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**Z-Obee Holdings Limited**

**融達控股有限公司\***

**(Provisional Liquidators Appointed)**

*(incorporated in Bermuda with limited liability)*

**(Hong Kong Stock Code: 948)**

**(Singapore Stock Code: D5N)**

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

The board (the “Board”) of directors (the “Directors”) of Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the “Company”) announce the results (the “Results Announcement”) of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2017 (the “Reporting Period”) with comparative figures for the year ended 31 March 2016 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	<i>Note</i>	2017 US\$ (Audited)	2016 US\$ (Audited)
<b>REVENUE</b>	6	<b>22,977,341</b>	12,715,204
Cost of goods sold		<u>(19,661,414)</u>	<u>(10,655,810)</u>
<b>Gross profit</b>		<b>3,315,927</b>	2,059,394
Other income and gain	6	<b>396,179</b>	3,585
Selling and distribution expenses		<b>(110,487)</b>	(16,985)
Administrative expenses		<b>(1,558,752)</b>	(908,649)
Finance costs	8	<u><b>(65,676)</b></u>	<u>—</u>
<b>PROFIT BEFORE RESTRUCTURING COSTS AND TAX</b>		<b>1,977,191</b>	1,137,345
<b>RESTRUCTURING COSTS</b>		<u><b>(192,802)</b></u>	<u>(507,694)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>1,784,389</b>	629,651
Income tax expense	9	<u><b>(409,519)</b></u>	<u>(255,184)</u>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>1,374,870</b></u>	<u>374,467</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic	11	<u><b>0.18 cents</b></u>	<u>0.05 cents</u>
Diluted		<u><b>0.18 cents</b></u>	<u>0.05 cents</u>

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

*FOR THE YEAR ENDED 31 MARCH 2017*

	<b>2017</b> <i>US\$</i> <b>(Audited)</b>	2016 <i>US\$</i> <b>(Audited)</b>
<b>Profit for the year</b>	<b>1,374,870</b>	374,467
<b>Other comprehensive income for the year, net of tax</b>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b><u><u>1,374,870</u></u></b>	<b><u><u>374,467</u></u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	<i>Note</i>	2017 US\$ (Audited)	2016 US\$ (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		67,585	–
Interest in associates		10,554,016	10,554,016
Financial assets at fair value through profit or loss		2,310,941	2,310,941
Total non-current assets		<u>12,932,542</u>	<u>12,864,957</u>
<b>Current assets</b>			
Inventories		178,400	127,500
Trade and factoring receivables	12	70,328,236	73,382,020
Prepayments, deposits and other receivables		1,560,893	701,157
Tax recoverable		128,843	128,843
Restricted bank balances		2,132,107	2,132,107
Cash and bank balances		3,874,533	1,380,909
Total current assets		<u>78,203,012</u>	<u>77,852,536</u>
<b>Current liabilities</b>			
Trade and bills payables	13	1,251,045	4,285,527
Accruals and other payables		4,040,911	3,147,298
Interest-bearing bank borrowings		39,310,190	39,310,190
Trust receipt loans		39,877,541	39,877,541
Receipts in advance		584,028	67,450
Other borrowings		2,636,370	2,570,694
Amount due to investors – Escrow account		835,476	642,674
Tax payables		665,735	256,731
Total current liabilities		<u>89,201,296</u>	<u>90,158,105</u>
<b>NET CURRENT LIABILITIES</b>		<u>(10,998,284)</u>	<u>(12,305,569)</u>
<b>NET ASSETS</b>		<u>1,934,258</u>	<u>559,388</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the company</b>			
Share capital		6,101,500	6,101,500
Reserves		(4,167,242)	(5,542,112)
<b>TOTAL EQUITY</b>		<u>1,934,258</u>	<u>559,388</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Attributable to owners of the company						
	Share capital US\$ (Audited)	Share premium US\$ (Audited)	Share-based payments reserve US\$ (Audited)	Foreign currency translation reserve US\$ (Audited)	Reserve funds US\$ (Audited)	Accumulated loss US\$ (Audited)	Total equity US\$ (Audited)
As at 1 April 2015	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(84,732,092)	184,921
<b>Change in equity for 2016</b>							
Profit for the year	-	-	-	-	-	374,467	374,467
Exchange differences on translation of foreign operation	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	374,467	374,467
At 31 March 2016 and 1 April 2016	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(84,357,625)	559,388
<b>Change in equity for 2017</b>							
Profit for the year	-	-	-	-	-	1,374,870	1,374,870
Exchange differences on translation foreign operation	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	1,374,870	1,374,870
At 31 March 2017	<b>6,101,500</b>	<b>70,605,619</b>	<b>52,241</b>	<b>6,223,798</b>	<b>1,933,855</b>	<b>(82,982,755)</b>	<b>1,934,258</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2017**

#### **1. CORPORATE INFORMATION**

The Company (Registration No. 39519) was incorporated in Bermuda on 30 January 2007 under the Companies Act 1981 of Bermuda as an exempted company with limited liability. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its principal place of business is located at Unit E, 26/F., Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are sales and distributions of mobile handsets and their components.

The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE" or the "Stock Exchange") since 21 November 2007 and 1 March 2010, respectively. With effect from 14 June 2013, the Company converted its listing status on the SGX-ST to secondary listing whilst the primary listing status on the Main Board of the HKSE remains unchanged.

#### **2. STATEMENT OF COMPLIANCE**

Except for the matters referred to in note 3, including the omission of a consolidated statement of cash flows and disclosures as required under International Financial Reporting Standards (the "IFRSs"), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), these financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual IFRSs, International Accounting Standards (the "IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 4 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

#### **3. BASIS OF PREPARATION**

##### **Going concern**

As at 31 March 2017, the Group had net current liabilities of US\$10,998,284. In preparing these consolidated financial statements, the Directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to attain profit and positive cash flows from operations in the immediate and longer term.

Based on the cash flow projections of the Group and having taken into account the assumptions that the proposed restructuring of the Company as mentioned below will be successfully completed, the Directors have concluded that the Group and the Company are able to continue as a going concern and to meet their financial liabilities as and when they fall due in the foreseeable future.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

## **Winding up petition and suspension of trading of the shares of the Company**

On 4 April 2014, Australia and New Zealand Banking Group Limited (“ANZ”) presented winding-up petitions to the High Court of the Hong Kong Special Administrative Region (the “High Court”) for the winding-up of the Company and Max Sunny Limited (“Max Sunny”), a wholly-owned subsidiary of the Company. On the same day, summonses were filed with the High Court seeking the appointment of provisional liquidators to the Company and Max Sunny. The petitions and summonses were also supported by The Hongkong and Shanghai Banking Corporation Limited (“HSBC”). Following the presentation of the petitions, the Company and Max Sunny engaged in negotiations with ANZ, with the view to reaching a settlement in respect of the petitions and summonses.

On 2 May 2014, the Company, Max Sunny and ANZ agreed on principle terms of settlement. On 7 May 2014, a Deed of Settlement (the “Deed”) was entered into between ANZ, HSBC, the Company and Max Sunny in full and final settlement of the loans due to ANZ and HSBC. The Deed provided for an agreed amount to be paid to ANZ and HSBC in five instalments. Upon full compliance of the Deed by the Company and Max Sunny, ANZ would apply to the Court for the withdrawal or dismissal of the winding-up petitions.

The winding-up petitions were further adjourned to 2 July 2014 and the applications for the appointment of provisional liquidators were adjourned on terms that allowed ANZ to restore the applications on an urgent basis and without objection from the Company and Max Sunny in the event that the Company and Max Sunny failed to meet their obligations under the Deed.

On 6 June 2014, the Company and Max Sunny failed to pay the third instalment due in accordance with the Deed. On 16 June 2014, the applications for appointment of provisional liquidators were restored on an urgent basis and the High Court provided notices to the Company and Max Sunny that the applications would be heard on 27 June 2014.

At the hearing of 27 June 2014 the High Court granted orders appointing Yat Kit Jong and Donald Edward Osborn as the Joint and Several Provisional Liquidators of the Company and Max Sunny (the “Provisional Liquidators”). Trading in the Shares of the Company (“Shares”) on the Stock Exchange was suspended at 2:37 p.m. on 27 June 2014 at the request of the Company. Pursuant to the Court orders dated 2 June 2015, So Man Chun was appointed as an additional Joint and Several Provisional Liquidator of the Company and Max Sunny.

Since their appointment, the Provisional Liquidators have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets. The Provisional Liquidators have also gathered information relating to the status of the Group through meetings with various parties, including Ms Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees.

On 7 February 2017, the Company acting by its Board of Directors made an application to the Supreme Court of Bermuda (the “Bermuda Court”) to appoint joint provisional liquidators (“Joint Provisional Liquidators”) to the Company (the “Application”) in Bermuda. Upon hearing the Application on 17 February 2017, the Bermuda Court made an order for the appointment of Messrs. Donald Edward Osborn, Yat Kit Jong and So Man Chun as Joint Provisional Liquidators of the Company on the same date.

Following the appointment of the Joint Provisional Liquidators in Bermuda on 17 February 2017, the Honourable Mr Justice Harris ordered at the hearing of the High Court on 27 March 2017 that Messrs. Donald Edward Osborn, Yat Kit Jong and So Man Chun be discharged as the Hong Kong-appointed Joint and Several Provisional Liquidators of the Company and the petition proceedings be stayed until further order of the High Court with liberty to the parties to restore.

By a further order of the Honourable Mr Justice Harris dated 29 March 2017, the appointment of the Bermuda-appointed Joint Provisional Liquidators was also recognised by the High Court.

Bermuda has a well-established provisional liquidation regime designed to be used for the restructuring of companies. Accordingly, the Joint Provisional Liquidators recognise that the appointment in Bermuda will assist the implementation of a successful restructuring.

## **Proposed restructuring of the Group**

Given the situation of the Group, the Provisional Liquidators with the assistance of Asian Capital (Corporate Finance) Limited which acted as the financial adviser to the Company, sought to identify potential investors with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange.

As announced by the Company on 24 July 2014, the Company received a letter from the Stock Exchange, which stated that in view of the Court Order and the appointment of the Provisional Liquidators, the Stock Exchange considered that the Company might have serious financial difficulties. As the Company had not published the annual results for the year ended 31 March 2014, the Stock Exchange was unable to assess the performance and financial position of the Company. Further it was unclear as to the operating status of the Company and whether the Company still had sufficient level of assets and operations to fulfil the requirement under Rule 13.24 of the Listing Rules. The Stock Exchange therefore decided to place the Company in the first delisting stage under Practice Note 17 of the Listing Rules due to the Company's failure to comply with Rule 13.24 of the Listing Rules. The Company was required to submit a viable resumption proposal, which could, among others, demonstrate its compliance with Rule 13.24 of the Listing Rules, at least 10 business days before the expiry of the first delisting stage, i.e. 15 January 2015.

As no resumption proposal was submitted before the expiry date of the first delisting stage, the Company received a letter from the Stock Exchange dated 20 January 2015. In the letter, the Stock Exchange informed the Company that it had been placed in the second stage of delisting procedures commencing on 20 January 2015 pursuant to Practice Note 17 to the Listing Rules. The Company was required to submit a viable resumption proposal 10 business days before the second delisting stage expires i.e. on or before 3 July 2015, which should meet the following conditions:

1. demonstrate sufficient operations or assets to comply with Rule 13.24;
2. address auditors' qualifications and demonstrate adequate internal control system; and
3. withdraw and/or dismiss the winding-up petition against the Company and discharge the Provisional Liquidators.

On 5 June 2015, the Company, the Provisional Liquidators and an investor entered into a framework agreement, which was subsequently amended and restated by an amendment and restatement framework agreement dated 5 October 2015, pursuant to which the parties agreed on the principal terms of a proposed restructuring of the Group with a view to resume trading in the Shares on the Stock Exchange. The framework agreement was approved by the Honorable Mr. Justice Harris of the High Court on 26 June 2015 and the amended and restated framework agreement was approved by the Honorable Mr. Justice Harris of the High Court on 6 November 2015.

With the sanction from the High Court, Perfect Major Investment Limited ("Perfect Major") and H K Rich Technology International Company Limited (collectively the "SPVs"), wholly owned subsidiaries of the Company, were set up after the appointment of the Provisional Liquidators for the purpose of restructuring and continuation of the business of the Group. It is anticipated that the management team of the SPVs will run the business of the Group so as to fulfil the resumption requirements of the Stock Exchange.



A proposal setting out details of the proposed restructuring together with the basis for the resumption of trading in the shares (the “Resumption Proposal”) was prepared and submitted to the Stock Exchange on 19 July 2015. However, without raising any question or query on the Resumption proposal, the Listing Division of the Stock Exchange (the “Listing Division”) notified the Company on 31 July 2015 that it considered that the Resumption Proposal had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules and it would recommend the Listing Committee of the Stock Exchange (the “Listing Committee”) to place the Company in the third delisting stage.

Pursuant to a letter dated 14 August 2015 from the Stock Exchange, the Listing Committee considered that the Resumption Proposal was not viable and decided to place the Company in the third delisting stage under Practice Note 17 to the Listing Rules (the “Ruling”). In arriving at the above decision, the Listing Committee had considered that, among others, the business of the Company in the Resumption Proposal was insufficient to justify the Company’s continued listing.

The Company disagrees with the Ruling and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee of the Stock Exchange (the “Listing (Review) Committee”). The review hearing was held on 17 December 2015. On 29 December 2015, the Company received the decision letter of the Listing (Review) Committee, and they decided to uphold the Listing Committee’s decision. An announcement was made by the Stock Exchange on 6 January 2016 to place the Company into the third delisting stage with effect on the same day for a period of nine months. The Stock Exchange intends to cancel the listing of the Company after the nine-month period (i.e. 5 October 2016) if the Company does not provide a viable resumption proposal.

Accordingly, a revised resumption proposal (the “Revised Proposal”) was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a strategic investor, 同方股份有限公司 (Tsinghua Tongfang Co., Ltd.\*) (“Tongfang”). On 28 June 2016, the Company obtained a letter of intent (the “Letter of Intent”) from Tongfang, pursuant to which, Tongfang will (i) invest an amount of HK\$3.0 million into Perfect Major, a subsidiary of the Company in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for not less than 5% of the Company’s newly issued shares after the resumption of trading of the Company’s shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang. Further, as of the date of this Results Announcement, Perfect Major has received HK\$3 million from Tongfang as consideration for subscription of shares in Perfect Major. The cooperation with Tongfang is expected to distribute Tongfang’s products to the Group’s existing markets and customers.

Nonetheless, similar to the case with the Resumption Proposal submitted by the Company on 19 July 2015, the Listing Division notified the Company on 26 September 2016 that it considered the Revised Proposal not viable and recommended that the Listing Committee approves the cancellation of listing of the Shares on the Stock Exchange under Practice Note 17 to the Listing Rules.

Pursuant to a letter from the Stock Exchange dated 14 October 2016, the Listing Committee considered that although the Company has made certain progress in its mobile handset design and distribution business, the Revised Proposal still does not satisfactorily demonstrate that the Company will carry out a sufficient level of operations or have assets of sufficient value as required under Rule 13.24 of the Listing Rules to warrant a continued listing. The Listing Committee considered the Revised Proposal not viable and therefore decided to cancel the listing of the Shares on the Stock Exchange with effect from 9:00 am on 31 October 2016 (the “Second Stage Ruling”).

The Company submitted a formal request to the Stock Exchange on 25 October 2016 for a review of the Second Stage Ruling by the Listing (Review) Committee and the review hearing was originally scheduled on 13 December 2016 but was re-scheduled to 14 February 2017.

Following the review hearing of the Listing (Review) Committee held on 14 February 2017, the Listing (Review) Committee informed the Company by a letter dated 22 February 2017 that it decided to conditionally stay the cancellation of listing of the Company’s shares on the Stock Exchange (the “Decision”). The stay of the cancellation is for the specific purpose of allowing the Company an opportunity to provide all relevant information stated in the Revised Proposal within three months from the date of the Decision to prove its resumption case to the Stock Exchange’s satisfaction.

A written update in relation to the Revised Proposal was subsequently submitted to the Stock Exchange on 24 April 2017. The Company will keep the shareholders and investors informed of the latest development by making further announcement(s) as and when appropriate.

As of the date of this Results Announcement, the management has used its best effort, to the extent commercially practicable, to reconstruct the accounting records of the Group for the year ended 31 March 2017 applying their best estimates and judgement based on the information of the Group that are available to the management. However, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records (except the accounting and other records in relation to the business of SPVs, which were incorporated after the appointment of the Provisional Liquidators), the Board believes that, as at the date of the Results Announcement, it is almost impossible, and not practical, to ascertain the correct revenue and profit or loss (and the resultant assets and liabilities) for the current period for inclusion in the unaudited consolidated financial statements of the group other than the revenue and profit or loss (and the resultant assets and liabilities) in relation to the business of SPVs. Also, due to loss of some books and records, the Board believes that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group for past years.

Any adjustments arising from the matters described above would have a consequential significant effect on the net profit of the Group for the year ended 31 March 2017 and the net assets of the Group as at 31 March 2017.

Due to the limited information available and most of the former key accounting personnel of the Group have left without notice, the Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the completeness of books and records and the treatment of various balances as included in the consolidated financial statements for the year ended 31 March 2017 and have formed the conclusion as follows:

As the consolidated financial statements have been prepared based on the incomplete books and records available to the Company, the Directors of the Company are unable to represent that all transactions entered into by the Group for the year ended 31 March 2017 have been properly reflected in the consolidated financial statements. In this connection, the Directors of the Company are also unable to represent as to the completeness, existence and accuracy of identification of the consolidated financial statements and the disclosures of the consolidated financial statements in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

#### **4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

The following new standards and amendments are mandatory for the current year and have no significant impact on the results or financial position to the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisition of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
Amendments to IAS 1	Disclosure Initiative
	Clarification of Acceptable Methods of Depreciation and
Amendments to IAS 16 and IAS 38	Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

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

## 5. SEGMENT REPORTING

The Group manages its business by division, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's executive directors, the chief operating decision maker, for the purposes of resources allocation and performance assessment, the Group has presented the following one reportable segment. No operating segments have been aggregated to form the following reportable segment.

### 1. Trading of mobile handsets

The trading of mobile handsets segment derives its revenue primarily from the sale and distribution of mobile handsets.

#### a) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors 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 associates, financial assets through profit or loss and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segment and borrowings managed directly by the segment.

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

The measure used for reporting segment profit is "adjusted EBITDA", that is, "adjusted earnings before interest, taxes, depreciation and amortization", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' emoluments and other head office or corporate administrative costs.

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purpose of resources allocation and assessment of segment performance for the year ended 31 March 2017 and 2016 is set out below.

	<b>Trading of Mobile handsets – Hong Kong Year ended 31 March</b>	
	<b>2017</b>	2016
	<b>US\$</b>	US\$
Revenue from external customers	<b>22,977,341</b>	12,715,204
Reportable segment revenue	<b>22,977,341</b>	12,715,204
<b>Reportable segment profit (adjusted EBITDA)</b>	<b>2,417,121</b>	1,515,408

	At 31 March 2017 US\$	At 31 March 2016 US\$
Reportable segment assets	7,601,773	7,249,093
Reportable segment liabilities	<u>4,475,033</u>	<u>5,920,260</u>

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

	Year ended 31 March	
	2017 US\$	2016 US\$
<b>Revenue</b>		
Reportable segment revenue	22,977,341	12,715,204
Elimination of inter-segment revenue	–	–
Consolidated revenue	<u>22,977,341</u>	<u>12,715,204</u>
<b>Profit</b>		
Reportable segment profit	2,417,121	1,515,408
Elimination of inter-segment profits	–	–
Reportable segment profit derived from the Group's external customers	2,417,121	1,515,408
Depreciation	(10,368)	–
Loan interest	(65,676)	–
Unallocated head office and corporate expenses	(556,688)	(885,757)
Consolidated profit before tax	<u>1,784,389</u>	<u>629,651</u>
	At 31 March 2017 US\$	At 31 March 2016 US\$
<b>Assets</b>		
Reportable segment assets	7,601,773	7,249,093
Elimination of inter-segment receivables	–	–
Interests in associates	7,601,773	7,249,093
Financial assets at fair value through profit or loss	10,554,016	10,554,016
Unallocated head office and corporate assets	2,310,941	2,310,941
Consolidated total assets	<u>70,668,824</u>	<u>70,603,443</u>
	<u>91,135,554</u>	<u>90,717,493</u>
<b>Liabilities</b>		
Reportable segment liabilities	4,475,033	5,920,260
Elimination of inter-segment payables	–	–
Interest-bearing bank borrowings	4,475,033	5,920,260
Trust receipt loan	39,310,190	39,310,190
Amount due to investors – Escrow account	39,877,541	39,877,541
Unallocated head office and corporate liabilities	835,476	642,674
Consolidated total liabilities	<u>4,703,056</u>	<u>4,407,440</u>
	<u>89,201,296</u>	<u>90,158,105</u>

c) *Revenue from major product and services*

	<b>Year ended 31 March</b>	
	<b>2017</b> <i>US\$</i>	2016 <i>US\$</i>
Trading of mobile	<b>22,977,341</b>	12,715,204

d) *Geographic Information*

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's interest in associates and property, plant and equipment. The geographical location of customers is based on the operation of the customers. In the case of interests in associates, it is the location of operations of such associates. The geographical location of property, plant and equipment is based on the physical location of the assets.

	<b>Revenues from external customers</b>		<b>Non-current assets</b>	
	<b>Year ended 31 March</b>		<b>At 31 March</b>	<b>At 31 March</b>
	<b>2017</b> <i>US\$</i>	2016 <i>US\$</i>	<b>2017</b> <i>US\$</i>	2016 <i>US\$</i>
Hong Kong (place of domicile)	<b>1,796,000</b>	4,890,500	–	–
PRC	–	–	<b>10,621,601</b>	10,554,016
Bangladesh	<b>192,046</b>	101,500	–	–
Dubai	<b>7,370,000</b>	3,734,500	–	–
India	<b>6,659,247</b>	3,078,000	–	–
Morocco	–	128,750	–	–
Pakistan	<b>6,406,730</b>	421,800	–	–
USA	<b>553,318</b>	360,154	–	–
	<b>22,977,341</b>	12,715,204	<b>10,621,601</b>	10,554,016

# Non-current assets exclude financial assets at fair value through profit or loss.

e) *Information about major customers*

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	<b>2017</b> <i>US\$</i>	2016 <i>US\$</i>
Revenue from trading of mobile handsets		
– Customer A	<b>7,370,000</b>	3,734,500
– Customer B	<b>6,406,730</b>	421,800
– Customer C	<b>4,110,566</b>	–
– Customer D	<b>960,400</b>	4,786,500
– Customer E	<b>1,709,686</b>	1,701,000

As disclosed in note 3, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness and accuracy of the disclosures in segment reporting as of the date of approval of these consolidated financial statements.

## 6. REVENUE AND OTHER INCOME AND GAIN

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the values of services rendered during the year.

An analysis of revenue and other income is as follows:

	2017 US\$	2016 US\$
<b>Revenue</b>		
Distribution and marketing of mobile handsets and components	<u>22,977,341</u>	<u>12,715,204</u>
	<u>22,977,341</u>	<u>12,715,204</u>
<b>Other income and gain</b>		
Interest income	154	41
Service income	385,604	–
Other income	4,530	–
Foreign exchange gain, net	<u>5,891</u>	<u>3,544</u>
	<u>396,179</u>	<u>3,585</u>
	<u><u>23,373,520</u></u>	<u><u>12,718,789</u></u>

As disclosed in note 3, on the basis that relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the revenue as of the date of approval of these consolidated financial statements.

## 7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2017 US\$	2016 US\$
<b>a) Staff costs</b>		
<b>Employee benefit expenses</b>		
<b>(including directors' and chief executive's emoluments)</b>		
Wages, salaries, bonus and allowances	<u>978,513</u>	<u>588,301</u>
Pension scheme contributions	<u>–</u>	<u>–</u>
	<u>978,513</u>	<u>588,301</u>
<b>b) Other items</b>		
Cost of inventory sold	19,661,414	10,655,810
Auditor's remuneration	77,930	100,257
Depreciation	10,368	–
Restructuring costs	<u>192,802</u>	<u>507,694</u>
	<u><u>192,802</u></u>	<u><u>507,694</u></u>

As disclosed in note 3, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the profit before tax as of the date of approval of these consolidated financial statements.

## 8. FINANCE COSTS

	2017 US\$	2016 US\$
Interest on other borrowings	<u>65,676</u>	<u>–</u>

As disclosed in note 3, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the finance costs as of the date of approval of these financial statements.

## 9. INCOME TAX EXPENSE

	2017 US\$	2016 US\$
Current tax – Hong Kong Profits Tax		
Charge for the year	408,131	255,184
Over provision in prior years	–	–
	<u>408,131</u>	<u>255,184</u>
Current tax – PRC		
Charge for the year	1,388	–
Over provision in prior years	–	–
	<u>–</u>	<u>–</u>
Total tax charge for the year	<u>409,519</u>	<u>255,184</u>

As disclosed in note 3, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the accuracy and completeness of the income tax as of the date of approval of these consolidated financial statements.

## 10. DIVIDEND

The board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

## 11. EARNINGS PER SHARE

### Basic

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US\$1,374,870 (profit of 2016: US\$374,467) and the weighted average number of 762,687,662 (2016: 762,687,662) ordinary shares in issue during the year.

### Diluted

On the basis that relevant books and records are either lost or are incomplete, there is no accurate information to calculate the diluted earnings per share. Therefore, diluted earnings per share equals to the basic earnings per share for the years ended 31 March 2017 and 31 March 2016.

As disclosed in note 3, as the profit attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the earnings per share of the Company as of the date of approval of these consolidated financial statements.

## 12. TRADE AND FACTORING RECEIVABLES

	2017 US\$	2016 US\$
Trade and factoring receivables	102,443,017	105,496,801
Less: Impairment loss recognised	<u>(32,114,781)</u>	<u>(32,114,781)</u>
Net carrying amount	<u><u>70,328,236</u></u>	<u><u>73,382,020</u></u>

### (a) Ageing analysis

The following is an ageing analysis of trade and factoring receivables, presented based on the invoice dates.

	2017 US\$	2016 US\$
0-60 days	974,255	5,820,191
61-90 days	1,252,750	–
Over 90 days	<u>68,101,231</u>	<u>67,561,829</u>
	<u><u>70,328,236</u></u>	<u><u>73,382,020</u></u>

Trade receivables are due within 60 to 90 days (2016: 60 days) from the date of billing.

### (b) The movements in the provision for impairment of trade and factoring receivables are as follows:

	2017 US\$	2016 US\$
At 1 April	32,114,781	32,114,781
Impairment loss recognised	<u>–</u>	<u>–</u>
At 31 March	<u><u>32,114,781</u></u>	<u><u>32,114,781</u></u>

### (c) Trade and factoring receivables that are not impaired

The ageing analysis of trade and factoring receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017 US\$	2016 US\$
Neither past due nor impaired	<u>2,222,560</u>	<u>5,820,191</u>
Past due but not impaired		
Less than 1 month past due	497,730	–
More than 3 months past due	<u>67,607,946</u>	<u>67,561,829</u>
	<u><u>68,105,676</u></u>	<u><u>67,561,829</u></u>
	<u><u>70,328,236</u></u>	<u><u>73,382,020</u></u>

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



Given the loss of some books and records and unreliability of records found, management consider that it is almost impossible, and not practical, to ascertain the correct amount, and any impairment allowance necessary in respect of these balances.

Given the loss of some books and records and unreliability of records found, the Board believes that it is almost impossible, and not practical, to ascertain the completeness existence and accuracy of the trade and factoring receivables of the Group, or to perform a detailed analysis of the Group's trade and factoring receivable aging and impairment assessment.

### 13. TRADE AND BILLS PAYABLES

	<b>2017</b> <i>US\$</i>	2016 <i>US\$</i>
Trade payables	<b><u>1,251,045</u></b>	<u>4,285,527</u>

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

	<b>2017</b> <i>US\$</i>	2016 <i>US\$</i>
0-30 days	–	3,034,482
31-60 days	–	–
61-90 days	–	–
Over 90 days	<b><u>1,251,045</u></b>	<u>1,251,045</u>
	<b><u>1,251,045</u></b>	<u>4,285,527</u>

Trade payables generally have credit terms ranging from 30 to 90 days. (2016: 30 to 90 days).

As disclosed in note 3, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the trade and bills payables and any contingent liabilities that may arise in respect thereof of the Group as of the date of approval of these consolidated financial statements.

## **EXTRACT FROM INDEPENDENT AUDITOR'S REPORT**

The Company's auditor has issued the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 March 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. 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. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR DISCLAIMER OF OPINION**

#### **Scope limitation due to incomplete books and record**

Up to the date of this report, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records, the directors of the Company believes that, it is almost impossible, and not practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the current year as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records, the directors of the Company believe that it is almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for past years. In addition, during the course of our audit, we were unable to satisfy ourselves that the internal controls and documentations provided by the management for the purpose of our audit were effective and accurate in all material respects. We are therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and presentation of the transactions and assets and liabilities of the Group.

Given these circumstances, and as disclosed in note 2.2 Basis of Preparation to the financial statements, there were no practicable audit procedures that we could perform to satisfy ourselves that the information and explanations and documents presented to us for the purpose of our audit are complete and accurate in all material respects, nor to quantify the extent of any adjustments that might be necessary in respect of the Group's financial information.

As a result, in performing our audit on the consolidated financial statements of the Group for the year ended 31 March 2017, there were no practicable audit procedures that we could perform to satisfy ourselves as to whether the balances of assets, liabilities and reserves as at 1 April 2016 and 31 March 2017 were fairly stated.

Any adjustments found to be necessary in respect thereof had we been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group as at 1 April 2016 and 31 March 2017 and of its profit for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

Included in the Company's statement of financial position is an investment in a subsidiary of US\$2,622,935 and US\$2,622,935 and amounts due from subsidiaries of US\$69,471,270 and US\$69,471,270 as at 31 March 2017 and 31 March 2016 respectively. Due to the scope limitations as mentioned above, we are unable to satisfy ourselves as to the fairness of the amounts carried as investment in a subsidiary and the amounts due from subsidiaries in the Company's financial statements as at 31 March 2017 or to determine whether any provision for impairment loss is necessary in respect of the above. Any adjustments would have a consequential effect on the net assets of the Company as at 31 March 2017 and 31 March 2016 and of its net loss for the years then ended and the related disclosures in the consolidated financial statements.

Our audit opinion on the Group's financial statements for the year ended 31 March 2016 was also disclaimed accordingly.

### **Non-compliance with International Financial Reporting Standards and omission of disclosures**

As explained in note 2.2 to the consolidated financial statements, as the consolidated financial statements of the Group have been prepared by the directors based on incomplete books and records and the directors believe that it is almost impossible and not practical to ascertain the correct amounts. Consequently, the directors of the Company were unable to represent that the financial statements comply with International Financial Reporting Standards ("IFRSs"), or that the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited have been complied with. Given these circumstances, which are more fully described in note 2.2, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's financial statements.

Our audit opinion on the Group's financial statements for the year ended 31 March 2016 was also disclaimed accordingly.

### **Material uncertainty related to going concern basis**

In forming our opinion, we have considered the adequacy of the disclosures made in note 2.2 to the financial statements which explains that a proposal for the resumption of trading in the Company's shares and the restructuring of the Group (the "Resumption Proposal") was submitted to The Stock Exchange of Hong Kong Limited.

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 be able 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 uncertainties relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

## **BUSINESS AND FINANCIAL REVIEW**

### **Winding up petition, appointment of Provisional Liquidators and restructuring of the Group**

On 4 April 2014, ANZ presented winding-up petitions to the High Court for the winding-up of the Company and Max Sunny. On the same day, summonses were filed with the High Court seeking the appointment of provisional liquidators to the Company and Max Sunny. The petitions and summonses were also supported by HSBC. Following the presentation of the petitions, the Company and Max Sunny engaged in negotiations with ANZ, with the view to reaching a settlement in respect of the petitions and summonses.

On 2 May 2014, the Company, Max Sunny and ANZ agreed on principle terms of settlement. On 7 May 2014, the Deed was entered into among ANZ, HSBC, the Company and Max Sunny in full and final settlement of the loans due to ANZ and HSBC. The Deed provided for an agreed amount to be paid to each of ANZ and HSBC in five instalments. Upon full compliance of the Deed by the Company and Max Sunny, ANZ would apply to the High Court for the withdrawal or dismissal of the winding-up petitions. Accordingly, the winding-up petitions were further adjourned to 2 July 2014 and the applications for the appointment of provisional liquidators were adjourned on terms that allowed ANZ to restore the applications on an urgent basis and without objection from the Company and Max Sunny in the event that the Company and Max Sunny failed to meet their obligations under the Deed.

On 6 June 2014, the Company and Max Sunny failed to pay the third instalment due in accordance with the Deed. On 16 June 2014, the applications for appointment of provisional liquidators were restored on an urgent basis and the High Court provided notices to the Company and Max Sunny that the applications would be heard on 27 June 2014. At the hearing of 27 June 2014 the High Court granted orders appointing Yat Kit Jong and Donald Edward Osborn as the Provisional Liquidators of the Company and Max Sunny. Accordingly, trading in the Shares on the Stock Exchange was suspended at 2:37 p.m. on 27 June 2014 at the request of the Company.

Pursuant to the court orders dated 2 June 2015, So Man Chun was appointed as an additional Joint and Several Provisional Liquidator of the Company and Max Sunny.

Since their appointment, the Provisional Liquidators have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets. The Provisional Liquidators have also gathered information relating to the status of the Group through meetings with various parties, including Ms Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees.

On 7 February 2017, the Company acting by its Board of Directors made the Application to the Bermuda Court to appoint Joint Provisional Liquidators to the Company in Bermuda. Upon hearing the Application on 17 February 2017, the Bermuda Court made an order for the appointment of Messrs. Donald Edward Osborn, Yat Kit Jong and So Man Chun as Joint Provisional Liquidators of the Company on the same date.

Following the appointment of the Joint Provisional Liquidators in Bermuda on 17 February 2017, the Honourable Mr Justice Harris ordered at the hearing of the High Court on 27 March 2017 that Messrs. Donald Edward Osborn, Yat Kit Jong and So Man Chun be discharged as the Hong Kong-appointed Joint and Several Provisional Liquidators of the Company and the petition proceedings be stayed until further order of the High Court with liberty to the parties to restore.

By a further order of the Honourable Mr Justice Harris dated 29 March 2017, the appointment of the Bermuda-appointed Joint Provisional Liquidators was also recognised by the High Court.

Bermuda has a well-established provisional liquidation regime designed to be used for the restructuring of companies. Accordingly, the Joint Provisional Liquidators recognise that the appointment in Bermuda will assist the implementation of a successful restructuring.

### **Revenue and gross profit**

During the Reporting Period, the Group recorded turnover of US\$22,977,341 (2016: US\$12,715,204) and gross profit of US\$3,315,927 (2016: US\$2,059,394) respectively for the Reporting Period. Profit for the year attributable to owners of the Company was US\$1,374,870 (2016: US\$374,467).

### **Total assets and liabilities**

As of 31 March 2017, the total assets and total liabilities of the Group was US\$91,135,554 (2016: US\$90,717,493) and US\$89,201,296 (2016: US\$90,158,105) respectively.

### **Restructuring of the Group**

Given the situation of the Group, the Provisional Liquidators, with the assistance of Asian Capital (Corporate Finance) Limited which acted as the financial adviser to the Company, sought to identify potential investors with a view to restructuring the Company and submitting a viable resumption proposal to the Stock Exchange.

As announced by the Company on 24 July 2014, the Company received a letter from the Stock Exchange, which stated that in view of the Court Order and the appointment of the Provisional Liquidators, the Stock Exchange considered that the Company might have serious financial difficulties. As the Company had not published the annual results for the year ended 31 March 2014, the Stock Exchange was unable to assess the performance and financial position of the Company. Further, it was unclear as to the operating status of the Company and whether the Company still had sufficient level of assets and operations to fulfil the requirement under Rule 13.24 of the Listing Rules. The Stock Exchange therefore decided to place the Company in the first delisting stage under Practice Note 17 of the Listing Rules due to the Company's failure to comply with Rule 13.24 of the Listing Rules. The Company was required to submit a viable resumption proposal, which could, among others, demonstrate its compliance with Rule 13.24 of the Listing Rules, at least 10 business days before the expiry of the first delisting stage, i.e. 15 January 2015.

As no resumption proposal was submitted before the expiry date of the first delisting stage, the Company received a letter dated 20 January 2015 from the Stock Exchange and was informed that the Company had been placed in the second stage of delisting procedures commencing on 20 January 2015 pursuant to Practice Note 17 to the Listing Rules. The Company was required to submit a viable resumption proposal 10 business days before the second delisting stage expires, i.e. on or before 3 July 2015, which should meet the following conditions:

1. demonstrate sufficient operations or assets to comply with Rule 13.24;
2. address auditors' qualifications and demonstrate adequate internal control system; and
3. withdraw and/or dismiss the winding-up petition against the Company and discharge the Provisional Liquidators.

On 5 June 2015, the Company, the Provisional Liquidators and an investor entered into a framework agreement, which was subsequently amended and restated by an amendment and restatement framework agreement dated 5 October 2015, pursuant to which the parties agreed on the principal terms of a proposed restructuring of the Group with a view to resume trading in the Shares on the Stock Exchange. The framework agreement was approved by the Honorable Mr. Justice Harris of the High Court on 26 June 2015 and the amended and restated framework agreement was approved by the Honorable Mr. Justice Harris of the Hong Kong High Court on 6 November 2015.

With the sanction from the High Court, the SPVs are wholly owned subsidiaries of the Company, were set up after the appointment of the Provisional Liquidators for the purpose of restructuring and continuation of the business of the Group. It is anticipated that the management team of the SPVs will run the business of the Group so as to fulfil the resumption requirements of the Stock Exchange.

The Resumption Proposal was prepared and submitted to the Stock Exchange on 19 July 2015. However, without raising any question or query on the Resumption Proposal, the Listing Division notified the Company on 31 July 2015 that it considered that the Resumption Proposal had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules and it would recommend the Listing Committee to place the Company in the third delisting stage.

Pursuant to a letter dated 14 August 2015 from the Stock Exchange, the Listing Committee considered that the Resumption Proposal was not viable and decided to place the Company in the third delisting stage under the Ruling. In arriving at the above decision, the Listing Committee had considered that, among others, the business of the Company in the Resumption Proposal was insufficient to justify the Company's continued listing.

The Company disagrees with the Ruling and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee. The review hearing was held on 17 December 2015.

On 29 December 2015, the Company received the decision letter of the Listing (Review) Committee, and they decided to uphold the Listing Committee's decision. An announcement was made by the Stock Exchange on 6 January 2016 to place the Company into the third delisting stage with effect on the same day for a period of nine months. The Stock Exchange intends to cancel the listing of the Company after the nine-month period (i.e. 5 October 2016) if the Company does not provide a viable resumption proposal.

Accordingly, the Revised Proposal was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a strategic investor, Tongfang. On 28 June 2016, the Company obtained the Letter of Intent from Tongfang, pursuant to which, Tongfang will (i) invest an amount of HK\$3.0 million into Perfect Major, a subsidiary of the Company in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for not less than 5% of the Company's newly issued shares after the resumption of trading of the Company's shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang. Further, as of the date of this Results Announcement, Perfect Major has received HK\$3 million from Tongfang as consideration for subscription of shares in Perfect Major. The cooperation with Tongfang is expected to distribute Tongfang's products to the Group's existing markets and customers.

Nonetheless, similar to the case with the Resumption Proposal submitted by the Company on 19 July 2015, the Listing Division notified the Company on 26 September 2016 that it considered the Revised Proposal not viable and recommended that the Listing Committee approves the cancellation of listing of the Shares on the Stock Exchange under Practice Note 17 to the Listing Rules.

Pursuant to a letter from the Stock Exchange dated 14 October 2016, the Listing Committee considered that although the Company has made certain progress in its mobile handset design and distribution business, the Revised Proposal still does not satisfactorily demonstrate that the Company will carry out a sufficient level of operations or have assets of sufficient value as required under Rule 13.24 of the Listing Rules to warrant a continued listing. The Listing Committee considered the Revised Proposal not viable and therefore decided to cancel the listing of the Shares on the Stock Exchange with effect from 9:00 am on 31 October 2016.

The Company submitted a formal request to the Stock Exchange on 25 October 2016 for a review of the Second Stage Ruling by the Listing (Review) Committee and the review hearing was originally scheduled on 13 December 2016 but was re-scheduled to 14 February 2017.

Following the review hearing of the Listing (Review) Committee held on 14 February 2017, the Listing (Review) Committee informed the Company by a letter dated 22 February 2017 that it decided to conditionally stay the cancellation of listing of the Company's shares on the Stock Exchange. The stay of the cancellation is for the specific purpose of allowing the Company an opportunity to provide all relevant information stated in the Revised Proposal within three months from the date of the Decision to prove its resumption case to the Stock Exchange's satisfaction.

A written update in relation to the Revised Proposal was subsequently submitted to the Stock Exchange on 24 April 2017. The Company will keep the shareholders and investors informed of the latest development by making further announcement(s) as and when appropriate.

## **DIVIDENDS**

The Directors did not recommend any dividend for the Reporting Period.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Based on books and records of the Group available to the Joint Provisional Liquidators and the Board, as at 31 March 2017, the Group had current assets of US\$78,203,012 (2016: US\$77,852,536) and current liabilities of US\$89,201,296 (2016: US\$90,158,105). The total bank and cash balances other than restricted bank balances amounted to US\$3,874,533 (2016: US\$1,380,909).

Liabilities and payables presented in the audited financial statements and this announcement are prepared according to the books and records and available information to the Joint Provisional Liquidators and the Board.

## **CAPITAL COMMITMENT**

Based on books and records of the Group available to the Joint Provisional Liquidators and the Board, no information of the capital commitments of the Group is made available.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 March 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## **CHARGE ON ASSETS**

Given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records, the Joint Provisional Liquidators and the Directors believe that, as at the date of this announcement, it is almost impossible, and not practical, to ascertain the details of any charge of the Group's assets.

## **CONTINGENT LIABILITIES**

As of the date of this announcement, to the best knowledge of, and information available to the Directors and the Joint Provisional Liquidators, there may be contingent liabilities in the amount of HK\$29.8 million. However, any contingent liabilities/claims against the Company will be subject to the Bermuda Court's approval and the relevant claims will be subject to a formal adjudication process.

## **EMPLOYEES AND REMUNERATION POLICIES**

Based on books and records of the Group available to the Joint Provisional Liquidators and the Board, the Group had 25 employees in Hong Kong and PRC as at 31 March 2017.

## **OUTLOOK/PROSPECT**

The Joint Provisional Liquidators have been working closely with the investor since entering into the framework agreement. With the support of and the working capital facility provided by the investor, the Group is steadily reviving its business operations. The proposed restructuring contained in the Revised Proposal, if successfully implemented, will result in, among others:

- (i) business operations of the Group resumed and continued that would satisfy the requirements under Rule 13.24 of the Listing Rules;
- (ii) an issue of new shares of the Company by way of share subscription by the investor and Tongfang;
- (iii) all claims against, and liabilities of, the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and Bermuda; and
- (iv) the resumption of trading in the Shares.

Further announcement(s) will be made by the Company regarding the progress of restructuring leading to the resumption of trading in the Shares as and when appropriate.



## **CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 of the Listing Rules, except for the following.

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. During the Reporting Period, the office of the Chairman of the Company was vacant while Mr. Lai Hui was the chief executive officer. The Board will keep reviewing the current structure of the Board from time to time and should candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Pursuant to code provision A.2.7 of the CG Code, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the presence of the executive Directors. Based on the information made available, there was no meeting held for the Reporting Period.

For the purpose of the proposed restructuring of the Group, the Joint Provisional Liquidators and the Board have engaged Crowe Howarth (HK) Corporate Consultancy Limited to review the internal control system of the Group with a view to fulfilling the requirements of the Listing Rules.

The Board will continuously review and improve the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

### **Board meeting and Directors’ attendance**

Based on the information made available to the Joint Provisional Liquidators and the Board, there were three board meetings held for the Reporting Period. All Directors attended the aforesaid Board meetings.

### **Chief Executive Officer**

During the Reporting Period, Mr. Lai Hui was the Chief Executive Officer of the Company. Based on the information made available to the Joint Provisional Liquidators and the Board, Mr. Lai Hui was responsible for managing the Board, business strategy and direction, formulation of the Group’s corporate plans and policies including executive decision making and the day-to-day business operations of the Group.

### **Audit Committee**

The Audit Committee has reviewed the Results Announcement of the Group for the year ended 31 March 2017, in conjunction with the Company’s external auditor.

## **Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules for securities transactions in the past years.

Having made specific enquiry from the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code for the Reporting Period.

## **REVIEW OF THE RESULTS ANNOUNCEMENT BY AUDITOR**

The figures in respect of the Results Announcement of the Group for the year ended 31 March 2017 have been agreed by the Group’s auditor, Crowe Horwath (HK) CPA Limited. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited on the Results Announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This Results Announcement is available for viewing on the website of HKSE at <http://www.hkexnews.hk>. The 2017 Annual Report will be available on the website of the Stock Exchange and SGX-ST at the earliest practicable opportunity.

On behalf of the Board  
**Z-Obee Holdings Limited**  
**(Provisional Liquidators Appointed)**  
**Yang Jian Hui**  
*Director*

Hong Kong, 31 May 2017

*As at the date of this announcement, the executive Directors are Mr. Lai Hui, Ms. Yang Jian Hui, and Ms. Chen Ling and the independent non-executive Directors are Mr. Liu Jintao and Mr. Tsang Hin Fun Anthony.*

\* *For identification purpose only*