Z-Obee Holdings Limited

(incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 948)
(Singapore Stock Code: D5N)
website: http://www.z-obee.com

ANNUAL RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of Z-Obee Holdings Limited (the "Company") announce the results (the "Results Announcement") of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2012 ("FY 2012") with comparative figures for the year ended 31 March 2011 ("FY 2011") as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	Note	2012 US$	2011 US$
Revenue	3(a)	**136,838,712**	148,293,097
Cost of goods sold		**(129,719,413)**	(134,546,713)
Gross profit		**7,119,299**	13,746,384
Other income		**4,037,980**	1,336,874
Selling and distribution costs		**(153,950)**	(545,161)
Administrative expenses		**(4,083,465)**	(4,766,386)
Profit from operations		**6,919,864**	9,771,711
Finance costs	4	**(644,901)**	(612,122)
Fair value gains on financial assets at fair value through profit or loss		**283,189**	5,870,818
Impairment loss on property, plant and equipment		**(399,250)**	—
Impairment loss on non-current assets classified as held for sale		**(149,687)**	—
Impairment loss on intangible assets		**—**	(833,334)
Impairment loss on available-for-sale financial asset		**—**	(747,498)
Profit before tax		**6,009,215**	13,449,575
Income tax expense	5	**(872,477)**	(2,010,662)
Profit for the year attributable to owners of the Company	6	**5,136,738**	11,438,913
		US cents	*US cents*
Earnings per share			
Basic	8	**0.81**	1.88
Diluted	8	**0.81**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012	2011
	US$	*US$*
Profit for the year	**5,136,738**	11,438,913
Other comprehensive income:		
Reclassification adjustment arising from release of foreign currency translation reserve directly associated with winding up of a subsidiary	**—**	(103,457)
Exchange differences on translating foreign operations	**1,674,398**	2,048,017
Other comprehensive income for the year, net of tax	**1,674,398**	1,944,560
Total comprehensive income for the year attributable to owners of the Company	**6,811,136**	13,383,473

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	Note	**As at 31 March 2012** **US$**	As at 31 March 2011 *US$*
Non-current assets			
Property, plant and equipment		**4,360,077**	9,363,319
Intangible assets		**163,954**	226,748
Goodwill		**1,377,449**	1,539,331
Financial assets at fair value through profit or loss		**18,321,743**	18,038,554
Available-for-sale financial asset		**—**	1,540,762
		24,223,223	30,708,714
Current assets			
Inventories		**4,372,686**	11,062,818
Trade receivables	*9*	**44,934,212**	50,398,808
Prepayments, deposits and other receivables		**19,762,813**	1,784,517
Derivative financial instruments		**424,205**	280,669
Restricted bank balances		**1,186,929**	1,318,972
Time deposits with original maturity over three months		**43,207,446**	28,763,424
Bank and cash balances		**10,471,864**	14,215,803
		124,360,155	107,825,011
Current liabilities			
Trade and bills payables	*10*	**5,605,963**	17,463,873
Accruals and other payables		**2,631,005**	1,877,760
Bank loans		**3,683,935**	3,962,639
Trust receipt loans		**24,152,509**	7,772,450
Finance lease payables		**1,199,993**	1,867,002
Current tax liabilities		**731,144**	1,929,970
		38,004,549	34,873,694
Net current assets		**86,355,606**	72,951,317
NET ASSETS		**110,578,829**	103,660,031
Capital and reserves			
Share capital		**5,084,590**	5,084,590
Reserves		**105,494,239**	98,575,441
TOTAL EQUITY		**110,578,829**	103,660,031

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

	Attributable to owners of the Company						
	Share capital *US$*	**Share premium** *US$*	**Share-based payments reserve** *US$*	**Foreign currency translation reserve** *US$*	**Retained profits** *US$*	**Reserve funds** *US$*	**Total equity** *US$*
As at 1 April 2010	4,764,590	45,974,768	—	1,552,463	23,562,620	1,512,349	77,366,790
Total comprehensive income for the year	—	—	—	1,944,560	11,438,913	—	13,383,473
Issue of share in relation to the listing of the Taiwan Depositary Receipts on the Taiwan Stock Exchange Corporation	320,000	12,589,768	—	—	—	—	12,909,768
Transfer to reserve funds	—	—	—	—	(372,909)	372,909	—
As at 31 March 2011 and 1 April 2011	5,084,590	58,564,536	—	3,497,023	34,628,624	1,885,258	103,660,031
Total comprehensive income for the year	—	—	—	1,674,398	5,136,738	—	6,811,136
Equity-settled share-based payments	—	—	107,662	—	—	—	107,662
Transfer to reserve funds	—	—	—	—	(42,367)	42,367	—
As at 31 March 2012	5,084,590	58,564,536	107,662	5,171,421	39,722,995	1,927,625	110,578,829

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2012

	2012	2011
	US$	*US$*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**6,009,215**	13,449,575
Adjustments for:		
Finance costs	**644,901**	612,122
Interest income	**(1,399,951)**	(538,323)
Dividend income from financial assets at fair value through profit or loss	**(1,478,591)**	—
(Reversal of impairment loss)/impairment loss on prepayments, deposits and other receivables	**(192,284)**	187,637
Impairment loss on intangible assets	**—**	833,334
Impairment loss on available-for-sale financial asset	**—**	747,498
Impairment loss on inventories	**161,989**	153,651
Impairment loss on goodwill	**219,547**	—
Impairment loss on property, plant and equipment	**399,250**	—
Impairment loss on non-current assets classified as held for sale	**149,687**	—
Fair value gains on financial assets at fair value through profit or loss	**(283,189)**	(5,870,818)
Loss on winding up of a subsidiary	**—**	4,177
Fair value gains on derivative financial instruments	**(143,536)**	(54,669)
Depreciation of property, plant and equipment	**1,176,421**	1,440,252
Amortisation of intangible assets	**70,416**	893,484
Loss on disposals of property, plant and equipment	**218,348**	57,366
Loss on disposal of available-for-sale financial asset	**15,633**	—
Equity-settled share-based payments	**107,662**	—
Operating profit before working capital changes	**5,675,518**	11,915,286
Decrease/(increase) in inventories	**6,595,311**	(4,564,073)
Decrease/(increase) in trade receivables	**5,514,222**	(17,899,607)
(Increase)/decrease in prepayments, deposits and other receivables	**(15,386,131)**	7,264,257
(Decrease)/increase in trade and bills payables	**(11,884,370)**	5,831,012
Increase/(decrease) in accruals and other payables	**714,201**	(179,201)
Cash (used in)/generated from operations	**(8,771,249)**	2,367,674
Interest paid	**(644,901)**	(612,122)
Income tax paid	**(2,109,851)**	(2,069,207)
Net cash used in operating activities	**(11,526,001)**	(313,655)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**896,145**	305,908
Dividend received from financial assets at fair value through profit or loss	**1,478,591**	—
Purchases of property, plant and equipment	**(33,880)**	(734,336)
Purchases of intangible assets	**—**	(91,572)
Purchases of financial assets at fair value through profit or loss	**—**	(7,192,673)
Proceeds from disposals of property, plant and equipment	**3,012,916**	6,143
Proceeds from disposal of a jointly controlled entity classified as held for sale	**—**	821,294
Increase in time deposits with original maturity over three months	**(13,202,891)**	(12,287,954)
Decrease in restricted bank balances	**135,414**	2,537,136
Net cash used in investing activities	**(7,713,705)**	(16,636,054)

	2012	2011
	US$	*US$*
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**5,230,955**	2,424,108
Repayment of bank loans	**(5,604,556)**	(5,199,882)
Repayment of other loans	**—**	(457,652)
Repayment of finance lease payables	**(667,009)**	(1,285,759)
Increase in trust receipt loans	**16,380,059**	18,698
Net proceeds from issue of shares in relation to the listing of the Taiwan Depositary Receipts on the Taiwan Stock Exchange Corporation	**—**	12,909,768
Net cash generated from financing activities	**15,339,449**	8,409,281
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,900,257)**	(8,540,428)
Effect of foreign exchange rate changes	**156,318**	336,735
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,215,803**	22,419,496
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10,471,864**	14,215,803
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**10,471,864**	14,215,803

NOTE:

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 in Hong Kong 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 provision of design and production solution services for mobile handset, assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board, 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 Signapore 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 ("TDRs"), 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").

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the applicable disclosures required by the Listing Manual of the SGX-ST (the "Listing Manual"), the Rules Governing the Listing of Securities (the "Hong Kong Listing Rules") on the HKSE and by the Hong Kong Companies Ordinance.

IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretation.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and derivative financial instruments, which are carried at their fair values.

The adoption of new/revised IFRSs

In the current year, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. 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 year and prior years.

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

	2012	2011
	US$	*US$*
Distribution and marketing of mobile handset and its components and electronic components	**102,990,292**	77,524,039
Provision of design and production solution services for mobile handset	**1,404,429**	4,773,370
Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board	**32,443,991**	65,995,688
	136,838,712	148,293,097

(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
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 available-for-sale financial asset
— Corporate administrative expenses
— Finance costs
— Income tax expense

	Distribution and Marketing *US$*	Solution *US$*	Assembly *US$*	Consolidated *US$*
Year ended 31 March 2012				
Revenue from external customers	**102,990,292**	**1,404,429**	**32,443,991**	**136,838,712**
Segment profits	**3,621,547**	**304,738**	**1,856,357**	**5,782,642**
Interest income				**1,399,951**
Other income (excluding interest income)				**2,638,029**
Fair value gains on financial assets at fair value through profit or loss				**283,189**
Corporate administrative expenses				**(3,449,695)**
Finance costs				**(644,901)**
Income tax expense				**(872,477)**
Profit for the year				**5,136,738**
Depreciation and amortisation	**—**	**95,514**	**935,344**	**1,246,837**
Impairment loss on inventories	**—**	**—**	**161,989**	**161,989**
Impairment loss on goodwill	**—**	**219,547**	**—**	**219,547**
Impairment loss on property, plant and equipment	**—**	**—**	**399,250**	**399,250**
Impairment loss on non-current assets classified as held for sale	**—**	**—**	**149,687**	**149,687**
Loss on disposals of property, plant and equipment	**—**	**—**	**209,862**	**218,348**
Loss on disposal of available-for-sale financial asset	**—**	**—**	**—**	**15,633**
Reversal of impairment loss on prepayments, deposits and other receivables	**—**	**—**	**—**	**192,284**
Equity-settled share-based payments	**—**	**—**	**—**	**107,662**

	Distribution and Marketing *US$*	Solution *US$*	Assembly *US$*	Consolidated *US$*
Year ended 31 March 2011				
Revenue from external customers	77,524,039	4,773,370	65,995,688	148,293,097
Segment profits	771,650	3,488,174	7,916,622	12,176,446
Interest income				538,323
Other income (excluding interest income)				798,551
Fair value gains on financial assets at fair value through profit or loss				5,870,818
Impairment loss on available-for-sale financial asset				(747,498)
Corporate administrative expenses				(4,574,943)
Finance costs				(612,122)
Income tax expense				(2,010,662)
Profit for the year				11,438,913
Depreciation and amortisation	833,333	125,496	1,132,922	2,333,736
Loss on winding up of a subsidiary	—	—	—	4,177
Impairment loss on inventories	—	—	153,651	153,651
Impairment loss on intangible assets	833,334	—	—	833,334
Impairment loss on prepayments, deposits and other receivables	—	—	—	187,637
Loss on disposals of property, plant and equipment	—	57,366	—	57,366

Geographical information:

	2012 ***US$***	2011 *US$*
Revenue		
The People's Republic of China (the "PRC") except Hong Kong	**64,882,267**	93,588,134
Hong Kong	**71,956,445**	54,704,963
	136,838,712	148,293,097

4. FINANCE COSTS

	2012 ***US$***	2011 *US$*
Interest on bank loans	**619,204**	532,526
Finance lease charges	**25,697**	69,663
Others	**—**	9,933
	644,901	612,122

5. INCOME TAX EXPENSE

	2012	2011
	US$	*US$*
Current tax — Hong Kong Profits Tax		
Provision for the year	**688,599**	718,015
Under-provision in prior years	**9,906**	15,011
Current tax — PRC Enterprise Income Tax		
Provision for the year	**197,365**	1,259,621
(Over)/under-provision in prior years	**(23,393)**	18,015
	872,477	2,010,662

Hong Kong Profits Tax has been provided at a rate of 16.5% (2011: 16.5%) based on the estimated assessable profit for the year.

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, 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 incorporated and operated during the year, was in compliance with the Decree-Law No. 58/99/M of the Macau Special Administrative Region and thus, the profits generated by the subsidiary was exempted from the Macau Complementary Tax.

Tax charges 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 YEAR

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

	2012	2011
	US$	*US$*
Depreciation of property, plant and equipment	**1,176,421**	1,440,252
Amortisation of intangible assets	**70,416**	893,484
Dividend income from financial assets at fair value through profit or loss	**(1,478,591)**	—
Impairment loss on goodwill	**219,547**	—
Impairment loss on inventories	**161,989**	153,651
(Reversal of impairment loss)/impairment loss on prepayments, deposits and other receivables	**(192,284)**	187,637
Loss on disposals of property, plant and equipment	**218,348**	57,366
Loss on disposal of available-for-sale financial asset	**15,633**	—

7. DIVIDENDS

The Board did not recommend any payment of a final dividend for the year ended 31 March 2012 (2011: 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 year attributable to owners of the Company of US$5,136,738 (2011: US$11,438,913) and the weighted average number of ordinary shares of 635,573,662 (2011: 608,614,758) in issue during the year.

Diluted

During the year ended 31 March 2012, the calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$5,136,738 and the weighted average number of ordinary shares of 636,059,933, being the weighted average number of ordinary shares of 635,573,662 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 486,271 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the year ended 31 March 2011.

9. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (2011: 30 to 90 days), depending on the creditworthiness of customers and the existing relationships with the Group.

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

	2012	2011
	US$	*US$*
0 to 30 days	**28,552,957**	21,496,457
31 to 60 days	**6,526,977**	13,156,820
61 to 90 days	**5,620,432**	12,697,455
91 to 120 days	**3,688,000**	2,134,695
More than 120 days	**545,846**	913,381
	44,934,212	50,398,808

10. TRADE AND BILLS PAYABLES

	2012	2011
	US$	*US$*
Trade payables	**1,351,747**	13,965,230
Bills payables	**4,254,216**	3,498,643
	5,605,963	17,463,873

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

	2012	2011
	US$	*US$*
0 to 30 days	**2,259,960**	9,248,036
31 to 60 days	**2,261,401**	6,576,855
61 to 90 days	**36,136**	587,726
More than 90 days	**1,048,466**	1,051,256
	5,605,963	17,463,873

Trade payables generally have credit terms ranging from 15 to 90 days (2011: 15 to 90 days).

RESULTS FOR THE YEAR ENDED 31 MARCH 2012

Business review:

According to the statistics from International Data Corporation ("IDC"), the accumulated global shipments of mobile handsets in 2011 was approximately 1.54 billion units, representing an increase of 11.1% compared to 2010, which was down from the 18.7% year-on-year growth experienced in 2010. It demonstrates that the mobile handset growth is gradually slowing in 2011; part of the reason is attributable to the softening demand for feature phones. While sales of smartphones continued to drive mobile device market growth, smartphone shipment volumes reached 491.4 million units in 2011, capturing a double-digit growth of 61.3% from the 304.7 million units in 2010. However, the growth was still below 2010's year-on-year growth of 75.5%.

In China, the number of mobile handset subscribers is steadily growing, reaching approximately 1 billion as at 31 March 2012 and 3G subscribers reaching approximately 152 million. However, according to Gartner's research on Q1 2012 mobile market, there is a slowdown in demand of mobile device from the Asia/Pacific region. A 2% decline of year-on-year worldwide sales of mobile phones is recorded in Q1 2012, which is the first decline during the global economic recession since the second quarter of 2009. Both the world's leading information technology research and advisory companies, Gartner and IDC made a downward adjustment to their 2012 forecast on the mobile phone market. The expectation for 2012 is an overall market growth by 7%, while smartphone growth is expected to slowdown to around 39%.

Despite the challenge, the mobile handset industry for 2012 is still promising. Gartner's analysts stated that the smartphone market has become highly commoditized and most players are hard to break the mould. Price is increasingly becoming the sole differentiator, leading to increased competition, low profitability and scattered market share. Thus, the Group's strategies are to focus on innovation and price competitiveness as it continuously strives to strengthen its research and development team on existing product intelligence, application of smart technologies and industry solutions of mobile handsets, in order to further build on its foundation.

The Group will continue to exercise due care in the pursuance of its existing business and furtherance of its development plans. It will closely monitor the latest development in the global economy and handset industry and adjust its business strategies from time to time if required.

Financial Review:

The details of financial review of the consolidated annual results of the Group for FY2012 with comparative figures for FY2011 is as follows:

Consolidated income statement

Revenue

Revenue decreased by approximately 7.72% from approximately US$148,293,000 in FY2011 to approximately US$136,839,000 in FY2012. The decrease was mainly due to the decrease in the Solution and Assembly segments during the year which was in line with the Group's strategy to reduce its electronics assembly business and redeploy its resources and core competencies in other areas of convergence technologies.

Cost of goods sold

Cost of goods sold decreased by approximately 3.59% from approximately US$134,547,000 in FY2011 to approximately US$129,719,000 in FY2012 was in line with the decrease in revenue.

Gross profit

Gross profit decreased by approximately 48.21% from approximately US$13,746,000 in FY2011 to approximately US$7,119,000 in FY2012 and the gross profit margin decreased from approximately 9.27% in FY2011 to approximately 5.20% in FY2012. Such decrease in gross profit as well as gross profit margin was mainly due to the decrease in contribution from the Solution and Assembly segments.

Other income

Other income increased by approximately 202.05% from approximately US$1,337,000 in FY2011 to approximately US$4,038,000 in FY2012. The increase was mainly due to dividend income from financial assets at fair value through profit or loss and increase in interest income from time deposits with original maturity over three months during the year.

Administrative expenses

Administrative expenses decreased by approximately 14.33% from approximately US$4,766,000 in FY2011 to approximately US$4,083,000 in FY2012. The decrease was mainly due to the decrease in corporate activities during the year.

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 95.18% from approximately US$5,871,000 in FY2011 to approximately US$283,000 in FY2012. Such change was mainly due to the changes in fair value of the equity interests in Yoho King Limited ("Yoho King") and its subsidiaries (collectively, the "Yoho King Group") during the year.

Impairment loss on property, plant and equipment

As a result of cessation of assembly factory, impairment loss of approximately US$399,000 was made on the Group's property, plant and equipment in FY2012.

Impairment loss on non-current assets classified as held for sale

This represented the difference between the net proceeds to be received upon the completion of disposal of non-current assets classified as held for sale and the net carrying amounts of the underlying assets.

Income tax expense

Income tax expense decreased by approximately 56.61% from approximately US$2,011,000 in FY2011 to approximately US$872,000 in FY2012. The decrease was mainly due to the decrease in profits of the Group in the PRC during the year.

Profit for the year

As a result of the above, profit for the year amounted to approximately US$5,137,000.

Consolidated statement of financial position

Set out below are the major changes in the items of the consolidated statement of financial portion as at 31 March 2011 and 2012:

Property, plant and equipment	:	The decrease from approximately US$9,363,000 as at 31 March 2011 to approximately US$4,360,000 as at 31 March 2012 was mainly due to the disposals of property, plant and equipment upon cessation of assembly factory during the year.
Goodwill	:	The decrease from approximately US$1,539,000 as at 31 March 2011 to approximately US$1,377,000 as at 31 March 2012 was mainly due to impairment loss recognised in FY2012.
Available-for-sale financial asset	:	Available-for-sale financial asset was disposed during the year and therefore nil balance was noted.
Inventories	:	The decrease from approximately US$11,063,000 as at 31 March 2011 to approximately US$4,373,000 as at 31 March 2012 was mainly due to the decrease in the activities of the Assembly segment.
Trade receivables	:	The decrease from approximately US$50,399,000 as at 31 March 2011 to approximately US$44,934,000 as at 31 March 2012 was in line with the decrease in revenue.
Prepayments, deposits and other receivables	:	The increase from approximately US$1,785,000 as at 31 March 2011 to approximately US$19,763,000 as at 31 March 2012 was mainly due to the increase in prepayments for the purchase of inventories for Distribution and Marketing segment.
Time deposits with original maturity over three months	:	The increase from approximately US$28,763,000 as at 31 March 2011 to approximately US$43,207,000 as at 31 March 2012 was mainly due to the increase in time deposits placed in banks to earn higher interest income.
Bank and cash balances		The decrease from approximately US$14,216,000 as at 31 March 2011 to approximately US$10,472,000 as at 31 March 2012 was mainly due to the reasons mentioned in the major movements in the consolidated statement of cash flows for FY2012 set out below.
Trade and bills payables	:	The decrease from approximately US$17,464,000 as at 31 March 2011 to approximately US$5,606,000 as at 31 March 2012 was mainly due to more purchases financed by trust receipt loans during the year.
Accruals and other payable	:	The increase from approximately US$1,878,000 as at 31 March 2011 to approximately US$2,631,000 as at 31 March 2012 was mainly due to increase in sales deposits from customers.

Borrowings and debts	:	The increase from approximately US$13,602,000 as at 31 March 2011 to approximately US$29,036,000 as at 31 March 2012 was mainly due to the net effects of (i) more purchases financed by trust receipt loans and (ii) monthly repayment of the outstanding principal balances of the finance lease payables and bank loans during the year.
Current tax liabilities	:	The decrease from approximately US$1,930,000 as at 31 March 2011 to approximately US$731,000 as at 31 March 2012 was mainly due to the reasons mentioned in income tax expense above.
Net assets	:	As a result of the above, the net assets increased from approximately US$103,660,000 as at 31 March 2011 to approximately US$110,579,000 as at 31 March 2012.

Consolidated statement of cash flows

Set out below are the major movements in the consolidated statement of cash flows for FY2012:

Operating activities	:	There was a net cash inflow of approximately US$5,676,000 before reinvestment in working capital. However, the cash outflow was mainly due to the net effect of the increase in prepayments, deposits and other receivables and accruals and other payables, and decrease in inventories, trade receivables and trade and bills payables amounted to approximately US$14,447,000 and the interest and income tax payments amounting to approximately US$2,755,000. The resultant cash outflow from operating activities amounted to approximately US$11,526,000.
Investing activities	:	There was a net cash outflow of approximately US$7,713,000 which was mainly due to the increase in time deposits with original maturity over three months.
Financing activities	:	There was a net cash inflow of approximately US$15,339,000 which was mainly due to the increase in trust receipt loans during the year.
Net movements	:	As a result of the above, there was a net decrease in cash and cash equivalents of approximately US$3,900,000 during the year.

Operations Review:

The Group had the following transactions during the year under review:

Acquisition of Yoho King

Following the acquisition of 15% (subsequently diluted to 14.75% as disclosed on page 24 of the Company's Interim Report 2011 as at 30 September 2011) of the equity interest in Yoho King Limited on 23 March 2010, Yoho King Group, via Kada Technology Holdings Limited ("Kada"), made an application to the Securities Commission of Malaysia for the initial public offering and listing of its shares on the Main Market of Bursa Malaysia Securities Berhad on 23 September 2010. The Board was later informed that Yoho King decided to discontinue the listing application in Malaysia due to the prevailing market conditions. In this respect, Yoho King had withdrawn its application for the listing on the Main Market of Bursa Malaysia Securities Berhad on 6 July 2011.

The Group was informed by the management of Kada that Kada is preparing for listing on the Alternative Investment Market in London in 2012.

The equity investment in Yoho King Limited has been classified as financial assets at fair value through profit or loss and according to the valuation carried out by an independent professional valuer, the equity investment in Yoho King Limited is stated at fair value of approximately US$17,150,000 and fair value gain of approximately US$605,000 has been recognised in the consolidated financial statements for the year ended 31 March 2012.

Co-operation agreements

The Group entered into a supply agreement and an announcement was made on 15 June 2011 with Shenzhen Jing Ying Electronic Technology Limited 深圳市菁英電子科技有限公司 ("Jing Ying") to provide multimedia handheld devices to Jing Ying. These products would be used as handheld personal entertainment devices for passengers on aircrafts to access to different electronic information, such as music, movies, television programs, e-magazines and advertisement media. The Directors believed that the supply agreement would provide the Group a good opportunity to enhance its customer portfolio in the new business segment and subject to the final results it would have a positive impact to the Group's business and financial performance.

On 4 July 2011, the Group announced that it had entered into a strategic cooperation agreement with China Potevio Company Limited 中國普天信息產業股份有限公司 ("China Potevio"). The Group and China Potevio would jointly develop a platform of energy saving business through promotion and implementation of comprehensive energy saving solution for the customers. The scope of services in the platform covers the whole range of energy saving services, such as energy audit, project design, equipment procurement, construction, equipment installation and testing, technical training, remote control set up and repair and energy saving verification. With strong support from the PRC government to promote energy saving industry, the Board believed that there was significant market potential for energy saving, environment protection and energy saving lighting business. The Group would have an opportunity to diversify its business into energy saving business and engage in research and development, manufacturing, promotion and sale of energy saving lighting products, and to broaden the Group's revenue base in the future.

FINAL DIVIDEND

The Board did not recommend any payment of a final dividend for the year ended 31 March 2012.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2012, the Group had current assets of approximately US$124,360,000 (2011: US$107,825,000) and current liabilities of approximately US$38,005,000 (2011: US$34,874,000) and total bank and cash balances other than restricted bank balances of approximately US$53,679,000 (2011: US$42,979,000). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 3.27 (2011: 3.09). The Group's gearing ratio, being a ratio of total debt to total assets, was approximately 19.54% (2011: 9.82%).

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

CAPITAL COMMITMENTS

As at 31 March 2012, the Group did not have any material capital commitments (2011: Nil).

CHARGE ON ASSETS

As at 31 March 2012, restricted bank deposits of approximately US$1,187,000 (2011: US$1,319,000) and structured deposits of approximately US$668,000 (2011: US$666,000) were placed with banks in Hong Kong (2011: Hong Kong and PRC) as the pledge for general banking facilities and bank loans.

As at 31 March 2011 and 2012, the Group's finance lease payables are secured by the lessor's title to the leased assets and corporate guarantees executed by certain subsidiaries of the Company and the Company.

CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have any material contingent liabilities (2011: Nil).

EMPLOYEE INFORMATION

As at 31 March 2012, the Group has 58 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 year ended 31 March 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance with the Code on Corporate Governance Practices

The Board and senior management of the Company are committed to maintaining a high standard of corporate governance by complying, where possible, with the principles and guidelines of the Code of Corporate Governance 2005 (the "Singapore Code") issued by the Council Corporate Disclosure and Governance, Singapore and the Code on Corporate Governance Practices (the "Hong Kong Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Hong Kong Listing Rules") on the HKSE.

Other than those minor deviations which are explained below, the Company has complied with the principles of both the Singapore Code and Hong Kong Code during the year ended 31 March 2012.

Segregation of role of Chairman and Chief Executive Officer

Currently, Mr. Wang Shih Zen, is the Chairman and the Chief Executive Officer ("CEO") of the Company. 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 both the Singapore Code and Hong Kong 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 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 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. The NC will review the need to separate the roles from time to time and make its recommendation accordingly.

As Chairman of the Board, Mr. Wang Shih Zen is responsible for the effective working of the Board such as ensuring that Board meeting are held when necessary, assisting in ensuring compliance with the Company's guidelines on corporate governance, acting as a facilitator at Board meetings and maintaining regular dialogue with Management on all operational matters. The Company Secretaries assist the Chairman in scheduling the Board and Board Committee meeting respectively in consultation with the Chief Financial Officer.

Mr. Chan Kam Loon was appointed as the Lead Independent Director to co-ordinate and lead 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 or the Chief Financial Officer.

Specific term for the appointment of Non-executive Directors (including Independent Non-executive Directors)

Pursuant to the Hong Kong Code, the Non-executive Directors (including Independent Non-executive Directors) should be appointed with a fixed term. However, there is no fixed term for the appointment of Independent Non-executive Directors and Non-executive Director. The Independent Non-executive Directors and Non-executive Director are re-appointed in accordance with the provision of the Company's Bye-Laws (the "Bye-Laws").

The Directors are of the view that there are sufficient safeguards and checks to ensure that the process of decision-making 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.

Minimum number of Independent Directors resident in Singapore

Pursuant to the Rule 221 of the Listing Manual of the SGX-ST, a foreign issuer must have at least two Independent Directors, resident in Singapore. The Company has two Independent Non-executive Directors resident in Singapore which has satisfied this requirement.

Further information on the Code on Corporate Governance Practices will be set out in the Corporate Governance Report to be contained in the Company's 2012 Annual Report.

Audit Committee

The Audit Committee (the "AC") currently comprises four Independent Non-executive Directors and one Non-executive Director.

The AC has reviewed the Results Announcement of the Group for the year ended 31 March 2012, in conjunction with the Company's external auditor.

Remuneration Committee

The RC currently comprises the Chairman, four Independent Non-executive Directors and one Non-executive Director.

Securities Transactions by Directors

The Group had adopted a policy for dealings in securities of the Company by the Directors and officers. All directors and officers of the Group are not allowed to deal in the Company's shares while in possession of unpublished material price-sensitive information, and during the period commencing from 30 days and 60 days before the announcement of the Company's quarterly and full-year results respectively and ending one day after the release of the announcement of the respective results and price-sensitive information. All Directors and officers confirmed that they had complied with the required standards as set out in the Model Code for Securities Transaction by Directors of Listed Issuers and Code of Best Practices on Securities Transactions by the Company and its Officers issued by the HKSE and the provision of the SGX-ST Listing Manual for the year ended 31 March 2012.

USE OF HONG KONG INITIAL PUBLIC OFFERING PROCEEDS

Usage	**Proceeds allocated** *US$'000*	**Amounts deployed as of 31 March 2012** *US$'000*	**Balance to be deployed** *US$'000*
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	(156)	6,606
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)	—
Total	16,696	(2,452)	14,244

REVIEW OF THE RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Results Announcement of the Group for the year ended 31 March 2012 have been agreed by the Group's auditor, RSM Nelson Wheeler. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements and consequently no assurance has been expressed by RSM Nelson Wheeler on the Results Announcement.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the shareholders of the Company will be held on a date to be fixed by the Board. Notice of annual general meeting will be published and despatched to the shareholders of the Company in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Results Announcement is available for viewing on the websites of HKSE, SGX-ST, TWSE and the Company at http://www.z-obee.com. The 2012 Annual Report will be despatched to shareholders of the Company and will also be available on the website 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, 30 May 2012

As at the date of this Results Announcement, the Executive Directors are Mr. Wang Shih Zen, Ms. Wang Tao and Mr. Lu Shangmin, the Non-executive Director is Mr. David Lim Teck Leong and the Independent Non-executive Directors are Mr. Chan Kam Loon, Mr. Guo Yanjun, Mr. Lo Hang Fong and Mr. Tham Wan Loong, Jerome.