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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "**Board**") of directors (the "**Director(s)**") of Teamway International Group Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017, together with the comparative annual results of the Group for the year ended 31 December 2016. The annual results have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
REVENUE	6	**379,016**	375,737
Cost of sales		**(267,062)**	(264,710)
Gross profit		**111,954**	111,027
Other income and gains/(losses), net	6	**3,136**	(1,970)
Selling and distribution expenses		**(20,234)**	(16,579)
Administrative expenses		**(38,730)**	(19,591)
Finance costs	7	**(40,683)**	(19,900)
PROFIT BEFORE TAX	8	**15,443**	52,987
Income tax expense	9	**(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	11	RMB(0.02) cents	RMB0.16 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

	2017	2016
	RMB'000	*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 INCOME/(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	12	**68,495**	65,585
Investment property		**37,469**	40,308
Prepaid land lease payments		**4,434**	2,528
Goodwill		**208,384**	206,565
Deferred tax assets		**14**	26
Available-for-sale investments		**21,919**	–
Deposits and prepayments		**26,458**	–
Loan to an investment entity		**64,946**	–
Total non-current assets		**432,119**	315,012
CURRENT ASSETS			
Inventories		**14,768**	14,294
Prepaid land lease payments		**112**	71
Loan and interest receivables	13	**54,583**	–
Trade and notes receivables	14	**171,614**	142,511
Deposits, prepayments and other receivables		**8,219**	5,644
Cash and bank balances		**64,691**	162,533
Total current assets		**313,987**	325,053
CURRENT LIABILITIES			
Trade payables	15	**42,762**	109,463
Other payables and accruals		**12,899**	11,712
Interest-bearing bank and other borrowings		**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
31 December 2017

	Note	2017 RMB'000	2016 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**172,766**	–
Deferred tax liabilities		**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	*16*	**8,852**	8,126
Reserves		**275,083**	237,194
Total equity		**283,935**	245,320

NOTES:

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.

2. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 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.

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to 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*

The adoption of the above revised standards has had no significant financial effect on these financial statements.

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

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

Amendments to HKFRS 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 HKFRSs[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

5. 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.

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	–	36,737	64,311

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

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

Geographical information

(a) *Revenue from external customers*

	2017	2016
	RMB'000	*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	2016
	RMB'000	*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	2016
	RMB'000	*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.

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

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

	2017	2016
	RMB'000	*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	**(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)

7. FINANCE COSTS

An analysis of finance costs is as follows:

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

8. PROFIT BEFORE TAX

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

	2017	2016
	RMB'000	*RMB'000*
Cost of inventories sold	**198,885**	124,714
Depreciation	**11,075**	8,890
Minimum lease payments under operating leases	**2,143**	1,128
Amortisation of prepaid land lease payments#	**113**	71
Employee benefit expense (including directors' and chief executive's remuneration):		
— Fees	**3,794**	996
— Wages and salaries	**41,585**	36,986
— Pension scheme contribution	**4,113**	3,267
	49,492	41,249
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

9. 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 People's Republic of China (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	2016
	RMB'000	*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
	2,580	3,403
Current — Elsewhere	**10,234**	31,215
Deferred	**472**	1,643
Total tax charge for the year	**17,418**	37,232

10. DIVIDENDS

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

11. (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.

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2017, the Group had additions of property, plant and equipment at a total cost of RMB14,219,000 (2016: RMB27,574,000).

13. 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 US$8,300,000 (approximately RMB53,906,000) (the "**Loan**") to Rossoneri. 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 personal guarantee of 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 announcement, the Propose Debt Optimising is still undergoing.

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

14. TRADE AND NOTES RECEIVABLES

	2017	2016
	RMB'000	*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. All of them are bank acceptance bills with maturity period within six months.

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

15. TRADE PAYABLES

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

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**41,925**	103,146
3 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.

16. SHARE CAPITAL

	Number of share	Share capital
	'000	*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	Issued share capital	Equivalent to RMB
	'000	*HK$'000*	*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. 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. Details of which were disclosed in the Company's announcements dated 25 May 2017, 9 June 2017 and 28 June 2017.

17. 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 Singapore Dollars ("**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 International Limited ("**Great Earn**", as the lender), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement (the "**Loan Agreement**") with Rossoneri Sport Investment Co., Limited ("**Rossoneri**", as the borrower), pursuant to which Great Earn has agreed to provide a team loan facility in the principal amount of United States Dollars ("**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.

18. COMPARATIVE AMOUNTS

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2017.

Opinion

We have audited the consolidated financial statements of Teamway International Group Holdings Limited (formerly known as Jin Bao Bao Holdings Limited) (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 13 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 the loan receivable depends on the success of proposed debt refinancing of the Borrower. No provision for impairment losses has been made in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

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 television (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 5 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 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$**"), approximately 8.9% was denominated in US$ 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 announcement, 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.

Acquisitions, disposals and significant investment

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

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of property, plant and equipment and investment property. For the year ended 31 December 2017, capital expenditure of the Group amounted to approximately RMB15,041,000 (2016: approximately RMB64,311,000).

Pledge of assets

The Group had pledged (i) assets of buildings and prepaid land lease payments to the bank in the amount of approximately 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 5 to the audited consolidated financial statements.

Human resources and training

As at 31 December 2017, the Group has 677 employees (2016: 618 employees). Total employee benefit expenses amounted to approximately RMB45,698,000 (2016: approximately RMB40,253,000). The Group has a management team (including product design and development team) with extensive industry experience. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees. The remuneration, promotion and salary increments of the employees are assessed according to their performance, professional and working experience, and prevailing market practices. In addition, the Group has implemented training programs for employees in various positions.

Gearing ratio

As at 31 December 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.

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).

DIVIDENDS

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

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.

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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") (the "**Model Code**") as the Company's code of conduct regarding securities transactions and dealings by the Directors. Upon specific enquiries of all existing Directors, each of them confirmed that they have complied with the Model Code during the year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the CG Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2017.

SCOPE OF WORK OF ZENITH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Zenith CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Zenith CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zenith CPA Limited on the preliminary announcement.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive Directors, namely, Ms. Man See Yee (an independent non-executive director with the appropriate professional qualifications as required under rule 3.10(2) of the Listing Rules who serves as chairman of the Audit Committee), Ms. Bu Yanan and Mr. So Stephen Hon Cheung.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2017 as well as the Company's risk management and internal control review report. Besides, the Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules and the Company's compliance with the CG Code.

By order of the Board
Teamway International Group Holdings Limited
Mr. Xu Gefei
Chairman and Executive Director

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises Mr. Xu Gefei, Mr. He Xiaoming and Ms. Ngai Mei as executive Directors; Ms. Man See Yee, Ms. Bu Yanan and Mr. So Stephen Hon Cheung as independent non-executive Directors.

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