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**DBA Telecommunication (Asia) Holdings Limited**

**DBA 電訊（亞洲）控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3335)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The board (the “**Board**”) of directors (the “**Directors**”) of DBA Telecommunication (Asia) Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017 together with the comparative figures. These results have been reviewed by the Company’s audit committee (the “**Audit Committee**”) and approved by the Board.

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

*For the year ended 31 December 2017*

|   | Notes | 2017<br>RMB'000        | 2016<br>RMB'000        |
|---|-------|------------------------|------------------------|
| <b>Revenue</b>  |       | -                      | -                      |
| Other revenue and other net income  | 4     | -                      | 6                      |
| General and administrative expenses   |       | <u>(11,596)</u>        | <u>(19,789)</u>        |
| <b>Loss from operation and before tax</b>   |       | <b>(11,596)</b>        | <b>(19,783)</b>        |
| Income tax  | 5     | -                      | -                      |
| <b>Loss for the year attributable to owners<br/>of the Company</b>  | 6     | <u><b>(11,596)</b></u> | <u><b>(19,783)</b></u> |
| <b>Other comprehensive income/(loss) after tax:</b><br><i>Items that may be reclassified to profit or loss:</i> |       |                        |                        |
| Exchange differences on translating of<br>foreign operations  |       | <u>20,315</u>          | <u>(17,816)</u>        |
| <b>Other comprehensive income/(loss) for the<br/>year, net of tax</b>   |       | <u>20,315</u>          | <u>(17,816)</u>        |
| <b>Total comprehensive income/(loss) for the year<br/>attributable to owners of the Company</b>                 |       | <u><b>8,719</b></u>    | <u><b>(37,599)</b></u> |
| <b>Loss per share</b>   | 9     |                        |                        |
| - Basic (RMB cents per share)   |       | <u><b>(1.11)</b></u>   | <u><b>(1.90)</b></u>   |
| - Diluted (RMB cents per share)   |       | <u><b>(1.11)</b></u>   | <u><b>(1.90)</b></u>   |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

|   | Notes | 2017<br>RMB'000  | 2016<br>RMB'000  |
|---|-------|------------------|------------------|
| <b>Non-current asset</b>                    |       |                  |                  |
| Property, plant and equipment               | 10    | <u>6</u>         | <u>11</u>        |
| <b>Current assets</b>                       |       |                  |                  |
| Prepayments, deposits and other receivables |       | 273              | 322              |
| Cash and cash equivalents                   |       | <u>23</u>        | <u>882</u>       |
|   |       | <u>296</u>       | <u>1,204</u>     |
| <b>Current liabilities</b>                  |       |                  |                  |
| Accruals and other payables                 |       | 16,959           | 10,946           |
| Amount due to a shareholder                 | 11    | 214,305          | 230,438          |
| Amounts due to the noteholders              | 12    | 41,017           | 40,299           |
| Amounts due to deconsolidated subsidiaries  | 13    | <u>3,065</u>     | <u>3,295</u>     |
|   |       | <u>275,346</u>   | <u>284,978</u>   |
| <b>Net current liabilities</b>              |       | <u>(275,050)</u> | <u>(283,774)</u> |
| <b>NET LIABILITIES</b>                      |       | <u>(275,044)</u> | <u>(283,763)</u> |
| <b>Capital and reserves</b>                 |       |                  |                  |
| Share capital                               | 14    | 108,198          | 108,198          |
| Share premium and reserves                  |       | <u>(383,242)</u> | <u>(391,961)</u> |
| <b>TOTAL EQUITY</b>                         |       | <u>(275,044)</u> | <u>(283,763)</u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2017*

## 1. GENERAL INFORMATION

DBA Telecommunication (Asia) Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 309 GT, Uglan House, South Church Street, George Town, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business is Room 1701-02, Chinachem Johnston Plaza, 178-186 Johnston Road, Wan Chai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the trading in shares of the Company has been suspended since 6 June 2013.

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are set out in note 19 to the consolidated financial statements.

## 2. BASIS OF PREPARATION

### **Suspension of trading in shares of the Company**

References are made to the Company’s announcements dated 6 June 2013 and 19 June 2013 respectively in relation to, among others things, clarification of the press release and delay in publication of the audited consolidated financial statements of the Company and its subsidiaries (collectively “**the Group**”) for the year ended 31 December 2012. At the request of the Company, trading in shares of the Company has been suspended since 6 June 2013.

On 5 September 2013, the Stock Exchange issued a letter to the Company stating that it considers it appropriate to impose on the Company the following conditions for resumption of trading in the shares of the Company:

- (i) publish all outstanding financial results required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and address any audit qualifications; and
- (ii) complete the independent board committee’s review on the circumstances that had led to the publication of the announcement of the Company dated 28 March 2013 in relation to the Company’s results for the year ended 31 December 2012 and the delay in the dispatch of its 2012 annual report as part of an assessment of the Company’s internal systems and controls, and address any issues identified by the independent board committee, with appropriate disclosure.

Reference is made to the Company’s announcement dated 30 April 2014, certain Company’s subsidiaries in the People’s Republic of China (the “**PRC**”) have encountered labour disputes since the layoff of employees in the respective subsidiaries of the Company from October 2013 (the “**Labour Disputes Event**”). The former directors and the chairman of the Company’s board (the “**Board**”) of directors (the “**Directors**”) have noticed in March 2014 that certain information and documents were missing and suspected to be removed by previous employees of the Company’s PRC subsidiaries during the Labour Disputes Event (the “**Missing Documents**”).

For the period from June 2013 to May 2014, there were several changes in the Directors of the Company and senior management of the Group including (i) resignation of three executive Directors on 12 November 2013 and 25 May 2014; (ii) appointment of two new executive Directors on 23 May 2014; (iii) resignation of an executive Director (also as the chief financial officer and the company secretary) on 27 September 2013; and (iv) appointment of the new chief financial officer and the company secretary on 22 October 2013 and 7 October 2013.

Reference is made to the Company's announcement dated 4 July 2014, the Board confirmed that a Bank in PRC issued and filed a writ of summons against a PRC subsidiary of the Company for a breach of loan agreements due to default in repayments of loans in the aggregate principal amount of RMB170,000,000 and all related interests.

By a letter dated 15 January 2015, the Stock Exchange informed the Company was placed in the first stage of the delisting procedures under Practice Note 17 ("PN 17") to the Listing Rules, and the Company was required to submit a viable resumption proposal at least 10 business days before 14 July 2015, to address the following resumption conditions:

- (i) address the resumption conditions imposed by the Stock Exchange on 5 September 2013 as announced by the Company on 26 September 2013;
- (ii) demonstrate the Company's compliance with Rule 13.24; and
- (iii) demonstrate that the Company has an adequate financial reporting procedures and internal control system to meet its obligations under the Listing Rules.

The Company submitted its resumption proposal (the "**Resumption Proposal**") in response to the resumption conditions to the Stock Exchange on 26 June 2015. Following their submission, the Company received a letter from the Stock Exchange on 28 July 2015 stating, amongst others, that the first delisting stage was expired on 14 July 2015 and the Stock Exchange considered that the Resumption Proposal failed to satisfy the resumption conditions as set out in the letters from the Stock Exchange dated 5 September 2013 and 15 January 2015. Upon to the abovementioned, the Company was placed in the second delisting stage under PN 17 to the Listing Rules, and the Company was required to submit a viable resumption proposal at least 10 business days before 27 January 2016, to address the following resumption conditions:

- (i) publish all outstanding financial results and address any audit qualifications;
- (ii) demonstrate sufficient operations or assets under Rule 13.24 of the Listing Rules;
- (iii) complete the independent board committee's review on relevant audit issues as stated in the announcement of the Company dated 19 June 2013 (the "**Audit Issues**") and circumstances that had led to the publication of the preliminary results announcement ("Preliminary Results Announcement") and the delay in the dispatch of the Company's annual report for the year ended 31 December 2012, address any issues identified by the independent board committee, address the Stock Exchange's concerns on whether the Audit Issues indicate any irregularities and demonstrate that there is no reasonable regulatory concern about management integrity which will pose a risk to investors and damage market confidence; and
- (iv) demonstrate that the Company has an adequate financial reporting procedures and internal control system to meet its obligations under the Listing Rules.

At the end of the second delisting stage, the Company did not provide a viable resumption proposal to the Stock Exchange to demonstrate its sufficiency of operations or assets for listing. Therefore, the Stock Exchange placed the Company in the third delisting stage on 9 March 2016. If the Company fails to submit a viable resumption proposal to address the 3rd Resumption Conditions to the Stock Exchange at the end of the third delisting stage (i.e. 8 September 2016), the Company's listing will be cancelled.

The Company has submitted the updated resumption proposal in response to the resumption conditions to the Stock Exchange on 19 August 2016, prior to the expiry of the third stage of delisting procedures. The Company has also filed the new listing application to the Stock Exchange in relation to the proposed acquisition which constitutes a very substantial acquisition and reverse takeover involving a new listing application on 24 August 2016 ("**First New Listing Application**").

Pursuant to Rule 9.03(1) of the Listing Rules, the First New Listing Application have subsequently lapsed on 24 February 2017. The Company has filed the new listing application to the Stock Exchange in relation to the proposed acquisition which constitutes a very substantial acquisition and reverse takeover involving a new listing application on 22 May 2017 (“**Second New Listing Application**”).

Pursuant to Rule 9.03(1) of the Listing Rules, the Second New Listing Application have lapsed on 22 November 2017. The Company resubmitted a third new listing application to the Stock Exchange on 21 December 2017 ( “**Third New Listing Application**” )

Pursuant to Rule 9.03(1) of the Listing Rules, the Third New Listing Application have lapsed on 22 June 2018. The Company remains committed to proceed with the renewal of the new listing application in the near future and is still endeavouring to meet the requirements of the Stock Exchange.

### **Proposed restructuring of the Group**

The restructuring of the Group consists of:

- (i) Winding-up of International Intelligent System Limited (“**International Intelligent**”) and Skyban International Holdings Limited (“**Skyban**”);
  - (ii) Capital reorganisation;
  - (iii) Placing of new shares;
  - (iv) Debt restructuring by way of scheme;
  - (v) Issuance of notes; and
  - (vi) Acquisition
- (i) *Winding-up of International Intelligent and Skyban*

Since December 2013, the original business which consists of information technology business, intelligent self-services business and agency business have been suspended gradually (the“**Original Business**”). The Board considers that the suspension of the business operations of its subsidiaries in PRC was mainly attributable to (a) the labour disputes aroused from the layoff of employees in the respective subsidiaries of the Company from October 2013; and (b) the lack of working capital of the Group to carry out its normal operations due to (i) the failure to achieve functionality upgrade and replacement of the intelligent self-service terminals of the Group, and (ii) the low confidence of the Group’s relationship banks, which ceased and terminated certain borrowings of the Group. The Company had attempted to resume the business operations of its PRC subsidiaries but eventually failed. Accordingly, the Board is of the view that its PRC business operations are no longer viable and the Group should search for other sustainable and viable business opportunities. In view of the above, the Board resolved to wind-up International Intelligent and Skyban, which would in return, carves out the Original Business. On 28 May 2015, International Intelligent and Skyban were placed into liquidation by resolutions of their sole member respectively. Mrs. Kerry Graziola of Deloitte Ltd. in British Virgin Islands and Mr. Darach E. Haughey of Deloitte Touche Tohmatsu in Hong Kong were appointed as the Joint Liquidators of International Intelligent and Skyban. On 28 June 2017, a resolution was passed at a meeting of the creditors, approving the resignation of Mrs. Kerry Graziola and appointing Mr. Darren Reeds of Deloitte Ltd. in British Virgin Islands as liquidator.

**(ii) Capital reorganisation**

The capital reorganisation (the “**Capital Reorganisation**”) comprises (i) capital reduction; and (ii) authorized share capital increase. Other than the expenses incurred in the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operation or financial position of the Group, or affect the interests of the shareholders.

In addition, upon the capital reduction becoming effective, the credit standing to the share premium account of the Company to the extent of approximately HK\$213,000,000 will be reduced to zero and such credit will be applied to set off the accumulated losses of the Company or part thereof as permitted by the laws of the Cayman Islands (“**Share Premium Reduction**”). The Share Premium Reduction does not require the approval of the existing shareholders or the Grand Court of the Cayman Islands.

**(iii) Placing of new shares**

On 22 July 2016, the Company entered into the placing agreement (the “**Previous Placing Agreement**”) with the placing agent, pursuant to which the Company appointed the placing agent and the placing agent agrees to act as placing agent to place, on a best effort basis, the 50,000,000 placing shares at a price of HK\$0.6 per placing share to not less than six placees who and whose ultimate beneficial owners are independent third parties, subject to the conditions of the Previous Placing Agreement.

On 17 May 2017, as agreed by the Company and the placing agent, the Previous Placing Agreement is superseded and replaced in its entirety by the Company entered into the new placing agreement (the “**Placing Agreement**”), pursuant to which the Company appointed the placing agent and the placing agent agrees to act as placing agent to place, on a best effort basis, the 70,000,000 placing shares at a price of HK\$0.6 per placing share to not less than six placees who and whose ultimate beneficial owners are independent third parties, subject to the conditions of the Placing Agreement.

The Company intends to use the net proceeds of approximately HK\$26,800,000 and approximately HK\$13,500,000 as to the Scheme Fund and the costs and expenses in connection with the restructuring of the Group respectively. The placing shares will be issued pursuant to the specific mandate to be sought from the shareholders at the extraordinary general meeting. The placing completion is subject to the fulfilment of the conditions in the Placing Agreement.

**(iv) Debt restructuring by way of scheme**

The Company will implement scheme of arrangement in Hong Kong to settle all its debts of the Company. Under the scheme, scheme cash consideration and creditors' shares will be applied as full and final settlement to the creditors of the scheme. Pursuant to the scheme, each creditor shall receive scheme cash consideration (equivalent to HK\$0.10 per HK\$1.00 of their admitted claim) and creditors' shares (on the basis of a fixed pool of initially 218,441,017 new shares (after Capital Reorganisation of the Company) (“**New Shares**”) (or such other number as may be agreed and approved by The Stock Exchange and High Court of Hong Kong), each HK\$1.00 of admitted claims will be converted to 0.8138 New Shares (round down to the nearest share)). In addition to the scheme cash consideration and creditors' shares, all necessary scheme costs and preferential claims of the Company, if any, will be settled under the scheme.

(v) *Issuance of notes*

On 18 September 2014, the Company and the investor (the “**Investor**”) entered into the notes facility agreement (the “**Notes Facility Agreement**”) with respect that the Company will issue the notes in aggregate principal amount of HK\$30,000,000 to the Investor at zero interest rate for 12 months from the respective issue date of the notes. The holder of the notes may, before the expiry of the respective notes, extend the term of the respective notes for a further term of 12 months. Subsequently on 30 December 2014, the Company entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Investor whereas the Company and the Investor agreed that the completion date for the subscription of the notes with principal amount of HK\$20,000,000 be extended from on or before 30 December 2014 to on or before 31 January 2015. On 23 September 2015, 23 September 2016 and 23 September 2017, supplemental agreements were entered into between the Company and the Investor to extend the expiry of the first tranche for a further term of 12 months commencing from 25 September 2015, from 25 September 2016 and from 25 September 2017 respectively. On 28 January 2016 and 28 January 2017, supplemental agreements were entered into between the Company and the Investor to extend the expiry of the second tranche for a further term of 12 months commencing from 31 January 2016 and from 31 January 2017 respectively. Pursuant to the Notes Facility Agreement, the Company has agreed to provide the Investor the right to subscribe up to 85,714,285 warrants, which will entitle the holder the right to subscribe 85,714,285 shares at an exercise price of HK\$0.35 per share (subject to adjustment pursuant to the Notes Facility Agreement) during the period of 12 months after the Company’s shares resume trading and necessary approval from the Stock Exchange is obtained. Please refer to the Company’s announcement dated 18 September 2014 and 31 December 2014 for details.

On 23 September 2015, 23 September 2016 and 23 September 2017, supplemental agreements were entered into between the Company and the Investor to extend the expiry of the first tranche of the notes with principal amount of HK\$10,000,000 ( “**First Tranche**” ) for a further term of 12 months to 24 September 2016, 24 September 2017 and 24 September 2018 respectively. On 28 January 2016 and 28 January 2017, supplemental agreements were entered into between the Company and the Investor to extend the expiry of the second tranche of the notes with principal amount of HK\$20,000,000 ( “**Second Tranche**” ) for a further term of 12 months to 30 January 2017 and 30 January 2018 respectively. On 30 December 2017, a supplemental agreement was entered into between the Company and the Investor to amend the long stop date of both the First Tranche and Second Tranche to 30 June 2018.

On 30 June 2018, the First Tranche and Second Tranche expired, the Company and the Investor are currently arranging for a supplemental agreement to further amend the long stop date of both the First Tranche and Second Tranche to a later date.

On 21 July 2016, the Company and the second investor (the “**Second Investor**”) entered into the notes facility agreement (the “**Second Notes Facility Agreement**”) with respect that the Company will issue the notes in aggregate principal amount of HK\$40,000,000 to the Second Investor at zero interest rate for 12 months from the respective issue date of the notes. The holder of the notes may, before the expiry of the respective notes, extend the term of the respective notes for a further term of 12 months. On 21 July 2016, the long stop date of the Second Notes Facility Agreement has been extended to 31 December 2017 as agreed between the Second Investor and the Company pursuant to a supplemental agreement. Pursuant to the Second Notes Facility Agreement, the Company has agreed to provide the Second Investor the right to subscribe for up to 80,000,000 warrants, which will entitle the holder the right to subscribe 80,000,000 shares at an exercise price of HK\$0.50 per share during the period of 12 months after the Company’s shares resume trading and necessary approval from the Stock Exchange is obtained. Please refer to the Company’s announcement dated 4 August 2016 and 17 May 2017 for details.

On 21 July 2016 and 30 December 2017, the long stop date of the Second Notes Facility Agreement has been extended to 31 December 2017 and 30 June 2018 respectively as agreed between the Second Investor and the Company pursuant to the supplemental agreements.



On 30 June 2018, the Second Notes Facility Agreement expired, the Company and the Second Investor are currently arranging for a supplemental agreement to further amend the long stop date of the Second Notes Facility Agreement to a later date.

**(vi) Acquisition**

The Company is endeavoring to meet the Stock Exchange's requirements, in particular it is in the process of conducting certain group restructuring and has been in active negotiation for a possible acquisition which may constitute a reverse takeover for the Company if materialized. On 29 May 2015, the Company entered into a memorandum of understanding with Jing Chen International Investment (Holdings) Limited and Ka Wah Investment Holdings Limited (together refer to "Vendors"), pursuant to which the Company conditionally agreed to purchase and the Vendors conditionally agreed to dispose of the entire issued share capital of a target Company ("Proposed Acquisition") for a preliminary consideration of HK\$600,000,000 (subject to further negotiation) which shall be satisfied by the issue of 1,000,000,000 consideration shares at the issue price of HK\$0.60 per consideration share by the Company to the Vendors.

On 19 June 2015, the Company as the purchaser and the Vendors have entered into a conditional sale and purchase agreement in relation to the Proposed Acquisition (the "Acquisition Agreement"). Completion of the Acquisition Agreement is conditional on, amongst others, the grant of a waiver in respect of the obligation of the Vendors and the parties acting in concert (as defined under the Takeovers Code) with them to make a mandatory general offer to other shareholders of the Company in respect of the shares of the Company. On 30 December 2016 and 30 December 2017, supplemental acquisition agreements were entered into between the Company and the Vendors whereby the parties agree to extend the long stop date of the Acquisition Agreement to 31 December 2017 and 30 June 2018 respectively.

On 30 June 2018, the Acquisition Agreement expired, the Company and the Vendors are currently arranging for a supplemental agreement to further amend the long stop date of the Acquisition Agreement to a later date.

**Deconsolidation of subsidiaries**

The consolidated financial statements have been prepared based on the books and records maintained by the Group. However, as a result of the Labour Disputes Event and the Missing Documents, by that time, the Directors considered that the control over the following subsidiaries had been lost. Since then, the Directors neither had control over the operating and financial activities, nor any access to the underlying accounting books and records of those subsidiaries. Due to the lack of control and financial information, the Directors considered that it was impracticable to consolidate the results, assets, liabilities and cash flows of these subsidiaries from 1 January 2012.

- (1) 沃眾智能系統服務 ( 中國 ) 有限公司  
(Wozhong Intelligent System Service (China) Co., Ltd.)\*
- (2) 沃眾電子支付技術服務 ( 福建 ) 有限公司  
(Wozhong e-Payment Technology Service (Fujian) Co., Ltd.)\*
- (3) 沃眾廣告 ( 福州 ) 有限公司  
(Wozhong Advertising (Fuzhou) Co., Ltd.)\*
- (4) 福建締邦實業有限公司  
(Fujian Create State Industry Co., Ltd.)\*
- (5) 天邦電訊 ( 福建 ) 有限公司  
(Skyban Telecommunication (Fujian) Limited)\*

\* *The English name is for identification purpose only*

As mentioned in above, as a result of the winding-up of International Intelligent and Skyban on 28 May 2015, the results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group from 28 May 2015.

(6) International Intelligent System Limited

(7) Skyban International Holdings Limited

#### **Latest development of the proposed restructuring of the Group**

To address the resumption conditions imposed by the Stock Exchange, the Directors has completed/ formulated the detailed plans as below:

**(i) *Publish all outstanding financial results and address any audit qualifications***

The Company has published the annual results announcement for the year ended 31 December 2012, 2013, 2014 and 2015 on 12 October 2016. It has also published the unaudited interim results announcements for the six months ended 30 June 2013, 2014, 2015 and 2016 on 3 April 2017.

**(ii) *Demonstrate the Company's compliance with rule 13.24 of the Listing Rules***

The Company has submitted the updated resumption proposal on 19 August 2016 to the Stock Exchange and has further submitted the First New Listing Application, Second New Listing Application and Third New Listing Application in relation to the Proposed Acquisition which constitutes a reverse takeover on 24 August 2016, 22 May 2017 and 21 December 2017, respectively. As set out in the Company's announcements dated 19 June 2015 and 16 October 2015, the Company entered into the Acquisition Agreement with the Vendors, pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to dispose of their respective entire holding of a target company. The Directors believe that the Group's proposed restructuring, involving among other things the Proposed Acquisition, would enable the Group to continue and enhance its business operations to amply satisfy objectively the requirements for a sufficient level of operations or tangible assets of sufficient value as stipulated under rule 13.24 of the Listing Rules.

As at this date, the Company and the relevant professional parties are still in the process of preparing and updating certain information in relation to the Third New Listing Application and such approval is yet to be granted by the Listing Committee of the Stock Exchange.

**(iii) *Complete the independent board committee's review on the Audit Issues***

According to the updated resumption proposal, the Independent Board Committee has engaged an internal control consultant to conduct a review on the Audit Issues and the Company's internal control. Based on the results of the Audit Issues / internal control review, the independent board committee considered that there is no reasonable concern about management integrity which will pose a risk to the investors and damage market confidence. In response to the publication of the Preliminary Results Announcement, the Company has also designed a policy to monitor the preparation / publication of annual result announcement and the same shall be implemented upon the resumption of trading of the Company on the Stock Exchange.

**(iv) Demonstrate the Company has put in place adequate financial reporting procedures and internal control systems**

The Independent Board Committee has engaged an internal control consultant to conduct a review on the financial reporting procedures and internal control systems of the Company; and the internal control consultant has provided certain recommendation for the Company's consideration / implementation. The Directors confirmed that the Group has adopted the recommendations from the internal control consultant and put in place adequate financial reporting procedures and internal control systems. The Group will also make sure that an effective internal control and compliance system is in place and ensure it will be able to meet its obligations under the Listing Rules.

The Company is endeavouring to meet the Stock Exchange's requirements and shall publish further announcement(s) to update shareholders and potential investors of the Company on the development of the Company as and when appropriate in compliance with the Listing Rules.

**Going concern basis**

The Group incurred a loss attributable to owners of the Company of approximately RMB11,596,000 for the year ended 31 December 2017 and as at 31 December 2017 the Group had net current liabilities and net liabilities of approximately RMB275,050,000 and approximately RMB275,044,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Group will be successfully completed, and that, following restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

**3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

#### 4. OTHER REVENUE AND OTHER NET INCOME

|                | <b>2017</b>    | 2016     |
|----------------|----------------|----------|
|                | <b>RMB'000</b> | RMB'000  |
| Exchange gains | -              | 6        |
|                | <u>-</u>       | <u>6</u> |
|                | <u>-</u>       | <u>6</u> |

#### 5. INCOME TAX

|             | <b>2017</b>    | 2016     |
|-------------|----------------|----------|
|             | <b>RMB'000</b> | RMB'000  |
| Current tax | -              | -        |
|             | <u>-</u>       | <u>-</u> |

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong for each of the years ended 31 December 2017 and 2016.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax and the loss before tax are as follows

|   | <b>2017</b>     | 2016            |
|---|-----------------|-----------------|
|   | <b>RMB'000</b>  | RMB'000         |
| Loss before tax   | <u>(11,596)</u> | <u>(19,783)</u> |
| Notional tax on loss before tax, calculated at the rates applicable<br>to loss in the tax jurisdictions concerned | (1,913)         | (3,264)         |
| Tax effect of non-taxable income, non-deductible expense and<br>unused tax losses not recognised                  | 1,948           | 3,320           |
| Effect of different tax rates of a subsidiary   | (35)            | (56)            |
|   | <u>-</u>        | <u>-</u>        |
|   | <u>-</u>        | <u>-</u>        |

The Group had no significant deferred tax for each of the years ended 31 December 2017 and 2016.

## 6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

|   | <b>2017</b>    | 2016    |
|---|----------------|---------|
|   | <b>RMB'000</b> | RMB'000 |
| Auditor's remuneration                                    | <b>357</b>     | 371     |
| Depreciation  | <b>5</b>       | 4       |
| Exchange loss/(gains), net                                | <b>5</b>       | (6)     |
| Operating lease payments in respect of premises           | <b>505</b>     | 391     |
| Staff costs (including directors' remuneration - note 7): |                |         |
| Salaries, bonus and allowances                            | <b>4,123</b>   | 4,288   |
| Retirement benefits scheme contributions                  | <b>174</b>     | 156     |
| Equity settled share-based payment expenses               | <b>-</b>       | -       |
|   | <b>4,297</b>   | 4,444   |

## 7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

(a) The emoluments of each Director were as follows:

|   |       | For the year ended 31 December 2017 |                                  |   |   |                                 |                  |
|---|-------|-------------------------------------|----------------------------------|---|---|---------------------------------|------------------|
| Name of Director                            | Notes | Directors' Fee<br>RMB'000           | Discretionary bonuses<br>RMB'000 | Salaries, allowances and benefits<br>in kind<br>RMB'000 | Retirement benefit scheme<br>contributions<br>RMB'000 | Share-based payments<br>RMB'000 | Total<br>RMB'000 |
|   |       |                                     |                                  |   |   |                                 |                  |
| <b>Executive Directors:</b>                 |       |                                     |                                  |   |   |                                 |                  |
| Mr. Zheng Feng                              | (i)   | -                                   | -                                | -   | -   | -                               | -                |
| Mr. Yu Yixiang                              |       | -                                   | -                                | 579   | 16  | -                               | 595              |
| Mr. Mo Mingqiang                            |       | -                                   | -                                | 395   | -   | -                               | 395              |
| <b>Independent Non-executive Directors:</b> |       |                                     |                                  |   |   |                                 |                  |
| Mr. Chen Xiao                               |       | 260                                 | -                                | -   | -   | -                               | 260              |
| Mr. Yue Fang *                              |       | 60                                  | -                                | -   | -   | -                               | 60               |
| Mr. Zou Jinshi *                            |       | 60                                  | -                                | -   | -   | -                               | 60               |
|   |       | <b>380</b>                          | <b>-</b>                         | <b>974</b>  | <b>16</b>   | <b>-</b>                        | <b>1,370</b>     |

|   |       | For the year ended 31 December 2016 |                                  |   |   |                                 |                  |
|---|-------|-------------------------------------|----------------------------------|---|---|---------------------------------|------------------|
| Name of Director                            | Notes | Directors' Fee<br>RMB'000           | Discretionary bonuses<br>RMB'000 | Salaries, allowances and benefits<br>in kind<br>RMB'000 | Retirement benefit scheme<br>contributions<br>RMB'000 | Share-based payments<br>RMB'000 | Total<br>RMB'000 |
|   |       |                                     |                                  |   |   |                                 |                  |
| <b>Executive Directors:</b>                 |       |                                     |                                  |   |   |                                 |                  |
| Mr. Zheng Feng                              | (i)   | -                                   | -                                | 200   | -   | -                               | 200              |
| Mr. Yu Yixiang                              |       | -                                   | -                                | 621   | 16  | -                               | 637              |
| Mr. Mo Mingqiang                            |       | -                                   | -                                | 410   | -   | -                               | 410              |
| <b>Independent Non-executive Directors:</b> |       |                                     |                                  |   |   |                                 |                  |
| Mr. Chen Xiao                               |       | 257                                 | -                                | -   | -   | -                               | 257              |
| Mr. Yue Fang *                              |       | 60                                  | -                                | -   | -   | -                               | 60               |
| Mr. Zou Jinshi *                            |       | 60                                  | -                                | -   | -   | -                               | 60               |
|   |       | <b>377</b>                          | <b>-</b>                         | <b>1,231</b>  | <b>16</b>   | <b>-</b>                        | <b>1,624</b>     |

Notes:

(i) Resigned on 7 January 2017

\* For identification purpose only

**(b) Five highest paid individuals' emoluments**

Two (2016: Two) of the five highest paid individuals of the Group were the Directors whose emolument is set out in the above. The details of the remaining employees' emoluments of the Company were as follows:

|                                    | 2017         | 2016         |
|------------------------------------|--------------|--------------|
|                                    | RMB'000      | RMB'000      |
| Salaries and other benefits        | 2,116        | 2,256        |
| Contributions to retirement scheme | 94           | 87           |
| Share-based payments               | -            | -            |
|                                    | <u>2,210</u> | <u>2,343</u> |

The emoluments of the remaining three (2016: three) individual with highest emoluments are from nil up to RMB867,000 (equivalent of HK\$1,000,000) (2016: nil up to RMB856,000 (equivalent of HK\$1,000,000)).

- (c) During the year, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

**8. DIVIDEND**

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

**9. LOSS PER SHARE**

**(a) Basic loss per share**

The calculation of basic loss per share attributable to owners of the Company is based on the loss of approximately RMB11,596,000 (2016: approximately RMB19,783,000) for the year attributable to owners of the Company and the weighted average number of 1,040,900,000 (2016: 1,040,900,000) ordinary shares in issue during the year.

**(b) Diluted loss per share**

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2017 and 2016 in respect of a dilution as there was no dilutive potential ordinary shares for the Company's outstanding options.

## 10. PROPERTY, PLANT AND EQUIPMENT

|  | <b>Furniture,<br/>fixture and<br/>equipment<br/>RMB'000</b> |
|--|---|
| <b>Cost:</b>   |   |
| At 1 January 2016  | 20  |
| Written off  | (1)   |
| At 31 December 2016, 1 January 2017 and 31 December 2017 | <u>19</u>   |
| <b>Accumulated depreciation:</b>                         |   |
| At 1 January 2016  | 4   |
| Charge for the year                                      | 4   |
| At 31 December 2016                                      | 8   |
| Charge for the year                                      | 5   |
| At 31 December 2017                                      | <u>13</u>   |
| <b>Carrying amounts:</b>                                 |   |
| At 31 December 2017                                      | <u>6</u>  |
| At 31 December 2016                                      | <u>11</u>   |

## 11. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and has no fixed term of repayment.

## 12. AMOUNTS DUE TO THE NOTEHOLDERS

As disclosed in note 2 to these consolidated financial statements, as at 31 December 2017, pursuant to the terms of the Notes Facility Agreement and the Supplement Agreement, the Investor has completed subscription for the Notes Facility Agreement with principal amount of approximately RMB24,985,000 (equivalent to HK\$30,000,000) (2016: RMB26,866,000, equivalent to HK\$30,000,000) and pursuant to the terms of the Second Notes Facility Agreement, the Second Investor has completed subscription for the Notes Facility Agreement with principal amount of approximately RMB16,032,000 (equivalent to HK\$19,250,000) (2016: RMB13,433,000, equivalent to HK\$15,000,000).

## 13. AMOUNTS DUE TO DECONSOLIDATED SUBSIDIARIES

The amounts due to deconsolidated subsidiaries are unsecured, interest-free and has no fixed term of repayment.



## 14. SHARE CAPITAL

|                                  | <b>Number of<br/>shares</b> |                |
|----------------------------------|-----------------------------|----------------|
| Ordinary shares of HK\$0.10 each | '000                        | HK\$'000       |
| Authorised:                      |                             |                |
| At 31 December 2017 and 2016     | <u>4,000,000</u>            | <u>400,000</u> |
|                                  | <b>Number of<br/>shares</b> |                |
| Issued and fully paid:           | '000                        | RMB'000        |
| At 31 December 2017 and 2016     | <u>1,040,900</u>            | <u>108,198</u> |

### Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly revise and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, the Group defined net debt as total debt (which includes borrowings and other payables ) less cash and cash equivalents.

As the Group had a net deficiency in capital at 31 December 2017 and 2016, the Group's gearing ratio as at that dates were not applicable. The Directors have given careful consideration on the measures currently undertaken in respect of the Group's liquidity position. The Directors believe that the Group will be able to meet in full its financial obligations as they fall due upon the completion of the proposed restructuring of the Group, as further explained in note 2 to these consolidated financial statements.

## 15. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity.

(b) Company

|   | <u>Share premium</u> | <u>Foreign currency translation reserve</u> | <u>Share option reserve</u> | <u>Accumulated losses</u> | <u>Total</u>   |
|---|----------------------|---|-----------------------------|---------------------------|----------------|
|   | <u>RMB'000</u>       | <u>RMB'000</u>                              | <u>RMB'000</u>              | <u>RMB'000</u>            | <u>RMB'000</u> |
| At 1 January 2016   | 220,169              | (155,325)                                   | 1,321                       | (418,573)                 | (352,408)      |
| Exchange difference on translation into presentation currency | -                    | (17,615)                                    | -                           | -                         | (17,615)       |
| Loss for the year   | -                    | -   | -                           | (18,220)                  | (18,220)       |
| Lapse of share options  | -                    | -   | (1,321)                     | 1,321                     | -              |
| At 31 December 2016 and 1 January 2017                        | 220,169              | (172,940)                                   | -                           | (435,472)                 | (388,243)      |
| Exchange difference on translation into presentation currency | -                    | 20,024                                      | -                           | -                         | 20,024         |
| Loss for the year   | -                    | -   | -                           | (10,394)                  | (10,394)       |
| At 31 December 2017   | 220,169              | (152,916)                                   | -                           | (445,866)                 | (378,613)      |

(c) Nature and purpose of reserves of the Group and the Company

(i) *Share premium account*

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which a dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Foreign currency translation reserve*

The foreign currency translation reserve comprise all foreign exchange differences arising from the translation of the financial statement of foreign operations.

(iii) *Share option reserve*

The share option reserve comprises the portion of the fair value of unexercised share options granted that has been recognised in accordance with the accounting policy adopted for share-based payments.

## 16. COMMITMENTS

### (a) Lease commitments

As at 31 December 2017 and 2016, the Group had commitments for future minimum lease payments under noncancellable operating leases in respect of premises which fall due as follows:

|                                       | <b>2017</b>       | 2016       |
|---------------------------------------|-------------------|------------|
|                                       | <b>RMB'000</b>    | RMB'000    |
| Within one year                       | <b>158</b>        | 406        |
| In the second to fifth year inclusive | -                 | 138        |
|                                       | <u><b>158</b></u> | <u>544</u> |

### (b) Capital commitments

The Directors were not aware of any significant capital commitments of the Group at the end of the reporting period.

## 17. CONTINGENT LIABILITIES

The Directors were not aware of any significant contingent liabilities of the Group at the end of the reporting period.

18. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|   | 2017<br>RMB'000  | 2016<br>RMB'000  |
|---|------------------|------------------|
| <b>Non-current assets</b>                   |                  |                  |
| Investments in subsidiaries                 | <u>63</u>        | <u>63</u>        |
| <b>Current assets</b>                       |                  |                  |
| Prepayments, deposits and other receivables | 143              | 154              |
| Amounts due from subsidiaries               | 4,192            | 4,512            |
| Cash and cash equivalents                   | <u>5</u>         | <u>7</u>         |
|   | <u>4,340</u>     | <u>4,673</u>     |
| <b>Current liabilities</b>                  |                  |                  |
| Accruals and other payables                 | 16,441           | 10,759           |
| Amount due to a shareholder                 | 214,305          | 230,438          |
| Amounts due to the noteholders              | 41,017           | 40,299           |
| Amounts due to deconsolidated subsidiaries  | <u>3,055</u>     | <u>3,285</u>     |
|   | <u>274,818</u>   | <u>284,781</u>   |
| <b>Net current liabilities</b>              | <u>(270,478)</u> | <u>(280,108)</u> |
| <b>NET LIABILITIES</b>                      | <u>(270,415)</u> | <u>(280,045)</u> |
| <b>Capital and reserves</b>                 |                  |                  |
| Share capital                               | 108,198          | 108,198          |
| Reserves                                    | <u>(378,613)</u> | <u>(388,243)</u> |
| <b>TOTAL EQUITY</b>                         | <u>(270,415)</u> | <u>(280,045)</u> |

## 19. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

| <u>Name</u>   | <u>Place of incorporation/ registration</u> | <u>Issued/ issued and paid-up capital</u> | <u>Percentage of ownership interest</u> |                 | <u>Principal activities</u> |
|---|---|---|---|-----------------|-----------------------------|
|   |   |   | <u>Direct</u>                           | <u>Indirect</u> |                             |
| Tianrun Investment (China) Limited                                    | British Virgin Islands                      | 10,000 ordinary shares of US\$1 each      | 100%                                    | -               | Dormant                     |
| Excel Intelligent Technology (Hong Kong) Limited                      | Hong Kong                                   | 100 ordinary shares                       | -                                       | 100%            | Dormant                     |
| Jincaicheng (Fuzhou) Information Technology Ltd. *<br>金彩呈（福州）信息科技有限公司 | The PRC                                     | RMB5,000,000/<br>RMB1,754,705             | -                                       | 100%            | Dormant                     |

\* For identification purposes only

Note:

Jincaicheng (Fuzhou) Information Technology Ltd. is a foreign owned enterprise established in the PRC.

## 20. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's business and financial restructuring in progress, and further details of which are stated in note 2 to these consolidated financial statements.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other 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 auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2017. The work performed by ZHONGHUI ANDA 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

The auditor of the Company has expressed modified opinion on the Company's consolidated financial statements of the Group for the year ended 31 December 2017, an extract of which is as follows:

### **Disclaimer of opinion**

We do not express an opinion on the consolidated financial statements of the Group and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

### **Basis for disclaimer of opinion**

#### ***1. Opening balances and corresponding figures***

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2016, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty relating to the going concern basis, details of which are set out in our auditor's report dated 31 October 2018.

There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of certain opening balances and corresponding figures (as further detail explained in the following paragraphs) shown in the current year's consolidated financial statements.

#### ***2. Deconsolidation of the subsidiaries***

Certain subsidiaries of the Company in the People's Republic of China were deconsolidated from the Group since 1 January 2012. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of these subsidiaries since 1 January 2012 and throughout the year ended 31 December 2017 and 2016.

Accordingly, no sufficient evidence has been provided to satisfy ourselves, in relation to the deconsolidated subsidiaries, as to the completeness of the transactions of the Group for the year ended 31 December 2017 and 2016 and the Group's financial position as at those dates.

### **3. *Share option reserve***

Given the fact that the supporting documents relating to the share options granted by the Company to its ex-directors and eligible persons were incomplete, we are unable to obtain sufficient appropriate audit evidence to verify the accuracy and completeness of the transfer of share option reserve of approximately RMB1,321,000 for the year ended 31 December 2016.

### **4. *Amount due to a shareholder***

In addition to the inherent limitations arising from the consequential correlation impact to certain associated audit modifications points, (1), (2), (5), (6) and (7), as described in this section, we have been unable to obtain sufficient audit evidence in respect of the accuracy and completeness of the amount due to a shareholder of approximately RMB214,305,000 and RMB230,438,000 shown in the consolidated statement of financial position as at 31 December 2017 and 2016 respectively. There were no other satisfactory audit procedures that we could perform to satisfy ourselves whether the aforesaid balances were fairly stated as at 31 December 2017 and 2016.

### **5. *Amounts due to deconsolidated subsidiaries***

No sufficient evidence have been received by us in respect of the amounts due to deconsolidated subsidiaries of approximately RMB3,065,000 and RMB3,295,000 shown in the consolidated statement of financial position as at 31 December 2017 and 2016 respectively. There were no other satisfactory audit procedures that we could perform to satisfy ourselves whether the aforesaid balances were fairly stated as at 31 December 2017 and 2016.

### **6. *Commitments and contingent liabilities***

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 31 December 2017 and 2016.

### **7. *Related party transactions and disclosures***

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions for the year ended 31 December 2017 and 2016 and balances as at 31 December 2017 and 2016 as required by Hong Kong Accounting Standard 24 (Revised) "Related Party Disclosures".

Any adjustments to the figures as described from points 1 to 7 above might have a significant consequential effect on the Group's financial performance and cash flows for the two years ended 31 December 2017 and 2016 and the financial position of the Group as at 31 December 2017 and 2016, and the related disclosures thereof in the consolidated financial statements.

### **8. *Material uncertainty relating to the going concern basis***

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for the resumption of trading in the Company's shares and the proposed restructuring of the Group has been submitted to The Stock Exchange of Hong Kong Limited to pursue a restructuring of the Company.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Review**

The Group has no other revenue and other net income generated for FY2017, representing a decrease of approximately RMB6,000 compared to FY2016 mainly due to decrease in the amount of exchange gains.

The Group's general and administrative expenses was approximately RMB11.6 million representing a decrease of approximately RMB8.2 million compared to FY2016 mainly due to the decrease in legal and professional fees for restructuring exercise during the year.

The loss attributable to owners of the Company was approximately RMB11.6 million for FY2017, representing a loss per share of RMB1.1 cents as compared to a loss of approximately RMB19.8 million for FY2016, representing a loss per share of RMB1.9 cents.

### **Segment information**

The Group has no revenue generated for FY2017.

### **Liquidity, financial resources and gearing ratio**

As at 31 December 2017, bank and cash balances of the Group were approximately RMB23,000 (as at 31 December 2016: approximately RMB0.9 million).

As the Group had a net deficiency in capital as at 31 December 2017 and 2016, the Group's gearing ratio as at that dates were not applicable.

### **Assets and liabilities**

As at 31 December 2017, the Group had total assets of approximately RMB0.3 million (as at 31 December 2016: approximately RMB1.2 million), total liabilities of approximately RMB275.3 million (as at 31 December 2016: approximately RMB285.0 million). The net liabilities of the Group as at 31 December 2017 were approximately RMB275.0 million (as at 31 December 2016: approximately RMB283.8 million).

### **Significant investments and acquisition**

The Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries throughout the year ended 31 December 2017.



## **Charges on the Group assets**

The Group had no charge as at 31 December 2017 and 2016.

## **Reserves**

As at 31 December 2017, the Company did not have any reserves available for distribution. Details of movements in the reserves of the Company and the Group during the year are set out in note 15 to the consolidated financial statements and in the consolidated statement of changes in equity for the year then ended, respectively.

## **Exposure to exchange rate fluctuation**

The Group does not engage in interest rate or foreign exchange speculative activities.

## **Capital structure**

There was no change in the Company's share capital during year.

## **Capital commitments**

The Group and the Company did not have any significant capital commitments as at 31 December 2017 and 2016.

## **Contingent liabilities**

The Group and the Company did not have any significant contingent liabilities as at 31 December 2017 and 2016.

## **Employees**

As at 31 December 2017, the Group had 14 (2016: 14) employees. The total of employee remuneration, including that of the Directors, for the year ended 31 December 2017 amounted to approximately RMB4.3 million (2016: approximately RMB4.4 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

## **COMPETING INTEREST**

None of the Directors of the Company had an interest in a business which competes or may compete with the business of the Group.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2017, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

To the best knowledge of the current Directors of the Company, the Company had adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). Trading in the securities of the Company was suspended since 6 June 2013. During the year, the Company was not aware of any non-compliance with the required standards as set out in the Model Code.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2017, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee comprises three members, namely Mr. Chen Xiao, Mr. Yue Fang and Mr. Zou Jinshi, all being Independent Non-Executive Directors of the Company.

The figures in respect of the Group's consolidated financial statements for the year months ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditors, Messrs. ZHONGHUI ANDA CPA Limited.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to achieve high standard of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability.

To the best knowledge of the current Directors of the Company, the Company had applied the principles as set out in the Code on Corporate Governance Practices ("**CG Code**") contained in Appendix 14 of the Listing Rules.

Due to the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the Directors are unable to comment as to whether the Company had complied with the CG Code throughout the year ended 31 December 2017. On 19 August 2016, the Company submitted to the Stock Exchange the updated resumption proposal. Reference of the said submission is made to and as disclosed in the Company's announcement dated 19 August 2016.

## **SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 6 June 2013 and will remain suspended until further notice.

By order of the Board

**DBA Telecommunication (Asia) Holdings Limited**

**Yu Yixiang**

*Chairman and Chief Executive Director*

Hong Kong, 31 October 2018

*As at the date of this announcement, Mr. Yu Yixiang (Chairman and Chief Executive Director), Mr. Zheng Feng and Mr. Mo Mingqiang are the executive Directors; Mr. Chen Xiao, Mr. Yue Fang\* and Mr. Zou Jinshi\* are the independent non-executive Directors.*

*\* for identification purpose only*