Z-Obee Holdings Limited

融 達 控 股 有 限 公 司*

(incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 948)

(Singapore Stock Code: D5N)

website: http://www.z-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 2013 ("FY 2013") with comparative figures for the year ended 31 March 2012 ("FY 2012") as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

		For the year ended 31 March	
		2013	2012
	Note	***US$***	*US$*
Revenue	*3(a)*	**179,819,298**	136,838,712
Cost of goods sold		**(169,649,693)**	(129,719,413)
Gross profit		**10,169,605**	7,119,299
Other income		**1,883,273**	4,037,980
Selling and distribution costs		**(596)**	(153,950)
Administrative expenses		**(4,341,319)**	(4,056,202)
Profit from operations		**7,710,963**	6,947,127
Finance costs	*4*	**(2,490,758)**	(644,901)
Share of losses of an associate		**(264,553)**	—
Fair value gains on financial assets at fair value through profit or loss		**2,729,931**	283,189
Impairment loss on goodwill		**(1,377,449)**	(219,547)
(Impairment loss)/reversal of impairment loss on prepayments, deposits and other receivables		**(238,096)**	192,284
Impairment loss on property, plant and equipment		**(970,535)**	(399,250)
Impairment loss on trade and factoring receivables		**(274,271)**	—
Impairment loss on non-current assets classified as held for sale		**—**	(149,687)
Profit before tax		**4,825,232**	6,009,215
Income tax expense	*5*	**(560,713)**	(872,477)
Profit for the year attributable to owners of the Company	*6*	**4,264,519**	5,136,738
		US cents	*US cents*
Earnings per share			
Basic	*8*	**0.67**	0.81
Diluted	*8*	**0.67**	0.81

* *For identification purpose only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	For the year ended 31 March	
	2013	2012
	US$	*US$*
Profit for the year	**4,264,519**	5,136,738
Other comprehensive income:		
Exchange differences on translating foreign operations	**—**	1,674,398
Other comprehensive income for the year, net of tax	**—**	1,674,398
Total comprehensive income for the year attributable to owners of the Company	**4,264,519**	6,811,136

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Note	**31 March 2013** *US$*	31 March 2012 *US$*
Non-current assets			
Property, plant and equipment		**2,916,949**	4,360,077
Intangible assets		**4,890,411**	163,954
Goodwill		**—**	1,377,449
Investment in an associate		**10,678,326**	—
Financial assets at fair value through profit or loss		**20,383,420**	18,321,743
		38,869,106	24,223,223
Current assets			
Inventories		**26,630,452**	4,372,686
Trade and factoring receivables	*9*	**65,300,829**	44,934,212
Prepayments, deposits and other receivables		**19,946,996**	19,762,813
Derivative financial instruments		**592,358**	424,205
Time deposits with original maturity over three months		**17,112,112**	43,207,446
Restricted bank balances		**7,792,687**	1,186,929
Bank and cash balances		**10,843,318**	10,471,864
		148,218,752	124,360,155
Current liabilities			
Trade and bills payables	*10*	**923,757**	5,605,963
Accruals and other payables		**4,073,071**	2,631,005
Bank loans		**13,709,292**	3,683,935
Trust receipt loans		**51,585,430**	24,152,509
Finance lease payables		**1,102,028**	1,199,993
Current tax liabilities		**467,893**	731,144
		71,861,471	38,004,549
Net current assets		**76,357,281**	86,355,606
NET ASSETS		**115,226,387**	110,578,829
Capital and reserves			
Share capital		**5,084,590**	5,084,590
Reserves		**110,141,797**	105,494,239
TOTAL EQUITY		**115,226,387**	110,578,829

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company						
	Share capital	Share premium	Share-based payments reserve	Foreign currency translation reserve	Reserve funds	Retained profits	Total equity
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
As at 1 April 2011	5,084,590	58,564,536	—	3,497,023	1,885,258	34,628,624	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 and 1 April 2012	5,084,590	58,564,536	107,662	5,171,421	1,927,625	39,722,995	110,578,829
Total comprehensive income for the year	—	—	—	—	—	4,264,519	4,264,519
Equity-settled share-based payments	—	—	383,039	—	—	—	383,039
Share options lapsed during the year	—	—	(26,120)	—	—	26,120	—
Transfer to reserve funds	—	—	—	—	6,230	(6,230)	—
As at 31 March 2013	5,084,590	58,564,536	464,581	5,171,421	1,933,855	44,007,404	115,226,387

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	For the year ended 31 March	
	2013	2012
	US$	*US$*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,825,232**	6,009,215
Adjustments for:		
Finance costs	**2,490,758**	644,901
Share of losses of an associate	**264,553**	—
Interest income	**(1,229,623)**	(1,399,951)
Dividend income from financial assets at fair value through profit or loss	**—**	(1,478,591)
Impairment loss/(reversal of impairment loss) on prepayments, deposits and other receivables	**238,096**	(192,284)
Impairment loss on trade and factoring receivables	**274,271**	—
Impairment loss on inventories	**—**	161,989
Impairment loss on goodwill	**1,377,449**	219,547
Impairment loss on property, plant and equipment	**970,535**	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	**(2,729,931)**	(283,189)
Fair value gains on derivative financial instruments	**(168,153)**	(143,536)
Depreciation of property, plant and equipment	**466,240**	1,176,421
Amortisation of intangible assets	**276,708**	70,416
(Gain)/loss on disposals of property, plant and equipment	**(3,767)**	218,348
Loss on disposal of available-for-sale financial asset	**—**	15,633
Equity-settled share-based payments	**383,039**	107,662
Operating profit before working capital changes	**7,435,407**	5,675,518
Decrease in financial assets at fair value through profit or loss	**668,254**	—
(Increase)/decrease in inventories	**(22,257,766)**	6,595,311
(Increase)/decrease in trade and factoring receivables	**(25,140,888)**	5,514,222
Increase in prepayments, deposits and other receivables	**(870,892)**	(15,386,131)
Decrease in trade and bills payables	**(4,682,206)**	(11,884,370)
Increase in accruals and other payables	**1,015,917**	714,201
Cash used in operations	**(43,832,174)**	(8,771,249)
Interest paid	**(2,064,609)**	(644,901)
Income tax paid	**(823,964)**	(2,109,851)
Net cash used in operating activities	**(46,720,747)**	(11,526,001)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**1,678,236**	896,145
Dividend received from financial assets at fair value through profit or loss	**—**	1,478,591
Purchases of property, plant and equipment	**(3,491)**	(33,880)
Purchases of intangible assets	**(503,165)**	—
Proceeds from disposals of property, plant and equipment	**13,611**	3,012,916
Acquisition of an associate	**(10,942,879)**	—
Decrease/(increase) in time deposits with original maturity over three months	**26,095,334**	(13,202,891)
(Increase)/decrease in restricted bank balances	**(6,605,758)**	135,414
Net cash generated from/(used in) investing activities	**9,731,888**	(7,713,705)

	For the year ended 31 March	
	2013	2012
	US$	*US$*
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank loans raised	**13,477,930**	5,230,955
Repayment of bank loans	**(3,452,573)**	(5,604,556)
Repayment of finance lease payables	**(97,965)**	(667,009)
Increase in trust receipt loans	**27,432,921**	16,380,059
Net cash generated from financing activities	**37,360,313**	15,339,449
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**371,454**	(3,900,257)
Effect of foreign exchange rate changes	**—**	156,318
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,471,864**	14,215,803
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10,843,318**	10,471,864
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	**10,843,318**	10,471,864

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 a) provision of design and production solution services for mobile handset and computer tablets, b) assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board and c) distribution and marketing of mobile handset and its components and electronic components.

The Company's shares have been listed on the Main Board of the 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").

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 HKSE remains unchanged.

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 Rules Governing the Listing of Securities on the HKSE (the "Hong Kong Listing Rules") 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 2012. 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

	For the year ended 31 March	
	2013	2012
	US$	*US$*
Distribution and marketing of mobile handset and its components and electronic components	**174,751,060**	102,990,292
Provision of design and production solution services for mobile handset and computer tablets	**4,136,659**	1,404,429
Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board	**931,579**	32,443,991
	179,819,298	136,838,712

(b) Segment information

The Group has three reportable segments as follows:

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

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

Segment profits and losses do not include the following items:

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

Segment assets do not include the following items:
— Property, plant and equipment for rental and general administrative use
— Investment in an associate
— Financial assets at fair value through profit or loss
— Prepayments, deposits and other receivables for general administrative use
— Derivative financial instruments
— Time deposits with original maturity over three months
— Restricted bank balances
— Bank and cash balances

Segment liabilities do not include the following items:
— Accruals and other payables for general administrative use
— Bank loans
— Trust receipt loans
— Finance lease payables
— Current tax liabilities

Segment non-current assets do not include the following items:
— Property, plant and equipment for rental and general administrative use
— Investment in an associate
— Financial assets at fair value through profit or loss

	Distribution and Marketing *US$*	Solution *US$*	Assembly *US$*	Consolidated *US$*
Year ended 31 March 2013				
Revenue from external customers	**174,751,060**	**4,136,659**	**931,579**	**179,819,298**
Segment profits/(losses)	**6,075,031**	**2,116,559**	**(743,127)**	**7,448,463**
Interest income				**1,229,623**
Other income (excluding interest income)				**653,650**
Fair value gains on financial assets at fair value through profit or loss				**2,729,931**
Impairment loss on property, plant and equipment for rental and general administrative use				**(318,473)**
Share of losses of an associate				**(264,553)**
Corporate administrative expenses				**(4,162,651)**
Finance costs				**(2,490,758)**
Income tax expense				**(560,713)**
Profit for the year				**4,264,519**
Depreciation and amortisation	**—**	**293,409**	**94,188**	**742,948**
Impairment loss on goodwill	**—**	**1,377,449**	**—**	**1,377,449**
Impairment loss on prepayments, deposits and other receivables	**156,055**	**—**	**82,041**	**238,096**
Impairment loss on property, plant and equipment	**—**	**—**	**652,062**	**970,535**
Impairment loss on trade and factoring receivables	**274,271**	**—**	**—**	**274,271**
Gain on disposals of property, plant and equipment	**—**	**—**	**—**	**3,767**
Equity-settled share-based payments	**—**	**—**	**—**	**383,039**

	Distribution and Marketing *US$*	Solution *US$*	Assembly *US$*	Consolidated *US$*
As at 31 March 2013				
Segment assets	**108,269,388**	**7,784,197**	**1,324,770**	**117,378,355**
Property, plant and equipment for rental and general administrative use				**1,888,095**
Investment in an associate				**10,678,326**
Financial assets at fair value through profit or loss				**20,383,420**
Prepayments, deposits and other receivables for general administrative use				**419,187**
Derivative financial instruments				**592,358**
Time deposits with original maturity over three months				**17,112,112**
Restricted bank balances				**7,792,687**
Bank and cash balances				**10,843,318**
Total assets				**187,087,858**
Additions to non-current assets	**—**	**5,003,165**	**—**	**5,006,656**
Segment liabilities	**1,340,223**	**—**	**2,272,530**	**3,612,753**
Accruals and other payables for general administrative use				**1,384,075**
Bank loans				**13,709,292**
Trust receipt loans				**51,585,430**
Finance lease payables				**1,102,028**
Current tax liabilities				**467,893**
Total liabilities				**71,861,471**

	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$*	Consolidated *US$*
As at 31 March 2012				
Segment assets	61,319,521	2,761,889	5,617,637	69,699,047
Property, plant and equipment for rental and general administrative use				2,531,926
Financial assets at fair value through profit or loss				18,321,743
Prepayments, deposits and other receivables for general administrative use				2,740,218
Derivative financial instruments				424,205
Time deposits with original maturity over three months				43,207,446
Restricted bank balances				1,186,929
Bank and cash balances				10,471,864
Total assets				148,583,378
Additions to non-current assets	—	—	25,560	33,880
Segment liabilities	5,147,880	417,821	1,635,444	7,201,145
Accruals and other payables for general administrative use				1,035,823
Bank loans				3,683,935
Trust receipt loans				24,152,509
Finance lease payables				1,199,993
Current tax liabilities				731,144
Total liabilities				38,004,549

Geographical information:

	Revenue For the year ended 31 March		**Non-current assets**	
			31 March	31 March
	2013	2012	**2013**	2012
	US$	*US$*	***US$***	*US$*
The People's Republic of China (the "PRC") except Hong Kong and Macau	**149,398,562**	64,882,267	**12,010,286**	4,076,103
Hong Kong	**29,960,736**	71,956,445	**1,683,733**	1,825,377
Macau	**—**	—	**4,791,667**	—
Others	**460,000**	—	**—**	—
	179,819,298	136,838,712	**18,485,686**	5,901,480

4. FINANCE COSTS

	For the year ended 31 March	
	2013	2012
	US$	*US$*
Interest on bank borrowings	**2,386,155**	619,204
Finance lease charges	**15,533**	25,697
Others	**89,070**	—
	2,490,758	644,901

5. INCOME TAX EXPENSE

	For the year ended 31 March	
	2013	2012
	US$	*US$*
Current tax — Hong Kong Profits Tax		
Provision for the year	**592,677**	688,599
(Over)/under-provision in prior years	**(1,417)**	9,906
Current tax — PRC Enterprise Income Tax		
Provision for the year	**—**	197,365
Over-provision in prior years	**(30,547)**	(23,393)
	560,713	872,477

Hong Kong Profits Tax has been provided at a rate of 16.5% (2012: 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, Macau Complementary Tax is calculated at a progressive rate from 9% to 12% on the estimated assessable profits for the year with first two hundred thousand patacas assessable profits being free from tax. However, VIM Technology Macao Commercial Offshore Limited, a subsidiary of the Company was in compliance with the Decree-Law No. 58/99/M of the Macau 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:

	For the year ended 31 March	
	2013	2012
	US$	*US$*
Amortisation of intangible assets	**276,708**	70,416
Depreciation of property, plant and equipment	**466,240**	1,176,421
Fair value gains on derivative financial instruments	**(592,126)**	(486,188)
(Gain)/loss on disposals of property, plant and equipment	**(3,767)**	218,348

7. DIVIDENDS

The Board of Directors did not recommend any payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

8. EARNINGS PER SHARE

Basic

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$4,264,519 (2012: US$5,136,738) and the weighted average number of ordinary shares of 635,573,662 (2012: 635,573,662) in issue during the year.

Diluted

During the year ended 31 March 2013, 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$4,264,519 (2012: US$5,136,738) and the weighted average number of ordinary shares of 636,769,906 (2012: 636,059,933), being the weighted average number of ordinary shares of 635,573,662 (2012: 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 1,196,244 (2012: 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.

9. TRADE AND FACTORING RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 120 days (2012: 30 to 120 days), depending on the creditworthiness of customers and the existing relationships with the Group.

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

	31 March 2013	31 March 2012
	US$	*US$*
0 to 30 days	**12,587,049**	28,552,957
31 to 60 days	**16,309,923**	6,526,977
61 to 90 days	**17,563,326**	5,620,432
91 to 120 days	**10,266,022**	3,688,000
More than 120 days	**8,574,509**	545,846
	65,300,829	44,934,212

10. TRADE AND BILLS PAYABLES

	31 March 2013	31 March 2012
	US$	*US$*
Trade payables	**923,757**	1,351,747
Bills payables	**—**	4,254,216
	923,757	5,605,963

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

	31 March 2013	31 March 2012
	US$	*US$*
0 to 30 days	**—**	2,259,960
31 to 60 days	**96,083**	2,261,401
61 to 90 days	**—**	36,136
More than 90 days	**827,674**	1,048,466
	923,757	5,605,963

Trade payables generally have credit terms ranging from 30 to 90 days (2012: 15 to 90 days).

RESULTS FOR THE YEAR ENDED 31 MARCH 2013

Business review:

In 2012, worldwide mobile phone sales amount was about 1.75 billion units, representing a decline of a 1.7% compared to the sales amount in 2011 according to Gartner, Inc. ("Gartner"). It is the first time when the sales volume of the mobile market declined since 2009, Gartner's analyst stated that the declination was due to the tough economic conditions, shifting consumer preferences and intense market competition weakened the worldwide mobile phone market this year.

Although the overall mobile phone market is weak, smartphone sales continued to grow. The fourth quarter of 2012 recorded smartphone sales of about 207.7 million units, which is an increase of 38.3% compared to the corresponding period in 2011 according to Gartner. International Data Corporation ("IDC") forecast smartphone will first time overtake feature phone in shipment in 2013. The smartphone prices have fallen, smartphone strata are wider and roll-out of data-centric fourth-generation ("4G") wireless networks are the major factors that boost the sales of smartphone according to IDC analyst's report.

In China market, sales amount of mobile phone in 2012 was about 362 million according to IDC, of which smartphone was accounted for about 213 million, representing an increase of 135% compared to 2011. Similar to the worldwide market, smartphone also drives the mobile phone market growth in China.

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

Financial Review:

The details of financial review of the consolidated annual results of the Group for FY2013 with comparative figures for FY2012 are as follows:

Consolidated income statement

Revenue

Revenue increased by approximately 31.41% from approximately US$136,839,000 in FY2012 to approximately US$179,819,000 in FY2013. The increase was mainly due to the increase in the Distribution and Marketing segment during the year.

Cost of goods sold

Cost of goods sold increased by approximately 30.78% from approximately US$129,719,000 in FY2012 to approximately US$169,650,000 in FY2013 was in line with the increase in revenue.

Gross profit

Gross profit increased by approximately 42.85% from approximately US$7,119,000 in FY2012 to approximately US$10,170,000 in FY2013 and the gross profit margin increased from approximately 5.20% in FY2012 to approximately 5.66% in FY2013. Such increase in gross profit as well as gross profit margin was mainly due to the increase in contribution from the Distribution and Marketing and Solution segments.

Other income

Other income decreased by approximately 53.36% from approximately US$4,038,000 in FY2012 to approximately US$1,883,000 in FY2013. The decrease was mainly due to non-recurring dividend income from financial assets at fair value through profit or loss recognised last year.

Administrative expenses

Administrative expenses increased by approximately 7.03% from approximately US$4,056,000 in FY2012 to approximately US$4,341,000 in FY2013. The increase was mainly due to recognition of equity-settled share based payments during the year.

Finance costs

Finance costs increased by approximately 286.22% from approximately US$645,000 in FY2012 to approximately US$2,491,000 in FY2013. The increase was mainly due to the increase in bank loans and trust receipt loans for general working capital purposes.

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 increased by approximately 864.00% from approximately US$283,000 in FY2012 to approximately US$2,730,000 in FY2013. Such change was mainly due to the changes in fair value of the equity interests in Kada Technology Holdings Limited ("Kada") and its subsidiaries (collectively known as "Kada Group") during the year.

Impairment loss on goodwill and property, plant and equipment

As a result of a re-assessment of the Group's asset portfolio, impairment loss of approximately US$1,377,000 and approximately US$971,000 was made respectively on the Group's goodwill and property, plant and equipment during the current year.

Impairment loss on trade and factoring receivables and prepayments, deposits and other receivables

Impairment of trade and factoring receivables of approximately US$274,000 and impairment of prepayments, deposits and other receivables of approximately US$238,000 represented the impairment on long outstanding receivables in which the recoverability of these balances were doubtful.

Income tax expense

Income tax expense decreased by approximately 35.73% from approximately US$872,000 in FY2012 to approximately US$561,000 in FY2013. The decrease was mainly due to increase in the operating profits arising from the Group's operation in Macau which is tax-exempted in nature during the year.

Profit for the year

As a result of the above, profit for the year amounted to approximately US$4,265,000.

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 2012 and 2013:

Property, plant and equipment	:	The decrease from approximately US$4,360,000 as at 31 March 2012 to approximately US$2,917,000 as at 31 March 2013 was mainly due to depreciation and impairment loss recognised during the year.
Intangible assets	:	The increase from approximately US$164,000 as at 31 March 2012 to approximately US$4,890,000 as at 31 March 2013 was due mainly to the purchases of 3D glassless solutions.
Goodwill	:	Goodwill has been fully impaired during the current year.
Investment in an associate	:	The balance represented the 40% equity interest of Noosa International Limited and its subsidiaries which was acquired during the year.
Financial assets at fair value through profit or loss	:	The increase from approximately US$18,322,000 as at 31 March 2012 to approximately US$20,383,000 as at 31 March 2013 was mainly due to the recognition of fair value gains on the equity interest in Kada Group during the year.
Inventories	:	The increase from approximately US$4,373,000 as at 31 March 2012 to approximately US$26,630,000 as at 31 March 2013 was mainly due to the increase in activities of the Distribution and Marketing segment.
Trade and factoring receivables	:	The increase from approximately US$44,934,000 as at 31 March 2012 to approximately US$65,301,000 as at 31 March 2013 was in line with the increase in revenue.
Time deposits with original maturity over three months	:	The decrease from approximately US$43,207,000 as at 31 March 2012 to approximately US$17,112,000 as at 31 March 2013 was mainly due to non-renewal of time deposits upon maturity.
Restricted bank balances	:	The increase from approximately US$1,187,000 as at 31 March 2012 to approximately US$7,793,000 as at 31 March 2013 was mainly due to new banking facilities granted by the banks which are secured by restricted bank balances during the year.
Bank and cash balances	:	The increase from approximately US$10,472,000 as at 31 March 2012 to approximately US$10,843,000 as at 31 March 2013 was mainly due to the reasons mentioned in the major movements in the consolidated statement of cash flows for FY2013 set out below.
Trade and bills payables	:	The decrease from approximately US$5,606,000 as at 31 March 2012 to approximately US$924,000 as at 31 March 2013 was mainly due to more purchases financed by trust receipt loans during the year.

Accruals and other payables	:	The increase from approximately US$2,631,000 as at 31 March 2012 to approximately US$4,073,000 as at 31 March 2013 was mainly due to the increase in receipt in advance received from customers.
Borrowings and debts	:	The increase from approximately US$29,036,000 as at 31 March 2012 to approximately US$66,397,000 as at 31 March 2013 was mainly due to the increase in trust receipt loans and bank loans during the year to finance the Group's operations.
Current tax liabilities	:	The decrease from approximately US$731,000 as at 31 March 2012 to approximately US$468,000 as at 31 March 2013 was mainly due to the reasons mentioned in section "Income tax expense" above.
Net assets	:	As a result of the above, the net assets increased from approximately US$110,579,000 as at 31 March 2012 to approximately US$115,226,000 as at 31 March 2013.

Consolidated statement of cash flows

Set out below are the major movements in the consolidated statement of cash flows for FY2013:

Operating activities	:	There was a net cash inflow of approximately US$7,435,000 before reinvestment in working capital. However, the cash outflow was mainly due to the net effect of the changes in financial assets at fair value through profit or loss, inventories, trade and factoring receivables, prepayments, deposits and other receivables, trade and bills payables and accruals and other payables amounted to approximately US$51,268,000 and the interest and income tax payments amounting to approximately US$2,888,000. The resultant cash outflow from operating activities amounted to approximately US$46,721,000.
Investing activities	:	There was a net cash inflow of approximately US$9,732,000 which was mainly due to the net effect of acquisition of an associate and decrease in time deposits with original maturity over three months.
Financing activities	:	There was a net cash inflow of approximately US$37,360,000 which was mainly due to the increase in trust receipt loans and bank loans during the year.
Net movements	:	As a result of the above, there was a net increase in cash and cash equivalents of approximately US$371,000 during the year.

Operations Review:

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

Listing of Yoho King Limited

Following the completion of the initial public offering of Yoho King Limited, via Kada Technology Holdings Limited ("Kada"), on the Alternative Investment Market of The London Stock Exchange and its issued shares commenced trading on 5 July 2012 (London time), the shareholding of the Group in Kada was approximately 14.56%.

The equity investment in Kada has been classified as financial assets at fair value through profit or loss and the fair value of the investment was determined based on its quoted price in active market as at 31 March 2013. Accordingly the equity investment in Kada was stated at fair value of approximately US$20,028,000 and fair value gains totaling of approximately US$2,878,000 has been recognised during the full year ended 31 March 2013.

Acquisition of Noosa International Limited

On 10 August 2012, the Group entered into an acquisition agreement, conditionally to acquire 40% of the entire issued share capital of Noosa International Limited ("Noosa") and its subsidiaries (collectively known as "Noosa Group") at a cash consideration of RMB70,360,000 (equivalent to HK$85,135,600) (the "Acquisition"). Pursuant to the acquisition agreement, Noosa Group would enter into structural agreements with the shareholders of Shenzhen Jing Ying Electronic Technology Limited 深圳市菁英電子科技有限公司 ("Shenzhen Jingying") and Noosa would effectively control over and have the right to enjoy the economic benefits in and/or assets of Shenzhen Jingying.

The Board considered that the Acquisition represented a good opportunity for the Group not only to broaden its revenue base but also to expand into the advertising business in the PRC. The new business also requires knowhow of the production and design for handheld media players. The Board also considered that the aircraft passengers in the PRC and their corresponding expenses have increased substantially in the past decade and the aviation media has become one of the important advertising channels to capture huge consumption power in the PRC and to effectively promote products and services without boundaries. The Board noted that the personal handheld media player has become a new trend of aviation media, especially when personal touch panels have been widely used in daily lives and the fixed entertainment systems were commonly installed at the back of the aircraft seats of flights in the PRC. The Board considered that the Acquisition will provide synergy to the Group as the Group is able to provide the knowledge of electronic products business thereby assisting Noosa Group to develop its electronic advertising media and in-flight electronic shopping through personal handheld media player, to the designated airlines in the PRC.

All of the conditions precedent to the completion of the Acquisition were satisfied on 31 January 2013 and the completion of the Acquisition took place on 7 February 2013. Following the completion of the Acquisition, Noosa Group became an associate of the Company.

Details of the Acquisition are set out in the Company's circular dated 19 October 2012 and announcements dated 10 August 2012, 17 August 2012, 31 August 2012, 21 September 2012, 26 September 2012, 11 October 2012, 16 November 2012, 3 December 2012, 2 January 2013, 31 January 2013 and 7 February 2013.

Co-operation agreements

The Group has commenced its energy saving business and had further 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") on 4 July 2011 to develop a platform of energy saving business through the promotion and implementation of comprehensive energy saving solution for the customers.

The Group has entered into supply contracts with seven contractors to supply project lighting system for the office building of China Development Bank in Fuxingmen, Xicheng District, Beijing for an aggregate sum of approximately RMB25,967,000 ("Supply Agreements"). Please refer to the Company's announcement dated 25 September 2012 for details.

The Board believed that the Supply Agreements would provide the Group with a good opportunity to gain a foothold in the lighting market and enhance the customer portfolio of the Group which is in line with its strategy to take an active approach in developing high value-added scientific and technological projects and explore more diversified sources of income.

Reclassification of listing status on the Singapore Securities Exchange Trading Limited ("SGX-ST") from a primary listing to a secondary listing (the "Change of Listing Status on the SGX-ST")

To better reflect the geographic business profile and shareholder profile of the Company and to reduce the cost of compliance of dual-listing on the SGX-ST and HKSE, the Company had submitted an application to the SGX-ST for the Change of Listing Status on the SGX-ST and the SGX-ST has given its approval in principle thereto on 7 March 2013. As one of the conditions of the Change of Listing Status on the SGX-ST is to obtain the approval from the shareholders of the Company in a general meeting, the Company convened a special general meeting on 14 June 2013 and the Change of Listing Status on the SGX-ST was approved by the shareholders of the Company. Following the completion of the Change of Listing Status on the SGX-ST, the Company will not be required to comply with the Listing Manual of the SGX-ST save for Rule 217 of the Listing Manual and any other listing rules as may be applied by the SGX-ST from time to time.

Notwithstanding the Change of Listing Status on the SGX-ST, the Company has no current intention to delist from the SGX-ST in the foreseeable future, where the Company regards as its first home and one which has contributed significantly to its growth and expansion.

The Company was of the opinion that the shareholders registered in Singapore and Hong Kong would not be adversely affected by the Change of Listing Status on the SGX-ST and it would not change the shareholders' rights, irrespective of where the shareholders who hold their shares. The Board believes that the shareholders' ability to trade the shares on both SGX-ST and HKSE would not be in any way be prejudiced.

Details of the Change of Listing Status on the SGX-ST are set out in the Company's circular dated 22 May 2013 and announcements dated 12 March 2013 and 12 April 2013 respectively.

FINAL DIVIDEND

The Board did not recommend any payment of a final dividend for the year ended 31 March 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2013, the Group had current assets of approximately US$148,219,000 (2012: US$124,360,000) and current liabilities of approximately US$71,861,000 (2012: US$38,005,000) and total bank and cash balances other than restricted bank balances of approximately US$27,955,000 (2012: US$53,679,000). The Group's current ratio, being a ratio of current assets to current liabilities, was approximately 2.06 (2012: 3.27). The Group's gearing ratio, being a ratio of total debt to total assets, was approximately 35.49% (2012: 19.54%).

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

CAPITAL COMMITMENTS

As at 31 March 2013, the Group did not have any material capital commitments (2012: Nil).

CHARGE ON ASSETS

As at 31 March 2013, certain assets of the Group and restricted bank deposits of approximately US$7,793,000 placed with banks in Hong Kong and the PRC (2012: restricted bank balances of approximately US$1,187,000 and structured deposits of approximately US$668,000 placed with banks in Hong Kong) were pledged for general banking facilities and bank loans.

As at 31 March 2013 and 2012, the Group's finance lease payables are secured by the lessor's title to the leased assets.

CONTINGENT LIABILITIES

As at 31 March 2013, the Group did not have any material contingent liabilities (2012: Nil).

EMPLOYEE INFORMATION

As at 31 March 2013, the Group has 40 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 2013, 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 Corporate Governance Code

The Company is committed to maintaining a high standard of corporate governance practices and procedures. The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Former Code") and the Corporate Governance Code (the "CG Code") effective from 1 April 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities on HKSE (the "Hong Kong Listing Rules"), except for the following:

— Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Shih Zen is the chairman of the Board ("Chairman") and the chief executive officer of the Company ("CEO"). The details are explained under heading of segregation of role of Chairman and CEO.

— Pursuant to code provision A.6.7 of the CG Code that independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chan Kam Loon and Mr. Lo Hang Fong, both being independent non-executive Directors were unable to attend the Company's annual general meeting held on 31 July 2012 and special general meeting held on 31 July 2012 and 16 November 2012 due to other business engagement. However, at the respective general meetings of the Company, all other board members were presented to enable the Board to develop a balanced understanding of the views of the Shareholders.

The principles as set out in the CG Code have been applied in our corporate governance practice. To ensure strict compliance with the latest CG Code, the Board will review and update regularly the corporate governance policies and practices of the Company.

Segregation of role of Chairman and CEO

Currently, Mr. Wang Shih Zen, is the Chairman and 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 CG Code, the Board believes that vesting the roles of both Chairman and CEO on the same person provides the Group with a strong and consistent leadership and allows for more effective planning 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 of the Company.

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 of the Company.

Specific term for the appointment of non-executive Directors (including independent non-executive Directors)

Pursuant to the CG 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.

Audit Committee

The Audit Committee (the "AC") currently comprises three 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 2013, in conjunction with the Company's external auditor.

Remuneration Committee

The RC currently comprises the Chairman, three 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 set out in Appendix 10 of the Hong Kong Listing Rules as the code for securities transactions by the Directors for the year ended 31 March 2013.

USE OF HONG KONG INITIAL PUBLIC OFFERING PROCEEDS

Usage	Proceeds allocated *US$'000*	Amounts deployed as of 31 March 2013 *US$'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	(159)	6,603
Strengthen the brand awareness of "VIM" or in Chinese "偉恩" in the mobile handset market in the PRC	6,762	(643)	6,119
For working capital and other general corporate purpose	1,653	(1,653)	—
Total	16,696	(2,455)	14,241

REVIEW OF THE RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Results Announcement of the Group for the year ended 31 March 2013 have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2013. 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 2013 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, 25 June 2013

As at the date of this 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. Lo Hang Fong and Mr. Tham Wan Loong Jerome.