

ASX Preliminary Final Report

Enice Holding Company Limited

ARBN 605 525 326

31 December 2017 Lodged with ASX under Listing Rule 4.3A

This preliminary final report covers the consolidated entity, consisting of Enice Holding Company Limited and its controlled entities. The financial statements are presented in Renminbi (RMB), the official currency of the People's Republic of China, unless otherwise stated.

The report is based on accounts which are in the process of being audited.

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ENICE HOLDING COMPANY LIMITED AND ITS CONTROLLED ENTITIES RESULTS FOR ANNOUNCEMENTS TO THE MARKET

Details of reporting period and the previous corresponding period

Reporting Period: 1 January 2017 until 31 December 2017

Prior Corresponding Period: 1 January 2016 until 31 December 2016

Key Information

	Period ended 31 December 2017 RMB'000	Period ended 31 December 2016 RMB'000	%Change
Revenue from Ordinary operations	510,735	503,767	1.38%
Gross Profit from Ordinary operations	137,292	105,589	30.02%
Total Comprehensive income attributable to member of The Company	59,364	42,490	39.72%

Dividends

No dividends have been paid nor are any dividends proposed to be paid.

Consolidated Statement of Comprehensive Income

Please refer to Page 2

Consolidated Statement of Financial Position

Please refer to Page 3

Consolidated Statement of Change in Equity

Please refer to Page 4

Consolidated Statement of Cash Flow

Please refer to Page 5-6

Additional Dividend Information

The company has not declared any dividends.

Dividend Reinvestment Plan

The company has not dividend reinvestment plan.

Net tangible asset backing

Net tangible asset backing per ordinary share at:

31 December 2016

RMB 0.97 per share

At 31 December 2017, there were 259,300,000 shares on issue, which would convert to an asset backing of RMB 1.20 per share.

Controlled Entities Acquired or Disposed of

The company did not acquire or dispose any entities during the reporting period.

Associated and Joint Ventures Entities

The company has no associated or joint venture entities.

Other significant information

The company has no significant information needs to be disclosed.

Foreign Entities

The report has been prepared under International Financial Reporting Standards.

Commentary on the operations and results

The company earned a profit of RMB 0.23 per share. The Company did not propose any dividend distribution or buy back during the period.

During the financial year 2017, the sales of Wireless and RF products experienced a sharp rise by 53.5% compared to year 2016, which reflects the strong market competitiveness of Enice's Wireless and RF products unit. Also, the revenue of Network Engineering Services achieved a steady increase of 27.4% compared to year 2016. By contrast, the revenue from the Advanced Solutions was decreased from RMB 250 million to RMB 137 million. Based on these, the total revenue of Enice almost remained unchanged compared to the last year.

The COGS in 2017 showed a decrease of RMB 24.72 million. Consequently, the gross profit increased by nearly 30% from RMB 105.589 million to RMB 137.292 million. Due to the exploitation of new markets, the start-up cost in FY 2016 was relatively high but this initial investment provided a valid foundation for future market development. From 2017, the business operation of Enice in these new markets started to make profits. Meanwhile, the company carried out stricter cost and budgeting control also made a contribution for that.

During this year, Enice won the bid of China Mobile's DAS Antenna CCP (Central Procurement Program) again which covers 2018 and 2019. Besides this, Enice won another CPP bid which approximately 8.56% of China Mobile Group's passive components were awarded to Enice from 2017 to 2019.

In the Chinese market, the company's geographic expansion plan was still carried on. Our network engineering team turned the new office into a stable one. Also, Wireless and RF products sales map had expanded to two new provinces. In the next couple of years, the company plans to make more investment on the R&D to explore more kinds of innovative products to meet new needs in the mainland market.

Internationally, our global cooperative partners saw a steady increase and we will keep seeking more global market opportunities and exploit more international markets to boost the company global popularity.

Enice's technology strength has achieved further improvement. More specifically, by 27 February 2018, Enice has owned 39 Chinese registered patents, of which 13 invention patents, 24 are utility model patents and 2 are design patents. In addition, Enice also held 37 invention patent applications, 7 PCT patent applications and 9 software copyrights.

The Board is pleased with the progress that the Company has made in FY 2017, particularly given the profit increased. We look forward to updating shareholders on our progress in the near future.

Statement as to the audit status

The report is based on accounts which are in the process of being audited. The Company expects that the audit, when completed, will result in an unqualified audit opinion.

Enice Holding Company Limited

Consolidated Financial Statements

31 December 2017

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Consolidated statements of profit or loss

	2017	2016
	RMB'000	RMB'000
Revenue	510,735	503,767
Cost of sales	(373,443)	(398,178)
Gross profit	137,292	105,589
Marketing expenses	(4,855)	(4,878)
Administrative expenses	(45,669)	(34,617)
Other gains - net	4,224	1,186
Operating profit	90,992	67,280
Finance costs - net	(14,976)	(14,294)
Profit before income tax	76,016	52,986
Income tax expenses	(16,652)	(10,496)
Profit for the year	59,364	42,490
Profit attributable to:		
Equity holders of the parent	59,364	42,490
Non-controlling interests	<u>-</u>	
	59,364	42,490
Earnings per share:		
Basic earnings for the period attributable to		
ordinary equity holders of the parent	RMBo.23	RMBo.16
Diluted earnings for the period attributable to		
ordinary equity holders of the parent	RMBo.23	RMBo.16

Consolidated statements of comprehensive income

		2016 RMB'000
Profit for the year	59,364	42,490
Total comprehensive income	59,364	42,490
Attributable to: Equity holders of the parent Non-controlling interest	59,364 	42,49 0 -
	59,364	42,490

Consolidated statements of financial position

Assets RMB'oon RMB'oon Non-current assets 59,808 Property, plant and equipment 57,210 59,808 Prepaid land lease payments 32,693 33,523 Intangible assets 1,103 1,241 Deferred tax assets 457 276 Gurrent assets 21,276 14,669 Inventions 22,276 14,669 Trade receivables 690,208 767,272 Prepayments, deposits and other receivables 127,857 110,508 Amounts due from related parties 42,572 44,658 Restricted bank balances 11,279 6,235 Restricted bank balances 12,260 2,610 Cash and cash equivalents 28,166 2,610 Total assets 952,811 766,335 Total assets 952,811 187,405 Total assets 29,265 2,256 Courbal liabilities 99,496 45,144 Equity attributable to equity holders of the parent 313,478 253,814 Non-current liabiliti		2017_	2016
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Non-controlling interests - - Total equity 313,178 253,814 Non-current liabilities - - Other long-term borrowing 40,709 17,898 Total non-current liabilities 40,709 17,898 Current liabilities 234,888 178,213 Trade payables and bills payables 82,077 70,290 Bank borrowings 212,760 207,030 Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521		313,178	253,814
Non-current liabilities Other long-term borrowing 40,709 17,898 Total non-current liabilities 40,709 17,898 Current liabilities 234,888 178,213 Trade payables and bills payables 82,077 70,290 Bank borrowings 212,760 207,030 Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521	•	-	-
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Total non-current liabilities 40,709 17,898 Current liabilities Trade payables and bills payables 234,888 178,213 Advances and other current liabilities 82,077 70,290 Bank borrowings 212,760 207,030 Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521			
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Trade payables and bills payables 234,888 178,213 Advances and other current liabilities 82,077 70,290 Bank borrowings 212,760 207,030 Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521	Total non-current liabilities	40,709	17,898
Advances and other current liabilities 82,077 70,290 Bank borrowings 212,760 207,030 Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521	Current liabilities		
Bank borrowings 212,760 207,030 Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521	Trade payables and bills payables	234,888	178,213
Amounts due to related parties 201 471 Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521	Advances and other current liabilities	82,077	70,290
Other long-term borrowing - current portion 29,062 14,623 Income tax payable 39,936 23,996 598,924 494,623 Total liabilities 639,633 512,521	Bank borrowings	212,760	207,030
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598,924 494,623 Total liabilities 639,633 512,521		29,062	14,623
Total liabilities 639,633 512,521	Income tax payable	39,936	23,996
		598,924	494,623
Total equity and liabilities 952,811 766,335	Total liabilities	639,633	512,521
	Total equity and liabilities	952,811	766,335

Yu Wei	Cheng Bo	Chen Juan
Chief Executive Officer	Chief Financial Officer	Financial Manager

Consolidated statements of changes in equity

Attributable to	the equity holders	of the parent

	Share	Other	Accumulated		lon-controll	
	capital	reserves	Profits/(losses)	Total	ing interest	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2016	187,405	16,093	7,826	211,324	-	211,324
Profit for the year	-	-	42,490	42,490	-	42,490
Appropriation of statutory reserves	-	4,172	(4,172)	-	-	-
As at 31 December 2016	187,405	20,265	46,144	253,814	-	253,814
As at 1 January 2017	187,405	20,265	46,144	253,814	-	253,814
Profit for the year	-	-	59,364	59,364	-	59,364
Appropriation of statutory reserves	-	6,012	(6,012)	-	-	-
As at 31 December 2017	187,405	26,277	99,496	313,178	-	313,178

Consolidated statements of cash flows

	2017	2016
-	RMB'000	RMB'000
Operating activities		
Profit before income tax	76,016	52,986
Adjustments to reconcile profit before tax to net cash		
flows:		
Depreciation of property, plant and equipment	3,080	2,652
Amortization of leasehold land	838	838
Amortization of intangible assets	203	159
Finance income	(1,344)	(64)
Finance costs	15,321	14,396
Provision for write-down of inventories	830	220
Provision of impairment of trade receivables	5,901	896
Provision of impairment of other receivables	(4)	759
Exchange gain	999	(38)
Working capital adjustments:		
Increase in inventories	(6,778)	(4,146)
Increase in trade receivables, other receivables,	(176,835)	(109,283)
deposits and prepayments	(1/0,035)	(109,203)
Increase/(Decrease) in trade payables, accruals,	67,262	(731)
advances from customers and other current liabilities	0/,202	(/31)
(Decrease)/Increase in amounts due to related parties		
for operating activities	(270)	190
-	(14,781)	(41,166)
Interest received	1,344	676
Interest paid	(20,608)	(15,157)
Income tax paid	(712)	(789)
Net cash flows generated from /(used in) operating	/a . ===\	(-66)
activities	(34,757)	(56,436)
Investing activities		
Purchase of property, plant and equipment	(482)	(2,814)
Additions to other Intangible assets	(65)	(880)
Net cash flows used in investing activities	(547)	(3,694)

Consolidated statements of cash flows continued

	2017	2016
	RMB'000	RMB'000
Financing activities		
Proceeds from employees for share incentive plan	(225)	14,990
Proceeds from bank borrowings	259,760	368,030
Repayment of bank borrowings	(254,030)	(346,100)
(Increase) /Decrease in restricted bank balances pledged as security for notes payable and bank loans	(4,984)	(4,349)
Loans to related parties	-	(23,673)
Repayment of loans by related parties	2,087	3,086
Proceeds of other long-term borrowing, net	37,251	32,521
Net cash flows (used in)/ generated from financing activities	39,859	(44,505)
Net increase /(decrease) in cash and cash equivalents	4,555	(15,625)
Effect of foreign exchange rate changes	(999)	(189)
Cash and cash equivalents at 1 January	24,610	40,424
Cash and cash equivalents at 31 December	28,166	24,610