



**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)**

**INTERIM REPORT 2014**

\* For identification purposes only

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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 September 2014

	Note	Six month ended 30 September	
		2014 US\$ (Unaudited)	2013 US\$ (Unaudited)
<b>REVENUE</b>	5	–	132,172,092
Cost of sales		–	(126,715,277)
<b>Gross profit</b>		–	5,456,815
Other income and gains		–	759,644
Selling and distribution expenses		–	–
Administrative expenses		(816,212)	(1,869,442)
Finance costs	7	–	(1,707,678)
Share of losses of associates		–	(981,366)
Fair value gains on financial assets at fair value through profit or loss		–	353,059
Other suspense account		(771,435)	–
Loss on deconsolidation		(22,019,728)	–
Impairment loss of prepayment, deposits and other receivables		(13,959,650)	–
Write off of inventions		(12,593,616)	–
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	<b>(50,160,641)</b>	2,011,032
Income tax expense	8	–	(732,648)
<b>(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(50,160,641)</b>	1,278,384
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	10		
Basic		<b>(6.58 cents)</b>	0.2 cents
Diluted		<b>(6.58 cents)</b>	0.2 cents

The notes on pages 6 to 17 form an integral part of these financial statements.

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

For the period ended 30 September 2014

	Six month ended 30 September	
	2014	2013
	US\$	US\$
	(Unaudited)	(Unaudited)
<b>(Loss)/profit for the period</b>	<b>(50,160,641)</b>	1,278,384
<b>Other comprehensive income for the period</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	-
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>	<b>(50,160,641)</b>	1,278,384

The notes on pages 6 to 17 form an integral part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Note	30 September 2014 US\$ (Unaudited)	31 March 2014 US\$ (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		–	1,649,162
Goodwill		–	–
Intangible assets		–	–
Interest in an associate		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		12,864,957	14,514,119
<b>Current assets</b>			
Inventories		–	13,229,293
Trade and factoring receivables	12	67,561,829	68,015,552
Prepayments, deposits and other receivables		529	41,262,046
Time deposits with original maturity over three months		–	771,435
Tax recoverable		128,843	128,843
Restricted bank balances		2,132,107	7,696,066
Cash and bank balances		778,545	1,103,699
Total current assets		70,601,853	132,206,934
<b>Current liabilities</b>			
Trade and bills payables	13	1,251,045	3,634,749
Accruals and other payables		2,526,745	2,461,396
Interest-bearing bank borrowings		39,310,190	49,047,604
Trust receipt loan		39,877,541	39,877,541
Finance lease payables		–	1,037,833
Tax payables		1,547	1,547
Total current liabilities		82,967,068	96,060,670
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(12,365,215)</b>	36,146,264
<b>NET ASSETS</b>		<b>499,742</b>	50,660,383

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	30 September 2014 US\$ (Unaudited)	31 March 2014 US\$ (Audited)
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	6,101,500	6,101,500
Reserves	(5,601,758)	44,558,883
<b>TOTAL EQUITY</b>	<b>499,742</b>	<b>50,660,383</b>

Approved and authorised for issue by the board of directors on 13 November 2015.

On behalf of the board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The notes on pages 6 to 17 form an integral part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2014

	Attributable to owners of the Company							Total equity US\$
	Share capital	Share premium	Share-based payments reserve	Foreign currency translation reserve	Reserve funds	Retained profit/ (Accumulated loss)		
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
As at 1 April 2013	5,084,590	58,564,536	464,581	5,171,421	1,933,855	44,007,404	115,226,387	
<b>Changes in equity for 2013</b>								
Loss for the period	-	-	-	-	-	1,278,384	1,278,384	
Total comprehensive loss for the period	-	-	-	-	-	1,278,384	1,278,384	
Transactions with owners								
Issue of shares	1,016,910	11,937,787	-	-	-	-	12,954,697	
Share options lapsed during the period	-	-	(26,121)	-	-	26,121	-	
Total transactions with owners	1,016,910	11,937,787	(26,121)	-	-	26,121	12,954,697	
At 30 September 2013 (Unaudited)	6,101,500	70,502,323	438,460	5,171,421	1,933,855	45,311,909	129,459,468	
As at 1 April 2014	<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>(34,256,630)</b>	<b>50,660,383</b>	
<b>Changes in equity for 2014</b>								
Loss for the period	-	-	-	-	-	(50,160,641)	(50,160,641)	
Total comprehensive loss for the period	-	-	-	-	-	(50,160,641)	(50,160,641)	
At 30 September 2014 (Unaudited)	<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>(84,417,271)</b>	<b>499,742</b>	

The notes on pages 6 to 17 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

## 1. CORPORATE INFORMATION AND STATEMENT OF COMPLIANCE

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 a) provision of design and production solution services for mobile handset and computer tablets, b) assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board, and c) distribution and marketing of mobile handset and its components and electronic 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 "Stock Exchange") since 21 November 2007 and 1 March 2010, respectively. Since 3 December 2010, 80,000,000 units of Taiwan Depository Receipts, comprising 40,000,000 new shares of the Company and 40,000,000 existing shares held by certain owners of the Company, have been listed on the Taiwan Stock Exchange Corporation (the "TWSE").

The Company converted its listing status on the SGX-ST with effect from 14 June 2013 to secondary listing whilst the primary listing status on the Main Board of the Stock Exchange remains unchanged.

These condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed financial statements should be read in conjunction with the financial statements for the year ended 31 March 2014. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the financial statements for the year ended 31 March 2014.

# NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

## 2. BASIS OF PREPARATION

### *Basis of consolidation*

#### **Going concern**

The Group incurred a loss attributable to the owners of the Company of US\$50,160,641 for the period ended 30 September 2014 and net current liabilities of US\$12,365,215 as at 30 September 2014. 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 assumption that the proposed restructuring of the Company, as mention below, will be successfully completed, the Directors have concluded that the Group and the Company is 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 2. BASIS OF PREPARATION (Continued)

#### ***Basis of consolidation*** (Continued)

#### **Winding-up petition and suspension of trading of the shares of the Company** (Continued)

On 2 May 2014, the Company and Max Sunny 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 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.

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 handed down 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”). Accordingly, trading in the shares of the Company (the “Shares”) on the Stock Exchange was suspended at 2:37 pm on 27 June 2014 at the request of the Company.

As mentioned above, trading in the Company’s shares on the Main Board of the Stock Exchange has been suspended since 27 June 2014.

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 but not limited to Ms. Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees.

# NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

## 2. BASIS OF PREPARATION (Continued)

### *Basis of consolidation* (Continued)

#### **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.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 2. BASIS OF PREPARATION (Continued)

#### ***Basis of consolidation*** (Continued)

#### **Proposed restructuring of the Group** (Continued)

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. 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 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. A review hearing of the Ruling is scheduled to be held on 17 December 2015. Further announcement(s) will be made by the Company when there are material developments as appropriate.

As of the date of this report, 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 2014 and period ended 30 September 2014, 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, the Board believes that, as at the date of the report, it is almost impossible, and not practical, to ascertain the correct revenue and profit or loss (and the resultant assets and liabilities) for the year ended 31 March 2014 and period ended 30 September 2014 for inclusion in the consolidated financial statements of the Group. 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. Due to insufficient information available to the Directors of the Company, the consolidated financial statements do not contain a consolidated statement of cash flows as required by IAS 7, *Statement of Cash Flows*.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 2. BASIS OF PREPARATION (Continued)

#### ***Basis of consolidation*** (Continued)

#### **Proposed restructuring of the Group** (Continued)

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the period ended 30 September 2014 and net assets of the Group as at 30 September 2014.

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 2014 and period ended 30 September 2014 and have formed the opinion as follows:

As the interim financial report 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 period ended 30 September 2014 have been properly reflected in the interim financial report. In this connection, the Directors of the Company are also unable to represent as to the completeness, existence and accuracy of identification of the financial statements and the disclosures of the financial statements in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

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

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised IFRSs") issued by the International Accounting Standard Board ("IASB").

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The Group has not applied any new standard or interpretations that is not yet effective for the current accounting period. Impacts of the adoption of the new and revised IFRSs are immaterial. The Group early adopted the amendments to IAS 36 in the annual financial statements for the year ended 31 March 2014.

### 4. COMPARATIVE FINANCIAL INFORMATION

The Company's auditor issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2014. The details of the disclaimer of opinion are set out in the Company's annual report 2013/14.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the values of services rendered during the period.

An analysis of revenue is as follows:

	<b>Six month ended 30 September</b>	
	<b>2014</b>	2013
	<b>US\$</b>	US\$
	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>		
Distribution and marketing of mobile handset and its components and electronic components	–	130,842,092
Provision of design and production solution services for mobile handset and computer tablets	–	1,330,000
Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board	–	–
	–	132,172,092

As disclosed in note 2 to the consolidated financial statements, the Board of Directors is unable to locate all of the relevant sales records for the current and prior periods.

Given the loss of some books and records, reliability of records found and the absence of key personnel, the Board believes that it may be almost impossible, and not practical, to ascertain the completeness, occurrence and accuracy of the revenue as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 6. (LOSS)/PROFIT BEFORE TAX

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

	Six month ended 30 September	
	2014	2013
	US\$	US\$
	(Unaudited)	(Unaudited)
<b>a) Other items</b>		
Depreciation of property, plant and equipment	–	170,090
Amortisation of intangible assets	–	1,274,615
<b>b) Other operating expenses</b>		
Impairment loss on prepayments, deposits and other receivables	<b>13,959,650</b>	–
Loss on deconsolidation	<b>22,019,728</b>	–
Write off of inventories	<b>12,593,616</b>	–
Loss on disposals of property, plant and equipment	–	158,033
Fair value gains on derivative financial instruments	–	(9,013)
Fair value gains on financial assets at fair value through profit or loss	–	(353,059)

\* As disclosed in note 2, 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 disclosure of (loss)/profit before tax as of the date of approval of these consolidated financial statements.

### 7. FINANCE COSTS

	Six month ended 30 September	
	2014	2013
	US\$	US\$
	(Unaudited)	(Unaudited)
Interest on bank borrowings	–	1,264,568
Interest on finance lease	–	4,958
Others	–	438,152
	–	1,707,678

As disclosed in note 2, 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 financial costs as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

PRC Enterprise Income Tax is calculated at 25% based on the new PRC Enterprise Income Tax law passed by the Tenth National People's Congress on 16 March 2007.

According to the current applicable laws of the Macau, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profits for the period with first two hundred thousand patacas ("MOP") assessable profits being free from tax. However, VIM Technology Macao Commercial Offshore Limited, a subsidiary of the Company, was in compliance with the Decree-Law No. 58/99/M of the Macau and thus, the profits generated by the subsidiary was exempted from the Macau Complementary Tax. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

	<b>Six month ended 30 September</b>	
	<b>2014</b>	2013
	<b>US\$</b>	US\$
	<b>(Unaudited)</b>	(Unaudited)
Current tax – Hong Kong Profits Tax		
Charge for the period	–	154,242
Current tax – PRC		
Charge for the period	–	578,406
<b>Total tax charge for the period</b>	<b>–</b>	<b>732,648</b>

As disclosed in note 2, 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.

### 9. DIVIDEND

The board of Directors do not recommend the payment of a interim dividend for six months ended 30 September 2014 (six months ended 30 September 2013: US\$Nil).

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

#### *Basic*

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of US\$50,160,641 (six months ended 30 September 2013: profit of US\$1,278,384) and the weighted average number of ordinary shares of 762,687,662 (six months ended 30 September 2013: 639,046,722) shares in issue during the period.

Diluted loss per share equals to the basic loss per share for the period ended 30 September 2014 because the outstanding share options had on anti-dilutive effect on the basic loss per share.

As disclosed in note 2, the (loss)/profit attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the loss per share attributable to owners of the Company as of the date of approval of these consolidated financial statements.

### 11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of US\$Nil (six months ended 30 September 2013: US\$1,504).

As disclosed in note 2, 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 property, plant and equipment of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 12. TRADE AND FACTORING RECEIVABLES

	Group	
	At 30 September 2014 US\$ (Unaudited)	At 31 March 2014 US\$ (Audited)
Trade and factoring receivables	99,676,610	100,130,333
Less: Impairment loss recognised	(32,114,781)	(32,114,781)
Net carrying amount	67,561,829	68,015,552

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

	Group	
	At 30 September 2014 US\$ (Unaudited)	At 31 March 2014 US\$ (Audited)
At 1 April	32,114,781	274,271
Impairment losses recognised	–	31,840,510
At 30 September/31 March	32,114,781	32,114,781

b) Given the loss of some books and records, unreliability of records found and the absence of key personnel, the Board believes that it may be 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, credit policy and impairment assessment.

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2014

### 13. TRADE AND BILLS PAYABLES

	Group	
	At 30 September 2014 US\$ (Unaudited)	At 31 March 2014 US\$ (Audited)
Trade payables	1,251,045	1,317,244
Bills payables	–	2,317,505
	<b>1,251,045</b>	<b>3,634,749</b>

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:

	Group	
	At 30 September 2014 US\$ (Unaudited)	At 31 March 2013 US\$ (Audited)
0 – 30 days	–	–
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	1,251,045	3,634,749
	<b>1,251,045</b>	<b>3,634,749</b>

Trade payables generally have credit terms ranging from 30 to 90 days. (2014: 30 to 90 days).

As disclosed in note 2, 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 of the Group as of the date of approval of these consolidated financial statements.

### 14. SEASONALITY OF OPERATIONS

The Group's business had no specific seasonality factor.

### 15. APPROVAL OF THE INTERIM REPORT

The interim report were approved and authorised for issue by the board of directors on 13 November 2015.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board (the “Board”) of directors (the “Directors”) of Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the “Company”) herein presents its report together with the unaudited financial statements of the Company and its subsidiaries (the “Group”) for the period ended 30 September 2014 (the “Reporting Period”).

### BUSINESS AND FINANCIAL REVIEW

#### ***Winding up petition, suspension of trading of the shares of the Company 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 the 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 Court handed down orders appointing Yat Kit Jong and Donald Edward Osborn as the Joint and Several Provisional Liquidators. 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.

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 but not limited to Ms. Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees.

Furthermore, the Company and the Provisional Liquidators have entered into agreement with a view to restructuring of continuing the business of the Group, details of which are set out below.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### ***Revenue and gross profit***

For the Reporting Period, the Group recorded turnover and gross profit of US\$Nil (2013: US\$132,172,092) and US\$Nil (2013: US\$5,456,815) respectively. Loss for the Reporting Period attributable to owners of the Company was US\$50,160,641 (2013: profit attributable to owners of the Company was US\$1,278,384). The Group's total turnover represented a decrease of 100% as compared to the period ended 30 September 2013, while gross profit dropped 100%.

Despite there was no turnover for the Reporting Period, the Provisional Liquidators have subsequently secured working capital under a proposed restructuring of the Group (details of which are set out below) to continue with the business of the Group.

### ***Total assets and liabilities***

As of 30 September 2014, the total assets and total liabilities of the Group was US\$83,466,810 (31 March 2014: US\$146,721,053) and US\$82,967,068 (31 March 2014: US\$96,060,670) respectively.

### ***Subscription of new shares under a general mandate***

On 12 September 2013, the Company entered into ten separate subscription agreements with ten subscribers in relation to the subscription of an aggregate of 127,114,000 subscription shares at the subscription price of HK\$0.80 per subscription share. The subscription shares represent approximately 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares. The subscription shares were allotted and issued under the general mandate granted to the Directors by the shareholders (the "Shareholders") of the Company at the annual general meeting of the Company held on 31 July 2012.

The gross proceeds of the subscription were approximately HK\$101.69 million. The net proceeds of the subscription, after the deduction of the related expenses, were approximately HK\$101.59 million. The Company intended to apply and had applied the net proceeds of the subscription as general working capital of the Group. For further details, please refer to the announcement of the Company dated 12 September 2013. The subscription was completed on 26 September 2013.

### ***Delisting of Taiwan Depositary Receipts***

The Company's Taiwan Depositary Receipts (the "TDRs") were listed on the Taiwan Stock Exchange Corporation (the "TWSE") on 3 December 2010. The TDRs were sold and traded on the Taiwan stock market in the same way as other stocks listed on the Taiwan stock market. The TDRs provide holders to an entitlement to 80,000,000 underlying Shares that are held in custody by a custodian bank. The 80,000,000 underlying Shares comprise 40,000,000 new shares of the Company and 40,000,000 existing shares held by certain owners of the Company.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

On 2 July 2014, the TWSE issued a letter to the Company stating that the TDRs of the Company would be delisted if the shares of the Company could not resume trading on the Stock Exchange after 6 months of the suspension of trading in Taiwan (i.e. 4 July 2014). Eventually, the Company was advised by the TWSE that the TDRs of the Company would be delisted on 1 March 2015 in accordance with the Operating Rules of the TWSE. Following the delisting of the TDRs in TWSE, it was recognised that the total issued TDRs in Taiwan as at 1 March 2015 amounted to 61,529,000.

### ***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.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

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. 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 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 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. A review hearing of the Ruling is scheduled to be held on 17 December 2015. Further announcement(s) will be made by the Company when there are material developments as appropriate.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2014, the Group had current assets of US\$70,601,853 (31 March 2014: US\$132,206,934) and current liabilities of US\$82,967,068 (31 March 2014: US\$96,060,670) and total bank and cash balances other than restricted bank balances of approximately US\$778,545 (31 March 2014: US\$1,103,699).

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

### RISK OF FOREIGN EXCHANGE FLUCTUATION

Based on the available books and records to the Provisional Liquidators and the Directors, the Group's bank borrowings, bank and cash balances, and accruals and other payables were denominated in Hong Kong dollars, US dollars and Renminbi. As such, it will be subject to reasonable exchange rate exposures. However, the Group will closely monitor this risk exposure and would take prudent measures as appropriate. The Group's borrowings bore interest at floating rates.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### CAPITAL COMMITMENT

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

### 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 Provisional Liquidators and the Board believes that as at the date of this report, it is almost impossible, and not practical, to ascertain the details of any charge of the Group's assets.

### CONTINGENT LIABILITIES

Based on books and records of the Group available to the Provisional Liquidators and the Board, as at 30 September 2014, the Group did not have any material contingent liabilities. However, any contingent liabilities/claims against the Company will be subject to the High Court's approval and the relevant claims will be subject to a formal adjudication process.

### EMPLOYEES AND REMUNERATION POLICIES

Based on the available books and records, other than the Directors, the Group employed no employees in Hong Kong as at 30 September 2014. Remuneration package is reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits such as a provident fund.

### OUTLOOK/PROSPECT

The Provisional Liquidators have been working closely with an investor since entering into the framework agreement. With the support of and the working capital facility provided by an investor, the Group is steadily reviving its business operations. The proposed restructuring contained in the Resumption 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) a restructuring of the share capital of the Company through a capital reduction, a capital cancellation, a share consolidation;
- (iii) an issue of new shares of the Company by way of an open offer and a share subscription by an investor;

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

- (iv) 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
- (v) the resumption of trading in the shares of the Company.

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

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

### DIVIDENDS

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

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

To the best knowledge of the Provisional Liquidators and the Board, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the headings "Share Option Scheme" above and "Directors' and the Chief Executive's Interests or Short Positions in Securities, Underlying Shares and Debentures" above, to the best knowledge of the Board, at no time during the Reporting Period there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### SHARE OPTIONS SCHEME

Set out below principal terms of 2010 Scheme which are extracted from the Company's audited financial report for the year ended 31 March 2014:

At the Special General Meeting of the Company held on 11 February 2010, the Shareholders approved the adoption of the 2010 Scheme.

#### **1. Purpose**

The purpose of the 2010 Scheme is to enable the Company to grant options to participants as incentives or rewards for their contribution to the Group, and to encourage participants to perform their best in achieving goals of the Group.

#### **2. Participants**

The participants are any employee, Director, adviser or business consultant of the Company or any of its subsidiaries as determined by the Remuneration Committee at its absolute discretion.

#### **3. Total number of shares available for issue**

The original number of shares which may be issued upon the exercise of all share options granted or to be granted under the 2010 Scheme was 59,557,366 shares, representing approximately 10% of the issued share capital of the Company immediately following completion of the dual primary listing in the Main Board of the Stock Exchange and the maximum number of Shares that might be issued upon the exercise of all share options under the 2010 Scheme or other schemes.

On 18 August 2011 and 31 July 2012, ordinary resolutions were proposed at the AGM of the Company to approve the refreshment of the scheme mandate limit to grant options under the 2010 Scheme and any other share option scheme of the Company respectively. The resolutions were approved and the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the "refreshed" 2010 Scheme and any other share option scheme of the Company must not exceed the aggregate of 63,557,366 shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution unless the Company obtains a fresh approval from the owners of the Company in general meeting.

#### **4. Maximum entitlement of each participant**

The total number of shares issued and to be issued upon exercise of the options granted to any participant (including both exercised and outstanding options) under the 2010 Scheme and any other schemes of the Company in any 12-month period must not exceed 1% of the issued shares of the Company, unless approved by Shareholders.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### **5. *Period within which the shares must be taken up under an option***

An option may be exercised in accordance with the terms of the 2010 Scheme at any time during a period to be determined and notified by the Remuneration Committee to each grantee at the time of making an offer, and in any event such period of time shall not expire later than 10 years from 11 February 2010.

### **6. *Minimum period for which an option must be held before it can be exercised***

Unless otherwise determined by the Remuneration Committee at its sole discretion, there is a minimum period of 1 year for which an option must be held after its date of grant before such an option can be exercised.

### **7. *Amount payable on acceptance of the option and the payment period***

The grant of a share option shall be deemed to have been accepted when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein together with a payment or remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 21 days from the offer date.

### **8. *Basis of determining the exercise price***

The exercise price of an option shall be a price determined by the Remuneration Committee in its absolute discretion, but shall not be less than the higher of:

- (a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange or the closing price of the shares on the SGX-ST, whichever is higher, on the date of grant which must be a business day;
- (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange or the average closing prices of the shares on the SGX-ST for the five business days immediately preceding the date of the grant, whichever is higher; and
- (c) the nominal value of the shares.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

### 9. Period of the 2010 Scheme

The 2010 Scheme shall remain in force for 10 years commencing on 11 February 2010 up to and including 10 February 2020.

Details of the share options outstanding and exercisable as at 30 September 2014 which have been granted under the 2010 scheme are as follows:

	Period ended 30 September 2014 Weighted average Exercise price HK\$	Number of options	Year ended 31 March 2014 Weighted average Exercises price HK\$	Number of options	Date of grant	Vesting period	Exercisable period
<b>Share Option 1</b>							
<b>To an executive director, non-executive directors and key managements</b>							
Beginning of the period/year	0.72	9,000,000	0.72	9,000,000	6 Jan 2012	vested on 6 Jan 2013	6 Jan 2013 to 10 Feb 2020
Forfeited during the year	-	-	-	-			
Lapsed during the year	-	-	-	-			
End of the period/year	0.72	9,000,000	0.72	9,000,000			
<b>Share Option 2</b>							
<b>To non-executive directors</b>							
Beginning of the period/year	1.11	600,000	1.11	600,000	19 Mar 2012	vested on 19 Mar 2013	19 Mar 2013 to 10 Feb 2020
Forfeited during the year	-	-	-	-			
Lapsed during the year	-	-	-	-			
End of the period/year	1.11	600,000	1.11	600,000			
Exercisable at the end of the period/year		9,600,000		9,600,000			

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The options outstanding at the end of the period have a weighted average remaining contractual life of 5.4 years (31 March 2014: 5.9 years).

At the date of approval of these financial statements, the Company had 9,600,000 share options (2014: 9,600,000 share options) outstanding under the 2010 Scheme, which represented approximately 1.3% (2014: 1.3%) of the Company's shares in issue as at that date.

Note: the information above is based on the latest available books and records of the Company

### OTHER SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

According to the best available information made to the Board and the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO, the Company were being notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

#### (a) ordinary shares in the company

		Number of shares				% of the Issued share capital of the company as at 30 September 2014	
		Personal interests	Family interests	Corporate interests	Other interests	Total	
Wise Premium Limited	Long positions	-	-	153,310,250	-	153,310,250 (Note 1)	20.10%
Kang Ling Hoi	Long positions	-	184,716,750	-	-	184,716,750 (Note 2)	24.21%

(1) Since the appointment of the Provisional Liquidators, Mr. Wang has not been contactable as at the date of this report. Based on the Disclosure of Interest shown in the website of the Stock Exchange and the information available to the Board, Mr. Wang held 200,000 Shares through HKSCC Nominees Ltd. Mr. Wang held 200,000 Shares through HKSCC Nominees Ltd. Together with his direct holdings of 31,206,500 shares, Mr Wang Shih Zen held 31,406,500 Shares. Based on the information available to the Board, Wise Premium Limited, which held 153,310,250 Shares, is an investment holding company incorporated in British Virgin Islands and wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in total of 184,716,750 Shares, representing approximately 24.21% issued share capital of the Company.

(2) Ms. Kang Ling Hoi, the spouse of Mr. Wang Shih Zen, is deemed to be interested in the shares held by Mr. Wang Shih Zen.

Based on the information available to the Board and save as disclosed above, as at 30 September 2014, no person, other than the Director, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company has complied with the principles (the “Principles”) and code provisions (the “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 code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Shih Zen was the chairman of the Board (“Chairman”) and the Chief Executive Officer (“CEO”) and he has ceased to be the CEO on 4 April 2014. The details are explained under the heading “Chairman and CEO”.
- 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, the Provisional Liquidators and the Directors are unable to ascertain whether the meeting has been held for the Reporting Period.

On 27 June 2014, the Provisional Liquidators were appointed by the High Court to, among others, take control and possession of the assets of the Group. Certain Company’s books and records have not been located by the Provisional Liquidators. The Provisional Liquidators have engaged an independent accounting firm to review the internal control system of the Group with a view to fulfilling the requirements of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

## THE BOARD

The Board, in addition to its statutory responsibilities, is responsible for the proper conduct of the Company’s business and its primary role is to provide leadership, to set strategic aims and to ensure that the necessary and adequate resources are in place for the Group to meet its objectives as well as to protect and maximise Shareholders’ wealth in the long term.

During the Reporting Period, the Company has arranged the liability insurance for the Directors and officers with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

### ***Board meeting and Directors’ Attendance***

The Board is not able to locate the full set of attendance record of each of Directors at the Board meetings during the Reporting Period. Based on the information made available to the Provisional Liquidators and the Board, there were at least 5 Board meetings held for the Reporting Period.

According to the Board meeting minutes located from the Company’s record, the Company has conducted meetings for the discussion of the loan agreements, nomination of the Directors and appointment of key management personnel.

# CORPORATE GOVERNANCE REPORT

## ***Chairman and Chief Executive Officer***

During the Reporting Period, Mr. Wang Shih Zen (“Mr. Wang”), was the Chairman and Chief Executive Officer of the Company and he has ceased to be the CEO on 4 April 2014. Based on the information made available to the Provisional Liquidators and the Board, Mr. Wang 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.

As at the date of this Report, Mr Wang has ceased to be an Executive Director of the Company pursuant to a bankruptcy order made by the High Court on 28 October 2015.

## ***Board Committees***

The Board is supported by three sub-committees (collectively the “Board Committees”), namely the Audit Committee, Nominating Committee and Remuneration Committee to assist the Board in discharging its responsibilities and to enhance the Group’s corporate governance framework. Each Committee has its own defined terms of reference and the effectiveness of each Committee is also constantly monitored. The Board accepts that while these Board Committees have the delegated power to make decisions, execute actions or make recommendations in specific areas, the ultimate responsibility for the decisions and actions reside with the Board.

## ***Audit Committee***

The Audit Committee (the “AC”) was set up in September 2007. As at 30 September 2014, the AC comprises two members, namely, Mr. Tsang Hin Fun Anthony (Chairman) and Mr. Liu Jintao. Its duties and responsibilities are guided by the written terms of reference in accordance with the Listing Rules. All the members of the AC, including its Chairman, are independent non-executive Directors. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise as the Board interprets such qualification to discharge their responsibilities.

Based on the available information, the Provisional Liquidators and the Board are not able to confirm the number of AC meeting which has been held for the Reporting Period.

## CORPORATE GOVERNANCE REPORT

The principal functions of the AC are:

1. to review the audit plans and results of the internal and external auditors' findings, management's response thereto and evaluate the internal controls on the Group's critical business processes and any matters which the internal auditor and/or external auditor wish to discuss (in the absence of management, where necessary);
2. to review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board and the external auditor's report on those financial statements;
3. to review the assistance given by management to the Group's external auditor;
4. to evaluate the cost effectiveness, independence and objectivity of the external auditor and the nature and extent of the non-audit services provided by them;
5. to make recommendation to the Board on the appointment, re-appointment and remuneration of the internal and external auditor of the Company;
6. to evaluate the adequacy of the internal financial controls, operational and compliance controls and risk management policies and systems;
7. to review connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its Shareholders;
8. to review potential conflicts of interest, if any;
9. to undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
10. to generally undertake such other functions and duties as may be required by statute or the Hong Kong Listing Rules, or by such amendments as may be made thereto from time to time.

The Provisional Liquidators and the Board are not able to confirm the work conducted by AC for the Reporting Period based on the available information.

# CORPORATE GOVERNANCE REPORT

## ***Nominating Committee***

The Nominating Committee (“NC”) was set up in September 2007. As at 30 September 2014, the NC comprises three members, namely, Mr. Tsang Hin Fun Anthony, Mr. Liu Jintao and Mr. Wang Shih Zen. Mr. Wang Shih Zen has ceased to act as the Executive Director of the Company on 28 October 2015 pursuant to a bankruptcy order made by the High Court. He has ceased to be a member of the NC with effect from that day. Its duties and responsibilities are guided by written terms of reference in accordance with the Hong Kong Listing Rules. The members of the NC comprise a majority of independent non-executive Directors.

Based on the information available, the Provisional Liquidators and the Board are not able to confirm the number of NC meeting which has been held for the Reporting Period.

The principal functions of the NC are:

1. to review and recommend to the Board the structure, size and composition of the Board and the Board Committees;
2. to review and recommend to the Board the appointment of new executive, non-executive and independent non-executive Directors;
3. to evaluate the effectiveness of the Board as a whole, and the contributions of each Director;
4. to review and recommend Directors retiring by rotation or appointed during the year for re-election in the AGM of the Company, having regard to their contribution and performance;
5. to review and evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations; and
6. to review the independence of each Director on an annual basis.

The Provisional Liquidators and the Board are not able to confirm the work conducted by NC for the Reporting Period based on the available information.

## CORPORATE GOVERNANCE REPORT

### **Remuneration Committee**

The Remuneration Committee (the "RC"), regulated by a set of written terms of reference, comprises two members as at 30 September 2014, namely, Mr. Liu Jintao (Chairman) and Mr. Tsang Hin Fun Anthony. All the members of the RC are independent non-executive Directors including its Chairman.

Based on the information available, the Provisional Liquidators and the Board are not able to confirm the number of RC meeting which has been held for the Reporting Period.

The principal functions of the RC are:

1. to review and recommend to the Board, a framework of remuneration for the Directors and senior management, in the areas of remuneration, including but not limited to fees, salaries, allowances, bonuses, options and all other benefits in-kind;
2. to review and determine the specific remuneration packages for each executive Director and senior management. In the case of service contracts, to consider what compensation commitments in the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;
3. to review and recommend to the Board the terms of renewal of executive Director's service agreements;
4. to ensure adequacy in the disclosure of Directors' remuneration; and
5. to carry out such other duties as may be agreed by the RC and the Board.

Based on the information available, the service agreement of an executive Director is for a period of two years and the contract can be terminated by giving the other party not less than three months' notice or three months' salary in lieu of notice.

The Provisional Liquidators and the Board are not able to confirm the work conducted by RC for the Reporting Period based on the available information.

## CORPORATE INFORMATION

Directors	: Executive: Wang Shih Zen (Chairman and Chief Executive Officer, ceased to be the Chief Executive Officer on 4 April 2014 and ceased to be an Executive Director on 28 October 2015 pursuant to a bankruptcy order made by the High Court) Chen Ling Lai Hui (Appointed on 4 April 2014) Yang Jian Hui Zhong Yong Sen (Resigned on 5 August 2014)  Independent Non-Executive: Liu Jintao (Appointed on 4 April 2014) Tsang Hin Fan Anthony (Appointed on 5 August 2014) Tham Wan Loong, Jerome (Resigned on 4 April 2014) Lo Hang Fong (Resigned on 7 April 2014) Chan Kam Loon (Resigned on 30 June 2014)
Joint and Several Provisional Liquidators	: Donald Edward Osborn Yat Kit Jong So Man Chun
Audit committee	: Tsang Hin Fun Anthony (Chairman) Liu Jintao
Nominating committee	: Wang Shih Zen (Ceased to act as a member with effect from 28 October 2015) Liu Jintao Tsang Hin Fun Anthony
Remuneration Committee	: Liu Jintao (Chairman) Tsang Hin Fun Anthony
Authorised representatives	: Wang Shih Zen (Ceased to act with effect from 28 October 2015) Yang Jian Hui (Appointed on 4 April 2014)
Company secretary	: Li Chi Chung (Resigned on 7 April 2014)
Registered office	: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

## CORPORATE INFORMATION

Place of business in Hong Kong	: Unit E, 26/F., Legend Tower, 7 Shing Yip Street, Kwun Tong Kowloon Hong Kong
Assistant secretary Bermuda share registrar	: Codan Services Limited (Resigned on 15 October 2014) Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Singapore share registrar and share transfer agent	: Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898
Hong Kong branch share registrar and share transfer agent	: Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	: Standard Chartered Bank (Hong Kong) Limited DBS Bank (Hong Kong) Limited Australia and New Zealand Banking Group Limited The Hongkong and Shanghai Banking Corporation Limited China Citic Bank International China Construction Bank Corporation
Auditor	: Crowe Horwath (HK) CPA Limited Certified Public Accountants 9/F Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Stock code	: Singapore: D5N Hong Kong: 948 (Trading was suspended at 2:37p.m. on 27 June 2014)