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**Z-Obee Holdings Limited**

**融達控股有限公司\***

*(incorporated in Bermuda with limited liability)*

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

**(Singapore Stock Code: D5N)**

*website: <http://www.z-obe.com>*

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

The board (the “Board”) of directors (the “Directors”) of Z-Obee Holdings Limited (the “Company”) presents the unaudited condensed consolidated interim results (the “Results Announcement”) of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2013 (“FY2014 6M”) with comparative figures for the corresponding period in 2012 (“FY2013 6M”) as follows:

The unaudited condensed financial information has not been audited but has been reviewed by the Company’s audit committee (“AC”).

\* For identification purpose only

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

For the six months ended 30 September 2013

		Six months ended 30 September	
	Note	2013 US\$ (Unaudited)	2012 US\$ (Unaudited)
<b>Revenue</b>	3(a)	<b>132,172,092</b>	77,950,689
Cost of goods sold		<u>(126,715,277)</u>	<u>(74,490,068)</u>
<b>Gross profit</b>		<b>5,456,815</b>	3,460,621
Other income		<b>759,644</b>	708,802
Selling and distribution costs		—	(596)
Administrative expenses		<u>(1,869,442)</u>	<u>(2,026,571)</u>
<b>Profit from operations</b>		<b>4,347,017</b>	2,142,256
Finance costs	4	<b>(1,707,678)</b>	(821,223)
Share of losses of an associate		<b>(981,366)</b>	—
Fair value gains on financial assets at fair value through profit or loss		<b>353,059</b>	6,372,462
Impairment loss on goodwill		—	(1,377,449)
Impairment loss on prepayments, deposits and other receivables		—	(156,055)
Impairment loss on property, plant and equipment		—	(970,535)
Impairment loss on trade and factoring receivables		—	<u>(274,271)</u>
<b>Profit before tax</b>		<b>2,011,032</b>	4,915,185
Income tax expense	5	<u>(732,648)</u>	<u>(226,523)</u>
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>	6	<b><u>1,278,384</u></b>	<b><u>4,688,662</u></b>
		<i>US cents</i>	<i>US cents</i>
<b>Earnings per share</b>			
Basic	8	<b><u>0.20</u></b>	<b><u>0.74</u></b>
Diluted	8	<b><u>0.20</u></b>	<b><u>0.74</u></b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	<i>Note</i>	<b>30 September 2013 US\$ (Unaudited)</b>	31 March 2013 US\$ (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	9	2,492,597	2,916,949
Intangible assets		3,615,796	4,890,411
Investment in an associate		9,696,960	10,678,326
Financial assets at fair value through profit or loss		<u>20,736,479</u>	<u>20,383,420</u>
		<b>36,541,832</b>	38,869,106
<b>Current assets</b>			
Inventories		255,033	26,630,452
Trade and factoring receivables	10	105,414,985	65,300,829
Prepayments, deposits and other receivables		14,888,593	19,946,996
Derivative financial instruments		230,396	592,358
Time deposits with original maturity over three months		5,326,467	17,112,112
Restricted bank balances		20,424,849	7,792,687
Bank and cash balances		<u>20,506,420</u>	<u>10,843,318</u>
		<b>167,046,743</b>	148,218,752
<b>Current liabilities</b>			
Trade and bills payables	11	5,375,801	923,757
Accruals and other payables		5,874,819	4,073,071
Bank loans		13,009,909	13,709,292
Trust receipt loans		47,598,104	51,585,430
Finance lease payables		1,069,931	1,102,028
Current tax liabilities		<u>1,200,541</u>	<u>467,893</u>
		<b>74,129,105</b>	71,861,471
<b>Net current assets</b>		<u><b>92,917,638</b></u>	<u>76,357,281</u>
<b>NET ASSETS</b>		<u><b>129,459,470</b></u>	<u><b>115,226,387</b></u>
<b>Capital and reserves</b>			
Share capital		6,101,502	5,084,590
Reserves		<u>123,357,968</u>	<u>110,141,797</u>
<b>TOTAL EQUITY</b>		<u><b>129,459,470</b></u>	<u><b>115,226,387</b></u>

*NOTES:*

**1. GENERAL INFORMATION**

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

The Company is an investment holding company. The principal activities of its subsidiaries are a) provision of design and production solution services for mobile handset and computer tablets, b) assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board, and c) distribution and marketing of mobile handset and its components and electronic components.

The Company's shares have been listed on the main board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the main board of The Stock Exchange of Hong Kong Limited (the "HKSE") since 21 November 2007 and 1 March 2010, respectively. Since 3 December 2010, 80,000,000 units of Taiwan Depositary Receipts, comprising 40,000,000 new shares of the Company and 40,000,000 existing shares held by certain owners of the Company, have been listed on the Taiwan Stock Exchange Corporation (the "TWSE").

The Company converted its listing status on the SGX-ST with effect from 14 June 2013 to secondary listing whilst the primary listing status on the main board of the HKSE remains unchanged.

**2. ACCOUNTING POLICIES AND BASIS OF PREPARATION**

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

These condensed financial statements should be read in conjunction with the financial statements for the year ended 31 March 2013. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the financial statements for the year ended 31 March 2013.

**Adoption of new and revised International Financial Reporting Standards**

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

**(a) Amendments to IAS 1 “Presentation of Financial Statements”**

Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

**(b) IFRS 13 “Fair Value Measurement”**

IFRS 13 “Fair Value Measurement” establishes a single source of guidance for all fair value measurements required or permitted by IFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of IFRS 13 only affects disclosures on fair value measurements in the consolidated financial statements. IFRS 13 has been applied prospectively.

The Group has not applied the new IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new IFRSs but is not yet in a position to state whether these new IFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

	Six months ended	
	30 September	
	2013	2012
	US\$	US\$
	(Unaudited)	(Unaudited)
Distribution and marketing of mobile handset and its components and electronic components	130,842,092	76,863,655
Provision of design and production solution services for mobile handset and computer tablets	1,330,000	875,364
Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board	—	211,670
	<u>132,172,092</u>	<u>77,950,689</u>

#### (b) Segment information

The Group has three reportable segments as follows:

Distribution and Marketing	—	distribution and marketing of mobile handset and its components and electronic components
Solution	—	provision of design and production solution services for mobile handset and computer tablets
Assembly	—	assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board

The Group's reportable segments are strategic business units that offer different products and services.

Segment profits and losses do not include the following items:

- Interest income and other income
- Fair value gains on financial assets at fair value through profit or loss
- Impairment loss on property, plant and equipment for rental and general administrative use
- Share of losses of an associate
- Corporate administrative expenses
- Finance costs
- Income tax expense

	<b>Distribution and Marketing</b>	<b>Solution</b>	<b>Assembly</b>	<b>Consolidated</b>
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Six months ended 30 September 2013</b>				
Revenue from external customers	<b><u>130,842,092</u></b>	<b><u>1,330,000</u></b>	<b><u>—</u></b>	<b><u>132,172,092</u></b>
Segment profits/(losses)	<b><u>5,437,350</u></b>	<b><u>(5,892)</u></b>	<b><u>(237,024)</u></b>	<b><u>5,194,434</u></b>
Interest income				<b>369,895</b>
Other income (excluding interest income)				<b>389,749</b>
Fair value gains on financial assets at fair value through profit or loss				<b>353,059</b>
Share of losses of an associate				<b>(981,366)</b>
Corporate administrative expenses				<b>(1,607,061)</b>
Finance costs				<b>(1,707,678)</b>
Income tax expense				<b><u>(732,648)</u></b>
Profit for the period				<b><u>1,278,384</u></b>
Depreciation and amortisation	—	<b>1,278,401</b>	<b>76,042</b>	<b>1,444,705</b>
Loss/(gain) on disposals of property, plant and equipment	<b><u>—</u></b>	<b><u>(3,044)</u></b>	<b><u>160,892</u></b>	<b><u>158,033</u></b>
<b>Six months ended 30 September 2012</b>				
Revenue from external customers	<b><u>76,863,655</u></b>	<b><u>875,364</u></b>	<b><u>211,670</u></b>	<b><u>77,950,689</u></b>
Segment profits/(losses)	<b><u>2,303,032</u></b>	<b><u>(727,820)</u></b>	<b><u>(637,738)</u></b>	<b>937,474</b>
Interest income				<b>681,560</b>
Other income (excluding interest income)				<b>27,242</b>
Fair value gains on financial assets at fair value through profit or loss				<b>6,372,462</b>
Impairment loss on property, plant and equipment for rental and general administrative use				<b>(318,473)</b>
Corporate administrative expenses				<b>(1,963,857)</b>
Finance costs				<b>(821,223)</b>
Income tax expense				<b><u>(226,523)</u></b>
Profit for the period				<b><u>4,688,662</u></b>
Depreciation and amortisation	—	<b>43,165</b>	<b>2,687</b>	<b>308,226</b>
Impairment loss on goodwill	—	<b>1,377,449</b>	—	<b>1,377,449</b>
Impairment loss on prepayments, deposits and other receivables	<b>156,055</b>	—	—	<b>156,055</b>
Impairment loss on property, plant and equipment	—	—	<b>652,062</b>	<b>970,535</b>
Impairment loss on trade and factoring receivables	<b>274,271</b>	—	—	<b>274,271</b>
Equity-settled share-based payments	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>268,805</u></b>

*Geographical information*

	Six months ended 30 September	
	2013	2012
	US\$	US\$
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
The People's Republic of China (the "PRC") except Hong Kong	<b>119,548,464</b>	66,627,981
Hong Kong	<b>12,623,628</b>	11,322,708
	<u><b>132,172,092</b></u>	<u>77,950,689</u>

**4. FINANCE COSTS**

	Six months ended 30 September	
	2013	2012
	US\$	US\$
	(Unaudited)	(Unaudited)
Interest on bank borrowings	<b>1,264,568</b>	813,271
Finance lease charges	<b>4,958</b>	7,952
Others	<b>438,152</b>	—
	<u><b>1,707,678</b></u>	<u>821,223</u>

**5. INCOME TAX EXPENSE**

	Six months ended 30 September	
	2013	2012
	US\$	US\$
	(Unaudited)	(Unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	<b>154,242</b>	257,070
Current tax — PRC Enterprise Income Tax		
Provision for the period	<b>578,406</b>	—
Over-provision in prior periods	—	(30,547)
	<u><b>732,648</b></u>	<u>226,523</u>



Hong Kong Profits Tax has been provided at a rate of 16.5% (six months ended 30 September 2012: 16.5%) based on the estimated assessable profit for the period.

PRC Enterprise Income Tax is calculated at the applicable rates based on estimated taxable income earned by the companies with certain tax preference, based on existing legislation, interpretation and practice in respect thereof.

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

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

## 6. PROFIT FOR THE PERIOD

The Group’s profit for the period is stated after charging/(crediting) the following:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<i>US\$</i>	<i>US\$</i>
	<b>(Unaudited)</b>	(Unaudited)
Amortisation of intangible assets	<b>1,274,615</b>	34,286
Depreciation of property, plant and equipment	<b>170,090</b>	273,940
Equity-settled share-based payments	—	268,805
Fair value (gains)/losses on derivative financial instruments	<b>(9,013)</b>	23,076
Fair value gains on financial assets at fair value through profit or loss	<b>(353,059)</b>	(6,372,462)
Loss/(gain) on disposals of property, plant and equipment	<b>158,033</b>	(3,767)
Impairment loss on goodwill	—	1,377,449
Impairment loss on prepayments, deposits and other receivables	—	156,055
Impairment loss on property, plant and equipment	—	970,535
Impairment loss on trade and factoring receivables	—	274,271
	<b>—————</b>	<b>—————</b>

## 7. DIVIDENDS

The Board of Directors did not recommend any payment of interim dividend for the six months ended 30 September 2013 (six months ended 30 September 2012: Nil).

## 8. EARNINGS PER SHARE

### Basic

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of US\$1,278,384 (six months ended 30 September 2012: US\$4,688,662) and the weighted average number of ordinary shares of 639,046,722 (six months ended 30 September 2012: 635,573,662) in issue during the period.

### Diluted

During the six months ended 30 September 2013, the calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of US\$1,278,384 (six months ended 30 September 2012: US\$4,688,662) and the weighted average number of ordinary shares of 639,934,706 (six months ended 30 September 2012: 635,573,662), being the weighted average number of ordinary shares of 639,046,722 (six months ended 30 September 2012: 635,573,662) in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 887,984 (six months ended 30 September 2012: Nil) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the period.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of US\$1,504 (six months ended 30 September 2012: US\$3,490).

## 10. TRADE AND FACTORING RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (31 March 2013: 30 to 120 days), depending on the creditworthiness of customers and the existing relationships with the Group.

An aging analysis of trade and factoring receivables, based on invoice dates, is as follows:

	<b>30 September 2013 US\$ (Unaudited)</b>	31 March 2013 US\$ (Audited)
0 to 30 days	<b>13,673,320</b>	12,587,049
31 to 60 days	<b>42,635,356</b>	16,309,923
61 to 90 days	<b>5,718,071</b>	17,563,326
91 to 120 days	<b>6,894,352</b>	10,266,022
More than 120 days	<b>36,493,886</b>	8,574,509
	<b><u>105,414,985</u></b>	<u>65,300,829</u>

The Group's trade receivables as at 30 September 2013 included trade receivable from Kada Technology Holdings Limited and its subsidiary (collectively know as "Kada Group") of US\$460,000 (31 March 2013: US\$1,061,515), in which the Group held 14.56% (31 March 2013: 14.56%) equity interest. As disclosed in the Company's circular dated 30 April 2010, Kada Group is considered as a related company to the Group on the grounds that a brother of Mr. Wang Shih Zen, one of the Directors, is one of the major shareholders of Kada Group.

## 11. TRADE AND BILLS PAYABLES

	<b>30 September 2013 US\$ (Unaudited)</b>	31 March 2013 US\$ (Audited)
Trade payables	928,543	923,757
Bills payables	4,447,258	—
	<u><b>5,375,801</b></u>	<u><b>923,757</b></u>

An aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	<b>30 September 2013 US\$ (Unaudited)</b>	31 March 2013 US\$ (Audited)
0 to 30 days	37,040	—
31 to 60 days	—	96,083
61 to 90 days	4,447,258	—
More than 90 days	891,503	827,674
	<u><b>5,375,801</b></u>	<u><b>923,757</b></u>

Trade payables generally have credit terms ranging from 30 to 90 days (31 March 2013: 30 to 90 days).

## 12. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the Results Announcement, the Group had the following material transactions with its related parties during the period:

	<i>Note</i>	<b>Six months ended 30 September 2013 US\$ (Unaudited)</b>	2012 US\$ (Unaudited)
Directors' remuneration			
— As directors		66,634	166,002
— For management		104,472	117,275
		<b>171,106</b>	283,277
Sales of goods to a related company	(a)	—	6,109,674
Purchase of goods from a related company	(a)	2,605,889	3,499,930
Consultancy fees paid to a related company	(b)	55,648	7,552
		<u><b>2,762,535</b></u>	<u><b>10,000,433</b></u>

*Note:*

- (a) Amounts represented sales of goods to and purchase of goods from Kada Group during the period.
- (b) Amounts represented legal services provided by Messrs David Lim & Partners LLP, a law firm in Singapore of which Mr. David Lim Teck Leong, one of the directors, is a partner. Mr. David Lim Teck Leong resigned as a non-executive Director with effect from 30 September 2013.

## RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

### BUSINESS REVIEW:

The global mobile handset industry went through a decline in 2102 and had experienced an incline in the first half of 2013, According to the statistics from Gartner, Inc. (“Gartner”), during the first six months of the year, approximately 861 million mobile handsets were sold globally, representing an increase of approximately 2.74% compared to the same period in 2012. Gartner’s analyst stated that the increase was attributable to the introduction of flagship devices to the market and the continued price reduction of smart-phones. In the second quarter of 2013, the sales were broadly on track and Gartner forecasted the sales of worldwide mobile phone will amounted to approximately 1.82 billion units this year.

The market is currently being driven by sales in smart devices. Worldwide smart-phone sales accounted for around 51.8% of mobile handset sales in the second quarter of 2013 up from 44% in the fourth quarter of 2012, resulting in smart-phone sales surpassing feature phone sales for the first time according to Gartner. However, the opportunity for high average selling price smart-phone is now ending and growth is expected to come from mid-tier smart-phones in mature markets and low-end Android smart-phones in emerging markets. Tablet will also becomes a companion device to end-user’s mobile phone, its shipments are expected to grow 53.4% this year, with shipments reaching 184 million units when compared to last year.

The mobile handset market of China maintained steady growth during the year. China saw its mobile phone sales increase 7.5% in the first quarter of 2013, and its sales represented 27.5% of global mobile phone sales, up to nearly 2% points year-on-year according to Gartner. The PRC manufacturers have been exemplary at addressing the demands of buyers by offering affordable devices with optimum features such as 2.5G (EDGE) instead of 3G in smart-phone.

In order to maintain stable sources of income, the Group is also determined to become more deeply involved in new media business. The Group expects to establish its own media channel in airports on the tourist trolleys that can generate continuous income such as device maintenance fee, sale of electronic contents, electronic mall and advertising.

The Group will continue to take cautious measures in its business operation and advance its development plan. It will keep abreast of the latest developments of the global economy, the mobile handset industry and other potential industries, while adjusting its business strategies as necessary from time to time.

### FINANCIAL REVIEW:

The details of financial review of the unaudited condensed consolidated interim results of the Group for FY2014 6M with comparative figures for FY2013 6M is as follows:

#### **Condensed consolidated statement of profit or loss and other comprehensive income**

##### *Revenue*

Revenue increased by approximately 69.56% from approximately US\$77,951,000 in FY2013 6M to approximately US\$132,172,000 in FY2014 6M. Such increase was mainly due to the increase in the Distribution and Marketing segment during the current period under review.

##### *Cost of goods sold*

Cost of goods sold increased by approximately 70.11% from approximately US\$74,490,000 in FY2013 6M to approximately US\$126,715,000 in FY2014 6M. Such increase was in line with the increase in revenue.

### ***Gross profit***

Gross profit increased by approximately 57.68% from approximately US\$3,461,000 in FY2013 6M to approximately US\$5,457,000 in FY2014 6M. The gross profit margin in FY2014 6M was 4.13% which was similar to last corresponding period of 4.44%. The increase in gross profit was mainly due to the increase in contribution from the Distribution and Marketing segment.

### ***Finance costs***

Finance costs increased by approximately 107.94% from approximately US\$821,000 in FY2013 6M to approximately US\$1,708,000 in FY2014 6M. The increase was mainly due to the increase in average bank loans and trust receipt loans over the corresponding period in FY2013 6M.

### ***Fair value gains on financial assets at fair value through profit or loss***

Fair value gains on financial assets at fair value through profit or loss decreased by approximately 94.46% from approximately US\$6,372,000 in FY2013 6M to approximately US\$353,000 in FY2014 6M. Such change was mainly due to the changes in fair value of the equity interests in Kada Technology Holdings Limited and its subsidiaries during the period.

### ***Income tax expense***

Income tax expense increased by approximately 223.43% from approximately US\$227,000 in FY2013 6M to approximately US\$733,000 in FY2014 6M. The increase was mainly due to the increase in profit from operations during the current period.

### ***Net profit for the period***

As a result of the above, net profit for the period amounted to approximately US\$1,278,000.

### **Condensed consolidated statement of financial position**

Set out below are the major changes in the items of the unaudited condensed consolidated statement of financial position as at 30 September 2013 and the audited consolidated statement of financial position as at 31 March 2013:

Property, plant and equipment	:	The decrease from approximately US\$2,917,000 as at 31 March 2013 to approximately US\$2,493,000 as at 30 September 2013 was mainly due to depreciation and disposal of plant and machinery during the current period.
Intangible assets	:	The decrease from approximately US\$4,890,000 as at 31 March 2013 to approximately US\$3,616,000 as at 30 September 2013 was mainly due to the amortisation provided for the period.
Inventories	:	The decrease from approximately US\$26,630,000 as at 31 March 2013 to approximately US\$255,000 as at 30 September 2013 was mainly due to the sale of inventories and the result of a more prudent inventory management policy adopted.

Trade and factoring receivables	:	The increase from approximately US\$65,301,000 as at 31 March 2013 to approximately US\$105,415,000 as at 30 September 2013 was in line with the increase in revenue.
Prepayments, deposits and other receivables	:	The decrease from approximately US\$19,947,000 as at 31 March 2013 to approximately US\$14,889,000 as at 30 September 2013 was mainly due to the decrease in prepayments for the purchase of inventories for the Distribution and Marketing segment.
Bank and cash balances	:	The increase from approximately US\$10,843,000 as at 31 March 2013 to approximately US\$20,506,000 as at 30 September 2013 was mainly due to the combined effects of (i) the cash generated from operating activities of the Group; (ii) the increase in interest received from banks and (iii) the net proceeds from the issue of new shares during the current period.
Trade and bills payables	:	The increase from approximately US\$924,000 as at 31 March 2013 to approximately US\$5,376,000 as at 30 September 2013 was mainly due to increase in purchases during the current period.
Borrowings and debts	:	The decrease from approximately US\$66,397,000 as at 31 March 2013 to approximately US\$61,678,000 as at 30 September 2013 was mainly due to repayment of trust receipt loans and bank loans during the period.
Current tax liabilities	:	The increase from approximately US\$468,000 as at 31 March 2013 to approximately US\$1,201,000 as at 30 September 2013 was mainly due to the reasons mentioned in section headed “Income tax expenses” above.
Net assets	:	As a result of the above, the net assets increased from approximately US\$115,226,000 as at 31 March 2013 to approximately US\$129,459,000 as at 30 September 2013.

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

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

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

The subscription was completed on 26 September 2013. As at 30 September 2013, the issued share capital of the Company was 762,687,662 shares.



## **INTERIM DIVIDEND**

The Board of Directors did not recommend any payment of interim dividend for FY2014 6M.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2013, the Group had current assets of approximately US\$167,047,000 (31 March 2013: US\$148,219,000) and current liabilities of approximately US\$74,129,000 (31 March 2013: US\$71,861,000) and total bank and cash balances (excluding restricted bank balances) of approximately US\$25,833,000 (31 March 2013: US\$27,955,000). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 2.25 (31 March 2013: 2.06). The Group's gearing ratio, being a ratio of total debts to total assets, was approximately 30.30% (31 March 2013: 35.49%).

The Group will constantly review its financial resources and will consider various plans to enhance its financial capabilities.

## **CAPITAL COMMITMENTS**

As at 30 September 2013, the Group did not have any material capital commitments (31 March 2013: Nil).

## **CHARGE ON ASSETS**

As at 30 September 2013, certain assets of the Group and restricted bank balances of approximately US\$20,425,000 placed with banks in Hong Kong and the PRC (31 March 2013: US\$7,793,000) were pledged for general banking facilities and bank loans.

As at 30 September 2013 and 31 March 2013, the Group's finance lease payables are secured by the lessor's title to the leased assets.

## **CONTINGENT LIABILITIES**

As at 30 September 2013, the Group did not have any material contingent liabilities (31 March 2013: Nil).

## **EMPLOYEE INFORMATION**

As at 30 September 2013, the Group has 34 full time employees whose salary and benefit levels are maintained at competitive levels. Employees are rewarded on a performance related basis within the general policy and framework of the Group's salary scheme, and discretionary bonus schemes based on the performance of the Group, which are regularly reviewed. Other benefits are also provided including medical insurance and pension funds, and social and recreational activities are arranged around the world.

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

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

### **Compliance with the Corporate Governance Code**

The Board and senior management of the Company are committed to maintain a high standard of corporate governance practices and procedures. The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules (the “Hong Kong Listing Rules”) Governing the Listing of Securities on HKSE during the six months ended 30 September 2013 except for the followings.

Pursuant to code provision A.6.7 of the CG Code that independent non-executive directors and other non-executive directors of the Company should attend general meetings of the Company. Mr. Lo Hang Fong, being an independent non-executive director of the Company, was unable to attend the annual general meeting of the Company held on 27 September 2013 due to other business engagement. However, at the respective general meeting of the Company, most of other board members were presented to enable the Board to develop a balanced understanding of the views of the Shareholders.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Shih Zen is both the chairman of the Board (the “Chairman”) and the chief executive officer (the “CEO”) of the Company. The deviation from code provision A.2.1 is explained under the heading “Chairman and CEO”.

### **Chairman and CEO**

Currently, Mr. Wang Shih Zen, is the Chairman and the CEO. He is responsible for managing the Board, business strategy and direction, formulation of the Group’s corporate plans and policies including executive decision-making and the day-to-day business operations of the Group. He also ensures that the Board is kept updated and informed of the Group’s business.

Although there is a deviation from the recommendation of the CG Code, the Board believes that vesting the roles of both Chairman and CEO on the same person provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. In addition, there is a strong element of independence of the Board as half of the current Board comprises independent non-executive directors.

All major decisions made by the Chairman and CEO are reviewed by the Board. His performance and re-appointment to the Board are reviewed by the Nominating Committee (the “NC”) and his remuneration package is reviewed by the Remuneration Committee (the “RC”). Both the NC and RC are chaired by independent non-executive directors. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision-making made by the Board is independent and based on collective decision-making without Mr. Wang Shih Zen being able to exercise considerable concentration of power or influence. As such, the Board does not consider segregating the role of Chairman and CEO at this moment.

Mr. Chan Kam Loon was appointed as lead independent non-executive director to co-ordinate and lead the other independent non-executive directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board. He is also available to address Shareholders’ concerns on issues that cannot be appropriately dealt with by the Chairman/CEO.

Notwithstanding the above, the Board will review the current structure from time to time and make necessary arrangements accordingly.



## **Specific term for the appointment of non-executive directors (including independent non-executive directors)**

Pursuant to code provision A.4.1 of the CG Code, the non-executive directors should be appointed for a specific term, subject to re-election. Currently, all the non-executive directors of the Company (including independent non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

The directors are of the view that there are sufficient safeguards and checks to ensure that the process of decision-making made by the Board is independent and based on collective decision-making without the controlling shareholders being able to exercise considerable concentration of power or influence. The bye-laws also provide that each director shall retire from office at least once every three years. A retiring director shall be eligible for re-election. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practice are no less exacting than those set out in the CG Code.

## **Board committees**

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

### **Audit Committee**

Currently, the AC comprises three independent non-executive directors, namely, Mr. Chan Kam Loon, Mr. Tham Wan Loong, Jerome and Mr. Lo Hang Fong. Mr. Chan Kam Loon is the chairman of the AC. Its duties and responsibilities are guided by the written terms of reference in accordance with the Hong Kong Listing Rules. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise as the Board interprets such qualification to discharge their responsibilities. The unaudited condensed financial statements of the Group for the six months ended 30 September 2013 have been reviewed by the AC.

### **Other Board Committees**

In addition to the AC, the Company has also set up the NC and RC. The NC currently comprises three independent non-executive directors and the Chairman. The RC comprises three independent non-executive directors. The directors of the Company are of the view that the setting up of these Board Committees will ensure the maintenance of high corporate governance standards.

### **Directors' securities transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Hong Kong Listing Rules as the Company's code for securities transactions by its directors. Having made specific enquiry of the directors, all directors confirmed that they have complied with the required standard set out in the Model Code for the period under review.

## USE OF HONG KONG INITIAL PUBLIC OFFERING PROCEEDS

<b>Usage</b>	<b>Proceeds allocated</b> <i>US\$'000</i>	<b>Amounts deployed as of 30 September 2013</b> <i>US\$'000</i>	<b>Balance to be deployed</b> <i>US\$'000</i>
Recruit additional professionals to join research and development team and improve research and development team's equipment	1,519	—	1,519
Invest in research on the application and solutions of 3G technologies and operating platform of mobile handset	6,762	(159)	6,603
Strengthen the brand awareness of "VIM" or in Chinese "偉恩" in the mobile handset market in the PRC	6,762	(643)	6,119
For working capital and other general corporate purpose	1,653	(1,653)	—
<b>Total</b>	<b>16,696</b>	<b>(2,455)</b>	<b>14,241</b>

## PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This Results Announcement is available for viewing on the websites of HKSE, SGX-ST, TWSE and the Company at <http://www.z-obe.com>. The Interim Report will be despatched to Shareholders and will also be available on the websites of HKSE, SGX-ST, TWSE and the Company at the earliest practicable opportunity.

On behalf of the Board  
**Z-Obee Holdings Limited**  
**Wang Shih Zen**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 November 2013

*As at the date of this announcement, the executive Directors are Mr. Wang Shih Zen, Ms. Wang Tao and Mr. Lu Shangmin and the independent non-executive Directors are Mr. Chan Kam Loon, Mr. Lo Hang Fong and Mr. Tham Wan Loong Jerome.*