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Z-Obee Holdings Limited

融達控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 948)

(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

AND

(2) PROPOSED CHANGE OF COMPANY NAME

The board (the “**Board**”) of directors (the “**Directors**”) of Z-Obee Holdings Limited (the “**Company**”) announces the results (the “**Results Announcement**”) of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2018 (the “**year**” or “**Reporting Period**”) with comparative figures for the year ended 31 March 2017.

The Group’s financial information for the year ended 31 March 2018 in this announcement was prepared on the basis of the consolidated financial statements which have been reviewed by the Company’s independent auditor and the Company’s audit committee (the “**Audit Committee**”). The Group has agreed with the auditor as to the contents of this results announcement.

FINANCIAL HIGHLIGHTS	Year ended 31 March		Change %
	2018 HK\$’000	2017 HK\$’000 (Restated)	
Revenue	293,292	178,764	64.1
Gross profit	43,106	25,798	67.1
Profit from operations	28,753	15,382	87.0
Loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses	198,661	1,500	13,144.1
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company	(175,632)	10,696	(1,742.0)
(Loss)/earnings per shares			
– Basic (HK cents per share)	(147.0)	23.6	(722.9)
– Diluted (HK cents per share)	(147.0)	23.6	(722.9)
	As at 31 March		
	2018 HK\$’000	2017 HK\$’000 (Restated)	
Total assets	175,770	709,034	(75.2)
Net assets	110,940	15,049	637.2

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Revenue	7	293,292	178,764
Cost of goods sold	8	<u>(250,186)</u>	<u>(152,966)</u>
Gross profit		43,106	25,798
Other income and gain	7	3,745	3,082
Selling and distribution expenses		(1,238)	(859)
Administrative expenses		(16,284)	(12,129)
Finance costs	8	<u>(576)</u>	<u>(510)</u>
PROFIT FROM OPERATIONS		28,753	15,382
LOSS ON ASSETS TRANSFERRED AND DEBTS DISCHARGED UNDER THE SCHEME OF ARRANGEMENT AND RELEVANT EXPENSES	5	<u>(198,661)</u>	<u>(1,500)</u>
(LOSS)/PROFIT BEFORE TAX	8	(169,908)	13,882
Income tax expense	9	<u>(5,820)</u>	<u>(3,186)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(175,728)</u>	<u>10,696</u>
Attributable to:			
Owners of the Company		(175,632)	10,696
Non-controlling interests		<u>(96)</u>	<u>—</u>
(Loss)/profit and total comprehensive (loss)/income for the year		<u>(175,728)</u>	<u>10,696</u>
(LOSS)/EARNINGS PER SHARE	<i>11</i>		
Basic		<u>(HK147.0 cents)</u>	<u>HK23.6 cents</u>
Diluted		<u>(HK147.0 cents)</u>	<u>HK23.6 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment	12	1,207	526
Interest in associates		–	82,110
Financial assets at fair value through profit or loss		–	17,979
Total non-current assets		<u>1,207</u>	<u>100,615</u>
Current assets			
Inventories		8,870	1,388
Trade and factoring receivables	13	126,149	547,153
Prepayments, deposits and other receivables		3,996	12,144
Tax recoverable		–	1,002
Restricted bank balances		–	16,588
Cash and other bank balances		35,548	30,144
Total current assets		<u>174,563</u>	<u>608,419</u>
Current liabilities			
Trade and bills payables	14	44,955	9,733
Accruals and other payables		5,042	31,949
Interest-bearing bank borrowings		–	305,833
Trust receipt loans		–	310,247
Receipts in advance		3,852	4,544
Other borrowings	15	–	20,000
Amount due to investors – Escrow account	16	–	6,500
Tax payables		10,981	5,179
Total current liabilities		<u>64,830</u>	<u>693,985</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>109,733</u>	<u>(85,566)</u>
NET ASSETS		<u>110,940</u>	<u>15,049</u>
EQUITY			
Share capital	17	316,471	47,470
Reserves		(206,035)	(32,421)
Equity attributable to owners of the Company		<u>110,436</u>	<u>15,049</u>
Non-controlling interests		<u>504</u>	<u>–</u>
TOTAL EQUITY		<u>110,940</u>	<u>15,049</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

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 Continental Building, 25 Church Street, Hamilton, HM 12, Bermuda. Its principal place of business is located at Room 2107, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

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

The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE" or the "Stock Exchange") since 21 November 2007 and 1 March 2010, respectively. With effect from 14 June 2013, the Company converted its listing status on the SGX-ST to secondary listing whilst the primary listing status on the Main Board of the Stock Exchange remains unchanged. The Company has sought the voluntary delisting of the shares of the Company (the "Shares") from the SGX-ST (the "Delisting"), which took place on 28 November 2017.

2. STATEMENT OF COMPLIANCE

Except for the matters referred to in note 3 and disclosures as required under International Financial Reporting Standards (the "IFRSs"), the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Hong Kong Companies Ordinance") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), these consolidated financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual IFRSs, International Accounting Standards (the "IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

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

3. BASIS OF PREPARATION

Winding up petition, appointment of the 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 Court of First Instance of 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 the principal terms of settlement. On 7 May 2014, the 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. At the hearing of 27 June 2014, the High Court handed down orders appointing Yat Kit Jong and Donald Edward Osborn as the joint and several provisional liquidators of the Company and Max Sunny (the “**Provisional Liquidators**” or the “**Joint and Several Provisional Liquidators**”). Accordingly, trading in the Shares on the Stock Exchange was suspended at 2:37 p.m. on 27 June 2014 at the request of the Company.

Pursuant to the court orders made by the High Court dated 2 June 2015, So Man Chun was appointed as an additional Joint and Several Provisional Liquidator.

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 former executive Director and the former chief financial officer of the Group) and various former employees of the Group.

Furthermore, the Company and the Provisional Liquidators have entered into agreement with a view to restructure 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 made by the High Court dated 27 June 2014 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 a 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 to 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 at least 10 business days before the second delisting stage expired 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 of the Listing Rules;
2. address auditors' qualifications and demonstrate adequate internal control system; and
3. withdraw and/or dismiss the winding-up petitions against the Company and discharge the Provisional Liquidators.

On 5 June 2015, the Company, the Provisional Liquidators and Alpha Professional Development Limited (“**Alpha**” or the “**Investor**”) entered into a framework agreement, which was subsequently amended and restated by an 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 and the amended and restated framework agreement were approved by the Honorable Mr. Justice Harris of the High Court on 26 June 2015 and 6 November 2015 respectively.

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

A proposal setting out the 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. 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 abovementioned ruling of the Listing Committee (the “**Ruling**”) and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee of the Stock Exchange (the “**Listing (Review) Committee**”). A review hearing of the Ruling was held on 17 December 2015.

On 29 December 2015, the Listing (Review) Committee decided to uphold the Listing Committee's decision and to place the Company into the third delisting stage with effect from 6 January 2016 and allowed a period of nine months from that same day for the Company to submit a viable resumption proposal (i.e. 5 October 2016).

Accordingly, the revised proposal (the “**Revised Proposal**”) was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a potential strategic investor, Tsinghua Tongfang Co., Ltd.* (同方股份有限公司) (“**Tongfang**”), one of the top 100 information technology enterprises in the PRC. On 28 June 2016, the Company obtained the letter of intent from Tongfang, pursuant to which, Tongfang would (i) invest an amount of HKD3.0 million into Perfect Major, a subsidiary of the Company, in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for no less than 5% of the Company’s newly issued Shares after the resumption of trading of the Shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang.

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

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

The Company submitted a formal request to the Stock Exchange on 25 October 2016 for a review of the Second Stage Ruling by the Listing (Review) Committee.

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

A written update in relation to the Revised Proposal was subsequently submitted to the Stock Exchange on 24 April 2017. In May and June 2017, the Company and the professional advisers addressed various queries raised by the Stock Exchange and finally on 30 June 2017, the Company received a letter from the Stock Exchange that the Listing Committee had decided to allow the Company to proceed with the Revised Proposal subject to the following conditions, which should be completed to the satisfaction to the Listing Department by 29 November 2017:–

- (1) completion of all transactions contemplated (including the share consolidation, the share subscriptions, the open offer and the group reorganisation) under the Resumption Proposal and the Revised Proposal; and
- (2) the winding-up petitions against the Company and its subsidiaries being withdrawn or dismissed and the Provisional Liquidators being discharged.

The Company entered into a supplemental agreement and a share subscription agreement with the Investor on 25 July 2017 in order to effect the resumption plans as stated in the Resumption Proposal and the Revised Proposal. On 25 September 2017, the Company published a circular in relation to (1) the proposed restructuring of the Company which included (a) the proposed capital reorganisation, (b) the proposed open offer, (c) the proposed schemes of arrangement of Hong Kong and Bermuda (the “**Schemes**”), (d) the proposed share subscriptions, (e) the working capital loan and loan facility, (f) the proposed placing of the Shares to management of the Group, (2) the proposed application for whitewash waiver, (3) the proposed appointment of the Directors, (4) the Delisting and (5) notice of special general meeting of the Company (the “**SGM**”).

* *for identification purpose only*

Following the SGM held on 16 October 2017, all the ordinary resolutions were passed by way of poll. Further, as part of the proposed restructuring, the meetings for the Schemes were also held on 16 October 2017. During the meetings, the resolutions to approve both the Bermuda scheme and the Hong Kong scheme were duly passed with the approval of the requisite majorities of the scheme creditors. The Schemes were also sanctioned by the High Court and the Supreme Court of Bermuda on 31 October 2017.

The completion of the open offer and the share subscription also took place on 27 November 2017 and all the resumption conditions imposed by the Stock Exchange were fulfilled on 28 November 2017 (Bermuda time). Trading in the Shares on the Stock Exchange resumed on 30 November 2017.

Delisting from SGX-ST

The Company had sought the Delisting of the Shares from the SGX-ST for the following reasons:

- (a) by virtue of having its secondary listing on the SGX-ST, the Company is required to comply with the requirements set out in Rules 217 and 751 of the Listing Manual (including such other listing requirements that the SGX-ST may impose from time to time) in addition to the Listing Rules. The Company believed that the Delisting would eliminate the additional administrative overhead and costs of compliance associated with such SGX-ST requirements (which, in its bona fide opinion, outweigh the benefits of the Company's secondary listing on the SGX-ST), and would allow the Company to streamline its compliance obligations, reduce its legal and compliance costs and focus its resources on its business operations.
- (b) based on the restructuring plan as set out in the Resumption Proposal and the Revised Proposal, the Company did not intend to raise capital through issuance of new Shares on the SGX-ST upon successful capital reorganization and resumption of its trading on the Main Board of the Stock Exchange. The Company intended to carry out its future fundraising activities, if any, through the Stock Exchange; and
- (c) with the low trading volume of its Shares on the SGX-ST in the past and the ability of shareholders to trade the Shares in Hong Kong through stockbrokers in Singapore or in Hong Kong, the Company considered it no longer necessary to maintain its secondary listing on the SGX-ST.

For the reasons above, the Company believed that the Delisting was in the interest of the Company as a whole. The Delisting took place on 28 November 2017.

Capital Reorganisation and Equity Fund Raising Exercise

The Company, the Provisional Liquidators and Alpha had entered into a framework agreement on 5 June 2015 as part of the proposed restructuring of the Company comprising, among others, capital reorganisation and an open offer. On 25 July 2017, the said framework agreement was amended and restated as the new framework agreement.

Capital Reorganisation

Under the new framework agreement, capital reorganisation entailed share consolidation on the basis of every twenty (20) Shares of US\$0.008 each consolidated into one (1) consolidated Share of US\$0.16 each in the share capital of the Company (the "**Consolidated Shares**"). The share consolidation became effective on 17 October 2017, and on the same date, the Company's authorised share capital was increased from US\$10,000,000 to US\$100,000,000, divided into 625,000,000 Consolidated Shares of US\$0.16 each by the creation of 562,500,000 new Consolidated Shares.

Share Subscriptions

On 25 July 2017, the Company and Alpha entered into an investment share subscription agreement (the “**Subscription Agreement 1**”) whereby Alpha had conditionally agreed to subscribe of 188,134,528 Consolidated Shares at a price of US\$0.16 per offer Share.

On 7 September 2017, the Company and Tongfang also entered into an investment share subscription agreement (the “**Subscription Agreement 2**”) whereby Tongfang had conditionally agreed to subscribe of 12,711,719 Consolidated Shares at a price of US\$0.16 per offer Share.

Both the Subscription Agreement 1 and the Subscription Agreement 2 have been completed on 27 November 2017 and gross proceeds were approximately US\$30.1 million and approximately US\$2.03 million, respectively.

Open Offer

On 20 September 2017, the Company and China Galaxy International Securities (Hong Kong) Co., Limited (the “**Underwriter**”) entered into an underwriting agreement (the “**Underwriting Agreement**”) whereby the Underwriter agreed to underwrite an open offer (the “**Open Offer**”) proposed by the Company on the basis of two (2) offer Shares for every five (5) Consolidated Shares on the Open Offer record date, (i) Hong Kong Open Offer date for shareholders in Hong Kong; or (ii) Singapore Open Offer record date for shareholders in Singapore with standing to the credit securities accounts held with The Central Depository (Pte) Limited in Singapore. The Open Offer involved the allotment and issuance of 15,253,753 Consolidated Shares at a price of US\$0.16 per offer Share. The Open Offer and the Underwriting Agreement became unconditional on 21 November 2017, and the allotment and issuance of 15,253,753 Consolidated Shares at a price of US\$0.16 per Offer Share subsequently took place on 24 November 2017.

Use of Proceeds

The total gross proceeds of the abovementioned Share subscriptions and Open Offer were approximately HK\$269.0 million (comprising approximately HK\$250.0 million and approximately HK\$19.0 million to be raised from the Share subscriptions pursuant to the Share Subscription Agreement 1 and the Share Subscription Agreement 2, and the Open Offer, respectively), and, after excluding the expenses and other incidental costs to be incurred of approximately HK\$35.7 million, the net proceeds were approximately HK\$233.3 million.

The net proceeds were intended to be applied as follows:

- (i) HK\$147.0 million to settle, among other things, (a) the costs in connection with the issuing of the winding up petitions against the Company, the costs in connection with petitions for the appointment of the Provisional Liquidators and their appointments in Hong Kong and Bermuda, the Provisional Liquidators’ costs and the costs of the Schemes; (b) the claims of preferential creditors of the Company; and (c) the claims of the creditors admitted under the Schemes (collectively, the “**Scheme Cash Consideration**”);
- (ii) HK\$20.0 million to repay the outstanding amount due by the Company to Alpha pursuant to a working capital loan agreement; and
- (iii) the remaining balance of HK\$66.3 million to be used (a) to settle the cost associated with the capital reorganisation of the Company prior to the said Share subscriptions (if any); (b) to settle the cost associated with the Delisting; and (c) as general working capital of the Group.

As at 31 March 2018,

- (i) approximately HK\$147.00 million was used to settle the Scheme Cash Consideration;
- (ii) HK\$20.00 million was used to repay the outstanding amount due by the Company to Alpha pursuant to a working capital loan agreement; and
- (iii) (a) HK\$42.0 million was used to settle the cost associated with the capital reorganisation of the Company prior to the said Share subscriptions; (b) HK\$0.6 million was used to settle the cost associated with the Delisting; and (c) HK\$23.7 million was used as general working capital of the Group.

In summary, the net proceeds were fully applied as intended. Please refer to the circular of the Company dated 25 September 2017 (the “**Circular**”) for further information in relation to the Share subscriptions and the Open Offer.

Incomplete record before restructuring

Due to the limited information available and most of the former key accounting personnel of the Group have left without notice before the restructuring of the Group, 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 prior year and current year and have formed the conclusion as follows:

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

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the year ended 31 March 2018 and the net assets of the Group as at 31 March 2017 and 1 April 2017.

Change in presentation currency

The Company has decided to adopt and use Hong Kong Dollars (“**HKD**”) as the Company’s and the Group’s presentation currency in presenting the financial performance and the financial position of the Group effective from 1 April 2017, so as to better reflect the underlying performance of the Group and for better alignment with the underlying business operations of the Group. As a result, the Group changed its presentation currency from United State Dollars (“**USD**”) to HKD for the preparation of its financial statements.

The change in presentation currency has been applied prospectively. The comparative figures in this consolidated financial statements were then translated from USD to HKD using the applicable closing rates for assets and liabilities in the consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the consolidated statement of profit or loss. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

The consolidated financial statements for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

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 HKD, which is the Company’s functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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 that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount 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.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The following new standards and amendments are mandatory for the financial year beginning 1 April 2017 and have no significant impact on the results or financial position to the Group.

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014-2016 Cycle	Disclosed of Interests in Other Entities: Clarification of the IFRS 12

None of these impact on the accounting policies of the Group. However, additional disclosure has been included in the accompanying note for the Consolidated Statement of Cash Flows to satisfy the new disclosure requirements introduced by the amendments to IAS 7, Disclosure Initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

5. LOSS ON ASSETS TRANSFERRED AND DEBTS DISCHARGED UNDER THE SCHEME OF ARRANGEMENT AND RELEVANT EXPENSES

Loss on assets transferred and debts discharged under the scheme of arrangement and relevant expenses

Following the SGM held on 16 October 2017, all the ordinary resolutions were passed by way of poll. Further, as part of the proposed restructuring, the meetings for the schemes of arrangement of Hong Kong and Bermuda were also held on 16 October 2017. During the meetings, the resolutions to approve both the Bermuda scheme and the Hong Kong scheme were duly passed with the approval of the requisite majorities of the scheme creditors. The schemes of arrangement were also sanctioned by the High Court and the Supreme Court of Bermuda on 31 October 2017.

As part of the schemes, the Group underwent a reorganization pursuant to which the Company transfer all its right, title and interest in and to the Excluded Companies (as defined in the circular of the Company dated 25 September 2017) to a nominee of the scheme administrators at a nominal value. After such transfer, proceeds from the realization of any existing assets of the Excluded Companies distributed for the benefit of the scheme creditors. Under the scheme, all the claims of the Scheme Creditors against, and liabilities of, the Company discharged and compromised in full in return for a pari passu distribution of the scheme cash consideration of HK\$147 million and proceeds from the realization of existing assets of the Excluded Companies.

As a result, a loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses of approximately HK\$198,661,000 (2017: approximately HK\$1,500,000) was recognised during the year ended 31 March 2018, being calculated as follows:

Loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses

	<i>HK\$'000</i>
Assets transferred:	
Financial assets at fair value through profit or loss	(17,979)
Interest in associates	(82,110)
Trade and factoring receivables	(525,621)
Tax recoverable	(1,002)
Restricted bank balances	(16,588)
Cash and other bank balances	(6,040)
	<u>(649,340)</u>
Debts discharged:	
Trade and bills payables	9,733
Other payables and accruals	13,844
Interest-bearing bank borrowings	305,833
Trust receipt loans	310,247
Tax payables	12
	<u>639,669</u>
Relevant expenses:	
Restructuring costs and other expenses	<u>(41,990)</u>
Satisfied by:	
Cash consideration	<u>(147,000)</u>
Loss on Assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses	<u><u>(198,661)</u></u>

As a result of the group reorganization, foreign currency translation reserve, and reserve fund included in the consolidated statement of changes in equity approximately HK\$48,421,000 and HK\$15,045,000 respectively were transferred to the accumulated losses of the Company.

6. SEGMENT REPORTING

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

1. Trading of mobile handsets

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

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, financial assets through profit or loss and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segment and borrowings managed directly by the segment.

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

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

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue (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 price charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purpose of resources allocation and assessment of segment performance for the years ended 31 March 2018 and 2017 is set out below.

	Trading of mobile handsets – Hong Kong Year ended 31 March	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Revenue from external customers	<u>293,292</u>	<u>178,764</u>
Reportable segment revenue	<u>293,292</u>	<u>178,764</u>
Reportable segment profit (adjusted EBITDA)	<u>32,560</u>	<u>18,805</u>
Depreciation	<u>(234)</u>	<u>(81)</u>
	At 31 March	At 31 March
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Reportable segment assets	<u>148,241</u>	<u>59,141</u>
Reportable segment liabilities	<u>64,078</u>	<u>34,816</u>

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

	Year ended 31 March	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Revenue		
Reportable segment revenue	293,292	178,764
Elimination of inter-segment revenue	—	—
	<u>—</u>	<u>—</u>
Consolidated revenue	293,292	178,764
	<u>293,292</u>	<u>178,764</u>
Profit		
Reportable segment profit	32,560	18,805
Elimination of inter-segment profits	—	—
	<u>—</u>	<u>—</u>
Reportable segment profit derived from the Group's external customers	32,560	18,805
Depreciation	(234)	(81)
Loan interest	(576)	(510)
Loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses	(198,661)	(1,500)
Unallocated head office and corporate expenses	(2,997)	(2,832)
	<u>(2,997)</u>	<u>(2,832)</u>
Consolidated (loss)/profit before tax	(169,908)	13,882
	<u>(169,908)</u>	<u>13,882</u>
Assets		
Reportable segment assets	148,241	59,141
Elimination of inter-segment receivables	—	—
	<u>—</u>	<u>—</u>
	148,241	59,141
Interests in associates	—	82,110
Financial assets at fair value through profit or loss	—	17,979
Unallocated head office and corporate assets	27,529	549,804
	<u>27,529</u>	<u>549,804</u>
Consolidated total assets	175,770	709,034
	<u>175,770</u>	<u>709,034</u>
Liabilities		
Reportable segment liabilities	64,078	34,816
Elimination of inter-segment payables	—	—
	<u>—</u>	<u>—</u>
	64,078	34,816
Interest –bearing bank borrowings	—	305,833
Trust receipt loan	—	310,247
Amount due to investors – Escrow account	—	6,500
Unallocated head office and corporate liabilities	752	36,589
	<u>752</u>	<u>36,589</u>
Consolidated total liabilities	64,830	693,985
	<u>64,830</u>	<u>693,985</u>

c) *Revenue from major product*

	Year ended 31 March	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Trading of mobile handsets	293,292	178,764

d) *Geographic Information*

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

	Revenues from external customers		Non-current assets	
	Year ended 31 March		At 31 March	At 31 March
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Hong Kong (place of domicile)	56,497	13,973	430	–
PRC	1,373	–	777	82,636
Bangladesh	584	1,494	–	–
Dubai	92,223	57,339	–	–
India	109,841	51,809	–	–
Nepal	1,065	–	–	–
Pakistan	30,561	49,844	–	–
USA	–	4,305	–	–
South Africa	410	–	–	–
Greece	738	–	–	–
	293,292	178,764	1,207	82,636

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

e) *Information about major customers*

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Revenue from trading of mobile handsets		
– Customer A	92,223	57,339
– Customer B	30,561	49,844
– Customer C	75,224	31,980
– Customer D (<i>note (i)</i>)	56,394	7,472

Note:

(i) The customer only contributed more than 10% of total revenue for 2018 while 2017 did not.

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

7. REVENUE AND OTHER INCOME AND GAIN

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

An analysis of revenue and other income and gain is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Revenue		
Distribution and marketing of mobile handsets and components	293,292	178,764
	293,292	178,764
Other income and gain		
Bank interest income	7	1
Service income	3,000	3,000
Other income	254	35
Foreign exchange gain, net	484	46
	3,745	3,082
	297,037	181,846

8. (LOSS)/PROFIT BEFORE TAX

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
a) Staff cost		
Employee benefit expenses		
(including directors' and chief executive's emoluments)		
Wages, salaries, bonus and allowances	9,077	7,613
Pension scheme contributions	275	–
	9,352	7,613
b) Other items		
Cost of inventory sold	250,186	152,966
Auditor's remuneration	750	606
Depreciation	234	81
Loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses	198,661	1,500
Research and development expenses	66	–
c) Finance costs		
Interest on other borrowings	576	510

9. INCOME TAX EXPENSE

- a) Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Current tax – Hong Kong Profits Tax		
Charge for the year	5,820	3,175
	5,820	3,175
Current tax – PRC		
Charge for the year	–	11
Total tax charge for the year	5,820	3,186

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
(Loss)/profit before taxation	<u>(169,908)</u>	<u>13,882</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	(27,997)	2,308
Tax effect of non-deductible expenses	123,769	728
Tax effect of non-taxable income	(90,967)	(1)
Tax effect of tax concessionary enjoyed by subsidiaries	(30)	(3)
Tax effect of tax losses/deductible temporary differences not recognised	<u>1,045</u>	<u>154</u>
Actual tax expense	<u>5,820</u>	<u>3,186</u>

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

10. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

11. (LOSS)/EARNINGS PER SHARE

Basic

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$175,632,000 (2017: profit of approximately HK\$10,696,000) and the weighted average number of 119,512,139 (2017: 45,379,916) ordinary shares in issue during the year.

The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share for the year ended 31 March 2018 has accounted for the share consolidation and open offer, which included the bonus element during the reporting period, basic and diluted earnings per share for the corresponding year of 2017, have been retrospectively adjusted to reflect for the effects of share consolidation and open offers, which included the bonus element during the reporting period.

Diluted

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

There were no dilutive potential ordinary shares in issue during the year. The diluted loss per share is the same as the basic loss per share for the year ended 31 March 2018.

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

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Electronic equipment	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
		(Restated)	(Restated)	(Restated)
Cost				
At 1 April 2016	–	–	–	–
Additions	–	292	340	632
Exchange adjustments	–	(12)	(14)	(26)
At 31 March 2017 and 1 April 2017	–	280	326	606
Additions	693	176	–	869
Exchange adjustments	–	30	34	64
At 31 March 2018	693	486	360	1,539
Accumulated depreciation				
At 1 April 2016	–	–	–	–
Charged for the year	–	35	46	81
Exchange adjustments	–	–	(1)	(1)
At 31 March 2017 and 1 April 2017	–	35	45	80
Charged for the year	73	70	91	234
Exchange adjustments	–	7	11	18
At 31 March 2018	73	112	147	332
Net Book Value				
At 31 March 2018	620	374	213	1,207
At 31 March 2017	–	245	281	526

13. TRADE AND FACTORING RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Trade and factoring receivables	126,149	797,006
Less: Impairment loss recognised	—	(249,853)
Net carrying amount	<u>126,149</u>	<u>547,153</u>

(a) Ageing analysis

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
0-60 days	10,874	7,639
61-90 days	15,118	9,725
Over 90 days	100,157	529,789
	<u>126,149</u>	<u>547,153</u>

Trade receivables are due within 60 to 90 days (2017: 60 to 90 days) from the date of billing.

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
At 1 April	249,853	249,853
Transferred under the Scheme of Arrangement (<i>Note</i>)	<u>(249,853)</u>	—
At 31 March	<u>—</u>	<u>249,853</u>

Note: Under the Scheme of Arrangement, the amounts were transferred out.

(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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Neither past due nor impaired	—	1,731
Past due but not impaired		
1-30 days past due	830	3,872
31-60 days past due	12,483	—
61-90 days past due	14,288	—
Over 90 days	98,548	541,550
	<u>126,149</u>	<u>547,153</u>

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

14. TRADE AND BILLS PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
Trade and bills payables	<u>44,955</u>	<u>9,733</u>

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i> (Restated)
0-30 days	20,709	—
30-60 days	17,751	—
61-90 days	—	—
Over 90 days	6,495	9,733
	<u>44,955</u>	<u>9,733</u>

Trade and bills payables have a credit term of 90 days. (2017: 30 to 90 days).

15. OTHER BORROWINGS

The Investor and Perfect Major, 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 (the “**Working Capital Facility**”) to the Group for the continuation of its business operations. As at 31 March 2017, the Group had drawdown an amount of HK\$20,000,000 under the said agreement. The amount is secured by a floating charge and the share charge over the entire issued share capital of HK Rich Technology Company Limited, bearing interest at 2% per annum, with a term of 2 years, and shall become immediately due and payable to the Investor on the earliest to occur of (a) the date on which the framework agreement is terminated but not if the termination occurred due to completion of the Revised Proposal occurring and (b) the date following two years from the date of the working capital facility agreement. The drawn down amount of HK\$20,000,000 is repaid on 28 February 2018. The interest payable as at 31 March 2018 is approximately HK\$1,086,000 (2017: approximately HK\$510,000) which is included in accruals and other payables.

16. AMOUNT DUE TO INVESTOR – ESCROW ACCOUNT

According to the Framework Agreement, the Investor shall pay an amount of HK\$40,000,000 (the “**Earnest Money**”) into an account established and maintained for the purpose of receiving and holding the Earnest Money (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 agent of the Escrow Account 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. As at 31 March 2017, the remaining balance was HK\$6,500,000. The amount is settled for the year ended 31 March 2018 according to the restructuring scheme.

17. SHARE CAPITAL

	Number of shares	Amount equivalent to US\$	Amount equivalent to HK\$
Authorised:			
Ordinary shares of US\$0.008 each			
At 1 April 2016, 31 March 2017 and 1 April 2017	1,250,000,000	10,000,000	77,800,000
Share consolidation (<i>note (i)</i>)	(1,187,500,000)	–	–
Increase in authorised share capital (<i>note (ii)</i>)	562,500,000	90,000,000	700,200,000
	<u>625,000,000</u>	<u>100,000,000</u>	<u>778,000,000</u>
At 31 March 2018	<u>625,000,000</u>	<u>100,000,000</u>	<u>778,000,000</u>
Issued and fully paid:			
Ordinary shares of US\$0.16 each			
At 1 April 2016, 31 March 2017 and 1 April 2017	762,687,662	6,101,500	47,469,672
Share consolidation (<i>note (i)</i>)	(724,553,279)	–	–
Open offer (<i>note (iii)</i>)	15,253,753	2,440,602	18,987,880
Issue of settlement shares (<i>note (iv)</i>)	200,846,247	32,135,399	250,013,408
	<u>254,234,383</u>	<u>40,677,501</u>	<u>316,470,960</u>
At 31 March 2018	<u>254,234,383</u>	<u>40,677,501</u>	<u>316,470,960</u>

Notes:

(i) Share consolidation

On 17 October 2017, the Company completed the share consolidation by every twenty existing shares of US\$0.008 each consolidated into one Consolidated Share of US\$0.16 each.

(ii) Increase in authorised share capital

On 17 October 2017, the Company's authorised share capital was increased from US\$10,000,000 to US\$100,000,000, divided into 625,000,000 Consolidated Shares of US\$0.16 each by the creation of 562,500,000 new Consolidated Shares.

(iii) Open Offer

On 24 November 2017, the Company conducted an open offer on the basis of two offer shares for every five Consolidated Shares by the qualifying shareholders. Approximately 15,254,000 offer Shares were issued at the US\$0.16 offer price, and net proceeds of approximately US\$2,441,000 (equivalent to approximately HK\$18,988,000) were raised.

(iv) Share subscription

Pursuant to the Subscription Agreement 1 and the Subscription Agreement 2, Alpha and Tongfang subscribed 188,134,528 Consolidated Shares and 12,711,719 Consolidated Shares on 27 November 2017 at the US\$0.16 subsequent price.

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The Company’s auditor has issued the disclaimer of opinion on the Group’s consolidated financial statements for the year ended 31 March 2018, an extract of which is as follows:

“DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

Scope limitation due to incomplete books and record

Our audit opinion dated 31 May 2017 on the Group’s consolidated financial statements for the year ended 31 March 2017 was disclaimed, given the loss of some books and records and serious doubts over the reliability of the Group’s accounting and other records before the restructuring of the Group, the directors of the Company believed that, it was almost impossible, and not practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the past years as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records before the restructuring of the Group, the directors of the Company believed that it was almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for the past years.

Consequently, given these circumstances, we were unable to satisfy ourselves that the internal controls and documentations provided by the management for the purpose of our audit were effective and accurate in all material respects. We were therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification, disclosure and presentation of the transactions and the assets and liabilities of the Group and the Company as at 31 March 2017 and for the years ended 31 March 2017 and 2018.

Upon completion of the scheme of arrangement during the year ended 31 March 2018, the Company recognised a loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses of approximately HK\$198,661,000 for the year ended 31 March 2018. As mentioned above, due to the loss of some books and records before the restructuring of the Group, we were unable to satisfy ourselves that the amount of assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses were complete and accurate. As a result, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy and valuation in respect of the loss on assets transferred and debts discharged under the Scheme of Arrangement and relevant expenses during the year.

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 and the Company as at 1 April 2016, 31 March 2017 and 1 April 2017 and of the Group's loss and cash flows for the years ended 31 March 2017 and 2018, and the related disclosures thereof in the consolidated financial statements.

Non-compliance with IFRSs and omission of disclosures

As explained in note 2.2 to the consolidated financial statements, the consolidated financial statements of the Group have been prepared by the directors based on incomplete books and records and the directors believe that it is almost impossible and not practical to ascertain the correct amounts. Consequently, the directors of the Company were unable to represent that the consolidated financial statements comply with International Financial Reporting Standards (“IFRSs”), or that the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited have been complied with. Given these circumstances, which are fully described in note 2.2, there were no practicable audit procedures that we could perform to quantify the extent of adjustments and disclosures that might be necessary in respect of the Group's consolidated financial statements for the years ended 31 March 2017 and 2018.”

The Board had taken action to address the audit disclaimer, and cleared those incomplete books and records by transferring all those rights, titles and interests in and to the excluded companies to nominee of the scheme administrator in one go as part of the Group restructuring during the year ended 31 March 2018.

As the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 March 2018 is related to the incomplete books and records, and all the transactions, assets and liabilities before the restructuring of the Group including the opening balance and the corresponding figures which is a consequential effect resulting from the disclaimer of opinion on the Group's consolidated financial statements for the year ended 31 March 2017, the Board understands, after discussion with the auditor of the Company, the possible consequential effect on the Group's consolidated financial statements for the year ending 31 March 2019, resulting from the disclaimer opinion on the Group's consolidated financial statements for the year ended 31 March 2018, according to Hong Kong Standard on Auditing 710 Comparative Information – Corresponding Figures and Comparative Financial Statements, would possibly be a modified opinion on the corresponding figures (i.e. figures for the year ended 31 March 2018) of the Group's consolidated financial statements for the year ending 31 March 2019.

The audit committee of the Company had critically reviewed the major judgemental areas relating to the disclaimer of opinion on the Group's audited consolidated financial statements for the year ended 31 March 2018 and there was no disagreement between the audit committee and the management of the Company on the above.

BUSINESS REVIEW

Winding up petition, appointment of the 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 Court of First Instance of 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 the principal terms of settlement. On 7 May 2014, the 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. At the hearing of 27 June 2014, the High Court handed down orders appointing Yat Kit Jong and Donald Edward Osborn as the joint and several provisional liquidators of the Company and Max Sunny (the “**Provisional Liquidators**” or the “**Joint and Several 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 the court orders made by the High Court dated 2 June 2015, So Man Chun was appointed as an additional Joint and Several Provisional Liquidator.

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 former executive Director and the former chief financial officer of the Group) and various former employees of the Group.

Furthermore, the Company and the Provisional Liquidators have entered into agreement with a view to restructuring 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 made by the High Court dated 27 June 2014 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 a sufficient level of assets and operations to fulfil the requirement under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Stock Exchange therefore decided to place the Company in the first delisting stage under Practice Note 17 to 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 at least 10 business days before the second delisting stage expired 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 of the Listing Rules;
2. address auditors’ qualifications and demonstrate adequate internal control system; and
3. withdraw and/or dismiss the winding-up petitions against the Company and discharge the Provisional Liquidators.

On 5 June 2015, the Company, the Provisional Liquidators and Alpha Professional Development Limited (“**Alpha**” or the “**Investor**”) entered into a framework agreement, which was subsequently amended and restated by an 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 and the amended and restated framework agreement were approved by the Honorable Mr. Justice Harris of the High Court on 26 June 2015 and 6 November 2015, respectively.

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

A proposal setting out the 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. 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 disagreed with the abovementioned ruling of the Listing Committee (the “**Ruling**”) and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee of the Stock Exchange (the “**Listing (Review) Committee**”). A review hearing of the Ruling was held on 17 December 2015.

On 29 December 2015, the Listing (Review) Committee decided to uphold the Listing Committee’s decision and to place the Company into the third delisting stage with effect from 6 January 2016 and allowed a period of nine months from that same day for the Company to submit a viable resumption proposal (i.e. 5 October 2016).

Accordingly, the revised proposal (the “**Revised Proposal**”) was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a potential strategic investor, Tsinghua Tongfang Co., Ltd.* (同方股份有限公司) (“**Tongfang**”), one of the top 100 information technology enterprises in the PRC. On 28 June 2016, the Company obtained the letter of intent from Tongfang, pursuant to which, Tongfang would (i) invest an amount of HKD3.0 million into Perfect Major, a subsidiary of the Company, in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for no less than 5% of the Company’s newly issued Shares after the resumption of trading of the Shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang.

* *for identification purpose only*

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

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

The Company submitted a formal request to the Stock Exchange on 25 October 2016 for a review of the Second Stage Ruling by the Listing (Review) Committee.

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

A written update in relation to the Revised Proposal was subsequently submitted to the Stock Exchange on 24 April 2017. In May and June 2017, the Company and the professional advisers addressed various queries raised by the Stock Exchange and finally on 30 June 2017, the Company received a letter from the Stock Exchange that the Listing Committee had decided to allow the Company to proceed with the Revised Proposal subject to the following conditions, which should be completed to the satisfaction to the Listing Department by 29 November 2017:–

- (1) completion of all transactions contemplated (including the share consolidation, the share subscriptions, the open offer and the group reorganisation) under the Resumption Proposal and the Revised Proposal; and
- (2) the winding-up petitions against the Company and its subsidiaries being withdrawn or dismissed and the Provisional Liquidators being discharged.

The Company entered into a supplemental agreement and a share subscription agreement with the Investor on 25 July 2017 in order to effect the resumption plans as stated in the Resumption Proposal and the Revised Proposal. On 25 September 2017, the Company published a circular (the “**Circular**”) in relation to (1) the proposed restructuring of the Company which included (a) the proposed capital reorganisation, (b) the proposed open offer, (c) the proposed schemes of arrangement of Hong Kong and Bermuda (the “**Schemes**”), (d) the proposed share subscriptions, (e) the working capital loan and loan facility, (f) the proposed placing of the Shares to management of the Group, (2) the proposed application for whitewash waiver, (3) the proposed appointment of the Directors, (4) the Delisting and (5) notice of special general meeting of the Company (the “**SGM**”).

Following the SGM held on 16 October 2017, all the ordinary resolutions were passed by way of poll. Further, as part of the proposed restructuring, the meetings for the Schemes were also held on 16 October 2017. During the meetings, the resolutions to approve the Schemes were duly passed with the approval of the requisite majorities of the scheme creditors. The Schemes were also sanctioned by the High Court and the Supreme Court of Bermuda on 31 October 2017.

The completion of the open offer and the share subscription also took place on 27 November 2017 and all the resumption conditions imposed by the Stock Exchange were fulfilled on 28 November 2017 (Bermuda time). Trading in the Shares on the Stock Exchange resumed on 30 November 2017.

Delisting from SGX-ST

The Company had sought the Delisting for the following reasons:

- (a) by virtue of having its secondary listing on the SGX-ST, the Company is required to comply with the requirements set out in Rules 217 and 751 of the Listing Manual (including such other listing requirements that the SGX-ST may impose from time to time) in addition to the Listing Rules. The Company believed that the Delisting would eliminate the additional administrative overhead and costs of compliance associated with such SGX-ST requirements (which, in its bona fide opinion, outweigh the benefits of the Company's secondary listing on the SGX-ST), and would allow the Company to streamline its compliance obligations, reduce its legal and compliance costs and focus its resources on its business operations;
- (b) based on the restructuring plan as set out in the Resumption Proposal and the Revised Proposal, the Company did not intend to raise capital through issuance of new Shares on the SGX-ST upon successful capital reorganization and resumption of its trading on the Main Board of the Stock Exchange. The Company intended to carry out its future fundraising activities, if any, through the Stock Exchange; and
- (c) with the low trading volume of its Shares on the SGX-ST in the past and the ability of shareholders to trade the Shares in Hong Kong through stockbrokers in Singapore or in Hong Kong, the Company considered it no longer necessary to maintain its secondary listing on the SGX-ST.

For the reasons above, the Company believed that the Delisting was in the interest of the Company as a whole. The Delisting took place on 28 November 2017.

FINANCIAL REVIEW

For the year ended 31 March 2018, the Group benefited from China's consistent and stable policies for the mobile handset industry and increasing demand for mobile handsets in major target markets. Turnover for the year increased to approximately HK\$293.3 million, representing a significant year-on-year increase of 64.1% (2017: approximately HK\$178.8 million). The Group's gross profit increased by approximately 67.1% to approximately HK\$43.1 million compared with the previous year (2017: approximately HK\$25.8 million), while its gross profit margin was similar to last year, ending up increased by approximately 0.3 percentage points to approximately 14.7% (2017: approximately 14.4%).

The Group's business grew substantially compared to the previous year in an expanding scale. The previous year had seen the mobile handset industry market underwent drastic change, with increases in the cost of major components such as glass, motherboards, memory and batteries bringing tremendous pressure on the sector. Understanding market and customer needs as well as the dynamics of the raw materials market, the Group's management acted to lock orders in ahead of schedule, and thus avoiding the impact of price fluctuations on business performance.

(1) Changes and risks in the domestic and global mobile handset markets

During the Reporting Period, as the Chinese government had maintained a consistent and stable policy regarding the mobile handset industry and had strengthened the policy in support of the semiconductor industry, the prices of low- to mid-range chips did not fluctuate significantly.

Demand for mobile handset upgrades in our major target markets increased in an accelerating manner. Growing popularity of smartphones gave rise to a more sophisticated smartphone industry and greater capabilities of cost control. This led to an emergence of relatively low-priced mobile handsets, ranging from a few hundreds to a thousand renminbi ("RMB"), boosting the volume of sales of the Group.

On the other hand, as constrained by the production chain, during the Reporting Period, the costs of various major components of mobile handsets, including but not limited to glass, motherboards, memory and batteries, had increased substantially by nearly or more than 100%, had significantly impacted the mobile handset industry, and had called for an excellent control in both the supply and sales ends of the enterprise. Yet, the Group, under the abovementioned circumstances, was still able to maintain a stable gross profit margin.

As the domestic mobile handset market has crept towards saturation, the leading mobile handset manufacturers began to redirect their focus to the overseas markets. This was especially the case for manufacturers of low-priced mobile handsets such as Xiaomi. Such redirection would cause a greater impact on the small-and medium-sized mobile handset integrators whose businesses are mainly export-oriented.

The Group expected that the continuous appreciation of RMB against USD since the latter half of 2017 might lead to an increase in the cost of producing mobile handsets. It is not deemed wise to shift the burden of the said costs to customers, thus reducing the profit margin of mobile handset integrators. This might cause operational difficulties to a large number of small-scaled manufacturers.

In addition to the fierce competition amid leading mobile handset manufacturers, the increase in import tariffs by the Indian government has molded the Indian market into a more difficult business environment for domestic mobile handset integrators.

(2) Sales strategy and business performance

India is one of the Group's major target markets. In the face of rapid changes in the global business market and to cope with the resulting impacts of the said changes, the Group adopted a differentiated marketing strategy in India. In order to avoid direct competition in the sales of low-end and mid-range smartphones with the leading domestic mobile handset manufacturers, our main mobile handset supply is focused on feature phones, followed by the low-end smartphones. Such strategy brought a significant increase in the gross sales volume by approximately 112.0% compared to the year ended 31 March 2017.

Dubai is another major target market of the Group. Our main mobile handset exports are low-end and mid-range smartphones with relatively high unit prices. By launching mobile handsets that are consistent with the local consumption characteristics in accordance with the local demand and by maintaining a good partnership with the local brand operators, our performance in this market had thus continue to maintain a substantial growth with an increase in the sales by more than approximately 60.8% compared to the year ended 31 March 2017.

By confirming the sales orders, understanding the prices fluctuations in the raw material market and cooperating with our Group's whole handset integrated suppliers to stock up all in advance, our Group was able to cope more effectively with rising costs, and to even obtain a certain competitive cost advantage.

Furthermore, the Group, by following the trend of market development, adopted a product strategy which aims at promoting the development and the expansion in the market of smartphones while maintaining a steady growth of the sales of featured phones. This resulted in excellent results with substantial growth in sales volume.

(3) Introducing a strategic investor

The Company submitted a Revised Proposal to the Stock Exchange on 7 September 2016. One of the Revised Proposal's highlights was the introduction of a potential strategic investor, Tongfang, a limited company established under the Laws of the PRC and shares of which are listed on the Shanghai Stock Exchange (stock code: 600100), which is one of the top 100 information technology enterprises in the PRC. During the year, Tongfang, through its subsidiary, invested an amount of HK\$3.0 million into a subsidiary of the Company as a consideration in exchange of 20% of its equity interest; and (ii) subscribed for 12,711,719 Shares, representing approximately 5% of the total issued Shares.

Tongfang had begun to initiate preliminary research on product development. In the meantime, the Company had also conducted market researches and is in the process of establishing reliable distribution networks for Tongfang products in Pakistan, India and Bangladesh. Through cooperation with Tongfang, the strategic investor, the Group is expected to distribute products with better quality to the Group's existing customers in the existing markets in the foreseeable future.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operations with internally generated resources and capital raising activities. The liquidity and financing requirements of the Group are reviewed regularly.

The Group reviewed the capital structure by using a gearing ratio. The gearing ratio representing the total debt, which includes trade and other payables and other current liabilities of the Group divided by total equity of the Group. The gearing ratio of the Group was approximately 58.4% as at 31 March 2018.

Capital Reorganisation and Equity Fund Raising Exercise

The Company, the Provisional Liquidators and Alpha had entered into a framework agreement on 5 June 2015 as part of the proposed restructuring of the Company comprising, among others, capital reorganisation and an open offer. On 25 July 2017, the said framework agreement was amended and restated as the new framework agreement.

Capital Reorganisation

Under the new framework agreement, capital reorganisation entailed share consolidation on the basis of every twenty (20) Shares of US\$0.008 each consolidated into one (1) consolidated Share of US\$0.16 each in the share capital of the Company (the “**Consolidated Shares**”). The share consolidation became effective on 17 October 2017, and on the same date, the Company’s authorised share capital was increased from US\$10,000,000 to US\$100,000,000, divided into 625,000,000 Consolidated Shares of US\$0.16 each by the creation of 562,500,000 new Consolidated Shares.

Share Subscriptions

On 25 July 2017, the Company and Alpha entered into an investment share subscription agreement (the “**Subscription Agreement 1**”) whereby Alpha has conditionally agreed to subscribe of 188,134,528 Consolidated Shares at a price of US\$0.16 per offer Share.

On 7 September 2017, the Company and Tongfang also entered into an investment share subscription agreement (the “**Subscription Agreement 2**”) whereby Tongfang has conditionally agreed to subscribe of 12,711,719 Consolidated Shares at a price of US\$0.16 per offer Share.

Both the Subscription Agreement 1 and the Subscription Agreement 2 have been completed on 27 November 2017 and gross proceeds of approximately US\$30.1 million and approximately US\$2.03 million, respectively, were raised.

Open Offer

On 20 September 2017, the Company and China Galaxy International Securities (Hong Kong) Co., Limited (the “**Underwriter**”) entered into an underwriting agreement (the “**Underwriting Agreement**”) whereby the Underwriter agreed to underwrite an open offer (the “**Open Offer**”) proposed by the Company on the basis of two (2) Offer Shares for every five (5) Consolidated Shares on the Open Offer

record date, (i) Hong Kong Open Offer date for shareholders in Hong Kong; or (ii) Singapore Open Offer record date for shareholders in Singapore with standing to the credit securities accounts held with The Central Depository (Pte) Limited in Singapore. The Open Offer involved the allotment and issuance of 15,253,753 Consolidated Shares at a price of US\$0.16 per offer Share. The Open Offer and the Underwriting Agreement became unconditional on 21 November 2017, and the allotment and issuance of 15,253,753 Consolidated Shares at a price of US\$0.16 per offer Share subsequently took place on 24 November 2017.

Use of Proceeds

The total gross proceeds of the abovementioned Share subscriptions and Open Offer were approximately HK\$269.0 million (comprising approximately HK\$250.0 million and approximately HK\$19.0 million raised from the Share subscriptions pursuant to the Share Subscription Agreement 1 and the Share Subscription Agreement 2, and the Open Offer, respectively), and, after excluding the expenses and other incidental costs incurred of approximately HK\$35.7 million, the net proceeds were approximately HK\$233.3 million.

The net proceeds were intended to be applied as follows:

- (i) HK\$147.00 million to settle, among other things, (a) the costs in connection with the issuing of the winding up petitions against the Company, the costs in connection with petitions for the appointment of the Provisional Liquidators and their appointments in Hong Kong and Bermuda, the Provisional Liquidators' costs and the costs of the Schemes; (b) the claims of preferential creditors of the Company; and (c) the claims of the creditors admitted under the Schemes (collectively, the “**Scheme Cash Consideration**”);
- (ii) HK\$20.00 million to repay the outstanding amount due by the Company to Alpha pursuant to a working capital loan agreement; and
- (iii) the remaining balance of HK\$66.3 million to be used (a) to settle the cost associated with the capital reorganisation of the Company prior to the said Share subscriptions (if any); (b) to settle the cost associated with the Delisting; and (c) as general working capital of the Group.

As at 31 March 2018,

- (i) approximately HK\$147.00 million was used to settle the Scheme Cash Consideration;
- (ii) HK\$20.00 million was used to repay the outstanding amount due by the Company to Alpha pursuant to a working capital loan agreement; and
- (iii) (a) HK\$42.0 million was used to settle the cost associated with the capital reorganisation of the Company prior to the said Share subscriptions; (b) HK\$0.6 million was used to settle the cost associated with the Delisting; and (c) HK\$23.7 million was used as general working capital of the Group.

In summary, the net proceeds were fully applied as intended. Please refer to the Circular for further information in relation to the Share subscriptions and the Open Offer.

Exposure to Fluctuation in Exchange Rates

As the Group's bank balances and cash are mainly denominated in HKD, RMB and USD, the Directors considered the Group was exposed to limited exchange risk. During the year, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 31 March 2018.

The Group will monitor closely the exchange rate risk arising from the Group's existing operations and potential new investments in future and will implement necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Significant Acquisitions and Disposal of Investments

For the year ended 31 March 2018, the Company had no other significant acquisitions and disposal of investment save as follows:

Reference is made to the Circular and the poll results of the special general meeting held on 16 October 2017 and grant of the whitewash waiver announcement of the Company dated 16 October 2017. Due to the loss of some books and records which induces a disclaimer opinion in the independent auditor's report for the year ended 31 March 2017 of the Group, the Board decided to clear those incomplete books and records, mainly mentioned from 15 Excluded Companies as defined in the Circular against the restructuring costs with a net loss on disposal of approximately HK\$198.7 million for the year ended 31 March 2018. The Board believes that these restructuring costs are a non-cash expense and have no impact on the liquidity, business, production and operation of the Group.

The Number and Remuneration of Employees

As at 31 March 2018, the Group had 44 employees, representing an increase of 19 employees compared to the number of employees as at 31 March 2017 (2017: 25 employees) with a staff cost of approximately HK\$9.4 million incurred during the year ended 31 March 2018. The Group determines staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages including performance bonuses and entitlements to share options are reviewed on a regular basis.

Capital Commitments

As at 31 March 2018, the Group's capital expenditure contracted for but not provided in the financial statements amounted to NIL.

Charge on Group Assets

As at 31 March 2018, the Group did not have any charge on its assets.

Contingent Liabilities

As at 31 March 2018, the Group did not have any contingent liabilities (2017: HK\$29.8 million).

OUTLOOK/PROSPECT

The overarching principle of the Group is to maintain the steady growth in the existing target markets. In order to diversify the risks and to expand the business globally, the Group is now actively seeking expansion to other target markets, including but not limited to Southeast Asia, Russia, Africa and South America.

Moreover, the Group is also planning to participate in large-scale exhibitions in Hong Kong, South Africa and Mexico to further showcase its products and capabilities and to attract a greater number and variety of customers.

In the field of mobile handset shutdown components, mainland enterprises had gradually matured and become more well-established. This is conducive to breaking up the Western monopoly on the supply of mobile handset shutdown components. Furthermore, the Group has started to organise the establishment of a strategic supplier system via strategic cooperation with key component suppliers, forming a framework for mutual growth and support with an aim to eliminating the risks caused by market fluctuations.

The Group recruited a vast number of people with knowledge of high-end technology and marketing skills. This not only reinforced product research and development, but also strengthened the capabilities of market expansion.

The development of the 5th generation mobile networks (“5G”) is expected to bring plenty of new business opportunities, including but not limited to: enhanced mobile broadband, promotion of massive “Internet of Things” application services and the transformation of a range of various industries. These revolutionary impacts of such changes will reach a global scale. Therefore, in addition to focusing on expanding sales of the mobile handset industry, the Group will actively seek and seize every worldwide investment opportunity for business expansion. It is expected that the Group will make full use of the Company’s existing resources and cautiously identify suitable partners to effectively control costs and related risks through financing/merger and acquisition projects. The Group will place much more focus on the 5G technology development and the inevitable market change and will endeavour to strengthen control of various risks and internal management so as to enhance its sustainable development capabilities.

Looking forward, the Group has made adequate preparations to create better returns for our partners and shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES

There had been no purchase, sale or redemption of any of the Company’s listed securities by the Group during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

Compliance with the Corporate Governance Code

After fulfilment of the resumption conditions, discharge of the Provisional Liquidators and dismissal of the winding-up petition since 29 November 2017, the Board has committed to achieving high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

Upon resumption on 30 November 2017, the Board took over from the Provisional Liquidators as the management of the Company and realized that the Company has complied with all applicable code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules throughout the Reporting Period, save and except for the following deviations:

Code provision A.1.1

Pursuant to code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. Based on the information made available, four Board meetings were held but the Company had failed to hold Board meetings at approximately quarterly intervals during the Reporting Period as the Board only took over from the Provisional Liquidators as the management of the Company since 30 November 2017.

Code provision A.2.7

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 (the “**INEDs**”)) without the presence of the executive Directors. Based on the information made available, no meeting was held for the Reporting Period as the Board only took over from the Provisional Liquidators as the management of the Company since 30 November 2017.

Code provision A.5.1

Code provision A.5.1 of the CG Code requires that the nomination committee should be chaired by the chairman of the Board or an INED and comprise a majority of INEDs. For the period of 1 April to 29 November 2017, the nomination committee of the Board (the “**Nomination Committee**”) did not have a chairman. Since the appointment of Mr. Xiong Jianrui as an executive Director, the chairman of the Board, and the chairman of the Nomination Committee on 30 November 2017, the Company has then complied with code provision A.5.1 of the CG Code.

Code provision F.1.1

Code provision F.1.1 of the CG Code states that the company secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Given that the Company failed to appoint an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary in accordance with Rule 3.28 of the Listing Rules, to be the company secretary of the Company during the period of 7 April 2014 to 29 November 2017, the Company failed to comply with code provision F.1.1. Since the appointment of Mr. Kung Wai Chiu Marco, who is an employee of the Company that has day-to-day knowledge of the Company's affairs, as the company secretary of the Company on 30 November 2017, the Company has then fulfilled the requirements under Rule 3.28 of the Listing Rules and code provision F.1.1 of the CG Code.

Rules 3.10(1) and 3.21 of the Listing Rules

Furthermore, Rule 3.10(1) of the Listing Rules provides that the Board must include at least three INEDs and Rule 3.21 of the Listing Rules provides that the Audit Committee should comprise a minimum of three members.

For the period of 1 April to 29 November 2017, the number of INEDs and the number of members of the Audit Committee have fallen below the minimum number as required under Rules 3.10(1) and 3.21 of the Listing Rules, respectively.

Since 30 November 2017, the new Board, comprises two executive Directors and three INEDs, has been in place, and all of the INEDs, namely Mr. Lin Tao, Mr. Khoo Wun Fat William and Mr. Cui Songhe, have become the members of the Audit Committee. Thus, the Company has then fulfilled the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions.

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

DIVIDEND

The Directors did not recommend the payment of a final dividend for the Reporting Period (2017: nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) is scheduled to be held on 21 August 2018 and the notice of AGM will be published and issued to shareholders of the Company as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 16 August 2018 to Tuesday, 21 August 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of the Shares should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 15 August 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Results Announcement is available for viewing on the Company’s website at www.hk-alpha.com and the Stock Exchange’s website at www.hkexnews.hk. The 2018 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

PROPOSED CHANGE OF THE NAME OF THE COMPANY

The Board proposed to change the English name of the Company from “Z-Obee Holdings Limited” to “Alpha Professional Holdings Limited”. Upon the change of the English name becoming effective, the Company will adopt the Chinese name of the Company “阿爾法企業控股有限公司” for identification purpose only in place of its existing Chinese name “融達控股有限公司” (collectively, the “**Proposed Change of Company Name**”).

Conditions for the Proposed Change of Company Name

The Proposed Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the shareholders of the Company at the AGM to approve the Proposed Change of Company Name; and
- (ii) the Registrar of Companies in Bermuda (the “**Registrar**”) granting approval for the new English name of the Company.

Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date of entry of the new English name on the register maintained by the Registrar. Upon the Proposed Change of Company Name taking effect and the receipt of the Certificate of Incorporation on Change of Name issued by the Registrar, the Company will then carry out all necessary registration and filing procedures with the Registrar of Companies in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Reasons for the Proposed Change of Company Name

The Board considers that the Proposed Change of Company Name will better reflect the future business plans and development of the Group. The Board believes that the new name can provide the Company with a more appropriate corporate image and identity which will benefit the Company's future business development and is in the best interests of the Company and the shareholders of the Company as a whole.

Effect of the Proposed Change of Company Name

The Proposed Change of Company Name will not affect any rights of the shareholders of the Company or the Company's daily business operation and its financial position.

All the existing share certificates in issue bearing the existing name of the Company shall, after the Proposed Change of Company Name becoming effective, continue to be evidence of title to such Shares and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for free exchange of the existing share certificates for new share certificates bearing the new name of the Company. Upon the Proposed Change of Company Name becoming effective, the Company intends to change the stock short name of the Company correspondingly and new share certificates of the Company will be issued only in the new name of the Company.

The Company will make further announcement(s) on the Proposed Change of Company Name as soon as practicable after the Proposed Change of Company Name has become effective and will announce the change of the stock short name following the Proposed Change of Company Name.

A circular containing, among others, details of the Proposed Change of Company Name, together with a notice of the AGM, will be despatched to the shareholders of the Company in due course.

ACKNOWLEDGEMENT

I would like to offer the Board's sincere gratitude to the management team and all employees for their hard work and dedication. Their excellence and commitment are of vital importance in enhancing the Company's sustainability. Finally, I would like to take this opportunity to thank our shareholders and all other stakeholders for their continuous support and confidence in us.

On behalf of the Board
Z-Obee Holdings Limited
XIONG Jianrui
Chairman

Hong Kong, 22 June 2018

As at the date of this announcement, the executive Directors are Mr. Xiong Jianrui and Mr. Yi Peijian, and the independent non-executive Directors are Mr. Lin Tao, Mr. Khoo Wun Fat William and Mr. Cui Songhe.

* *For identification purpose only*