

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Z-Obee Holdings Limited

融達控股有限公司*

(Provisional Liquidators Appointed)

(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 948)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

The board (the “Board”) of directors (the “Directors”) of Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the “Company”) announce the results (the “Results Announcement”) of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2017 (the “Reporting Period”) with comparative figures of the corresponding period of last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

		Six months ended	
		30 September	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Note</i>	US\$	US\$
REVENUE	5	20,114,811	9,540,944
Cost of goods sold		<u>(17,088,369)</u>	<u>(8,219,866)</u>
Gross profit		3,026,442	1,321,078
Other income and gains	5	165,915	68
Selling and distribution expenses		(120,107)	(31,790)
Administrative expenses		(860,741)	(685,584)
Write off of trade receivables		(7,519)	(6,000)
Finance costs	7	<u>(25,777)</u>	<u>(40,039)</u>
PROFIT BEFORE RESTRUCTURING COSTS AND TAX		2,178,213	557,733
Restructuring costs		<u>(642,674)</u>	<u>(192,802)</u>
PROFIT BEFORE TAX	6	<u>1,535,539</u>	<u>364,931</u>
Income tax expense	8	<u>(412,004)</u>	<u>(136,307)</u>
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>1,123,535</u>	<u>228,624</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	10	<u>0.15 cents</u>	<u>0.03 cents</u>
Diluted		<u>0.15 cents</u>	<u>0.03 cents</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Profit for the period	1,123,535	228,624
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income for the period attributable to owners of the Company	<u>1,123,535</u>	<u>228,624</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

		30 September	31 March
		2017	2017
		(Unaudited)	(Audited)
	<i>Note</i>	<i>US\$</i>	<i>US\$</i>
Non-current assets			
Property, plant and equipment	11	60,803	67,585
Interest in an associate		10,554,016	10,554,016
Financial assets at fair value through profit or loss	12	2,310,941	2,310,941
Total non-current assets		<u>12,925,760</u>	<u>12,932,542</u>
Current assets			
Inventories		897,918	178,400
Trade and factoring receivables	13	75,560,548	70,328,236
Prepayments, deposits and other receivables		834,117	1,560,893
Tax recoverable		128,843	128,843
Restricted bank balances		2,132,107	2,132,107
Cash and bank balances		1,051,639	3,874,533
Total current assets		<u>80,605,172</u>	<u>78,203,012</u>
Current liabilities			
Trade and bill payables	14	1,251,045	1,251,045
Accruals and other payables		4,091,570	4,040,911
Interest-bearing bank borrowings	15	39,310,190	39,310,190
Trust receipt loans	16	39,877,541	39,877,541
Receipts in advance		343,657	584,028
Other borrowings	17	2,662,147	2,636,370
Amount due to investor – Escrow account	18	1,478,149	835,476
Tax payables		1,074,225	665,735
Total current liabilities		<u>90,088,524</u>	<u>89,201,296</u>
NET CURRENT LIABILITIES		<u>(9,483,352)</u>	<u>(10,998,284)</u>
NET ASSETS		<u>3,442,408</u>	<u>1,934,258</u>
EQUITY			
Equity attributable to owners of the company			
Share capital	19	6,101,500	6,101,500
Reserves		(3,043,707)	(4,167,242)
Non controlling interest		384,615	–
TOTAL EQUITY		<u>3,442,408</u>	<u>1,934,258</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Attributable to owners of the company							
	Share capital	Share premium	Share-based payments reserve	Foreign currency translation reserve	Reserve funds	Accumulated loss	Non-controlling interest	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 April 2016	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(84,357,625)	–	559,388
Total comprehensive income for the period	–	–	–	–	–	228,624	–	228,624
At 30 September 2016 (Unaudited)	<u>6,101,500</u>	<u>70,605,619</u>	<u>52,241</u>	<u>6,223,798</u>	<u>1,933,855</u>	<u>(84,129,001)</u>	<u>–</u>	<u>788,012</u>
As at 1 April 2017	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(82,982,755)	–	1,934,258
Allotment of shares	–	–	–	–	–	–	384,615	384,615
Total comprehensive income for the period	–	–	–	–	–	1,123,535	–	1,123,535
At 30 September 2017 (Unaudited)	<u>6,101,500</u>	<u>70,605,619</u>	<u>52,241</u>	<u>6,223,798</u>	<u>1,933,855</u>	<u>(81,859,220)</u>	<u>384,615</u>	<u>3,442,408</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	Unaudited	
	Six months ended 30 September	
	2017	2016
	US\$	US\$
Net cash outflows from operating activities	(3,850,171)	(608,478)
Net cash outflows from investing activities	(11)	(60,906)
Net cash inflows from financing activities	1,027,288	192,802
Net decrease in cash and cash equivalents	(2,822,894)	(476,582)
Cash and cash equivalents at 1 March	3,874,533	1,380,909
Cash and cash equivalents at 30 September	1,051,639	904,327

NOTES

1. CORPORATE INFORMATION

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

The Company is an investment holding company. The principal activities of its subsidiaries are sales and distribution 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 "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 proposed voluntary delisting of the shares of the Company (the "Shares") from the SGX-ST (the "Delisting") and it is expected that the Delisting will take place on 28 November 2017.

2.1 BASIS OF PREPARATION

This unaudited consolidated financial statements for the six months ended 30 September 2017 have been prepared in accordance with IAS 34 "Interim financial reporting" and the disclosure requirements of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. The unaudited consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with IFRSs.

The unaudited consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2017, except for the adoption of the new International Financial Reporting Standards (the "IFRSs") and International Accounting Standards (the "IASs") as disclosed in note 2.2 below. The unaudited consolidated financial statements do not include all the information and disclosures required for an annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 March 2017.

Except for the matters referred to below, including the omission of the disclosures as required under IFRSs, Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), these financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual IFRSs, 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.

Items included in the unaudited consolidated 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 unaudited consolidated financial statements are presented in United States dollars ("US\$"), rounded to the nearest thousand except where otherwise indicated.

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

The unaudited consolidated financial statements for the six months ended 30 September 2017 comprise the company and its subsidiaries.

Going concern

As at 30 September 2017, the Group had net current liabilities of US\$9,483,352. In preparing these unaudited consolidated financial statements, the Directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to attain profit and positive cash flows from operations in the immediate and longer term.

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

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

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

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

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

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

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

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

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

Proposed restructuring of the Group

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

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

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

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

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

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.

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

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

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

Accordingly, a revised resumption proposal (the “Revised Proposal”) was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a potential strategic investor, 同方股份有限公司 (Tsinghua Tongfang Co., Ltd.*) (“Tongfang”), one of the top 100 information technology enterprises in the PRC. On 28 June 2016, the Company obtained a letter of intent (the “Letter of Intent”) from Tongfang, pursuant to which, Tongfang will (i) invest an amount of HK\$3.0 million into Perfect Major, a subsidiary of the Company in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for not less than 5% of the Company’s newly issued shares after the resumption of trading of the Company’s shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang. As of the date of this Results Announcement, Perfect Major has received HK\$3 million from Tongfang as consideration for subscription of shares in Perfect Major and the allotment of shares was completed in September 2017. Tongfang has begun to initiate preliminary research on product development. The Company has undertaken market research and is in the process of establishing reliable distribution networks for Tongfang’s products in Pakistan, India and Bangladesh. The cooperation with Tongfang is expected to distribute Tongfang’s products to the Group’s existing markets and customers.

Nonetheless, similar to the case with the Resumption Proposal submitted by the Company on 19 July 2015, the Listing Division 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 has made certain progress in its mobile handset design and distribution business, the Revised Proposal still does not satisfactorily demonstrate that the Company will carry out a sufficient level of operations or have assets of sufficient value as required under Rule 13.24 of the Listing Rules to warrant a continued listing. The Listing Committee considered the Revised Proposal not viable and therefore decided to cancel the listing of the Shares on the Stock Exchange with effect from 9:00 am on 31 October 2016 (the “Second Stage Ruling”).

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

Following the review hearing of the Listing (Review) Committee held on 14 February 2017, the Listing (Review) Committee informed the Company by a letter dated 22 February 2017 that it decided to conditionally stay the cancellation of listing of the Company’s shares on the Stock Exchange (the “Decision”). The stay of the cancellation 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, 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 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 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, (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 Directors, (4) the proposed voluntary delisting from the SGX-ST and (5) notice of Special General Meeting (“SGM”).

Post Balance Sheet Event

Following the SGM held on 16 October 2017, all the ordinary resolutions were passed with 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.

The completion of the open offer and the share subscription also took place on 27 November 2017 and it is expected that all the resumption conditions imposed by the Stock Exchange will be fulfilled on 28 November 2017 (Bermuda time).

Delisting from SGX-ST

The Company has sought the proposed voluntary 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 of the SGX-ST (the “Listing Manual”) (including such other listing requirements that the SGX-ST may impose from time to time) in addition to the Rules Governing the Listing of Securities on the Stock Exchange. The Company believes that the proposed Delisting will 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 will 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 Proposal and the Revised Proposal, the Company does 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 intends to carry out its future fundraising activities, if any, through the Stock Exchange.
- (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 considers it no longer necessary to maintain its secondary listing on the SGX-ST.

For the reasons above, the Company believed that the proposed Delisting was in the interest of the Company as a whole. The Company made an application to the SGX-ST for the Delisting and received no objection to the proposed Delisting from the SGX-ST subject to certain conditions. It is expected that the Delisting will take place on 28 November 2017.

The Joint Provisional Liquidators notified shareholders in Singapore in August 2017 in relation to the Delisting and made the necessary arrangement for these shareholders to withdraw shares from the securities account of the Central Depository (Pte) Limited (“CDP”) in Singapore for deposition to the Central Clearing and Settlement System (“CCASS”) in Hong Kong prior to the Delisting. Further, with a view to informing CDP depositors regarding the key deadlines on the transfer of shares and to address any queries from the CDP depositors, an open forum was held on 10 October 2017 in Singapore.

As mentioned in the Company's previous announcements, CDP depositors may elect not to take any actions in respect of the Delisting. Upon Delisting, CDP will debit the shares from the CDP depositors' securities accounts and the shares will automatically be transferred via the share registrar in Singapore to the share registrar in Hong Kong. The share registrar in Hong Kong will mail share certificates to the CDP depositors' address in the CDP's records and the CDP depositors will have to deposit their share certificate at their own expense with CCASS, before they can trade their shares on the Stock Exchange.

As of the date of this Results Announcement, the management has used its best effort, to the extent commercially practicable, to reconstruct the accounting records of the Group for the six months ended 30 September 2017 applying their best estimates and judgement based on the information of the Group that are available to the management. However, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records (except the accounting and other records in relation to the business of SPVs, which were incorporated after the appointment of the Provisional Liquidators), the Board believes that, as at the date of the Results Announcement, it is almost impossible, and not practical, to ascertain the correct revenue and profit or loss (and the resultant assets and liabilities) for the current period for inclusion in the unaudited consolidated financial statements of the group other than the revenue and profit or loss (and the resultant assets and liabilities) in relation to the business of SPVs. Also, due to loss of some books and records, the Board believes that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group for past years.

Any adjustments arising from the matters described above would have a consequential significant effect on the net profit of the Group for the six months ended 30 September 2017 and the net assets of the Group as at 30 September 2017.

Due to the limited information available and most of the former key accounting personnel of the Group have left without notice, the Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the completeness of books and records and the treatment of various balances as included in the unaudited consolidated financial statements for the six months ended 30 September 2017 and have formed the conclusion as follows:

As the unaudited consolidated financial statements have been prepared based on the incomplete books and records available to the Company, the Directors of the Company are unable to represent that all transactions entered into by the Group for the six months ended 30 September 2017 have been properly reflected in the unaudited 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 unaudited consolidated financial statements and the disclosures of the unaudited consolidated financial statements in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

2.2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

IAS 7 (Amendments)	Disclosure Initiative
IAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealized Losses
Amendments to IFRSs	Annual Improvement 2014-2016 Cycle

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

3. SEGMENT REPORTING

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

Trading of mobile handsets

The trading of mobile 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 the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

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

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 segment in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purposes of resources allocation and assessment of segment performance for the six months ended 30 September 2017 and 2016 is set out below.

	Trading of Mobile handsets	
	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Revenue from external customers	<u>20,114,811</u>	<u>9,540,944</u>
Reportable segment revenue	<u>20,114,811</u>	<u>9,540,944</u>
Reportable segment profit (adjusted EBITDA)	<u>2,418,462</u>	<u>728,462</u>
	At 30 September	At 31 March
	2017	2017
	(Unaudited)	(Audited)
	US\$	US\$
Reportable segment assets	<u>9,626,406</u>	<u>7,601,773</u>
Reportable segment liabilities	<u>4,442,192</u>	<u>4,475,033</u>

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

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Revenue		
Reportable segment revenue	20,114,811	9,540,944
Elimination of inter-segment revenue	—	—
	<hr/>	<hr/>
Consolidated revenue	20,114,811	9,540,944
	<hr/> <hr/>	<hr/> <hr/>
Profit		
Reportable segment profit	2,418,462	728,462
Elimination of inter-segment profits	—	—
	<hr/>	<hr/>
Reportable segment profit derived from the Group's external customers	2,418,462	728,462
Write off of trade receivables	(7,519)	(6,000)
Unallocated head office and corporate expenses	(875,404)	(357,531)
	<hr/>	<hr/>
Consolidated profit before tax	1,535,539	364,931
	<hr/> <hr/>	<hr/> <hr/>
	At 30 September	At 31 March
	2017	2017
	(Unaudited)	(Audited)
	US\$	US\$
Assets		
Reportable segment assets	9,626,406	7,601,773
Elimination of inter-segment receivables	—	—
	<hr/>	<hr/>
	9,626,406	7,601,773
Interests in associates	10,554,016	10,554,016
Financial assets at fair value through profit or loss	2,310,941	2,310,941
Unallocated head office and corporate assets	71,039,569	70,668,824
	<hr/>	<hr/>
Consolidated total assets	93,530,932	91,135,554
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Reportable segment liabilities	4,442,192	4,475,033
Elimination of inter-segment payables	—	—
	<hr/>	<hr/>
	4,442,192	4,475,033
Interest-bearing bank borrowings	39,310,190	39,310,190
Trust receipt loan	39,877,541	39,877,541
Amount due to investors – Escrow account	1,478,149	835,476
Unallocated head office and corporate liabilities	4,980,452	4,703,056
	<hr/>	<hr/>
Consolidated total liabilities	90,088,524	89,201,296
	<hr/> <hr/>	<hr/> <hr/>

c) *Revenue from major products and services*

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Trading of mobile handsets	20,114,811	9,540,944

4. SEASONALITY OF OPERATION

The Group's business in the trading of mobile handsets had no specific seasonality factor.

5. REVENUE AND OTHER INCOME AND GAINS

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

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

	Six months ended	
	30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Revenue		
Distribution and marketing of mobile handset and its components and electronic components	20,114,811	9,540,944
	20,114,811	9,540,944
Other income and gains		
Interest income	11	68
Foreign exchange gain, net	-	-
Service income	154,241	-
Other income	11,663	-
	165,915	68
	20,280,726	9,541,012

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the revenue as of the date of approval of these unaudited consolidated financial statements.

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
a) Staff cost		
Employee benefit expenses (including directors' and chief executive's emoluments)		
Wages, salaries, bonus and allowances	565,973	467,704
Pension scheme contributions	-	-
	565,973	467,704
b) Other items		
Cost of inventory sold	17,088,369	8,219,866
Auditor's remuneration	27,599	26,350
Depreciation	9,006	2,229
Write off of trade receivables	7,519	6,000
Restructuring costs	642,674	192,802
	17,775,167	8,447,247

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the profit/(loss) before tax as of the date of approval of these unaudited consolidated financial statements.

7. FINANCE COSTS

	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Interest on other borrowings	25,777	40,039

As disclosed in note 2.1, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the finance costs as of the date of approval of these financial statements.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

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

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

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Current tax – Hong Kong Profits Tax Charge for the period	<u>409,364</u>	<u>134,171</u>
Current tax – PRC Charge for the period	<u>2,640</u>	<u>2,136</u>
Total tax charge for the period	<u>412,004</u>	<u>136,307</u>

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the accuracy of the undistributed retained earnings of the Group and hence the related unrecognised deferred tax liabilities as of the date of approval of these unaudited consolidated financial statements.

9. DIVIDEND

The board of Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: US\$Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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\$1,123,535 (six months ended 30 September 2016: profit of US\$228,624) and the weighted average number of 762,687,662 (six months ended 30 September 2016: 762,687,662) ordinary shares in issue during the period.

Diluted

On the basis that certain books and records are either lost or are incomplete, there is no accurate information to calculate the diluted earnings per share. Therefore, diluted earnings per share equals to the basic earnings per share for the six months ended 30 September 2017 and 2016.

As disclosed in note 2.1, as the loss attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the profit per share of the Company as of the date of approval of these unaudited consolidated financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired items of plant and machinery with a cost of US\$Nil (Six months ended 30 September 2016: US\$60,974).

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the property, plant and equipment of the Group as of the date of approval of these unaudited consolidated financial statements.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 September 2017 (Unaudited) US\$	At 31 March 2017 (Audited) US\$
As at period/year ended	<u>2,310,941</u>	<u>2,310,941</u>

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the financial assets at fair value through profit or loss of the Group as of the date of approval of these unaudited consolidated financial statements.

13. TRADE AND FACTORING RECEIVABLES

As of the end of the reporting period, the aging analysis of trade and factoring receivables based on the invoice date and not allowance for doubtful debts, is as follows:

	At 30 September 2017 (Unaudited) US\$	At 31 March 2017 (Audited) US\$
0-60 days	4,517,517	974,255
61-90 days	319,500	1,252,750
Over 90 days	<u>70,723,531</u>	<u>68,101,231</u>
Trade and factoring receivables net of allowance for doubtful debts	<u>75,560,548</u>	<u>70,328,236</u>

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

Given the loss of certain books and records and the unreliability of records identified the Board consider that it is almost impossible, and not practical to ascertain the correct amount, and no impairment allowance is necessary in respect of these balances and will be included in the proposed restructuring.

Given the loss of certain books and records and the unreliability of records identified, the Board believes that it may be almost impossible, and not practical, to ascertain the completeness, existence and accuracy of the trade and factoring receivables of the Group, or to perform a detailed analysis of the Group's trade and factoring receivables ageing, credit policy and impairment assessment.

14. TRADE AND BILL PAYABLES

As of the end of the reporting period, the ageing analysis of trade and bill payables based on the invoice date, is as follows:

	At 30 September 2017 (Unaudited) US\$	At 31 March 2017 (Audited) US\$
Over 90 days	<u>1,251,045</u>	<u>1,251,045</u>

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

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the trade and bills payables of the Group as of the date of approval of these unaudited consolidated financial statements.

15. INTEREST-BEARING BANK BORROWINGS

	At 30 September 2017 (Unaudited) US\$	At 31 March 2017 (Audited) US\$
As at period/year ended	<u>39,310,190</u>	<u>39,310,190</u>

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the interest-bearing bank borrowings of the Group as of the date of approval of these unaudited consolidated financial statements.

16. TRUST RECEIPT LOANS

	At 30 September 2017 (Unaudited) US\$	At 31 March 2017 (Audited) US\$
Carrying amount	<u>39,877,541</u>	<u>39,877,541</u>

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the trust receipt loans of the Group as of the date of approval of these unaudited consolidated financial statements.

17. OTHER BORROWINGS

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

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

With the sanction from the High Court, the SPVs, wholly-owned subsidiaries of the Company were set up after the appointment of the Provisional Liquidators of the purpose of restructuring and continuation of the business of the Group. 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 (“Working Capital Facility”) to the Group for the continuation of its business operations. As at 30 September 2017, the Group had drawn down an amount of US\$2,570,694 (approximately HK\$20,000,000) under the agreement. The amount is secured by a floating charge and the share charge over the entire issued share capital of H K 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 interest payable as at the six months ended 30 September 2017 is US\$91,453 (As at 31 March 2017: US\$65,676).

18. AMOUNT DUE TO INVESTOR – ESCROW ACCOUNT

According to the Framework Agreement, the Investor shall pay the Earnest Money into an Escrow Account. The Earnest Money once released and remitted from the Escrow Account to the Provisional Liquidators shall not be refundable. The Earnest Money shall be held by the Escrow Agent on joint instructions of the Provisional Liquidators and the Investor to release the Earnest Money for the purposes of settling all fees, remuneration, costs and expenses incurred by the Provisional Liquidators, its advisors and agents for work done in connection with the restructuring. If the Framework Agreement is terminated for any reason, any remaining balance of the Earnest Money held in the Escrow Account shall be released to the Investor within 3 business days of the termination. As at 30 September 2017, the Group received the amount of US\$1,478,149 (approximately HK\$11,500,000). (As at 31 March 2017: US\$835,476 (approximately HK\$6,500,000)).

19. SHARE CAPITAL

	Number of shares	Amount US\$
Authorised:		
Ordinary shares of US\$0.008 each		
At 1 April 2017, 31 March 2017 and 30 September 2017	1,250,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of US\$0.008 each		
At 1 April 2017, 31 March 2017 and 30 September 2017	762,687,662	6,101,500

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the share capital of the Group as of the date of approval of these unaudited consolidated financial statements.

20. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited consolidated financial statements, the Group had the following transactions with the related parties during the six months ended 30 September 2017.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees during the six months ended 30 September 2017 was as follows:

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Employee benefit expenses (including directors and chief executive's emoluments)		
Wages, salaries, bonus and allowances	284,704	262,210

Total remuneration is included in "staff costs" (see note 6(a)).

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

As disclosed in note 2.1, on the basis that certain books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the material related party transactions as of the date of approval of these unaudited consolidated financial statements.

RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Business and Financial review

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

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

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

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

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

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

Since their appointment, the Provisional Liquidators have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets. The Provisional Liquidators have also gathered information relating to the status of the Group through meetings with various parties, including but not limited to Ms. Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees.

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

Revenue and gross profit

For the Reporting Period, the Group recorded turnover and gross profit of US\$20,114,811 (2016: US\$9,540,944) and US\$3,026,442 (2016: US\$1,321,078) respectively. Profit before tax for the Reporting Period attributable to owners of the Company was US\$1,535,539 (2016: US\$364,931).

Total assets and liabilities

As of 30 September 2017, the total assets and total liabilities of the Group was US\$93,530,932 (31 March 2017: US\$91,135,554) and US\$90,088,524 (31 March 2017: US\$89,201,296) respectively.

Restructuring of the Group

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

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

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

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

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

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

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

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

On 29 December 2015, the 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 commenced from the same day for the Company to submit a viable resumption proposal (i.e. 5 October 2016).

Accordingly, the Revised Proposal was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a potential strategic investor, 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 will (i) invest an amount of HK\$3.0 million into Perfect Major, a subsidiary of the Company in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for not less than 5% of the Company's newly issued shares after the resumption of trading of the Company's shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang. As of the date of this Results Announcement, Perfect Major has received HK\$3 million from Tongfang as consideration for subscription of shares in Perfect Major and the allotment of shares was completed in September 2017. Tongfang has begun to initiate preliminary research on product development. The Company has undertaken market research and is in the process of establishing reliable distribution networks for Tongfang's products in Pakistan, India and Bangladesh. The cooperation with Tongfang is expected to distribute Tongfang's products to the Group's existing markets and customers.

The Group has successfully rebuilt its operating team and implemented the business plan that has been put together for the reactivation of the Group's business operations through the operating subsidiaries. During the Reporting Period, the Company has accomplished the relevant key business performance indicators projected in the forecast submitted to the Stock Exchange in September 2016. For the period ended 30 September 2017, the management team has generated revenue in the amount of US\$20.1 million and profits before tax and restructuring cost in the amount of US\$2.2 million despite adverse circumstances and great uncertainties. It is noted that the Group continues to receive orders from major customers and will have the ability to leverage its strategic alliance with Tongfang with which it is in the process of entering into a joint venture agreement. These are positive signs of progress and building a solid basis for future growth.

Nonetheless, similar to the case with the Resumption Proposal submitted by the Company on 19 July 2015, 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 has made certain progress in its mobile handset design and distribution business, the Revised Proposal still does not satisfactorily demonstrate that the Company will carry out a sufficient level of operations or have assets of sufficient value as required under Rule 13.24 of the Listing Rules to warrant a continued listing. The Listing Committee considered the Revised Proposal not viable and therefore decided to cancel the listing of the Shares on the Stock Exchange with effect from 9:00 am on 31 October 2016.

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

Following the review hearing of the Listing (Review) Committee held on 14 February 2017, the Listing (Review) Committee informed the Company by a letter dated 22 February 2017 that it decided to conditionally stay the cancellation of listing of the Company's shares on the Stock Exchange (the "Decision"). The stay of the cancellation 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, 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 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 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, (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 Directors, (4) the proposed voluntary delisting from the SGX-ST and (5) notice of SGM.

Post Balance Sheet Event

Following the SGM held on 16 October 2017, all the ordinary resolutions were passed with 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.

The completion of the open offer and the share subscription also took place on 27 November 2017 and it is expected that all the resumption conditions imposed by the Stock Exchange will be fulfilled on 28 November 2017 (Bermuda time).

Delisting from SGX-ST

The Company has sought the proposed voluntary 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 Rules Governing the Listing of Securities on the Stock Exchange. The Company believes that the proposed Delisting will 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 will 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 Proposal and the Revised Proposal, the Company does 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 intends to carry out its future fundraising activities, if any, through the Stock Exchange.
- (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 considers it no longer necessary to maintain its secondary listing on the SGX-ST.

For the reasons above, the Company believed that the proposed Delisting was in the interest of the Company as a whole. The Company made an application to the SGX-ST for the Delisting and received no objection to the proposed Delisting from the SGX-ST subject to certain conditions. It is expected that the Delisting will take place on 28 November 2017.

The Joint Provisional Liquidators notified shareholders in Singapore in August 2017 in relation to the Delisting and made the necessary arrangement for these shareholders to withdraw shares from the securities account of the CDP in Singapore for deposition to the CCASS in Hong Kong prior to the Delisting. Further, with a view to informing CDP depositors regarding the key deadlines on the transfer of shares and to address any queries from the CDP depositors, an open forum was held on 10 October 2017 in Singapore.

As mentioned in the Company's previous announcements, CDP depositors may elect not to take any actions in respect of the Delisting. Upon Delisting, CDP will debit the shares from the CDP depositors' securities accounts and the shares will automatically be transferred via the share registrar in Singapore to the share registrar in Hong Kong. The share registrar in Hong Kong will mail share certificates to the CDP depositors' address in the CDP's records and the CDP depositors will have to deposit their share certificate at their own expense with CCASS, before they can trade their shares on the Stock Exchange.

DIVIDENDS

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

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2017, the Group had current assets of US\$80,605,172 (31 March 2017: US\$78,203,012) and current liabilities of US\$90,088,524 (31 March 2017: US\$89,201,296) and total bank and cash balances other than restricted bank balances of US\$1,051,639 (31 March 2017: US\$3,874,533).

Liabilities and payables presented in the Results Announcement are prepared according to the books and records and available information to the Provisional Liquidators and the Directors.

CAPITAL COMMITMENTS

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

CHARGE ON ASSETS

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

CONTINGENT LIABILITIES

Based on books and records of the Group available to the Provisional Liquidators and the Board, as at 30 September 2017, the Group did not have any material contingent liabilities. However, any contingent liabilities/claims against the Company will be subject to the High Court's approval and the relevant claims will be subject to a formal adjudication process.

EMPLOYEE INFORMATION

Based on books and records of the Group available to the Provisional Liquidators and the Board, the Group had 49 employees in Hong Kong and Mainland China as at 30 September 2017. Remuneration package is reviewed annually and determined by reference to market pay and individual performance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

OUTLOOK/PROSPECT

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

- (i) an issue of new shares of the Company by way of share subscription by the Investor and Tongfang;
- (ii) all claims against, and liabilities of, the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and Bermuda; and
- (iii) the resumption of trading in the shares of the Company.

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

CORPORATE GOVERNANCE PRACTICES

Compliance with the Corporate Governance Code

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

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

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

Board meeting and Directors' Attendance

As at the date of this Results Announcement, based on the information made available to the Provisional Liquidators and the Board, there were 2 board meetings and 2 audit committee meetings. All directors attended the said meetings.

Audit Committee

The Audit Committee has reviewed the Results Announcement of the Group for the period ended 30 September 2017, in conjunction with the Company's external auditor.

Securities Transactions by Directors

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

Having made specific enquiry 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This Results Announcement is available for viewing on the website of the Stock Exchange at <http://www.hkex.com.hk>. The 2017 Interim Report will be available on the website of the Stock Exchange at the earliest practicable opportunity.

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

Hong Kong, 28 November 2017

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

* *For identification purpose only*