# ENTERPRISE DEVELOPMENT HOLDINGS LIMITED
# 企 展 控 股 有 限 公 司

*(Incorporated in Cayman Islands with limited liability)*
**(Stock Code: 1808)**

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

### ANNUAL RESULTS

The board (the "Board") of directors (the "Directors", each a "Director") of Enterprise Development Holdings Limited (the "Company") announces the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 together with comparative figures for the year ended 31 December 2016 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS
*For the year ended 31 December 2017*

| | Notes | **2017** **RMB'000** | 2016 RMB'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Turnover | *3* | **291,207** | 381,160 |
| Cost of sales | | **(255,282)** | (376,180) |
| Gross profit | | **35,925** | 4,980 |
| Other revenue | *5* | **1,760** | 4,491 |
| Other net losses | *6* | **–** | (1,566) |
| Distribution expenses | | **(22,090)** | (24,806) |
| General and administrative expenses | | **(25,374)** | (31,518) |
| Other operating expenses | | **(20)** | (17) |
| Impairment loss on amount due from an associate | | **(12,057)** | – |
| Impairment loss on available-for-sale securities | | **–** | (41,078) |

| | Notes | **2017** *RMB'000* | 2016 *RMB'000* |
|---|---|---|---|
| Loss from operations | | **(21,856)** | (89,514) |
| Share of results of an associate | | **(64,516)** | 1,333 |
| Finance costs | *7(i)(a)* | **(1,724)** | (3,051) |
| Loss before taxation | *7(i)* | **(88,096)** | (91,232) |
| Income tax expense | *8* | **(3,784)** | (8,516) |
| **Loss for the year from continuing operations** | | **(91,880)** | (99,748) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | *4* | **(5,832)** | (205,536) |
| **Loss for the year** | | **(97,712)** | (305,284) |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | | |
| Continuing operations | | **(96,354)** | (115,473) |
| Discontinued operations | | **(5,832)** | (205,536) |
| | | **(102,186)** | (321,009) |
| Non-controlling interests | | | |
| Continuing operations | | **4,474** | 15,725 |
| | | **4,474** | 15,725 |
| **Loss for the year** | | **(97,712)** | (305,284) |
| **Basic and diluted losses per share (RMB)** | *10* | | |
| Continuing operations | | **(0.187)** | (0.287) |
| Discontinued operations | | **(0.011)** | (0.510) |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2017*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Loss for the year** | **(97,712)** | (305,284) |
| **Other comprehensive (expenses)/income for the year (after tax)** | | |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Reclassification adjustment for exchange reserve released upon disposal of subsidiaries | **(3,477)** | 236 |
| Share of exchange difference of an associate | **4** | (51) |
| Exchange difference on translation of financial statements of overseas operations | **(613)** | 7,961 |
| **Total comprehensive expenses for the year** | **(101,798)** | (297,138) |
| **Attributable to:** | | |
| Equity shareholders of the Company | **(106,204)** | (313,414) |
| Non-controlling interests | **4,406** | 16,276 |
| **Total comprehensive expenses for the year** | **(101,798)** | (297,138) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2017*

| | Notes | **2017** **RMB'000** | 2016 RMB'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **560** | 2,639 |
| Intangible assets | | **18,107** | 9,608 |
| Goodwill | | **19,541** | 28,493 |
| Interests in an associate | | **–** | 64,512 |
| Available-for-sale securities | | **–** | – |
| Deferred tax assets | | **346** | 382 |
| | | **38,554** | 105,634 |
| **Current assets** | | | |
| Inventories | | **1,355** | 2,470 |
| Trade and other receivables | *11* | **194,777** | 209,735 |
| Trading securities | | **–** | 41,895 |
| Amount due from an associate | | **–** | 11,159 |
| Pledged bank deposits | | **277** | 5,213 |
| Cash and cash equivalents | | **122,971** | 97,120 |
| | | **319,380** | 367,592 |
| **Current liabilities** | | | |
| Trade and other payables | *12* | **35,249** | 84,663 |
| Borrowings | | **27,742** | 30,250 |
| Current taxation | | **5,363** | 6,325 |
| | | **68,354** | 121,238 |
| **Net current assets** | | **251,026** | 246,354 |
| **Total assets less current liabilities** | | **289,580** | 351,988 |
| **Non-current liability** | | | |
| Deferred tax liability | | **–** | 49 |
| | | **–** | 49 |
| **Net assets** | | **289,580** | 351,939 |
| **Capital and reserves** | | | |
| Share capital | *13* | **44,711** | 42,528 |
| Reserves | | **136,359** | 215,057 |
| **Total equity attributable to equity shareholders of the Company** | | **181,070** | 257,585 |
| **Non-controlling interests** | | **108,510** | 94,354 |
| **Total equity** | | **289,580** | 351,939 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The annual results set out in this announcement do not constitute the Group's financial statements for the year ended 31 December 2017 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## 2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented impact on the accounting policies of the Group.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. TURNOVER AND SEGMENT REPORTING

### (a) Turnover

The principal activities of the Group are the provision of integrated business software solutions and trading of listed securities and mobile marketing business (note 3(b)). During the year ended 31 December 2017, the Group identified its mobile marketing business as discontinued operations upon disposal of Apex Center Limited and its subsidiaries ("Apex Group") on 7 November 2017.

The amount of each significant category of revenue recognised during the year is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| Software maintenance and other services | **279,648** | 411,810 |
| Sale of software products and others | **29,001** | 50,462 |
| Net realised and unrealised losses on trading securities | **(18,062)** | (81,400) |
| Others | **620** | 288 |
| | **291,207** | 381,160 |
| **Discontinued operations** | | |
| Mobile marketing business | **9,395** | 8,563 |
| | **300,602** | 389,723 |

**(b) Segment reporting**

The Group manages its businesses by divisions, which are mainly organised by business lines. In a manner consistent with the way in which information is reported internally to the Board for the purposes of resource allocation and performance assessment, the Group has presented the following three major reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

- Software business: Provision of integrated business software solutions in the People's Republic of China (the "PRC") and Hong Kong.

- Trading and investment business: Trading of securities listed on The Stock Exchange of Hong Kong Limited.

Discontinued operations:

- Mobile marketing business: Provision of mobile marketing projects, consultation, creative and technological services, mobile advertising services and creation of mobile games in the PRC and Hong Kong.

*(i) Segment results, assets and liabilities*

For the purpose of assessing segment performance and allocating resources between segments, the Board monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in an associate, deferred tax assets and other corporate assets. Segment liabilities include trade creditors and accruals attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment loss is "adjusted loss before taxation". Adjusted loss before taxation is the Group's losses before items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted loss before taxation, the Board is provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations.

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current year (2016: Nil).

Information regarding the Group's major reportable segments as provided to the Board for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2017 and 2016 is set out below.

| | Continuing operations | | | | | | | | Discontinued operations | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Software business | | Trading and investment business | | Others | | Sub-total | | Mobile marketing business | | Total | |
| | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| Revenue/(loss) from external customers | **308,649** | 462,272 | **(18,062)** | (59,834) | **620** | 288 | **291,207** | 402,726 | **9,395** | 8,563 | **300,602** | 411,289 |
| Investment income and net losses | **–** | – | **–** | (21,566) | **–** | – | **–** | (21,566) | **–** | – | **–** | (21,566) |
| **Reportable segment revenue** | **308,649** | 462,272 | **(18,062)** | (81,400) | **620** | 288 | **291,207** | 381,160 | **9,395** | 8,563 | **300,602** | 389,723 |
| **Reportable segment loss (adjusted loss before taxation)** | **15,259** | 48,519 | **(18,122)** | (83,027) | **(280)** | (170) | **(3,143)** | (34,678) | **(5,832)** | (205,353) | **(8,975)** | (240,031) |
| Interest income from bank deposits | **99** | 167 | **–** | – | **–** | – | **99** | 167 | **–** | – | **99** | 167 |
| Interest expenses | **1,288** | 1,082 | **–** | 3 | **–** | – | **1,288** | 1,085 | **13** | 58 | **1,301** | 1,143 |
| Depreciation and amortisation for the year | **1,712** | 1,273 | **–** | – | **29** | 15 | **1,741** | 1,288 | **171** | 773 | **1,912** | 2,061 |
| Impairment loss on goodwill | **–** | – | **–** | – | **–** | – | **–** | – | **8,714** | 189,810 | **8,714** | 189,810 |
| **Reportable segment assets** | **320,959** | 330,609 | **–** | 41,999 | **14,693** | 4,998 | **335,652** | 377,606 | **–** | 12,808 | **335,652** | 390,414 |
| Additions to non-current segment assets during the year | **9,580** | 8,115 | **–** | – | **95** | – | **9,675** | 8,115 | **41** | 236 | **9,716** | 8,351 |
| **Reportable segment liabilities** | **53,349** | 89,962 | **–** | – | **673** | 2 | **54,022** | 89,964 | **–** | 10,565 | **54,022** | 100,529 |

*(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue** | | |
| Reportable segment revenue | **300,602** | 389,723 |
| Elimination on discontinued operations | **(9,395)** | (8,563) |
| **Consolidated revenue from continuing operations** | **291,207** | 381,160 |
| **Loss before taxation** | | |
| Reportable segment loss | **(8,975)** | (240,031) |
| Unallocated head office and corporate expenses | **(84,953)** | (56,554) |
| Elimination on discontinued operations | **5,832** | 205,353 |
| **Consolidated loss before taxation from continuing operations** | **(88,096)** | (91,232) |
| **Assets** | | |
| Reportable segment assets | **335,652** | 390,414 |
| Interests in an associate | **–** | 64,512 |
| Deferred tax assets | **346** | 382 |
| Unallocated head office and corporate assets | **21,936** | 17,918 |
| **Consolidated total assets** | **357,934** | 473,226 |
| **Liabilities** | | |
| Reportable segment liabilities | **54,022** | 100,529 |
| Deferred tax liability | **–** | 49 |
| Unallocated head office and corporate liabilities | **14,332** | 20,709 |
| **Consolidated total liabilities** | **68,354** | 121,287 |

**(c) Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from continuing operations from external customers; and (ii) the Group's property, plant and equipment, intangible assets, interests in an associate and goodwill ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets, interests in an associate and goodwill.

| | **Revenue/(loss) from external customers** | | **Specified non-current assets** | |
|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 |
| | ***RMB'000*** | *RMB'000* | ***RMB'000*** | *RMB'000* |
| PRC | **308,649** | 462,272 | **38,059** | 30,243 |
| Hong Kong | **(17,442)** | (81,112) | **149** | 75,009 |
| | **291,207** | 381,160 | **38,208** | 105,252 |

For the year ended 31 December 2017, there was no customer with whom transactions have exceeded 10% of the Group's turnover (2016: Nil).

## 4. DISCONTINUED OPERATIONS

On 7 November 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in the Apex Group which carried out the Group's mobile marketing business, for a cash consideration of HK$1, The disposal has been completed on the same day.

The loss for the year from the discontinued mobile marketing business is set out below:

| | **Period from 1 January 2017 to 7 November 2017** | Period from 1 January 2016 to 31 December 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss of mobile marketing business for the period/year | **(10,126)** | (205,536) |
| Gain on disposal on mobile marketing business | **4,294** | – |
| | **(5,832)** | (205,536) |

The results of the mobile marketing business for the period from 1 January 2017 to 7 November 2017, which have been included in the consolidated statement of profit or loss and other comprehensive income and statement of profit or loss, are as follows:

| | **Period from 1 January 2017 to 7 November 2017** | Period from 1 January 2016 to 31 December 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Turnover | **9,395** | 8,563 |
| Cost of sales | **(4,608)** | (7,228) |
| Gross profit | **4,787** | 1,335 |
| Other revenue | **5** | 56 |
| Distribution expenses | **(430)** | (652) |
| General and administrative expenses | **(5,761)** | (16,224) |
| Impairment loss on goodwill | **(8,714)** | (189,810) |
| Loss from operations | **(10,113)** | (205,295) |
| Finance costs *(note 7(ii)(a))* | **(13)** | (58) |
| Loss before taxation *(note 7(ii))* | **(10,126)** | (205,353) |
| Income tax expense | **–** | (183) |
| Loss for the year from discontinued operations | **(10,126)** | (205,536) |

## 5. OTHER REVENUE

| **Continuing operations** | **2017**<br>***RMB'000*** | 2016<br>*RMB'000* |
|---|---|---|
| Interest income from bank deposits | **99** | 167 |
| Interest income from amount due from an associate | **1,249** | 398 |
| Gain on bargain purchase | **–** | 3,114 |
| Gain on disposal of available-for-sale securities | **–** | 68 |
| Gain on disposal on financial assets at fair value through profit or loss | **387** | – |
| Net exchange gains | **–** | 731 |
| Other | **25** | 13 |
| | **1,760** | 4,491 |

| **Discontinued operations** | **2017**<br>***RMB'000*** | 2016<br>*RMB'000* |
|---|---|---|
| Gain on disposal of subsidiaries | **4,294** | – |
| Other | **5** | 56 |
| | **4,299** | 56 |

## 6. OTHER NET LOSSES

| | **2017**<br>***RMB'000*** | 2016<br>*RMB'000* |
|---|---|---|
| Loss on disposal of a subsidiary | **–** | 282 |
| Loss on early redemption of promissory notes | **–** | 1,284 |
| | **–** | 1,566 |

## 7. LOSS BEFORE TAXATION

(i) Loss before taxation from continuing operations is arrived at after charging:

### (a) Finance costs

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest expenses on bank and other borrowings | **1,724** | 1,213 |
| Imputed interest expenses on promissory notes | **–** | 1,838 |
| | **1,724** | 3,051 |

### (b) Staff costs

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries, wages and other benefits | **23,723** | 29,637 |
| Contributions to defined contribution retirement schemes | **1,529** | 1,607 |
| | **25,252** | 31,244 |

### (c) Other items

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cost of inventories | **1,385** | 2,906 |
| Auditors' remuneration | | |
| – audit services | **780** | 770 |
| – non-audit services | **520** | 411 |
| Depreciation of property, plant and equipment | **1,021** | 1,326 |
| Amortisation of intangible assets | **775** | 57 |
| Impairment losses on trade and other receivables | **67** | 72 |
| Operating lease charges in respect of properties | **4,364** | 3,682 |

(ii) Loss before taxation from discontinued operations is arrived at after charging:

**(a) Finance costs**

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Bank overdraft interest | **2** | – |
| Interest expenses on bank and other borrowings | **11** | 58 |
| | **13** | 58 |

**(b) Staff costs**

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries, wages and other benefits | **7,181** | 5,557 |
| Contributions to defined contribution retirement schemes | **267** | 161 |
| | **7,448** | 5,718 |

**(c) Other items**

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Depreciation of property, plant and equipment | **171** | 773 |
| Impairment losses on trade and other receivables | **–** | 7,473 |
| Operating lease charges in respect of properties | **573** | 1,016 |

## 8. INCOME TAX EXPENSE

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Continuing operations** | | |
| **Current tax – PRC** | | |
| – Provision for the year | **(3,594)** | (7,606) |
| – Under-provision in respect of prior year | **(190)** | (910) |
| | **(3,784)** | (8,516) |
| **Discontinued operations** | | |
| **Current tax – HK** | | |
| – Under-provision in respect of prior year | **–** | (183) |
| | **–** | (183) |
| | **(3,784)** | (8,699) |

## 9. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 December 2017 (2016: Nil), nor has any dividend been proposed since the end of the reporting period.

## 10. BASIC AND DILUTED LOSSES PER SHARE

The calculation of basic and diluted losses per share from continuing operations is based on the loss attributable to ordinary equity shareholders of the Company from continuing operations of approximately RMB96,354,000 (2016: RMB115,473,000) and the weighted average of 516,166,516 (2016: 402,518,358) ordinary shares in issue during the year.

The calculation of basic and diluted losses per share from discontinued operations is based on the loss attributable to ordinary equity shareholders of the Company from discontinued operations of approximately RMB5,832,000 (2016: RMB205,536,000) and the weighted average of 516,166,516 (2016: 402,518,358) ordinary shares in issue during the year.

### (i) Loss attributable to equity shareholders of the Company

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Loss for the year from continuing operations | **96,354** | 115,473 |
| Loss for the year from discontinued operations | **5,832** | 205,536 |
| | **102,186** | 321,009 |

#### (ii) Weighted average number of ordinary shares

| | **2017** | 2016 |
|---|---|---|
| | ***Number of shares*** | *Number of shares* |
| Ordinary shares issued at 1 January | **501,508,982** | 2,902,259,827 |
| Effect of placing of new shares | **14,657,534** | 1,075,521,321 |
| Effect of share consolidation of every ten issued shares into one consolidation share | **–** | (3,575,262,790) |
| Weighted average number of ordinary shares at 31 December | **516,166,516** | 402,518,358 |

There were no dilutive potential ordinary shares in issue as at 31 December 2017 (2016: Nil).

## 11. TRADE AND OTHER RECEIVABLES

| | *Notes* | **2017** ***RMB'000*** | 2016 *RMB'000* |
|---|---|---|---|
| Trade receivables | | **78,726** | 88,269 |
| Less: allowance for doubtful debts | | **(139)** | (5,025) |
| | *(i)* | **78,587** | 83,244 |
| Loan receivables | | **14,511** | 6,654 |
| Less: allowance for doubtful debts | | **(1,859)** | (1,999) |
| | *(iii)* | **12,652** | 4,655 |
| Prepayments made to suppliers | | **81,550** | 116,358 |
| Deposits and other receivables | | **21,988** | 8,396 |
| Less: allowance for doubtful debts | | **–** | (2,918) |
| | | **103,538** | 121,836 |
| | | **194,777** | 209,735 |

All of the trade and other receivables are expected to be recovered within one year.

(i) As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debt, is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 month | **64,952** | 51,954 |
| Over 1 month but less than 3 months | **4,922** | 23,525 |
| Over 3 months but less than 1 year | **4,821** | 5,514 |
| Over 1 year but less than 2 years | **2,274** | 2,049 |
| Over 2 years | **1,618** | 202 |
| | **78,587** | 83,244 |

(ii) The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired is as follows:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Neither past due nor impaired | **70,849** | 67,974 |
| Less than 1 month past due | **890** | 5,173 |
| Over 1 to 3 months past due | **4,173** | 4,720 |
| Over 3 months to 1 year past due | **298** | 3,130 |
| Over 1 year to 2 years past due | **2,226** | 2,099 |
| Over 2 years past due | **151** | 148 |
| | **7,738** | 15,270 |
| | **78,587** | 83,244 |

Receivables that were neither past due nor impaired relate to a wide range of 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, management believes that no 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.

(iii) The maturity profile of the loan receivables at the end of reporting period, analysed by the remaining periods to their contracted maturity is as follow:

| | **2017** | 2016 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Repayable | | |
| Within 1 month | **–** | – |
| Over 1 month but less than 3 months | **–** | – |
| Over 3 months but less than 1 year | **12,652** | 4,655 |
| | **12,652** | 4,655 |

As of the end of the reporting period, the ageing analysis of loan receivables (which are included in trade and other receivables), based on loan drawn down date and net of allowance for doubtful debts, is as follows:

| | 2017 | 2016 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Within 1 month | – | – |
| Over 1 month but less than 3 months | – | – |
| Over 3 months but less than 1 year | **8,490** | 4,655 |
| Over 1 year but less than 2 years | **4,162** | – |
| | **12,652** | 4,655 |

The ageing analysis of loan receivables that are neither individually nor collectively considered to be impaired is as follows:

| | 2017 | 2016 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Neither past due nor impaired | **12,652** | 4,655 |

## 12. TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Trade creditors | **10,246** | 38,805 |
| Non-trade payables and accrued expenses | **20,390** | 45,263 |
| Other tax payable | **4,613** | 595 |
| | **35,249** | 84,663 |

All of the trade and other payables are expected to be settled within one year.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

| | 2017 | 2016 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Due within 1 month or on demand | **8,907** | 38,104 |
| Due after 1 month but within 3 months | – | 40 |
| Due after 3 months but within 6 months | – | 344 |
| Due after 6 months but within 1 year | **1,339** | 150 |
| Due after 1 year but within 2 years | – | – |
| Over 2 years | – | 167 |
| | **10,246** | 38,805 |

## 13. SHARE CAPITAL

| | | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | *Notes* | **Number of shares** | **Amount** ***HK$*** | Number of shares | Amount *HK$* |
| **Authorised:** | | | | | |
| At 1 January | | **10,000,000,000** | **1,000,000,000** | 100,000,000,000 | 1,000,000,000 |
| Share consolidation from HK$0.01 each to HK$0.1 each | *(i)* | **–** | **–** | (90,000,000,000) | – |
| Ordinary shares of HK$0.1 each | | **10,000,000,000** | **1,000,000,000** | 10,000,000,000 | 1,000,000,000 |
| **Issued and fully paid:** | | | | | |
| At 1 January | | **501,508,982** | **50,150,898** | 2,902,259,827 | 29,022,598 |
| Issue of placing shares | *(ii)* | **25,000,000** | **2,500,000** | 1,360,574,000 | 21,128,300 |
| Share consolidation | *(i)* | **–** | **–** | (3,761,324,845) | – |
| At 31 December | | **526,508,982** | **52,650,898** | 501,508,982 | 50,150,898 |
| | | | ***RMB equivalent*** | | *RMB equivalent* |
| | | | **44,711,310** | | 42,528,059 |

### (i) Share consolidation

At the extraordinary general meeting of the Company held on 29 June 2016, an ordinary resolution relating to share consolidation on the basis of every 10 existing ordinary share of HK$0.01 each in the issued and unissued share capital of the Company are consolidated into one consolidated share of HK$0.10 each (the "Share Consolidation") was duly passed by the shareholders of the Company and the Share Consolidation became effective on 30 June 2016.

### (ii) Issue of placing shares

Pursuant to a placing agreement dated on 15 December 2015, a total of 580,450,000 ordinary shares of HK$0.01 each were issued at the placing price of HK$0.098 per placing share. The placing has resulted in an increase in the share capital and share premium account, net of shares issue expenses, by approximately HK$5,804,000 (equivalent to approximately RMB4,885,000) and approximately HK$49,232,000 (equivalent to approximately RMB41,430,000) respectively.

Pursuant to a placing agreement dated on 6 April 2016, a total of 696,540,000 ordinary shares of HK$0.01 each were issued at the placing price of HK$0.057 per placing share. The placing has resulted in an increase in the share capital and share premium account, net of shares issue expenses, by approximately HK$6,965,000 (equivalent to approximately RMB5,818,000) and approximately HK$31,407,000 (equivalent to approximately RMB26,235,000) respectively.

Pursuant to a placing agreement dated on 30 November 2016, a total of 83,584,000 ordinary shares of HK$0.1 each were issued at the placing price of HK$0.65 per placing share. The placing has resulted in an increase in the share capital and share premium account, net of shares issue expenses, by approximately HK$8,358,000 (equivalent to approximately RMB7,411,000) and approximately HK$44,755,000 (equivalent to approximately RMB39,683,000) respectively.

Pursuant to a placing agreement dated on 22 May 2017, a total of 25,000,000 ordinary shares of HK$0.1 each were issued at the placing price of HK$1.23 per placing share. The placing has resulted in an increase in the share capital and share premium account, net of shares issue expenses, by approximately HK$2,500,000 (equivalent to approximately RMB2,183,000) and approximately HK$27,515,000 (equivalent to approximately RMB24,029,000) respectively.

### 14. EVENTS AFTER THE REPORTING PERIOD

On 14 November 2017, the Company announced that, Reliable Intelligence Asia Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to acquire 50% of issued share capital in Taiping Securities (HK) Co Limited (the "Acquisition"). The Acquisition constitutes a major transaction of the Company under the Listing Rules and has been approved by the Company's shareholders at an extraordinary general meeting of the Company held on 8 February 2018. For further information of the Acquisition, please refer to the Company's announcements dated 14 November 2017, 22 December 2017, 12 January 2018 and 6 February 2018, and the Company's circular dated 23 January 2018. The transaction has not been completed as of the date of this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Turnover

For the year ended 31 December 2017, the Group recorded a turnover from continuing operations of approximately RMB291,207,000 (2016: RMB381,160,000), of which turnover mainly from (i) software maintenance and other services amounted to approximately RMB279,648,000 (2016: RMB411,810,000); (ii) sale of software products and others amounted to approximately RMB29,001,000 (2016: RMB50,462,000); and (iii) net realised and unrealised losses on trading securities amounted to approximately RMB18,062,000 (2016: RMB81,400,000). The decrease in turnover from the software business was due to the acceleration of the migration from the traditional database to new generation non-structure database by the customers.

### Gross Profit

For the year ended 31 December 2017, the Group recorded a gross profit from continuing operations of approximately RMB35,925,000 (2016: RMB4,980,000). The gross profit ratio for the software business of the Group during the year was approximately 17% while that of the last corresponding year was approximately 19%. The decrease in gross profit ratio was mainly due to the increase in cost of sales while contract value remained stable to maintain competitiveness of the business.

### Other Net Losses

For the year ended 31 December 2017, there was no other net losses from continuing operations (2016: RMB1,566,000).

### Distribution Expenses

For the year ended 31 December 2017, distribution expenses from continuing operations were approximately RMB22,090,000 (2016: RMB24,806,000). The decrease in distribution expenses was mainly due to the decrease in staff costs of the software business in the PRC during the year.

**General and Administrative Expenses**

For the year ended 31 December 2017, general and administrative expenses from continuing operations were approximately RMB25,374,000 (2016: RMB31,518,000). The decrease in general and administrative expenses was mainly due to the decrease of staff costs during the year.

**Finance Costs**

For the year ended 31 December 2017, finance costs from continuing operations were approximately RMB1,724,000 (2016: RMB3,051,000). The decrease in finance costs was mainly due to the absence of imputed interest expenses on promissory notes during the year.

**Impairment Loss on Available-for-sale Securities**

For the year ended 31 December 2017, no impairment loss (2016: RMB41,078,000) was recognised on the Group's available-for-sale securities.

**Loss for the Year from Discontinued Operations**

On 7 November 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interest in Apex Center Limited, a then direct wholly-owned subsidiary of the Company which carried out the Group's mobile marketing business. The loss from discontinued operations were approximately RMB5,832,000 (2016: RMB205,536,000). The decrease in the loss from discontinued operations was mainly due to the decrease in impairment loss on goodwill during the year.

**Share of Results of an Associate**

For the year ended 31 December 2017, the Group shared a loss of an associate of approximately RMB64,516,000 (2016: gain of RMB1,333,000) mainly due to the poor performance of the karaoke licensing and content management business as a result of the decrease in popularity of the licensed content and increasing unauthorised use of the content.

**Loss for the Year from Continuing Operations**

As a result, the Group recorded a loss from continuing operations for the year ended 31 December 2017 of approximately RMB91,880,000 (2016: RMB99,748,000).

**Liquidity and Financial Resources**

The Group's working capital is funded by the cash generated from operating and financing activities. As at 31 December 2017, the Group maintained cash and cash equivalents amounted to approximately RMB122,971,000 (2016: RMB97,120,000). As at 31 December 2017, the Group's current ratio was approximately 4.70 times (2016: 3.03 times); and the Group's net gearing ratio as at 31 December 2017 was not applicable (2016: not applicable), since the Group had cash in excess of interest bearing borrowings.

**Foreign Exchange**

The Group's revenue is mainly denominated in Renminbi and no related hedge is required for the time being.

**Pledge of Assets**

As at 31 December 2016 and 2017, the Group has pledged certain trade receivables not less than RMB8,000,000 for secured of bank borrowings. As at 31 December 2016 and 2017, except for the bank deposits pledged to secure trade finance facilities to the Group, the Group had no pledge of assets in order to obtain general banking facilities or short-term bank borrowings.

**Capital Structure**

The Group manages its capital to ensure that 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 capital structure of the Group consists of debt, including borrowings, and equity attributable to owners of the Company, comprising issued share capital, share premium, retained profits/(accumulated losses) and other reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

On 22 May 2017, the Company entered into a placing agreement with Get Nice Securities Limited (the "Placing Agent"), pursuant to which the Placing Agent has conditionally agreed to place, on a best efforts basis, 25,000,000 new shares (the "Placing Share(s)") to not less than six independent placees at a placing price of HK$1.23 per Placing Share (the "Placing"). The Placing was completed on 1 June 2017 and an aggregate of 25,000,000 Placing Shares were successfully placed to not less than six independent placees. The net proceeds from the Placing was approximately HK$30,015,000 and as to approximately HK$19,110,000 has been used for general working capital of the Group and the remaining balance of approximately HK$10,905,000 has not yet been utilised and remains in the bank for general working capital of the Group and for funding investment opportunities as may be identified from time to time.

**Significant Investment**

The Group has not made any significant investment for the year ended 31 December 2017 (2016: Nil).

**Material Acquisition and Disposal of Subsidiaries**

On 16 May 2017, the Group has entered into a share purchase agreement in relation to the acquisition of 18,000,000 issued and fully-paid ordinary shares in the capital of Ho Fung Shares Investment Limited ("Ho Fung"), a company incorporated in Hong Kong with limited liability which is licensed to carry out Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Deposits amounting to HK$4,500,000 have been paid and the acquisition has not been completed as at the date of this announcement. Details of the transaction were set out in the announcements of the Company dated 16 May 2017 and 16 November 2017.

On 7 November 2017, the Group has entered into a sale and purchase agreement in relation to the disposal of the entire equity interest in Apex Center Limited, a then direct wholly-owned subsidiary of the Company which carried out the Group's mobile marketing business, for a total consideration of HK$1. The transaction was completed on 7 November 2017.

On 14 November 2017, the Group has entered into a sale and purchase agreement in relation to the acquisition of 50% of the issued share capital of Taiping Securities (HK) Co Limited ("Taiping") for a total consideration of HK$229,884,785 (subject to the adjustment). Taiping is principally engaged in businesses of securities dealing and broking and securities margin financing. The acquisition has not been completed as at the date of this announcement. Details of the transaction were set out in the announcements of the Company dated 14 November 2017, 22 December 2017, 12 January 2018 and 6 February 2018 and the circular of the Company dated 23 January 2018.

Save as disclosed above, the Group has not made any material acquisition or disposal of subsidiaries or associated companies for the year ended 31 December 2017.

**Employees and Remuneration Policies**

As at 31 December 2017, the Group employed 160 full time employees (2016: 142). The remuneration package of employees is determined by reference to their performance, experience, positions, duties and responsibilities in the Group and the prevailing market conditions. The Group continued to provide retirement, medical, employment injury, unemployment and maternity benefits which are governed by the state-managed social welfare scheme operated by the local government of the PRC to the employees in the PRC. In addition, the Group maintains mandatory provident fund schemes for all qualifying employees in Hong Kong.

**Contingent Liabilities**

As at 31 December 2017, there was no significant contingent liability (2016: Nil).

**Final Dividend**

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

## BUSINESS REVIEW

The Group recorded a turnover from continuing operations of approximately RMB291,207,000 for the year ended 31 December 2017 (2016: RMB381,160,000), representing a decrease of approximately 24%. The decrease was mainly due to the decrease in turnover from the Group's software business and the net realised and unrealised loss on trading securities as compared to the loss for the year ended 31 December 2016.

The turnover of the software business amounted to approximately RMB308,649,000 for the year ended 31 December 2017 (2016: RMB462,272,000), representing a decrease of approximately 33%. The decrease was due to the fierce competition in the software industry as well as the slowdown of PRC's economic growth where customers had tightened their capital expenditure and also increasing controlled operating expenses.

## OUTLOOK AND FUTURE BUSINESS STRATEGIES

Over the past ten years, the Group's software business has provided database software and engineering services to the PRC enterprise customers in terms of version management, function upgrade, health check, life cycle management and troubleshooting which has significant market share and has a strong brand in this area. Despite the slowdown in the Group's software business due to the acceleration of the migration from the traditional database to new generation non-structure database by the customers, the Group will try to maintain its competitively through introduction of new products and services. Apart from the software business, the Group also engaged in the trading of listed securities.

The Group is exploring integration opportunities for the Group's existing IT services with financial service sector. The Group is optimistic on the growth opportunities in the financial services industry which in turns create further income source and long-term benefit to the Group.

As disclosed in the Company's announcements dated 6 January 2017, 16 May 2017 and 16 November 2017, the Company entered into a share purchase agreement (as supplemented by the supplemental agreement) to acquire Ho Fung which is principally engaged in the business of securities broking and is licensed by the Securities and Futures Commission (the "SFC") to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (the "SFO"). The Group has been actively exploring integration opportunities for the Group's existing IT services with the financial services sector includes but not limited to the provision of financing brokerage, asset management, financial leasing and investment management services.

As disclosed in the Company's announcements dated 14 November 2017, 22 December 2017, 12 January 2018 and 6 February 2018 and the Company's circular dated 23 January 2018, the Company entered into a sale and purchase agreement with Reliable Intelligence Asia Limited (being a wholly-owned subsidiary of the Company), as purchaser, and Taiping Financial Holdings Company Limited, as vendor, on 14 November 2017 to acquire 50% of the issued share capital in Taiping. Taiping is principally engaged in the business of securities dealing and broking and securities margin financing and is licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO.

The acquisition of Taiping will establish a strategic alliance with Taiping and provide synergies through integration of skills, knowledge and expertise and expansion of client base. The Group plans to position Taiping to target institutional and large-scale investors while Ho Fung will focus on individual and retail customers. Given the brand name and substantial operating history of Taiping, both the Group and Ho Fung can benefit through sharing of expertise in operations and cross-companies synergies. Furthermore, the clientele and the scale of Taiping's brokerage business may help establish the Group's corporate profile and recognition in the securities industry. The Directors consider that Taiping will become an invaluable partner in its expansion and development strategy after completion of the acquisition of Taiping. The Group will be able to leverage on Taiping's branding effect, vast network, financial resources and investment expertise to support its growth strategy in China. The Directors consider that the acquisition of Taiping will enable the Group to integrate its existing IT expertise with Taiping's financial service in a way that the financial services sector and the existing IT sector together with the big data capabilities of the Group are synergistic and complementary to each other that will support the Group's stable and sustainable development. If the collaboration with Taiping is a successful breakthrough for the Group, going forward, the Group may consider packaging and promoting its enhanced FinTech products to other financial institutions and/or other business corporations, to increase its presence, market share, branding in Hong Kong and broaden its source of income.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the annual general meeting of the Company to be held on Wednesday, 23 May 2018 ("2018 AGM"), the register of members of the Company will be closed from Thursday, 17 May 2018 to Wednesday, 23 May 2018, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 16 May 2018.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

## CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") in Appendix 14 to Listing Rules as its own code of corporate governance. During the year ended 31 December 2017, the Company was in compliance with all the relevant code provisions set out in the CG Code except for the deviations from code provisions A.4.1 and D.1.4 of the CG Code, which are explained below.

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. The term of appointment of Ms. Hu Gin Ing, an independent non-executive Director, expired in year 2013 and thereafter she is not appointed for a specific term, but she is subject to retirement by rotation at least once in every three years in accordance with the articles of association of the Company (the "Articles").

Code provision D.1.4 of the CG Code requires that, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Mr. Lam Kai Tai and Mr. Wong Ho Sing, executive Directors of the Company, Mr. Kwok Ho On Anthony, former executive Director who resigned on 19 January 2017 and Ms. Hu Gin Ing, an independent non-executive Director. However, they are subject to retirement by rotation at least once in every three years in accordance with the Articles. In addition, the Directors have followed the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. Besides, the Directors actively comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above and in the opinion of the Directors, the Company has met all the relevant code provisions set out in the CG Code during the year ended 31 December 2017.

## AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 18 December 2006 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, and to review the risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Hu Gin Ing (chairlady), Mr. Liu Jian and Mr. Li Wai Kwan.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2017.

By order of the Board
**Enterprise Development Holdings Limited**
**Lam Kai Tai**
*Chairman*

Hong Kong, 27 March 2018

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Lam Kai Tai (Chairman), Mr. Li Jiang Nan and Ms. Fan Carol, and three independent non-executive Directors, namely Ms. Hu Gin Ing, Mr. Liu Jian and Mr. Li Wai Kwan.*