payables	109,463	—	109,463
Other payables and accruals	5,461	—	5,461
Interest-bearing bank and other borrowings	286,143	—	286,143
	401,067	—	401,067

Interest rate risk

The Group's cash flow interest rate risk relates primarily to the Group's bank borrowing with a floating interest rate. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

As the Group is not exposed to significant interest rate risk, the directors consider that the presentation of sensitively analysis is unnecessary.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of debt balance and equity balance. Debt balances consists of interest-bearing bank and other borrowings. Equity balance consists of equity attributable to owners of the parent, comprising issued share capital and reserves.

The directors review the capital structure on an on-going annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new issues and the issue of new debt.

The Group is not subject to any externally imposed capital requirements.

39. EVENTS AFTER THE REPORTING PERIOD

(a) On 14 December 2017, Winner Alliance Limited, a direct wholly-owned subsidiary of the Company entered into an option letter with Prime Residential Development Pte. Ltd., an independent third party to the Company and incorporated in Singapore, to acquire a residential premises located at 1 Bishopsgate #04-06 Bishopsgate Residences, Singapore 247676 (registered in the Singapore Land Authority under the Land Lot No. TS24-U13661M) at a consideration of S$8,300,000 (equivalent to approximately RMB40,408,000) for investment purpose. The total cost of the premises together with transaction costs such as stamp duty and legal costs was approximately S$9,795,000 (equivalent to approximately RMB47,686,000). The acquisition of the premises was completed on 22 February 2018 and the premises is accounted for as investment property. Further details of which were set out in the Company's announcement dated 14 December 2017.

(b) On 28 August 2017, Great Earn, as the lender, an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "**Loan Agreement**") with Rossoneri, as the borrower, pursuant to which Great Earn has agreed to provide a team loan facility in the principal amount of US$8,300,000 (equivalent to approximately RMB53,906,000) secured by a share charge and personal guarantee and subject to the interest rate and terms as stipulated in the Loan Agreement. On 5 March 2018, Great Earn, Rossoneri and the guarantor entered into a supplemental deed (the "**Supplemental Deed**") pursuant to which the parties have agreed, among others, (a) to extend the maturity; (b) to increase the interest payable; (c) to enter into a personal guarantee with another guarantor; and (d) repayment of the partial repayment amount in relation to the original Loan Agreement. Further details of the Loan Agreement and the Supplemental Deed are set out in the Company's announcements dated 28 August 2017 and 5 March 2018 respectively.

(c) Mr. Ling Zheng resigned as an executive Director and the chairman of the board of Directors (the "**Board**") with effect from 6 March 2018.

(d) Mr. Xu Gefei was appointed as an executive Director and the chairman of the Board with effect from 6 March 2018.

40. COMPARATIVE AMOUNTS

Certain comparative amounts have been represented to conform to the presentation of current year.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 RMB'000	2016 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	387,378	387,378
Deposits and prepayments	1,611	—
	388,989	387,378
CURRENT ASSETS		
Deposits, prepayments and other receivables	931	87
Due from subsidiaries	10,870	3,941
Cash and bank balances	2,183	2,587
	13,984	6,615
CURRENT LIABILITIES		
Due to subsidiaries	188,100	179,130
Other payables and accruals	2,926	2,656
Interest-bearing other borrowings	24,775	56,395
	215,801	238,181
NET CURRENT LIABILITIES	(201,817)	(231,566)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	187,172	155,812
EQUITY		
Share capital	8,852	8,126
Reserves *(note)*	178,320	147,686
Total equity	187,172	155,812

Mr. Xu Gefei
Director

Ms. Ngai Mei
Director

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Exchange fluctuation reserve RMB'000	Shareholders' contributions RMB'000	Retained profits RMB'000	Total equity RMB'000
At 1 January 2016	102,490	(7,569)	10,296	14,221	119,438
Loss for the year	—	—	—	(4,613)	(4,613)
Other comprehensive loss for the year	—	(3,718)	—	—	(3,718)
Total comprehensive loss for the year	—	(3,718)	—	(4,613)	(8,331)
Issue of shares	36,579	—	—	—	36,579
At 31 December 2016 and 1 January 2017	139,069	(11,287)	10,296	9,608	147,686
Loss for the year	—	—	—	(27,673)	(27,673)
Other comprehensive loss for the year	—	15,450	—	—	15,450
Total comprehensive loss for the year	—	15,450	—	(27,673)	(12,223)
Issue of shares	42,857	—	—	—	42,857
At 31 December 2017	**181,926**	**4,163**	**10,296**	**(18,065)**	**178,320**

42. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2018.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**379,016**	375,737	189,048	218,590	234,709
Gross profit	**111,954**	111,027	40,441	46,145	46,477
Profit before tax	**15,443**	52,987	2,289	21,907	26,067
Income tax expense	**(17,418)**	(37,232)	(4,852)	(7,806)	(7,001)
Profit/(loss) for the year (owners of the Company)	**(1,975)**	15,755	(2,563)	14,101	19,066

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND EQUITY					
Total assets	**746,106**	640,065	403,123	234,844	249,531
Total liabilities	**462,171**	394,745	207,379	36,648	38,393
Total equity	**283,935**	245,320	195,744	198,196	211,138