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 REPORT 2016

* *For identification purposes only*

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BUSINESS AND FINANCIAL REVIEW

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 audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2016 (the "Reporting Period").

BUSINESS AND FINANCIAL REVIEW

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

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"). 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 principal terms of settlement. On 7 May 2014, a Deed of Settlement ("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 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 of Hong Kong Limited ("the Stock Exchange") was suspended at 2:37 p.m. on 27 June 2014 at the request of the Company. Pursuant to 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 but not limited to Ms Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees.

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

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 of 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 Honourable Mr. Justice Harris of the High Court on 26 June 2015 and the amended and restated framework agreement was approved by the Honourable Mr. Justice Harris of the Hong Kong High Court on 6 November 2015.

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With the sanction from the High Court, Perfect Major Investment Limited and H K Rich Technology International Company Limited (collectively the "SPVs"), both of which 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.

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 was held on 17 December 2015.

On 29 December 2015, the Company received the decision letter of the Listing (Review) Committee that the Listing (Review) Committee 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.

BUSINESS MODEL OF THE GROUP

The Group is principally engaged in the distribution and marketing of mobile handset and its components, which are mainly carried out by the SPVs. The mobile handsets distributed and marketed by the Group mainly include 2G features phones and 3G/4G smart phones.

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Supply of mobile handset products

To ensure stable supply, the SPVs have entered into long term supply contracts with assembly plants located in Shenzhen, PRC. The supply contracts set out details of the agreed terms of the assembly of mobile handsets to be performed by the assembly plants to govern the assembly arrangements between the SPVs and the assembly plants.

Sales and marketing

During the marketing stage, the SPVs communicate and work with the customers to understand their product specifications, product functions and features which they require for the mobile handsets. Based on the customers' specific requirements, the SPVs design a mobile handset and present the customers with a mock up for their confirmation. The SPVs may also present the customers with life products which have already been developed or modified by the SPVs together with the assembly plants based on the latest producing models and new application technique.

Research and development

In order to satisfy the requirements of the customers and take a leading role in the trend of mobile phone handsets and application software, the research and development team of the SPVs pays particular attention to the market development, product functionality and latest software applications for installation and downloading into mobile handsets. The research and development team works closely with the sales and marketing team to assist them in the introduction of the latest market trend to the customers.

Assembling of mobile handsets

Once the customer has placed the purchase order with the SPVs with the confirmed specifications and design, the SPVs arrange the assembly plants to produce the mould and tolling for mass production of mobile handsets.

The SPVs are responsible for sourcing and procuring certain raw materials and components to be used in the assembling of the mobile handset. Then the assembly plants place orders directly with the suppliers of raw materials and components designated by the SPVs to purchase the appropriate raw materials and components for the assembling of the mobile handsets. This cuts short any logistical delay had the SPVs made its own materials procurement.

Quality assurance personnel of the SPVs carry out visual inspection and performance tests at each checkpoint of the assembling process of the two assembly plants. The mobile handsets are functionally tested according to the customers' specifications and requirements before the end-products are accepted for delivery to the customers by the assembly plants. Depending on customer's own arrangement, some customers may also send its own quality assurance personnel to inspect and test the end-products pre-shipment.

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Delivery and settlement

The final products bear the customer's brand name and are packed by the assembly plants in accordance with the specifications required by the customer.

Then the assembly plants arrange the delivery of the packed products from the assembly plants to the designed logistics company in Hong Kong appointed by the customer on FOB term. The assembly plants are responsible for the relevant customs clearance, and the SPVs are responsible for the reservation of delivery and transitional storage spaces of the logistics company in Hong Kong for delivery of the packed finished products from Hong Kong to the points of receipt designed by the customer.

Revenue and gross profit

The Group recorded turnover of US$12,715,204 (2015: nil) and gross profit of US$2,059,394 (2015: nil) respectively during the Reporting Period. Profit for the year attributable to owners of the Company was US$374,467 (2015: Loss of US$50,475,462).

Total assets and liabilities

As of 31 March 2016, the total assets and total liabilities of the Group were US$90,717,493 (2015: US$83,466,468) and US$90,158,105 (2015: US$83,281,547) respectively.

SIGNIFICANT INVESTMENTS AND ACQUISITION

Based on books and records of the Group available to the Provisional Liquidators and the Board, the Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates throughout the Reporting Period.

SIGNIFICANT SUBSIDIARIES OF THE COMPANY

Based on books and records of the Group available to the Provisional Liquidators and the Board, the significant subsidiaries of the Company are Perfect Major Investment Limited, H K Rich Technology International Company Limited, CCDH Technology Limited, Max Sunny Limited (Provisional Liquidators Appointed), Loyal Power International Investment Limited and VIM Technology Macao Commercial Offshore Limited. Details of the subsidiaries of the Company are set out in note 16 to the financial statements.

BUSINESS AND FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

Based on books and records of the Group available to the Provisional Liquidators and the Board, as at 31 March 2016, the Group had current assets of US$77,852,536 (2015: US$70,601,511) and current liabilities of US$90,158,105 (2015: US$83,281,547). The total bank and cash balances other than restricted bank balances amounted to US$1,380,909 (2015: US$778,732).

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

RISK OF FOREIGN EXCHANGE FLUCTUATION

Based on books and records of the Group available to the Provisional Liquidators, the Group's bank borrowings, bank and cash balances, 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. The Group will closely monitor the risk exposure and will take prudent measures as appropriate. The Group's borrowings bore interest at fixed and floating rates.

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 Directors believe 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 31 March 2016, 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.

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EMPLOYEES AND REMUNERATION POLICIES

Based on books and records of the Group available to the Provisional Liquidators and the Board, the Group had 25 employees in Hong Kong and Mainland China as at 31 March 2016.

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 as demonstrated in the financial results of the Group. The proposed restructuring contained in the Resumption Proposal, if successfully implemented, will result in, among others:

(i) business operations of the Group continued to develop 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 the Investor;

(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.

DIRECTORS' AND MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Lai Hui

Mr. Lai Hui ("Mr Lai"), aged 44, completed professional studies in Financial Management conducted by Guangdong University of Finance in 1995. Prior to joining the Group, Mr. Lai had worked as the deputy general manager in various companies in the PRC which were engaged in environmental engineering, water works and technology development and his main responsibilities involve strategic formulation, project development and project financing.

Yang Jian Hui

Ms. Yang Jian Hui ("Ms Yang"), aged 39, has more than 11 years of experience in the field of finance. From 1999 to August 2013, she had taken different managerial roles in a Hong Kong listed company, namely Leoch International Technology Limited (stock code: 842.HK) ("Leoch"), and the group members of Leoch. From 1999 to 2004, she was a financial manager of several group companies of Leoch in the PRC. From 2004 to 2008, she was a financial controller of Leoch. In 2010, Ms. Yang was appointed as a project coordinator in respect of Leoch's listing on the Stock Exchange. She held the position as a vice general manager and/or general manager of several financial sectors of Leoch during her tenure of office from 2008 to 2013. Ms. Yang holds a higher diploma in accounting information system from Hunnan Coloured Metal Staffs College.

Chen Ling

Ms. Chen Ling ("Ms. Chen"), aged 33, has around 10 years of experience in the fields of sales and marketing and advertising and has taken corporate managerial roles in different enterprises in the PRC. She has been a sales and marketing director of Guangzhou Yu Xiang Mi Fang Catering Management Co., Ltd since 2005 and was appointed as an e-commerce operations director of Yunnan Yang Liping Culture Communication Co., Ltd. in 2013. From 2006 to 2010, she was an executive director of Guangzhou Holding Advertising Planning Co., Limited. Ms. Chen holds a double-degree of bachelor of economics and management from South China Normal University.

DIRECTORS' AND MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Liu Jintao

Mr. Liu Jintao ("Mr. Liu"), aged 39, graduated from the Shandong Institute of Architecture & Engineering in 1996. Mr. Liu had worked in various companies which were engaged in the business of construction, quality inspection of construction and rapid transit roads and bridges development in the PRC as director and chief executive officer.

Tsang Hin Fun Anthony

Mr. Tsang Hin Fun Anthony ("Mr. Tsang"), aged 56, was appointed as an independent non-executive Director on 5 August 2014. Mr. Tsang holds a Master of Business Administration Degree from the City Polytechnic of Hong Kong (now known as City University of Hong Kong). He has over 30 years' experience in auditing, accounting and finance, company secretarial work, risk management, corporate & debt restructuring and administration. Mr. Tsang started his career in Coopers & Lybrand (now known as PricewaterhouseCoopers) and left after working there for 9 years. Since then, he held various senior positions in different companies, including five companies listed on the Stock Exchange. He also acted as an advisor in a number of corporate and debt restructurings for clients of major banks in Hong Kong. Mr. Tsang was an executive director of China Kingstone Mining Holdings Limited (Stock code:1380) from 16 July 2015 to 23 December 2015 and the general manager (corporate) of a private group engaged in production of timber products. Mr. Tsang is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has been a member of the Finance Sub-committee of the Hospital Governing Committee of Tuen Mun Hospital since 2010.

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 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 review the current structure of the Board from time to time and should any candidates 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 during the Reporting Period.

For the purpose of the proposed restructuring of the Group, 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.

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.

DIRECTORS' SECURITIES TRANSACTIONS

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.

The Directors had complied with the required standards as set out in the Model Code for the Reporting Period.

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.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

As at 31 March 2016, the Board comprised three executive Directors and two independent non-executive Directors. The Board members for the year ended 31 March 2016 and up to date of this report are:

Executive Directors:
Wang Shih Zen (Directorship was ceased on 28 October 2015 pursuant to a Bankruptcy Order made by the High Court)
Lai Hui (Chief Executive Officer)
Chen Ling
Yang Jian Hui

Independent non-executive Directors:
Liu Jintao
Tsang Hin Fan Anthony

The biographies of all the Directors are set out on page 8 to 9 of this report.

The main focus of the Board is to formulate the overall strategies and policies of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

Board meeting and Directors' attendance

Based on the information made available to the Provisional Liquidators and the Board, there was one board meeting held during the Reporting Period and all executive directors and independent non-executive directors attended the meeting. According to the board meeting minutes, the Company conducted the meeting for discussion on 1) the audited annual results of the Group for the financial years ended 31 March 2014 and 31 March 2015; 2) the audited interim results of the Group for the six months ended 30 September 2015; 3) the unaudited interim results of the Group for the six months ended 30 September 2014; 4) the results announcements to be published on the websites of the Singapore Exchange Securities Trading Limited and The Stock Exchange of Hong Kong Limited; 5) means of recipients of Corporate Communications and 6) progress of restructuring of the Group.

CORPORATE GOVERNANCE REPORT

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 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.

Independence of Independent Non-Executive Directors

During the Reporting Period, the Board had two independent non-executive directors. The Company has received written annual confirmation from each of the independent non-executive director in respect of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independence judgements.

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 resides with the Board.

Audit Committee

The Audit Committee (the "AC") was set up in September 2007. As at 31 March 2016, 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, there was one AC meeting held during the Reporting Period and all members attended the meeting.

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;

CORPORATE GOVERNANCE REPORT

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.

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Nominating Committee

The Nominating Committee (the "NC") was set up in September 2007. As at 31 March 2016, the NC comprises two members, namely, Mr. Tsang Hin Fun Anthony and Mr. Liu Jintao.

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 of the independent non-executive Directors.

There was no NC meeting held during 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.

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Remuneration Committee

The Remuneration Committee (the "RC"), regulated by a set of written terms of reference, comprises two members as at 31 March 2016, 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.

There was no RC meeting held during 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.

Details of emoluments of Directors during the Reporting Period are set out in note 11 to the financial statements.

CORPORATE GOVERNANCE REPORT

Accountability and audit

Ascenda Cachet CPA Limited resigned as the Company's auditors with effect from 26 May 2015. Crowe Horwath (HK) CPA Limited ("Crowe Horwath") was appointed as the external auditor of the Company with effect from 18 June 2015. The appointment of Crowe Horwath has been approved by the Board and the AC.

The responsibility of the external auditors with respect to the financial reporting and its audit opinion are set out in the "Independent Auditor's Report" on pages 27 to 30 of this report.

RISK MANAGEMENT AND INTERNAL AUDIT

The internal controls of the Company are designed to help the Company in protecting its assets and information. The presence of internal controls empowers the Company to implement best business practices in these challenging business environments. The Company's internal controls cover a number of in-house procedures and policies comprising among others, the relevant financial, operational and compliance controls and risk management functions.

During the Reporting Period, the Board has, through the AC, reviewed and is generally satisfied with the effectiveness of the Company's internal control systems, including the adequacy of resources, qualifications and experience of staff, training programmes and budget of the Company's accounting and financial reporting function.

Auditor's remuneration

During the Reporting Period, the fees paid/payable to the external auditors are set out as follows:

Audit fees	US$64,103
Non-audit fees	US$36,154

Directors' continuous professional development

Pursuant to the revised CG Code, which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

The Company will arrange all its directors to receive proper training to ensure their continuous professional development in accordance with Code Provision A.6.5 under Appendix 14 of the Listing Rules upon the resumption of trading.

Company secretary

As at the date of this report, the Company has not appointed any company secretary.

CORPORATE GOVERNANCE REPORT

Shareholders' rights

Convening a special general meeting of the Company by shareholders

Shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require the SGM to be called by the Board for the transaction of any business specified in such requisition.

Procedures for putting forward proposals at shareholders' meetings

To put forward proposals at a general meeting, Shareholders should submit a written notice of those proposals with their detailed contact information to the Company at the Company's principal place of business in Hong Kong.

Shareholders' enquiries

Enquiries by Shareholders and the investment community to be put to the Board can be sent in writing to the principal place of business of the Company in Hong Kong. For share registration related matters, Shareholders can contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited and in Singapore, Tricor Barbinder Share Registration Services.

Communication with shareholders and investor relation

The Company is mindful of the need to keep Shareholders, investors and the public informed of all major developments that affect the Group and to release such information in a timely manner. All necessary disclosures are released through the websites of the Stock Exchange and Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for market dissemination.

The meeting of the Shareholders (including the AGM) is the main channel for direct communication between the Shareholders and the Directors. As such, Shareholders are encouraged to participate in Shareholders' meeting to voice their views and seek clarification on issues relating to the business agenda as outlined in the notice. If any shareholder is unable to attend the Shareholders' meetings, he or she or they (in case of a corporation) is/are allowed to appoint proxy to vote on his/her/their behalf at the meeting through proxy forms, which are sent together with the annual report or circulars (as the case may be). The duly completed proxy form is required to be submitted forty-eight hours before the Shareholders' meeting at the Company's share transfer agent's office. At Shareholders' meeting, each distinct issue is proposed as a separate resolution. The Board (including the Chairman of the Board and respective Board Committees), management and relevant professional parties involved are normally available at the Company's Shareholders' meeting to address any question or concern that Shareholders may have. All votes of the Shareholders at the Shareholders' meeting will be taken by poll. Poll results will be posted on the websites of the Stock Exchange and SGX-ST following the Shareholders' meeting.

Constitutional Documents

During the Reporting Period and up to the date of this report, the Company has not made any changes to its Articles of Association.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 16 to the financial statements. 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.

CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in notes 29, 30 and 31 to the audited financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 29 to the audited financial statements.

REPORT OF THE DIRECTORS

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 31 to the audited financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 March 2016, the Company did not have any reserves available for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2016, sales to the Group's five largest customers accounted for approximately 93.4% of the Group's total sales for the year (of which sales to the Group's largest customer accounted for approximately 37.6%). During the Reporting period, the Group has two suppliers, in which purchases attributable to the largest supplier accounted for approximately 62.5%.

None of the Directors or any of their respective associates or any shareholder which to the best knowledge of the Directors, who own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers or the two suppliers during the year ended 31 March 2016.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors during the Reporting Period were:

Executive Directors:
Wang Shih Zen (Directorship was ceased on 28 October 2015 pursuant to a bankruptcy order made by the High Court)
Chen Ling
Lai Hui
Yang Jian Hui

Independent non-executive Directors:
Liu Jintao
Tsang Hin Fan Anthony

Each of the Directors will hold office until the next general meeting of the Company and being eligible, will offer themselves for re-election at that meeting pursuant to the Bye-laws 84 of the Company's Bye-Laws.

DIRECTORS' REMUNERATION

Their emoluments will be determined based on the prevailing market conditions and their roles and responsibilities.

Save as disclosed above, no Director eligible for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 8 to 9 of this report.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2016, the interests and short positions of the Directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors, were as follows:

Long positions in ordinary shares of the Company:

		Number of shares held, capacity and nature of interest			
Name of Director	Note	**Directly beneficially owned**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital as at 31 March 2016**
Wang Shih Zen	(a)	200,000	153,310,250	153,510,250	20.12%

Note:

(a) 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. 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 153,510,250 Shares, representing approximately 20.12% issued share capital of the Company.

Save as disclosed above, as at 31 March 2016, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company, the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors.

Saved as disclosed above, none of the Directors has any direct or deemed direct interests in the share capital and debentures of the Company.

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

REPORT OF THE DIRECTORS

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 2013:

At the special general meeting of the Company held on 11 February 2010, the shareholders of the Company 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 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.

REPORT OF THE DIRECTORS

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.

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 as at 31 March 2016 which have been granted under the 2010 scheme can be found in note 30 to the audited financial statements.

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

REPORT OF THE DIRECTORS

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 was 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.

ordinary shares in the company

		Number of shares					
		Personal interests	Family interests	Corporate interests	Other interests	Total	% of the Issued share capital of the company
Wise Premium Limited	Long positions	–	–	153,310,250	–	153,310,250 (Note a)	20.10%
Kang Ling Hoi	Long positions	–	153,510.250	–	–	153,510,250 (Note b)	20.12%

(a) 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. 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 153,510,250 Shares, representing approximately 20.12% issued share capital of the Company.

(b) 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 31 March 2016, 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.

REPORT OF THE DIRECTORS

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.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED PARTY TRANSACTIONS

Related party transactions

During the Reporting Period, there were no transactions which, in the opinion of the directors, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under the Listing Rules.

Directors' interests in competing business

As at the date of this report, to the best knowledge of, and information available to the Directors, none of the Directors, the Shareholders and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Group or any other conflicts of interest which any such person has or may have with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has complied with the sufficiency of public float requirement under the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices and procedures.

Information on the corporate governance code adopted by the Company is set out in the Corporate Governance Report on pages 10 to 17 of this report.

REPORT OF THE DIRECTORS

AUDITOR

The financial statements for the years ended 31 March 2016 were audited by Crowe Horwath (HK) CPA Limited, who was appointed as the auditor of the Company with effect from 18 June 2015. A resolution for their re-appointment of Crowe Horwath (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Z-Obee Holdings Limited
(Provisional Liquidators Appointed)

Yang Jian Hui
Executive Director
Hong Kong, 8 July 2016

INDEPENDENT AUDITOR'S REPORT

Crowe Horwath

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
Z-OBEE HOLDINGS LIMITED (PROVISIONAL LIQUIDATORS APPOINTED)
(Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Z-Obee Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 31 to 97, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

INDEPENDENT AUDITOR'S REPORT

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 loss of some books and records, the directors of the Company believes 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 control and documentation provided by the management for the purpose of our audit was accurate in all material respects. We have therefore been unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and disclosure of the transactions of the Group.

Given these circumstances, 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 2016, there were no practicable audit procedures that we could perform to satisfy ourselves that whether the balances of assets, liabilities and reserves as at 1 April 2015 and 31 March 2016 were fairy 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 2015 and 31 March 2016 of its profit for the current year and loss for the 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 due from subsidiaries of US$69,471,270 and US$69,471,270 as at 31 March 2016 and 31 March 2015 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 amount due from subsidiaries in the Company's statements of financial position as at 31 March 2016 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 2016 and 31 March 2015 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 2015 was also disclaimed accordingly.

INDEPENDENT AUDITOR'S REPORT

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

As explained in note 2.2 to the 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 they are 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 Listing Rules have been complied with. Given these circumstances, 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 2015 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 the Resumption Proposal was submitted to the Stock Exchange on 19 July 2015. On 14 August 2015, the Company received a decision letter from the Listing Committee that the Resumption Proposal was considered not viable and the Company was placed in the third delisting stage under Practice Note 17 to the Listing Rules. On 24 August 2015, the Company requested for a review hearing of the Listing (Review) Committee for a ruling of the Listing Committee's decision.

The review hearing was held on 17 December 2015. On 29 December 2015, the Company received the decision letter of the Listing (Review) Committee advising that the Listing (Review) Committee 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.

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

INDEPENDENT AUDITOR'S REPORT

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of the Group's financial performance for the year then ended in accordance with IFRSs and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 8 July 2016

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	2016 US$	2015 US$
REVENUE	6	**12,715,204**	–
Cost of goods sold		**(10,655,810)**	–
Gross profit		**2,059,394**	–
Other income and gains	6	**3,585**	–
Selling and distribution expenses		**(16,985)**	–
Administrative expenses		**(908,649)**	(996,072)
Finance costs	8	**–**	–
Other suspense account		**–**	(771,435)
Loss on deconsolidation	10	**–**	(22,019,728)
Impairment loss of prepayments, deposits and other receivables		**–**	(13,959,650)
Write off of inventories		**–**	(12,593,616)
PROFIT/(LOSS) BEFORE RESTRUCTURING COSTS AND TAX		**1,137,345**	(50,340,501)
RESTRUCTURING COSTS		**(507,694)**	(134,961)
PROFIT/(LOSS) BEFORE TAX	7	**629,651**	(50,475,462)
Income tax expense	13	**(255,184)**	–
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	15	**374,467**	(50,475,462)
EARNINGS/(LOSS) PER SHARE			
Basic		**0.05 cents**	(6.62 cents)
Diluted		**0.05 cents**	(6.62 cents)

The notes on pages 36 to 97 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 US$	2015 US$
Profit/(Loss) for the year	**374,467**	(50,475,462)
Other comprehensive income for the year, net of tax	**–**	–
Total comprehensive income/(loss) for the year attributable to owners of the Company	**374,467**	(50,475,462)

The notes on pages 36 to 97 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 US$	2015 US$
Non-current assets			
Interest in an associate	17	**10,554,016**	10,554,016
Financial assets at fair value through profit or loss	18	**2,310,941**	2,310,941
Total non-current assets		**12,864,957**	12,864,957
Current assets			
Inventories	19	**127,500**	–
Trade and factoring receivables	20	**73,382,020**	67,561,829
Prepayments, deposits and other receivables	21	**701,157**	–
Tax recoverable		**128,843**	128,843
Restricted bank balances	22	**2,132,107**	2,132,107
Cash and bank balances	22	**1,380,909**	778,732
Total current assets		**77,852,536**	70,601,511
Current liabilities			
Trade and bills payables	23	**4,285,527**	1,251,045
Accruals and other payables	24	**3,147,298**	2,841,224
Interest-bearing bank borrowings	25	**39,310,190**	39,310,190
Trust receipt loan	26	**39,877,541**	39,877,541
Receipts in advance		**67,450**	–
Other borrowings	27	**2,570,694**	–
Amount due to investors – Escrow account	28	**642,674**	–
Tax payables		**256,731**	1,547
Total current liabilities		**90,158,105**	83,281,547
NET CURRENT LIABILITIES		**(12,305,569)**	(12,680,036)
NET ASSETS		**559,388**	184,921

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	**2016** **US$**	2015 US$
EQUITY			
Equity attributable to owners of the company			
Share capital	29	**6,101,500**	6,101,500
Reserves	31	**(5,542,112)**	(5,916,579)
TOTAL EQUITY		**559,388**	184,921

Approved and authorised for issue by the board of directors on 8 July 2016.

On behalf of the board

Yang Jian Hui
Director

Chen Ling
Director

The notes on pages 36 to 97 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the company						
	Share capital US$	Share premium US$	Share-based payments reserve US$	Foreign currency translation reserve US$	Reserve funds US$	Accumulated loss US$	Total equity US$
As at 1 April 2014	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(34,256,630)	50,660,383
Change in equity for 2015							
Loss and total comprehensive loss for the year	–	–	–	–	–	(50,475,462)	(50,475,462)
At 31 March 2015 and 1 April 2015	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(84,732,092)**	**184,921**
Change in equity for 2016							
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**374,467**	**374,467**
At 31 March 2016	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(84,357,625)**	**559,388**

The notes on pages 36 to 97 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 is sales and distribution of mobile handset and its components.

The Company's shares have been listed on the SGX-ST and the Stock Exchange since 21 November 2007 and 1 March 2010, respectively. With effect from 14 June 2014, the Company converted its listing status on the SGX-ST to secondary listing whilst the primary listing status on the Main Board of the Stock Exchange remains unchanged.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.1 STATEMENT OF COMPLIANCE

Except for the matters referred to in note 2.2, 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 IFRS, 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. A summary of the significant accounting policies adopted by the Group is set out below.

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 2.3 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.

2.2 BASIS OF PREPARATION

Going concern

As at 31 March 2016, the Group had net current liabilities of US$12,305,569. 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, as well as 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Winding-up petition and suspension of trading of the shares of the Company

On 4 April 2014, ANZ presented winding-up petitions to the High Court for the winding-up of the Company and Max Sunny, a wholly-owned subsidiary of the Company.

On the same day, summonses were filed with the 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 and Max Sunny agreed on principal terms of settlement. On 7 May 2014, 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. 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 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 year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group

Given the situation of the Group, the Provisional Liquidators with 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

a) demonstrate sufficient operations or assets to comply with Rule 13.24;

b) address auditors' qualifications and demonstrate adequate internal control system; and

c) 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, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

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 of the Stock Exchange. The review hearing was held on 17 December 2015. On 29 December 2015, the Company received the decision letter from 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. 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 2016, 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 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 current year for inclusion in the 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 the 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.

For the avoidance of doubt, the books and records of the SPVs, in the opinion of their respective auditors, are complete for the purpose of preparing their financial statements, in which their respective auditors issued unqualified opinions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

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 2016 and the net assets of the Group as at 31 March 2016.

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 2016 and have formed the opinion 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 2016 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 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.

Basis of consolidation

The consolidated financial statements for the year ended 31 March 2016 comprise the Group and the Group's interests in associates.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in United States dollars ("US$"), rounded to the nearest dollar. United States dollar is the Company's functional and the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– financial assets at fair value through profit or loss

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised Standards, Amendments and Interpretations ("new and revised IFRSs") that are first effective for the current accounting period.

Amendments to IAS 19	Defined Benefit Plans: Employee Contribution
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (that is, existing rights that give the Group the current ability to direct the relevant activities of the investee).

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control cases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

When goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

i) has control or joint control over the Group;

ii) has significant influence over the Group; or

iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

i) the entity and the Group are members of the same group;

ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary or the other entity);

iii) the entity and the Group are joint ventures of the same third party;

iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

vi) the entity is controlled or jointly controlled by a person identified in (a); and

vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii) the entity, or any member of a group of which it is a part, provide key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family member who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal from of a lease.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under financial leases, are included in property, plant and equipment, and depreciated over the shorter of lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the consolidated statement of profit or loss. These net fair value changes do not include any interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (that is, removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred the control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In this case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, accruals and other payables, interest-bearing bank borrowings, other borrowings, trust receipt loan, and amount due to investors.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories represent trading merchandise and direct costs incurred for IT contract work in progress and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contract for services" below;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2012 is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Employee benefits

Pension scheme

The employees of the Group's operation in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been declared and approved by the shareholders, they are recognised as a liability.

Foreign currencies

These financial statements are presented in United Stated Dollars ("US$"), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the dates of the transactions dates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising from translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on changes in fair value of the item (that is translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries and associates are currencies other than US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into US$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On the disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of interests in subsidiaries and associates

The Company assesses whether there are any indicators of impairment for interests in subsidiaries and associates at the end of each reporting period. Interests in subsidiaries and associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment on trade and other receivables

The policy for impairment allowances on trade and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Allowance for obsolete and slow moving of inventories

The management of the Group reviews an aging analysis of inventories at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow moving items.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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 2015. The details of the disclaimer of opinion are set out in the Company's annual report 2014/15.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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.

Trading of mobile handsets

The trading of mobile handsets segment derived 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 monitor the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, financial assets at fair value 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 segment with reference to sales generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the 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' remuneration and other head office or corporate administrative costs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

a) Segment results, assets and liabilities (continued)

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue (including inter-segment sales), 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. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segment 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 2016 and 2015 is set out below.

	Trading of mobile handsets Year ended 31 March	
	2016	2015
	US$	US$
Revenue from external customers	**12,715,204**	–
Reportable segment revenue	**12,715,204**	–
Reportable segment profit (adjusted EBITDA)	**1,515,408**	–

	At 31 March	At 31 March
	2016	2015
	US$	US$
Reportable segment assets	**7,249,093**	–
Reportable segment liabilities	**5,920,260**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

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

	Year ended 31 March	
	2016	2015
	US$	US$
Revenue		
Reportable segment revenue	**12,715,204**	–
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**12,715,204**	–
Profit		
Reportable segment profit	**1,515,408**	–
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from the Group's external customers	**1,515,408**	–
Write off of inventories	**–**	(12,593,616)
Loss on deconsolidation	**–**	(22,019,728)
Impairment loss of prepayment, deposits and other receivables	**–**	(13,959,650)
Unallocated head office and corporate expenses	**(885,757)**	(1,902,468)
Consolidated profit/(loss) before tax	**629,651**	(50,475,462)

	At 31 March	At 31 March
	2016	2015
	US$	US$
Assets		
Reportable segment assets	**7,249,093**	–
Elimination of inter-segment receivables	**–**	–
	7,249,093	–
Interests in an associate	**10,554,016**	10,554,016
Financial assets at fair value through profit or loss	**2,310,941**	2,310,941
Unallocated head office and corporate assets	**70,603,443**	70,601,511
Consolidated total assets	**90,717,493**	83,466,468
Liabilities		
Reportable segment liabilities	**5,920,260**	–
Elimination of inter-segment payables	**–**	–
	5,920,260	–
Interest-bearing bank borrowings	**39,310,190**	39,310,190
Trust receipt loan	**39,877,541**	39,877,541
Amount due to investors-Escrow account	**642,674**	–
Unallocated head office and corporate liabilities	**4,407,440**	4,093,816
Consolidated total liabilities	**90,158,105**	83,281,547

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

c) Revenue from major products and services

	Year ended 31 March	
	2016	2015
	US$	US$
Trading of mobile handsets	**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 an associate. The geographical location of customers is based on the operation of the customers. In the case of interest in an associate, it is the location of operations of such associate.

	Revenue from external customers		Non-current assets	
	Year ended 31 March		**At 31 March**	At 31 March
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
PRC (place of domicile, HK)	**4,890,500**	–	**–**	–
PRC	**–**	–	**10,554,016**	10,554,016
Bangladesh	**101,500**	–	**–**	–
Dubai	**3,734,500**	–	**–**	–
India	**3,078,000**	–	**–**	–
Morocco	**128,750**	–	**–**	–
Pakistan	**421,800**	–	**–**	–
USA	**360,154**	–	**–**	–
	12,715,204	–	**10,554,016**	10,554,016

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

e) Information about major customers

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

	2016 **US$**	2015 US$
Revenue from trading of mobile handsets		
– Customer A	**4,786,500**	–
– Customer B	**3,734,500**	–
– Customer C	**1,701,000**	–

As disclosed in note 2.2, 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 and accuracy of the disclosure of segment reporting as of the date of approval of these consolidated financial statements.

6. REVENUE AND OTHER INCOME AND GAINS

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 and gains is as follows:

	2016 **US$**	2015 US$
Revenue		
Distribution and marketing of mobile handset and its components	**12,715,204**	–
	12,715,204	–
Other income and gains		
Interest income	**41**	–
Foreign exchange gain, net	**3,544**	–
	3,585	–
	12,718,789	–

As disclosed in note 2.2, 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 revenue as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

7. PROFIT/(LOSS) BEFORE TAX

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

		2016 US$	2015 US$
a)	Staff cost		
	Employee benefit expenses		
	(including directors' and chief executive's emoluments)		
	Wages, salaries, bonus and allowances	**588,301**	265,972
	Pension scheme contributions	**–**	–
		588,301	265,972
b)	Other items		
	Cost of goods sold	**10,655,810**	–
	Auditor's remuneration	**100,257**	64,267
	Restructuring costs	**507,694**	134,961
c)	Other operating expenses		
	Loss of deconsolidation	**–**	22,019,728
	Impairment loss on prepayments, deposits and other receivables	**–**	13,959,650
	Written off of inventories	**–**	12,593,616

As disclosed in note 2.2, 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 profit/(loss) before tax as of the date of approval of these consolidated financial statements.

8. FINANCE COSTS

	2016 US$	2015 US$
Interest on bank borrowings	**–**	–
Interest on factoring	**–**	–
	–	–

As disclosed in note 2.2, 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 finance costs as of the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

9. OTHER SUSPENSE ACCOUNT

As disclosed in note 2.2, certain books and records are either lost or are incomplete, and there were numerous payments that could not be clearly and properly explained. Due to the limitation of information, the information as at 1 April 2014 has not been restated, and has been adopted as the assumed opening balance as at 1 April 2014. The other suspense account represents the unknown transactions and the net adjustment required to account for the difference between the opening and closing equity attributable to the owners for the year ended 31 March 2015 as estimated by the directors to the best of the information available to them as of the date of approval of these consolidated financial statements.

10. LOSS ON DECONSOLIDATION

As at 31 March 2015, as the Board could not access the books and records of Zeus Telecommunication Technology Holdings Limited and Tongqing Communication Equipment (Shenzhen) Co., Ltd, both wholly-owned subsidiaries of the Company, the Directors considered that the control over these subsidiaries has been lost since 1 April 2014. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group with effect from that day.

	2016 **US$**	2015 US$
Net assets disconsolidated of:		
Property, plant and equipment	–	88,073
Inventories	–	635,677
Trade receivables	–	453,723
Prepayment, deposits and other receivables	–	27,301,867
Cash and bank balances	–	325,153
Restricted bank balances	–	5,563,959
Trade and bills payable	–	(2,383,704)
Other payable and accruals	–	(227,606)
Interest-bearing bank loan	–	(9,737,414)
Loss on deconsolidation	–	22,019,728

As disclosed in note 2.2, 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 loss on deconsolidation as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, and the chief executive emoluments (that is, general manager) are as follows:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub – total	Share – based payments	2016 Total
	US$	US$	US$	US$	US$	US$	US$
Executive directors							
Lai Hui							
(Chief Executive officer)	92,545	–	–	–	92,545	–	92,545
Yang Jian Hui	61,697	–	–	–	61,697	–	61,697
Chen Ling	61,697	–	–	–	61,697	–	61,697
Independent non-executive directors							
Liu Jintao	30,848	–	–	–	30,848	–	30,848
Tsang Hin Fun, Anthony	30,848	–	–	–	30,848	–	30,848
	277,635	–	–	–	277,635	–	277,635

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. DIRECTORS' EMOLUMENTS (continued)

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub – total	Share – based payments	2015 Total
	US$	US$	US$	US$	US$	US$	US$
Executive directors							
Lai Hui							
(Chief Executive officer)	91,784	-	-	-	91,784	-	91,784
Yang Jian Hui	61,697	–	–	–	61,697	–	61,697
Chen Ling	61,697	–	–	–	61,697	–	61,697
Independent non-executive directors							
Liu Jintao	30,595	–	–	–	30,595	–	30,595
Tsang Hin Fun, Anthony	20,199	–	–	–	20,199	–	20,199
	265,972	–	–	–	265,972	–	265,972

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in above.

As disclosed in note 2.2, 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 Directors' emoluments and chief executive remuneration as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2015: 5) are directors of the Company whose emoluments are disclosed in note 11. The aggregate of the emoluments of the remaining 2 (2015: 0) individuals were as follows:

	2016	2015
	US$	US$
Salaries and other emoluments	**149,101**	–

The emoluments of the 2 (2015: 0) individuals with the highest emoluments are within the following bands:

	2016	2015
	Number of individuals	Number of individuals
HK$		
Nil – 1,000,000	**2**	–

As disclosed in note 2.2, 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 individuals with highest emoluments as of the date of approval of the consolidated financial statements.

13. INCOME TAX

a) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. 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 Macau, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profits for the year 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

13. INCOME TAX (continued)

a) (continued)

	2016	2015
	US$	US$
Current tax – Hong Kong Profits Tax		
Charge for the year	**225,184**	–
Over provision in prior years	**–**	–
	225,184	–
Current tax – PRC		
Charge for the year	**–**	–
Over provision in prior years	**–**	–
Total tax charge for the year	**225,184**	–

As disclosed note 2.2, 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.

b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2016	2015
	US$	US$
Profit/(loss) before taxation	**629,651**	(50,475,462)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the countries concerned	**103,892**	(8,328,451)
Tax effect of non-deductible expenses	**148,457**	8,328,451
Tax effect of tax losses/deductible temporary differences not recognised	**2,835**	–
Actual tax expense	**255,184**	–

As disclosed note 2.2, 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 above disclosures as of the date of approval of these consolidated financial statements.

14. DIVIDEND

The board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

15. EARNINGS/(LOSS) 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$374,467 (loss of 2015: US$50,475,462) and the weighted average number of 762,687,662 (2015: 762,687,662) ordinary shares in issue during the year.

Diluted

On the basis that the relevant books and records are either lost or are incomplete, there is no accurate information to calculate the diluted earnings/loss per share. Therefore, diluted earnings/loss per share equals to the basic earnings/loss per share for the year ended 31 March 2016 and 31 March 2015.

As disclosed in note 2.2 as the earnings/loss attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the earnings/loss per share of the Company as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

16. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2016 were as follows:

Name of subsidiary	Place of establishment/ incorporation and business	Paid up/ issued capital	Percentage of paid up/issued capital held by the Company		Principal activities
			Directly	Indirectly	
Elastic Glory Investment Limited*	British Virgin Islands	US$2,570,694	100%	–	Investment holding
CCDH Technology Limited*	British Virgin Islands	US$50,000	–	100%	Investment holding
Finet Enterprises Limited*	British Virgin Islands	US$1	–	100%	Trademark and patents registration
Elite Link Technology Limited	Hong Kong	HK$2,000,001	–	100%	Provision of management services to the Group
Max Sunny Limited	Hong Kong	HK$100,000	–	100%	Distribution and marketing of mobile handset and its components and electronic components
Loyal Power International Investment Limited	Hong Kong	HK$1	–	100%	Property holding and distribution and marketing of mobile handset and its component
Excel Ascent Limited	Hong Kong	HK$1	–	100%	Investment holding
VIM Technology Macao Commercial Limited*	Macau	MOP100,000	–	100%	Provision of design and production solution services for mobile handset
Perfect Major Investment Limited	British Virgin Islands	US$100	–	100%	Distribution and marketing of mobile handset and its components and electronic components
HK Rich Technology International Company Limited	Hong Kong	HK$1	–	100%	Distribution and marketing of mobile handset and its components and electronic components
深圳晉科企業管理咨詢有限公司@	PRC	RMB1,000,000	–	100%	Provision of management services to the Group

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

16. SUBSIDIARIES (continued)

* Crowe Horwath (HK) CPA Limited is not the statutory auditors of these companies.

@ These subsidiaries are registered as a wholly-foreign-owned enterprise under PRC law.

As disclosed in note 2.2, 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 investment in subsidiaries of the Company and amount due from subsidiaries as of the date of approval of these financial statements.

17. INVESTMENTS IN ASSOCIATES

	2016	2015
	US$	US$
Share of net assets	**4,547,201**	4,547,201
Goodwill on acquisition	**6,006,815**	6,006,815
	10,554,016	10,554,016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENTS IN ASSOCIATES (continued)

Particulars of the principal associates as at 31 March 2016 were as follows:

Name of associate	Place of establishment and operation	Paid up/issued capital	Percentage of paid up/issued capital held by the Company		Principal activity
			2016	2015	
Directly held:					
Noosa International	British Virgin Islands	100 ordinary shares with no par value	**40%**	40%	Investment holding
Indirectly held					
Forever Full Investment	Hong Kong	HK$1 ordinary share	**40%**	40%	Investment holding
沛恒信息諮詢(深圳)有限公司*/# (Pei Heng Information Consultancy Limited)	PRC	HK$22,000,000	**40%**	40%	Investment holding
深圳市菁英電子科技有限公司**/# (Shenzhen Jingying Electronic Technology Limited)	PRC	RMB30,000,000	**40%**	40%	Provision of aviation advertising services

* The associate is registered as a wholly-foreign-owned enterprise established in PRC.

** The associate is registered as a domestic enterprise established in PRC.

The English translation of company name is for identification purposes only.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENTS IN ASSOCIATES (continued)

According to the laws and regulations in the PRC, a foreign investor is not allowed to acquire 100% equity interest in an advertising enterprise in the PRC, such as Shenzhen Jingying, unless such foreign investor is a qualified foreign funded advertising enterprise. All group companies now comprising Noosa Group are not qualified as a foreign funded advertising enterprise.

To comply with laws and regulations of the PRC that restrict foreign ownership of companies that operate advertising and media businesses as detailed above, Noosa Group engages in such restricted business in the PRC through entering into a set of agreements (the "Structured Agreements") with Shenzhen Jingying. Details of the Structured Agreements are disclosed in the Company's announcement dated 10 August 2012.

Based on the Structured Agreements, the Directors have exercised judgements and determined that, notwithstanding the lack of equity ownership, Noosa Group has in substance obtained the control over the 100% equity interest of Shenzhen Jingying and Shenzhen Jingying should be classified as a subsidiary of Noosa Group.

As disclosed in note 2.2, 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 investment in associates of the Group as of the date of approval of these consolidated financial statements.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	US$	US$
As at 31 March	**2,310,941**	2,310,941

As disclosed in note 2.2, 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 financial assets at fair value through profit or loss of the Group as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. INVENTORIES

	2016 US$	2015 US$
Raw materials	**–**	–
Working in progress	**–**	–
Finished goods	**127,500**	–
	127,500	–

As disclosed in note 2.2, 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 inventories of the Group as of the date of approval of these consolidated financial statements.

20. TRADE AND FACTORING RECEIVABLES

	2016 US$	2015 US$
Trade and factoring receivables	**105,496,801**	99,676,610
Less: Impairment loss recognised	**(32,114,781)**	(32,114,781)
Net carrying amount	**73,382,020**	67,561,829

(a) Ageing analysis

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

	2016 US$	2015 US$
0-60 days	**5,820,191**	–
61-90 days	**–**	–
Over 90 days	**67,561,829**	67,561,829
	73,382,020	67,561,829

Trade receivables are due within 60 days from the date of billing.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

20. TRADE AND FACTORING RECEIVABLES (continued)

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

	2016 US$	2015 US$
At 1 April	**32,114,781**	32,114,781
Impairment loss recognised	**–**	–
At 31 March	**32,114,781**	32,114,781

(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:

	2016 US$	2015 US$
Neither past due nor impaired	**5,820,191**	–
Past due but not impaired		
Less than 1 month past due	**–**	–
More than 3 months past due	**67,561,829**	67,561,829
	67,561,829	67,561,829
	73,382,020	67,561,829

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 no impairment allowance is necessary in respect of these balances and will be included in the proposed restructuring.

Given the loss of some books and records, and unreliability of records found, 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 year ended 31 March 2016

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	US$	US$
Net carrying amount	**701,157**	–

As disclosed in note 2.2, 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 prepayments, deposits and other receivables of the Group as of the date of approval of these consolidated financial statements.

22. RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

The Group's restricted bank balances are pledged to secure the bank loans and general banking facilities granted to the Group.

Restricted bank balances and cash and bank balances are in the following:

	2016	2015
	US$	US$
As at 31 March	**3,513,016**	2,910,839

As disclosed in note 2.2, 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 restricted bank balances and cash and bank balances as at the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

23. TRADE AND BILLS PAYABLE

	2016 US$	2015 US$
Trade payables	**4,285,527**	1,251,045

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:

	2016 US$	2015 US$
0 – 30 days	**3,034,482**	–
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**1,251,045**	1,251,045
	4,285,527	1,251,045

Trade payables generally have credit terms ranging from 30 to 90 days. (2015: 30 to 90 days).

As disclosed in note 2.2, 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.

24. ACCRUALS AND OTHER PAYABLES

	2016 US$	2015 US$
As at 31 March	**3,147,298**	2,841,224

As disclosed in note 2.2, 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 accruals and other payables of the Group as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

25. INTEREST-BEARING BANK BORROWINGS

	2016	2015
	US$	US$
As at 31 March	**39,310,190**	39,310,190

As disclosed in note 2.2, 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 interest-bearing bank borrowings of the Group as of the date of approval of these consolidated financial statements.

26. TRUST RECEIPT LOANS

	2016	2015
	US$	US$
Carrying amount	**39,877,541**	39,877,541

As disclosed in note 2.2, 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 trust receipt loans of the Group as of the date of approval of these consolidated financial statements.

27. OTHER BORROWINGS

On 28 April 2015, Alpha Professional Development Limited (the "Investor"), a third party independent of the Company and its connected persons (as defined under the Listing Rules) formally submitted an indicative restructuring proposal to the Provisional Liquidators. After arm's length negotiations among the parties, on 5 June 2015, the Company, the Provisional Liquidators and the Investor entered into a framework agreement dated 5 June 2015 and an amended and restated framework agreement dated 5 October 2015 (the "Framework Agreement"), pursuant to which the parties have agreed on the principal terms of the proposed restructuring and the Investor has been granted a exclusivity period of 24 months from and inclusive of 3 July 2015 for the restructuring of the Group.

By the order of the High Court dated 26 June 2015 and sealed by the High Court on 2 July 2015, the High Court approved, amongst others, the Company and the Provisional Liquidators to enter into the Framework Agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

27. OTHER BORROWINGS (continued)

With the sanction from the High Court, 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. The Investor and Perfect Major Investment Limited, on 5 June 2015 entered into a working capital facility agreement pursuant to which the Investor agreed to provide a working capital facility of up to HK$20,000,000 ("Working Capital Facility") to the Group for the continuation of its business operations. As at 31 March 2016, the Group had drawndown an amount of US$2,570,694 (approximately HK$20,000,000) under the agreement. The amount is secured by the floating charge and the share charge over the entire issued share capital of HK Rich Technology Company Limited, interest at 2% per annum, shall be for a term of 2 years, and shall become immediately due and payable to the Investor on the earliest to occur of (a) the date of completion of the Capital Reorganisation, the Open Offer, the Share Subscription and the occurrence of the Resumption; (b) the date on which the Framework Agreement is terminated; and (c) the date of Completion of the Share Subscription.

28. AMOUNT DUE TO INVESTOR – ESCROW ACCOUNT

According to the Framework Agreement, the Investor shall pay the Earnest Money into the Escrow Account. The Earnest Money once released and remitted from the Escrow Account to the Provisional Liquidators shall not be refundable. The Earnest Money shall be held by the Escrow Agent on joint instructions of the Provisional Liquidators and the Investor to release the Earnest Money for the purposes of settling all fees, remuneration, costs and expenses incurred by the Provisional Liquidators, its advisors and agents for work done in connection with the restructuring. If the Framework Agreement is terminated for any reason, the Escrow Agent shall release any remaining balance of the Earnest Money held in the Escrow Account to the Investor within 3 business days of the termination. As at 31 March 2016, an amount of US$642,674 (approximately HK$5,000,000) was received by the Group.

29. SHARE CAPITAL

	Number of shares	Amount US$
Authorised:		
Ordinary shares of US$0.008 each		
At 1 April 2014, 31 March 2015 and 31 March 2016	1,250,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of US$0.008 each		
At 1 April 2014, 31 March 2015 and 31 March 2016	762,687,662	6,101,500

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the owners through the optimisation of the debt and equity balance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

29. SHARE CAPITAL (continued)

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts included interest-bearing bank borrowings, trust receipt loan, other borrowings and amount due to investors-Escrow account plus unaccrued proposed dividends less cash and cash equivalents. Adjusted capital comprises all components of equity (that is, share capital, share premium, retained earnings, other reserves and any non-controlling interests) less unaccrued proposed dividends and includes some forms of subordinated debts.

The Group's strategy was to maintain the net debt-to-adjusted capital ratio at the lowest as possible, in order to secure access to finance at a reasonable cost. The net debt-to-adjusted capital ratio at the end of the reporting period is as follows:

	2016	2015
	US$	US$
Total debt	**82,401,099**	79,187,731
Less: cash and cash equivalents	**(1,380,909)**	(778,732)
Net debt	**81,020,190**	78,408,999
Total equity and adjusted capital	**559,388**	184,921
Net debt-to-adjusted capital ratio	**14,484%**	42,401%

According to the Hong Kong Listing Rules on the Stock Exchange, at least 25% of the Company's shares should be held in the hands of the public.

As disclosed in note 2.2, 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 share capital of the Group as of the date of approval of these consolidated financial statements.

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For the year ended 31 March 2016

30. SHARE OPTION SCHEME

The Company operates a share option scheme 2010 (the "2010 Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Group's directors, including independent non-executive directors, confirmed employees of the Group, the controlling shareholders and their associates. The Scheme became effective on 11 February 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the 2010 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2010 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or to any of their respective associates (including discretionary trust in which any Connected Persons are beneficiary), are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of the Company, or to any their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The grant of 2010 Scheme shall be made to a participant by letter in such form as the Remuneration Committee ("RC"), a committee of directors who are duly authorized and appointed by the Board to administer the 2010 Scheme for the time being pursuant to the Code of Corporate Governance under SGX Listing Manual, may from time to time determine.

Subject to the provisions of the 2010 Scheme, the Bermuda Companies Act, the Listing Manual of the SGX-ST and the Hong Kong Listing Rules, the RC may, when making the offer, impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.

The exercise price of share options is determinable by the RC, but may not be less than the higher of (i) the closing price of the Company's shares on a business day as stated in the daily quotations sheet issued by the Stock Exchange or the closing price of the Company's shares as stated in the daily quotations sheet issued by the SGX-ST; (ii) the average closing prices of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange or the average closing prices of the shares as stated in the daily quotations sheets issued by SGX-ST for the five consecutive business days immediately preceding the offer date; or (iii) the nominal value of a share on the offer date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. SHARE OPTION SCHEME (continued)

Under the 2010 Scheme, if the share options remain unexercised after a period of 10 years from 11 February 2010, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest. In the event that the grantee ceases to be a participant for any reason (other than on his death) including the termination of his employment or engagement on one or more of the grounds specified in the 2010 Scheme, the options granted to such grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable unless the RC otherwise determines to grant an extension (which shall not be more than 1 month from the date of cessation) at the absolute discretion of the RC in which event the grantee may exercise the options within such period of extension.

The following share options were outstanding under the 2010 Scheme during the year:

	2016 Weighted average Exercise price HK$	**Number of options**	2015 Weighted average Exercises price HK$	Number of options	**Date of grant**	**Vesting period**	**Exercise period**
Share Option 1							
To an executive director, non executive directors and key managements							
At 1 April	**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	**–**	**–**	–	–			
Outstanding and exercisable At 31 March	**0.72**	**9,000,000**	0.72	9,000,000			
Share Option 2							
To non-executive directors							
At 1 April	**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	**–**	**–**	–	–			
Outstanding and exercisable At 31 March	**1.11**	**600,000**	1.11	600,000			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. SHARE OPTION SCHEME (continued)

The options outstanding at the end of the period have a weighted average remaining contractual life of 3.9 years (31 March 2015: 4.9 years). The weighted average exercise price at the beginning and at the end of the period are HK$0.74 and HK$0.74 respectively.

At the date of approval of these financial statements, the Company had 9,600,000 share options (2015: 9,600,000 share options) outstanding under the 2010 Scheme, which represented approximately 1.3% (2015: 1.3%) of the Company's shares in issue as at that date.

As disclosed in note 2.2, 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 share option scheme as at the date of approval of these consolidated financial statements.

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35.

(i) Share premium account

Share premium arose from the issuance of share by the Company at prices in excess of their par value, and may be distributed in the form of fully paid bonus shares. The application of the share premium is governed by section 40 of the Bermuda Companies Act 1981 of Bermuda.

(ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.4 to the financial statements.

(iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.4 to the financial statements.

(iv) Reserve funds

Pursuant to the relevant PRC laws and regulations, Sino-foreign joint ventures registered in the PRC are required to transfer a certain percentage, as approved by the board of directors, of their profit after income tax to the reserve funds. These funds are restricted as to use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

31. RESERVES (continued)

(b) Company

	Share premium US$	Share-based payments reserve US$	Accumulated losses US$	Total US$
At 1 April 2014	70,605,619	52,241	(5,116,154)	65,541,706
Loss and total comprehensive loss for the year	–	–	(607,434)	(607.434)
At 31 March 2015 and 1 April 2015	**70,605,619**	**52,241**	**(5,723,588)**	**64,934,272**
Loss and total comprehensive loss for the year	**–**	**–**	**(885,587)**	**(885,587)**
At 31 March 2016	**70,605,619**	**52,241**	**(6,609,175)**	**64,048,685**

As disclosed in note 2.2, 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 reserves as at the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

32. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	2016 US$	2015 US$
Non-current assets		
Investment in a subsidiary	**2,622,935**	2,622,935
Current assets		
Due from subsidiaries	**69,471,270**	69,471,270
Prepayments, deposits and other receivables	**60,519**	60,519
Cash and bank balances	**3,449**	3,449
	69,535,238	69,535,238
Current liabilities		
Accruals and other payables	**1,365,314**	1,122,401
Amounts due to investors – Escrow account	**642,674**	–
	2,007,988	1,122,401
Net current assets	**67,527,250**	68,412,837
NET ASSETS	**70,150,185**	71,035,772
Capital and reserves		
Share capital	**6,101,500**	6,101,500
Reserves	**64,048,685**	64,934,272
TOTAL EQUITY	**70,150,185**	71,035,772

Approved and authorised for issue by the board of directors on 8 July 2016.

On behalf of the board

Yang Jian Hui	**Chen Ling**
Director	*Director*

As disclosed in note 2.2, 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 company-level statement of financial position as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

33. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with the related parties during the year.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 is as follows:

	2016	2015
	US$	US$
Employee benefit expenses (including directors and chief executive's emoluments)		
Wages, salaries, bonus and allowances	**426,736**	–
short-term employee benefits	**–**	–

Total remuneration is included in "staff costs" (see note 5(b)).

The remuneration package for key management personnel of the Group includes a profit incentive bonus scheme to reward the key management personnel based on their performance.

As disclosed in note 2.2, 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 material related party transactions as of the date of approval of these consolidated financial statements.

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after a date to be determined.

6 Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company anticipate that, except as described below, the application of the above new and revised IFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

	2016	2015	2014	2013	2012
	US$	US$	US$	US$	US$
RESULTS					
REVENUE	**12,715,204**	–	131,552,607	179,819,298	136,838,712
Cost of goods sold	**(10,655,810)**	–	(125,162,881)	(169,649,693)	(129,719,413)
Gross profit	**2,059,394**	–	6,389,726	10,169,605	7,119,299
Other income	**3,585**	–	1,154,946	1,883,273	4,037,980
Selling and distribution costs	**(16,985)**	–	–	(596)	(153,950)
Administrative expenses	**(908,649)**	(996,072)	(3,974,745)	(4,341,319)	(4,056,202)
Other suspense account	**–**	(771,435)	–	–	–
Finance costs	**–**	–	(3,216,728)	(2,490,758)	(644,901)
Share of losses of an associate	**–**	–	(124,310)	(264,553)	–
Loss on Deconsolidation	**–**	(22,019,728)	–	–	–
Fair value (loss)/gains to financial assets at fair value through profit or loss	**–**	–	(18,075,242)	2,729,931	283,189
Impairment loss on goodwill	**–**	–	–	(1,377,449)	(219,547)
(Impairment loss)/reversal of impairment loss on prepayments, deposits and other receivables	**–**	(13,959,650)	(48,436)	(238,096)	192,284
Impairment loss on property, plant and equipment	**–**	–	(1,201,383)	(970,535)	(399,250)
Impairment loss on trade and factoring receivables	**–**	–	(31,840,510)	(274,271)	–
Impairment loss on non-current assets classified as held for sale	**–**	–	–	–	(149,687)
Impairment loss on intangible assets	**–**	–	(4,613,703)	–	–
Write off inventories	**–**	(12,593,616)	(23,079,671)	–	–
PROFIT/(LOSS) BEFORE RESTRUCTURING COSTS AND TAX	**1,137,345**	(50,340,501)	(78,630,056)	4,825,232	6,009,215
RESTRUCTURING COSTS	**(507,694)**	(134,961)	–	–	–
PROFIT/(LOSS) BEFORE TAX	**629,651**	(50,475,462)	(78,630,056)	4,825,232	6,009,215
Income tax expense	**(255,184)**	–	(46,318)	(560,713)	(872,477)
PROFIT/(LOSS) FOR THE YEAR	**374,467**	(50,475,462)	(78,676,374)	4,264,519	5,136,738
Attributable to:					
Owners of the Company	**374,467**	(50,475,462)	(78,676,374)	4,264,519	5,136,738
Non-controlling interests	**–**	–	–	–	–
	374,467	(50,475,462)	(78,676,374)	4,264,519	5,136,738
ASSETS AND LIABILITIES					
TOTAL ASSETS	**90,717,493**	83,466,468	146,721,053	187,087,858	148,583,378
TOTAL LIABILITIES	**90,158,105**	(83,281,547)	(96,060,670)	(71,861,471)	(38,004,549)
	559,388	184,921	50,660,383	115,226,387	110,578,829

CORPORATE INFORMATION

Directors	:	Executive: Wang Shih Zen (Directorship was ceased on 28 October 2015 pursuant to a Bankruptcy Order made by the High Court) Lai Hui Chen Ling Yang Jian Hui Independent Non-Executive: Liu Jintao Tsang Hin Fan Anthony
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	:	Liu Jintao Tsang Hin Fun Anthony
Remuneration Committee	:	Liu Jintao (Chairman) Tsang Hin Fun Anthony
Authorised representative	:	Yang Jian Hui
Registered office	:	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Place of business in Hong Kong	:	Unit E, 26/F., Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong

CORPORATE INFORMATION

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
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)