



**Z-Obee Holdings Limited**

**融達控股有限公司\***

**(Provisional Liquidators Appointed)**

*(incorporated in Bermuda with limited liability)*

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

**(Singapore Stock Code: D5N)**

**ANNUAL REPORT 2014**

\* For identification purposes only

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## BUSINESS AND FINANCIAL REVIEW

The board (the “Board”) of directors (the “Directors”) of Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the “Company”) herein presents its report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2014 (the “Reporting Period”).

### BUSINESS AND FINANCIAL REVIEW

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

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

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

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

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

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

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

## BUSINESS AND FINANCIAL REVIEW

### ***Revenue and gross profit***

For the Reporting Period, the Group recorded turnover and gross profit of US\$131,552,607 (2013: US\$179,819,298) and US\$6,389,726 (2013: US\$10,169,605) respectively.

Loss for the Reporting Period attributable to owners of the Company was US\$78,676,374 (2013: profit attributable to owners of the Company was US\$4,264,519). The Group's total turnover represented a decrease of 26.8% as compared to the year ended 31 March 2013, while gross profit dropped approximately 37.2%.

### ***Total assets and liabilities***

As of 31 March 2014, the total assets and total liabilities of the Group was US\$146,721,053 (2013: US\$187,087,858) and US\$96,060,670 (2013: US\$71,861,471) respectively.

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

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

The gross proceeds of the subscription were approximately HK\$101.69 million. The net proceeds of the subscription, after the deduction of the related expenses, were approximately HK\$101.59 million. The Company intended to apply and had applied the net proceeds of the subscription as general working capital of the Group. For further details, please refer to the announcement of the Company dated 12 September 2013. The subscription was completed on 26 September 2013.

### ***Delisting of Taiwan Depositary Receipts***

The Company's Taiwan Depositary Receipts (the "TDRs") were listed on the Taiwan Stock Exchange Corporation (the "TWSE") on 3 December 2010. The TDRs were sold and traded on the Taiwan stock market in the same way as other stocks listed on the Taiwan stock market. The TDRs provide holders to an entitlement to 80,000,000 underlying Shares that are held in custody by a custodian bank. The 80,000,000 underlying Shares comprise 40,000,000 new shares of the Company and 40,000,000 existing shares held by certain owners of the Company.

On 2 July 2014, the TWSE issued a letter to the Company stating that the TDRs of the Company would be delisted if the shares of the Company could not resume trading on the Stock Exchange after 6 months of the suspension of trading in Taiwan (i.e. 4 July 2014). Eventually, the Company was advised by the TWSE that the TDRs of the Company would be delisted on 1 March 2015 in accordance with the Operating Rules of the TWSE. Following the delisting of the TDRs in TWSE, it was recognised that the total issued TDRs in Taiwan as at 1 March 2015 amounted to 61,529,000.

## BUSINESS AND FINANCIAL REVIEW

### ***Restructuring of the Group***

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

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

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

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

On 5 June 2015, the Company, the Provisional Liquidators and an investor entered into a framework agreement, which was subsequently amended and restated by an amendment and restatement framework agreement dated 5 October 2015, pursuant to which the parties agreed on the principal terms of a proposed restructuring of the Group with a view to resume trading in the Shares on the Stock Exchange. The framework agreement was approved by the Honorable Mr. Justice Harris of the High Court on 26 June 2015 and the amended and restated framework agreement was approved by the Honorable Mr. Justice Harris of the Hong Kong High Court on 6 November 2015. The Resumption Proposal was prepared and submitted to the Stock Exchange on 19 July 2015. However, without raising any question or query on the Resumption Proposal, the Listing Division of the Stock Exchange notified the Company on 31 July 2015 that it considered that the Resumption Proposal had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules and it would recommend the Listing Committee to place the Company in the third delisting stage.

## BUSINESS AND FINANCIAL REVIEW

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

The Company disagrees with the Ruling and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee of the Stock Exchange. A review hearing of the Ruling is scheduled to be held on 17 December 2015. Further announcement(s) will be made by the Company when there are material developments as appropriate.

## SIGNIFICANT INVESTMENTS AND ACQUISITION

Based on books and records of the Group available to the Provisional Liquidators and the Board, the Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates throughout the Reporting Period.

## SIGNIFICANT SUBSIDIARIES OF THE COMPANY

The significant subsidiaries of the Company are CCDH Technology Limited, Max Sunny Limited (Provisional Liquidators Appointed), Zeus Telecommunication Technology Holdings Limited, Tongqing Communication Equipment (Shenzhen) Co., Ltd, Loyal Power International Investment Limited and VIM Technology Macao Commercial Offshore Limited. Details of the subsidiaries of the Company are set out in note 15 to the financial statements.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2014, the Group had current assets of US\$132,206,934 (2013: US\$148,218,752) and current liabilities of US\$96,060,670 (2013: US\$71,861,471). The total bank and cash balances other than restricted bank balances amounts to US\$1,875,134 (2013: US\$27,955,430).

Liabilities and payables presented in the audited financial statements and this report are prepared according to the books and records and available information to the Provisional Liquidators and the Directors.

## BUSINESS AND FINANCIAL REVIEW

### RISK OF FOREIGN EXCHANGE FLUCTUATION

Based on the available books and records to the Provisional Liquidators and the Directors, the Group's bank borrowings, bank and cash balances, and accruals and other payables were denominated in Hong Kong dollars, US dollars and Renminbi. As such, it will be subject to reasonable exchange rate exposures. The Group will closely monitor the risk exposure and will take prudent measures as appropriate. The Group's borrowings bore interest at floating rates.

### CAPITAL COMMITMENT

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

### CHARGE ON ASSETS

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

### CONTINGENT LIABILITIES

Based on books and records of the Group available to the Provisional Liquidators and the Board, as at 31 March 2014, the Group did not have any material contingent liabilities. However, any contingent liabilities/claims against the Company will be subject to the High Court's approval and the relevant claims will be subject to a formal adjudication process.

### EMPLOYEES AND REMUNERATION POLICIES

Based on the available books and records, other than the Directors, the Group employed at least 2 employees in Hong Kong as at 31 March 2014. Remuneration package is reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits such as a provident fund.

## BUSINESS AND FINANCIAL REVIEW

### OUTLOOK/PROSPECT

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

- (i) business operations of the Group resumed and continued that would satisfy the requirements under Rule 13.24 of the Listing Rules;
- (ii) a restructuring of the share capital of the Company through a capital reduction, a capital cancellation, a share consolidation;
- (iii) an issue of new shares of the Company by way of an open offer and a share subscription by the Investor;
- (iv) all claims against, and liabilities of, the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and Bermuda; and
- (v) the resumption of trading in the shares of the Company.

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



## DIRECTORS' AND MANAGEMENT PROFILE

### EXECUTIVE DIRECTORS

#### ***Wang Shih Zen***

Mr. Wang Shih Zen (“Mr. Wang”), aged 55, is a controlling shareholder, chairman and chief executive officer (“CEO”) of the Company. He joined the Group in 2005 and was appointed to the Board on 1 February 2007. He was last re-elected on 31 July 2012. Mr. Wang is responsible for the strategy planning of the Group and also leads both the research and development team and the sales and marketing team. After Mr. Wang joined the Group in 2005, the Group started to focus on research and development of mobile handset solution and application business and recorded an increment in revenue from the provision of mobile handset solution and application since the financial year ended 31 March 2006, which was attributable to the extensive experience in the telecommunication industry contributed by Mr. Wang. In view of Mr. Wang’s business strategy, which lead to the expansion of the Group by exploring higher profit margin business and entering into the high-end market, and his extensive experience in telecommunication industry and management, Mr. Wang plays a key person to the Group’s success and is responsible for the execution of the business strategies of the Group and the day-to-day management of the business of the Group.

Mr. Wang obtained a Bachelor of Engineering degree from the James Cook University in North Queensland in 1984 and subsequently a Master of Engineering degree from the University of New South Wales in 1987.

In 1998, Mr. Wang joined Neolink Communications Technology Limited which was engaged in the sale of wireless dispatching system, as its chief executive officer and assisted to restructure the private company for purposes of listing. Mr. Wang also led its research and development team since 1998. Mr. Wang subsequently joined Pine Technology Holdings Ltd., a company listed on the Growth Enterprise Market of the Stock Exchange, as its executive vice president responsible for planning, developing and managing its internet appliance division from 2000 to 2002. Thereafter, Mr. Wang moved on to establish his own company, Moosik Ltd, a company engaged in the production and sale of electronic devices. Mr. Wang invested in the Group in 2005 and has been in charge of strategising and charting the Group’s directions. In September 2009, Mr. Wang ceased to be the director and shareholder of Moosik Ltd.

Mr. Wang has over 17 years of experience in the field of information technology. Prior to joining the Group, Mr. Wang has held various senior management positions in a number of telecommunication companies.

A bankruptcy order was made against Mr. Wang on 28 October 2015 by the High Court. With effect from that day, Mr. Wang has ceased to act as the chairman and executive director of the Company.

As at the date of this report, Mr. Wang has not been contactable. The biographic profile of Mr. Wang set out above is based on the Annual Report 2013 of the Company and information available to the Company as at the date of this report.

## DIRECTORS' AND MANAGEMENT PROFILE

### ***Lai Hui***

Mr. Lai Hui ("Mr Lai"), aged 42, completed professional studies in Financial Management conducted by Guangdong University of Finance in 1995. Prior to joining the Group, Mr. Lai had worked as the deputy general manager in various companies in the PRC which were engaged in environmental engineering, water works and technology development and his main responsibilities involved strategic formulation, project development and project financing.

### ***Yang Jian Hui***

Ms. Yang Jian Hui ("Ms Yang"), aged 38, has more than 11 years of experience in the field of finance. From 1999 to August 2013, she had taken different managerial roles in a Hong Kong listed company, namely Leoch International Technology Limited (stock code: 842.HK) ("Leoch"), and the group members of Leoch. From 1999 to 2004, she was a financial manager of several group companies of Leoch in the PRC. From 2004 to 2008, she was a financial controller of Leoch. In 2010, Ms. Yang was appointed as a project coordinator in respect of Leoch's listing on the Stock Exchange. She held the position as a vice general manager and/or general manager of several financial sectors of Leoch during her tenure of office from 2008 to 2013. Ms. Yang holds a higher diploma in accounting information system from Hunnan Coloured Metal Staffs College.

### ***Chen Ling***

Ms. Chen Ling ("Ms. Chen"), aged 31, has around 10 years of experience in the fields of sales and marketing and advertising and has taken corporate managerial roles in different enterprises in the PRC. She has been a sales and marketing director of Guangzhou Yu Xiang Mi Fang Catering Management Co., Ltd since 2005 and was appointed as an e-commerce operations director of Yunnan Yang Liping Culture Communication Co., Ltd. in 2013. From 2006 to 2010, she was an executive director of Guangzhou Holding Advertising Planning Co., Limited. Ms. Chen holds a double-degree of bachelor of economics and management from South China Normal University.

### ***Zhong Yong Sen***

Mr. Zhong Yong Sen ("Mr Zhong"), aged 62, has extensive experience in corporate management and has taken corporate managerial roles in different enterprises in Hong Kong and the PRC) for more than 21 years. He specialised in the field of international trade. From 1994 to 2007, he was appointed as a committee member of the Chinese Political Consultative Conference, City of Zhanjiang and Guangdong Province respectively in the PRC. Mr. Zhong graduated from Beijing College of Economics and was accredited by Zhan Jiang Normal University as a honorary professor in 1995. He resigned from the Board on 5 August 2014.

### ***Wang Tao***

Ms. Wang Tao ("Ms. Wang"), aged 42, was responsible for the sales and marketing of the Group in distribution of mobile handsets components. She joined the Group in 2002 and was appointed to the Board on 19 June 2007. Ms. Wang obtained a Bachelor of Engineering degree from the China University of Petroleum in 1993. In 1995, Ms. Wang entered into a joint venture with a business partner and established a company engaged in the trading of electronics components and mobile accessories. Ms. Wang founded the Group in September 2002. Ms. Wang resigned on 14 February 2014.

## DIRECTORS' AND MANAGEMENT PROFILE

### ***Lu Shangmin***

Mr. Lu Shangmin ("Mr. Lu"), aged 52, was responsible for the financial management, and client solicitation, assessment and monitoring of the Group. He was appointed to the Board on 3 March 2009. Mr. Lu graduated from Anhui University of Finance and Economic (formerly known as Anhui Institute of Finance and Trade) with a bachelor degree of Economics in 1981. He was the financial controller of Shenzhen Yue Tai Hua Investments Limited from September 1997 to March 2007. Mr. Lu joined the Group in May 2007 as the financial controller of the Company before his appointment as an executive Director in March 2009. Mr. Lu resigned on 14 February 2014.

### ***Lim Jiu Kok***

Mr. Lim Jiu Kok ("Mr Lim"), aged 68, has over 41 years of working experience with small, medium and multi-national companies in Singapore, Hong Kong and China. Mr. Lim spent the recent 21 years in China managing companies engaged in property development, property management, and manufacturing of juvenile products. In relation to Mr. Lim's previous career history, he was the Managing Director of Diagnostic Biotechnology, a company engaged in research and development, manufacture and distribution of medical diagnostic products. He had held various senior management positions prior to joining the said biotechnology company. Mr. Lim holds a Master degree in Business Administration from the University of Hull, the United Kingdom and he is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Lim resigned on 11 March 2014.

## NON-EXECUTIVE DIRECTOR

### ***David Lim Teck Leong***

Mr. David Lim Teck Leong ("Mr. Lim"), aged 58, was appointed as an independent Director on 28 October 2008 and re-designated as a non-executive Director on 3 February 2010. Mr. Lim resigned on 30 September 2013.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### ***Liu Jintao***

Mr. Liu Jintao ("Mr. Liu"), aged 38, graduated from the Shandong Institute of Architecture & Engineering in 1996. Prior to joining the Group, Mr. Liu had worked in various companies which were engaged in the business of construction, quality inspection of construction and rapid transit roads and bridges development in the PRC as director and chief executive officer.

## DIRECTORS' AND MANAGEMENT PROFILE

### ***Tsang Hin Fun Anthony***

Mr. Tsang Hin Fun Anthony (“Mr. Tsang”), aged 55, was appointed as an independent non-executive Director on 5 August 2014. Mr. Tsang holds a Master of Business Administration Degree from the City Polytechnic of Hong Kong (now known as City University of Hong Kong). He has over 30 years’ experience in auditing, accounting and finance, company secretarial work, risk management, corporate & debt restructuring and administration. Mr. Tsang started his career in Coopers & Lybrand (now known as PricewaterhouseCoopers) and left after working there for 9 years. Since then, he held various senior positions in different companies, including five companies listed on the Stock Exchange. He also acted as an advisor in a number of corporate and debt restructurings for clients of major banks in Hong Kong. Mr. Tsang was an independent non-executive director of China Eco-Farming Limited (Stock code: 8166) from September 2013 to August 2014. Mr. Tsang is currently an executive director of China Kingstone Mining Holdings Limited (Stock code: 1380) and the general manager (corporate) of a private group engaged in production of timber products. Mr. Tsang is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has been a member of the Finance Sub-committee of the Hospital Governing Committee of Tuen Mun Hospital since 2010.

### ***Chan Kam Loon***

Mr. Chan Kam Loon (“Mr. Chan”), aged 54, was appointed as an independent non-executive Director on 24 September 2007. Mr. Chan holds a degree in Accounting and Finance from the London School of Economics and Political Science and is a qualified Chartered Accountant with the Institute of Chartered Accountant in England and Wales. Mr. Chan resigned on 30 June 2014.

### ***Tham Wan Loong, Jerome***

Mr. Tham Wan Loong, Jerome (“Mr. Tham”), aged 57, was appointed as an independent non-executive Director on 3 May 2010. Mr. Tham has over 27 years of experience in private banking and equity sales. He was a Senior Relationship Manager with OCBC Private Bank. Prior to joining OCBC Private Bank in March 2008, he held several senior positions in relationship management and business development in financial institutions such as United Overseas Bank Ltd, Credit Industrial et Commercial, Dexia BIL Asia Pte Ltd, DMG and Merrill Lynch (Singapore). His equity sales experience includes working for companies such as Japan Asia Holdings Ltd, DMG and Partners Securities Pte Ltd, BT Brokerage and Associates Pte Ltd and Daiwa Singapore Ltd. Mr. Tham graduated with a degree in Social Science (with Honours) in Economics from the National University of Singapore in 1983. Mr. Tham is currently the executive director and Interim CEO of China Gaoxian Fibre Fabric Holdings Limited, a company listed on the main board of SGX-ST. Mr. Tham resigned on 4 April 2014.

### ***Lo Hang Fong***

Mr. Lo Hang Fong (“Mr. Lo”), aged 51, was appointed as an independent non-executive Director on 3 February 2010. Mr. Lo joined the Group in November 2009 as an independent non-executive Director of Max Sunny Limited, a subsidiary of the Company. He graduated from the University of Bristol with a bachelor of law degree in 1986. He is currently a partner of a law firm, Stevenson, Wong & Co. Mr. Lo was admitted as a solicitor to the High Court of Hong Kong since 1989. He was also admitted as a solicitor to the Supreme Court of Singapore in 1995 and the Supreme Court of England and Wales in 1996. Mr. Lo resigned on 7 April 2014.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

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

- Pursuant to code provision A.2.1 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 (“CEO”). The details are explained under the heading “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 attend general meetings of the Company and develop a balanced understanding of the views of Shareholders. Based on the information made available to the Board, for the annual general meeting of the Company held on 27 September 2013, Mr. Wang Tao, Mr David Lim Teck Leong and Mr. Lo Hang Fong, being former executive Director, former non-executive Director and former independent non-executive Director respectively were unable to attend.
- Pursuant to code provision A.2.7 of the CG Code, the chairman of the Board should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the presence of the executive Directors. Based on the information made available, the Provisional Liquidators and the Directors are unable to ascertain whether the meeting has been held during the Reporting Period.

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

## DIRECTORS’ SECURITIES TRANSACTIONS

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

Having made specific enquiry from the Directors, all the Directors (except for Mr. Wang Shih Zen who has not been contactable as at the date of this report) confirmed that they had complied with the required standards as set out in the Model Code for the Reporting Period.

# CORPORATE GOVERNANCE REPORT

## THE BOARD

The Board, in addition to its statutory responsibilities, is responsible for the proper conduct of the Company's business and its primary role is to provide leadership, to set strategic aims and to ensure that the necessary and adequate resources are in place for the Group to meet its objectives as well as to protect and maximise Shareholders' wealth in the long term.

During the Reporting Period, the Company has arranged the liability insurance for the Directors and officers with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

## BOARD COMPOSITION

As at 31 March 2014, the Board comprised four executive Directors and three independent non-executive Directors.

The Board members for the Reporting Period and up to date of this report are:

### *Executive Directors:*

Wang Shih Zen (Directorship was ceased on 28 October 2015 pursuant to a bankruptcy order made by the High Court)

Chen Ling (Appointed on 26 February 2014)

Yang Jian Hui (Appointed on 26 February 2014)

Lai Hui (Appointed on 4 April 2014)

Lu Shangmin (Resigned on 14 February 2014)

Wang Tao (Resigned on 14 February 2014)

Lim Jiu Kok (Appointed on 8 January 2014 and resigned on 11 March 2014)

Zhong Yong Sen (Appointed on 26 February 2014 and resigned on 5 August 2014)

### *Non-executive Director:*

David Lim Teck Leong (Resigned on 30 September 2013)

### *Independent non-executive Directors:*

Liu Jintao (Appointed on 4 April 2014)

Tsang Hin Fan Anthony (Appointed on 5 August 2014)

Tham Wan Loong, Jerome (Resigned on 4 April 2014)

Lo Hang Fong (Resigned on 7 April 2014)

Chan Kam Loon (Resigned on 30 June 2014)

The biographies of all the Directors are set out on page 7 to 10 of this report.

The main focus of the Board is to formulate the overall strategies and policies of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

# CORPORATE GOVERNANCE REPORT

## ***Board meeting and Directors' attendance***

The Board is not able to locate the full set of attendance record of each of Directors at the Board meetings during the Reporting Period. Based on the information made available to the Provisional Liquidators and the Board, there were at least 5 Board meetings held for the Reporting Period. However, the Board is not able to locate the full set of attendance record of each of the Directors at the Board meetings during Reporting Period.

According to the Board meeting minutes located from the Company's record, the Company has conducted meetings for the discussion of the loan agreements, nomination of the Directors and appointment of key management personnel.

## ***Chairman and Chief Executive Officer***

During the Reporting Period, Mr. Wang Shih Zen ("Mr. Wang"), was the Chairman and Chief Executive Officer of the Company and he has ceased to be the CEO on 4 April 2014. Based on the information made available to the Provisional Liquidators and the Board, Mr. Wang was 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.

As at the date of this Report, Mr. Wang has ceased to be the Executive Director of the Company pursuant to a bankruptcy order made by the High Court on 28 October 2015.

## ***Board Committees***

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

### **Audit Committee**

The Audit Committee (the "AC") was set up in September 2007. As at 31 March 2014, the AC comprises three members, namely, Mr. Chan Kam Loon (Chairman), Mr. Lo Hang Fong and Mr. Tham Wan Loong, Jerome. Its duties and responsibilities are guided by the written terms of reference in accordance with the Hong Kong Listing Rules. A majority of the members of the AC, including its Chairman are independent non-executive Directors. The Board is of the view that the members of the AC are appropriately qualified, having the necessary accounting or related financial management expertise as the Board interprets such qualification to discharge their responsibilities.

Based on the available information, the Provisional Liquidators and the Board are not able to confirm the number of AC meeting which has been held for the Reporting Period.

## CORPORATE GOVERNANCE REPORT

Up to the date of this Report, all the members of the AC have resigned. The Company has re-established an audit committee after the appointment of independent non-executive Directors. Currently, the re-established audit committee comprised two independent non-executive Directors, namely, Mr. Tsang Hin Fun Anthony (Chairman) and Mr. Liu Jintao.

The principal functions of the AC are:

1. to review the audit plans and results of the internal and external auditors' findings, management's response thereto and evaluate the internal controls on the Group's critical business processes and any matters which the internal auditor and/or external auditor wish to discuss (in the absence of management, where necessary);
2. to review the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board and the external auditor's report on those financial statements;
3. to review the assistance given by management to the Group's external auditor;
4. to evaluate the cost effectiveness, independence and objectivity of the external auditor and the nature and extent of the non-audit services provided by them;
5. to make recommendation to the Board on the appointment, re-appointment and remuneration of the internal and external auditor of the Company;
6. to evaluate the adequacy of the internal financial controls, operational and compliance controls and risk management policies and systems;
7. to review connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its Shareholders;
8. to review potential conflicts of interest, if any;
9. to undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
10. to generally undertake such other functions and duties as may be required by statute or the Hong Kong Listing Rules, or by such amendments as may be made thereto from time to time.

The Provisional Liquidators and the Board are not able to confirm the work conducted by AC for the Reporting Period based on the available information.



# CORPORATE GOVERNANCE REPORT

## Nominating Committee

The Nominating Committee (“NC”) was set up in September 2007. As at 31 March 2014, the NC comprises four members, namely, Mr. Lo Hang Fong (Chairman), Mr. Wang Shih Zen, Mr. Chan Kam Loon and Mr. Tham Wan Loong, Jerome. Mr. Wang Shih Zen has ceased to act as the Executive Director of the Company on 28 October 2015 pursuant to a bankruptcy order made by the High Court. Accordingly, he has ceased to act as a member of the NC with effect from that day. Its duties and responsibilities are guided by written terms of reference in accordance with the Hong Kong Listing Rules. The members of the NC comprise of the independent non-executive Directors.

Based on the information available, the Provisional Liquidators and the Board are not able to confirm the number of NC meeting which has been held for the Reporting Period.

The principal functions of the NC are:

1. to review and recommend to the Board the structure, size and composition of the Board and the Board Committees;
2. to review and recommend to the Board the appointment of new executive, non-executive and independent non-executive Directors;
3. to evaluate the effectiveness of the Board as a whole, and the contributions of each Director;
4. to review and recommend Directors retiring by rotation or appointed during the year for re-election in the AGM of the Company, having regard to their contribution and performance;
5. to review and evaluate whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple Board representations; and
6. to review the independence of each Director on an annual basis.

The Provisional Liquidators and the Board are not able to confirm the work conducted by NC during the Reporting Period based on the available information.

## CORPORATE GOVERNANCE REPORT

### Remuneration Committee

The Remuneration Committee (the "RC"), regulated by a set of written terms of reference, comprises three members as at 31 March 2014, namely, Mr. Tham Wan Loong, Jerome (Chairman), Mr. Chan Kam Loon and Mr. Lo Hang Fong. The members of the RC comprise a majority of independent non-executive Directors including its Chairman.

Based on the information available, the Provisional Liquidators and the Board are not able to confirm the number of RC meeting which has been held for the Reporting Period.

The principal functions of the RC are:

1. to review and recommend to the Board, a framework of remuneration for the Directors and senior management, in the areas of remuneration, including but not limited to fees, salaries, allowances, bonuses, options and all other benefits in-kind;
2. to review and determine the specific remuneration packages for each executive Director and senior management. In the case of service contracts, to consider what compensation commitments in the Directors' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance;
3. to review and recommend to the Board the terms of renewal of executive Director's service agreements;
4. to ensure adequacy in the disclosure of Directors' remuneration; and
5. to carry out such other duties as may be agreed by the RC and the Board.

Based on the information available, the service agreement of an executive Director is for a period of two years and the contract can be terminated by giving the other party not less than three months' notice or three months' salary in lieu of notice.

The Provisional Liquidators and the Board are not able to confirm the work conducted by RC for the Reporting Period based on the available information.

Details of emoluments of Directors during the Reporting Period are set out in note 7 to the financial statements.

## CORPORATE GOVERNANCE REPORT

### ***Accountability and audit***

Ascenda Cachet CPA Limited resigned as the Company's auditors with effect from 26 May 2015. Crowe Horwath (HK) CPA Limited ("Crowe Horwath") was appointed as the auditor of the Company with effect from 18 June 2015. The appointment of the Crowe Horwath has been approved by the Board and the AC.

The responsibility of the external auditors with respect to the financial reporting and their audit opinion are set out in the "Independent Auditor's Report" on pages 28 to 30 of this report.

### ***Auditor's remuneration***

During the Reporting Period, the fees paid/payable to the external auditors are set out as follows:

Audit fees payable to current auditor	US\$64,267
Auditor's remuneration payable to former auditors	US\$141,744

Based on the information available to the Provisional Liquidators and the Board are unable to conduct an analysis on the composition of the auditor's remuneration payable to former auditors of US\$141,744 and the Board is not able to confirm whether such fees are related to audit fees or non-audit services.

### ***Directors' continuous professional development***

Pursuant to the revised CG Code, which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Based on the information made available, the Provisional Liquidators and the Board are not able to confirm whether the Company had updated all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices, and whether the Directors had participated in any training for the Reporting Period.

### ***Company secretary***

Mr. Li Chi Chung has resigned as the company secretary on 7 April 2014. As at the date of this report, the Company has not appointed any company secretary.

# CORPORATE GOVERNANCE REPORT

## ***Shareholders' rights***

### **Convening a special general meeting of the Company by shareholders**

Shareholders holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require the SGM to be called by the Board for the transaction of any business specified in such requisition.

### **Procedures for putting forward proposals at shareholders' meetings**

To put forward proposals at a general meeting, Shareholders should submit a written notice of those proposals with their detailed contact information to the Company at the Company's principle place of business in Hong Kong.

## ***Shareholders' enquiries***

Enquiries by Shareholders and the investment community to be put to the Board can be sent in writing to the principal place of business of the Company in Hong Kong. For share registration related matters, Shareholders can contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited and in Singapore, Tricor Barbinder Share Registration Services.

## ***Communication with shareholders and investor relation***

The Company is mindful of the need to keep Shareholders, investors and the public informed of all major developments that affect the Group and to release such information in a timely manner. All necessary disclosures are released through the websites of Stock Exchange and SGX-ST for market dissemination.

The meeting of the Shareholders (including the AGM) is the main channel for direct communication between the Shareholders and the Directors. As such, Shareholders are encouraged to participate in Shareholders' meeting to voice their views and seek clarification on issues relating to the business agenda as outlined in the notice. If any shareholder is unable to attend the Shareholders' meetings, he or she or they (in case of a corporation) is/are allowed to appoint proxy to vote on his/her/their behalf at the meeting through proxy forms, which are sent together with the annual report or circulars (as the case may be). The duly completed proxy form is required to be submitted forty-eight hours before the Shareholders' meeting at the Company's share transfer agent's office. At Shareholders' meeting, each distinct issue is proposed as a separate resolution. The Board (including the Chairman of the Board and respective Board Committees), management and relevant professional parties involved are normally available at the Company's Shareholders' meeting to address any question or concern that Shareholders may have. All votes of the Shareholders at the Shareholders' meeting will be taken by poll. Poll results will be posted on the websites of the Stock Exchange and SGX-ST following the Shareholders' meeting.

## REPORT OF THE DIRECTORS

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 15 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

### DIVIDENDS

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

### PROPERTY, PLANT AND EQUIPMENT

Net book value of the property, plant and equipment of the Group during Reporting Period is calculated based on the books and records available to the Provisional Liquidators of the Company. Details are set out in note 12 to the audited financial statements.

### CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in notes 28, 29 and 30 to the audited financial statements.

### SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 28 to the audited financial statements.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

## REPORT OF THE DIRECTORS

### RESERVES

Details of movements in the reserves of the Company and the Group during the Reporting Period are set out in note 30 to the audited financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 March 2014, the Company did not have any reserves available for distribution.

### MAJOR CUSTOMERS AND SUPPLIERS

Based on the available books and records to the Provisional Liquidators and the Directors, the Provisional Liquidators and the Directors believe that, as at the date of this report, it is almost impossible, and not practical, to ascertain the correct revenue, purchase costs and profit or loss. Details on limited books and records available and their impacts on the financial statements are set out in the note 2.2 in the audited financial statement.

Notwithstanding the limitations stated above, in the Reporting Period, sales to the Group's five largest customers accounted for 100% of the total sales for the year and sales to the largest customer included therein amounted 78%.

Based on the available information to the Board of Directors, none of the Directors, or any of their associates or any Shareholders (which owns more than 5% of the company's share capital) had an interest in these major suppliers or customers.

### DIRECTORS

The Directors during the Reporting Period were:

*Executive Directors:*

Wang Shih Zen (Directorship was ceased on 28 October 2015 pursuant to a bankruptcy order made by the High Court)

Chen Ling (Appointed on 26 February 2014)

Yang Jian Hui (Appointed on 26 February 2014)

Lai Hui (Appointed on 4 April 2014)

Lu Shangmin (Resigned on 14 February 2014)

Wang Tao (Resigned on 14 February 2014)

Lim Jiu Kok (Appointed on 8 January 2014 and resigned on 11 March 2014)

Zhong Yong Sen (Appointed on 26 February 2014 and resigned on 5 August 2014)

*Non-executive Director:*

David Lim Teck Leong (Resigned on 30 September 2013)

## REPORT OF THE DIRECTORS

### *Independent non-executive Directors:*

Liu Jintao (Appointed on 4 April 2014)

Tsang Hin Fan Anthony (Appointed on 5 August 2014)

Tham Wan Loong, Jerome (Resigned on 4 April 2014)

Lo Hang Fong (Resigned on 7 April 2014)

Chan Kam Loon (Resigned on 30 June 2014)

Each of the Directors will hold office until the next general meeting of the Company and being eligible, will offer themselves for re-election at that meeting pursuant to the Bye-law 84 of the Company's Bye-Laws.

## DIRECTORS' REMUNERATION

Their emoluments will be determined based on the prevailing market conditions and their roles and responsibilities.

Save as disclosed above, no Director eligible for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 7 to 10.

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2014, the interests and short positions of the Directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors, were as follows:

### *Long positions in ordinary shares of the Company:*

Name of Director	Note	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital as at 31 March 2014
		Directly beneficially owned	Through controlled corporation	Total	
Wang Shih Zen	(a)	31,406,500	153,310,250	184,716,750	24.21%

## REPORT OF THE DIRECTORS

Note:

- (a) Since the appointment of the Provisional Liquidators, Mr. Wang has not been contactable as at the date of this report. Based on the Disclosure of Interest shown in the website of the Stock Exchange and the information available to the Board, Mr. Wang held 200,000 Shares through HKSCC Nominees Ltd. Mr. Wang held 200,000 Shares through HKSCC Nominees Ltd. Together with his direct holdings of 31,206,500 shares, Mr Wang Shih Zen held 31,406,500 Shares. Based on the information available to the Board, Wise Premium Limited, which held 153,310,250 Shares, is an investment holding company incorporated in British Virgin Islands and wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in total of 184,716,750 Shares, representing approximately 24.21% issued share capital of the Company.

Save as disclosed above, as at 31 March 2014, none of the Directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company, the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors.

Saved as disclosed above, none of the Directors has any direct or deemed direct interests in the share capital and debentures of the Company.

Note: the information above is based on the latest available public information and the books and records of the Company

## SHARE OPTIONS SCHEME

Set out below principal terms of 2010 Scheme which are extracted from the Company's audited financial report for the year ended 31 March 2013:

At the Special General Meeting of the Company held on 11 February 2010, the Shareholders approved the adoption of the 2010 Scheme.

### **1. Purpose**

The purpose of the 2010 Scheme is to enable the Company to grant options to participants as incentives or rewards for their contribution to the Group, and to encourage participants to perform their best in achieving goals of the Group.

### **2. Participants**

The participants are any employee, Director, adviser or business consultant of the Company or any of its subsidiaries as determined by the Remuneration Committee at its absolute discretion.



## REPORT OF THE DIRECTORS

### **3. Total number of shares available for issue**

The original number of shares which may be issued upon the exercise of all share options granted or to be granted under the 2010 Scheme was 59,557,366 shares, representing approximately 10% of the issued share capital of the Company immediately following completion of the dual primary listing in the Main Board of the Stock Exchange and the maximum number of Shares that might be issued upon the exercise of all share options under the 2010 Scheme or other schemes.

On 18 August 2011 and 31 July 2012, ordinary resolutions were proposed at the AGM of the Company to approve the refreshment of the scheme mandate limit to grant options under the 2010 Scheme and any other share option scheme of the Company respectively. The resolutions were approved and the total number of shares which may be allotted and issued upon exercise of all share options to be granted under the “refreshed” 2010 Scheme and any other share option scheme of the Company must not exceed the aggregate of 63,557,366 shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution unless the Company obtains a fresh approval from the owners of the Company in general meeting.

### **4. Maximum entitlement of each participant**

The total number of shares issued and to be issued upon exercise of the options granted to any participant (including both exercised and outstanding options) under the 2010 Scheme and any other schemes of the Company in any 12-month period must not exceed 1% of the issued shares of the Company, unless approved by Shareholders.

### **5. Period within which the shares must be taken up under an option**

An option may be exercised in accordance with the terms of the 2010 Scheme at any time during a period to be determined and notified by the Remuneration Committee to each grantee at the time of making an offer, and in any event such period of time shall not expire later than 10 years from 11 February 2010.

### **6. Minimum period for which an option must be held before it can be exercised**

Unless otherwise determined by the Remuneration Committee at its sole discretion, there is a minimum period of 1 year for which an option must be held after its date of grant before such an option can be exercised.

### **7. Amount payable on acceptance of the option and the payment period**

The grant of a share option shall be deemed to have been accepted when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of shares in respect of which the offer is accepted clearly stated therein together with a payment or remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 21 days from the offer date.

## REPORT OF THE DIRECTORS

### **8. *Basis of determining the exercise price***

The exercise price of an option shall be a price determined by the Remuneration Committee in its absolute discretion, but shall not be less than the higher of:

- (a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange or the closing price of the shares on the SGX-ST, whichever is higher, on the date of grant which must be a business day;
- (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange or the average closing prices of the shares on the SGX-ST for the five business days immediately preceding the date of the grant, whichever is higher; and
- (c) the nominal value of the shares.

### **9. *Period of the 2010 Scheme***

The 2010 Scheme shall remain in force for 10 years commencing on 11 February 2010 up to and including 10 February 2020.

Details of the share options outstanding as at 31 March 2014 which have been granted under the 2010 scheme can be found in note 29.

## REPORT OF THE DIRECTORS

### OTHER SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

According to the best available information made to the Board and the register of substantial shareholders required to be kept under section 336 of Part XV of the SFO, the Company were being notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

#### (a) ordinary shares in the company

		Number of shares				% of the Issued share capital of the company as at 31 March 2014	
		Personal interests	Family interests	Corporate interests	Other interests	Total	
Wise Premium Limited	Long positions	–	–	153,310,250	–	153,310,250 (Note a)	20.10%
Kang Ling Hoi	Long positions	–	184,716,750	–	–	184,716,750 (Note b)	24.21%

(a) Since the appointment of the Provisional Liquidators, Mr. Wang has not been contactable as at the date of this report. Based on the Disclosure of Interest shown in the website of the Stock Exchange and the information available to the Board, Mr. Wang held 200,000 Shares through HKSCC Nominees Ltd. Mr. Wang held 200,000 Shares through HKSCC Nominees Ltd. Together with his direct holdings of 31,206,500 shares, Mr Wang Shih Zen held 31,406,500 Shares. Based on the information available to the Board, Wise Premium Limited, which held 153,310,250 Shares, is an investment holding company incorporated in British Virgin Islands and wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in total of 184,716,750 Shares, representing approximately 24.21% issued share capital of the Company.

(b) Ms. Kang Ling Hoi, the spouse of Mr. Wang Shih Zen, is deemed to be interested in the shares held by Mr. Wang Shih Zen.

Based on the information available to the Board and save as disclosed above, as at 31 March 2014, no person, other than the Director, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## REPORT OF THE DIRECTORS

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the headings "Share Option Scheme" above and "Directors' and the Chief Executive's Interests or Short Positions in Securities, Underlying Shares and Debentures" above, to the best knowledge of the Board, at no time during the Reporting Period there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE AND CONNECTED PARTY TRANSACTIONS

#### *Connected transactions*

##### **Continuing Connected Transactions**

As mentioned in the Annual Report for the year ended 31 March 2013, the Company entered into an advisory services agreement with David Lim & Partners LLP ("DLP") in relation to the appointment of DLP as the legal advisor the Company for the provision of legal advisory services under Singapore law.

Mr. David Lim Teck Leong, a non-executive Director of the Company, is the managing partner of DLP. DLP is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into the advisory services agreement and the specific engagements on a continuing or recurring basis over a period of time constitutes continuing connected transactions under the Listing Rules.

Base on the books and records available to the Provisional Liquidators and the Board, the total amount of professional fees paid to DLP for the year ended 31 March 2014 was SGD 78,150, of which SGD 3,550 remained outstanding.

The aforesaid continuing connected transaction has been reviewed by independent non-executive Directors. The independent non-executive Directors confirmed that the aforesaid connected transaction were entered into (a) in the ordinary and usual course of business of the group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of Shareholders as a whole.

## REPORT OF THE DIRECTORS

### ***Related party transactions***

Save for the continuing connected transactions disclosed above, during the Reporting Period, there were no other transactions which, in the opinion of the Directors, constituted connected transactions or continuing connected transactions that were subject to the reporting requirements under the Listing Rules.

### ***Directors' interests in competing business***

As at the date of this report, to the best knowledge of, and information available to, the Provisional Liquidators and the Directors, none of the Directors, the Shareholders and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Group or any other conflicts of interest which any such person has or may have with the Group.

## SUFFICIENCY OF PUBLIC FLOAT

Based on information that is available to the Company and within the knowledge of the Provisional Liquidators and the Directors, as at the date of this report, the Company has complied with the sufficiency of public float requirement under the Listing Rules.

## CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices and procedures. Information on the corporate governance code adopted by the Company is set out in the Corporate Governance Report on pages 11 to 18 of this report.

## EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 31 to the audited financial statements.

## AUDITOR

The financial statements for the years ended 31 March 2014 were audited by Crowe Horwath (HK) CPA Limited, who was appointed as the auditor of the Company with effect from 18 June 2015. A resolution for their re-appointment of Crowe Horwath (HK) CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**Z-Obee Holdings Limited**  
**(Provisional Liquidators Appointed)**

**Yang Jian Hui**

*Executive Director*

Hong Kong, 13 November 2015

## INDEPENDENT AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF Z-OBEE HOLDINGS LIMITED (PROVISIONAL LIQUIDATORS APPOINTED)

(Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Z-Obee Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 31 to 92, which comprise the consolidated and company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## BASIS FOR DISCLAIMER OF OPINION

### *Incomplete books and records*

Up to the date of this report, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records, the directors of the Company believes that, it is almost impossible, and not practical, to ascertain the correct revenue and profit or loss (and the resultant assets and liabilities) for the current year for inclusion in the consolidated financial statements of the Group. Also, due to loss of some books and records, the directors of the Company believes that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group for past years. We were therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and disclosures of the transactions of the Group.

Given these circumstances, which are more fully disclosed in note 2.2 to the financial statements, there were no practicable audit procedures that we could perform to satisfy ourselves that the information and documents presented to us for the purpose of our audit are complete and accurate in all material respects, nor to quantify the extent of adjustments that might be necessary in respect of the Group's financial information.

As a result, in performing our audit on the consolidated financial statements of the Group for the year ended 31 March 2014, there were no practicable audit procedures that we could perform to satisfy ourselves that whether the balances of assets, liabilities and reserves as at 1 April 2012 and the corresponding figures for 2013 were fairly stated.

Included in the Company's statement of financial position are investment in a subsidiary of US\$2,622,935 and US\$2,910,260 and due from subsidiaries of US\$69,471,270 and US\$57,422,638 as at 31 March 2014 and 31 March 2013 respectively. Due to the scope limitations as mentioned above, we are unable to satisfy ourselves as to the fairness of the amounts carried as investment in a subsidiary and due from subsidiaries in the Company's financial statements or to determine whether any provision for impairment loss is necessary in respect of the above. Any adjustments would have a consequential effect on the net assets of the Company as at 31 March 2014 and 31 March 2013 and of its net loss for the years then ended and the related disclosures in the consolidated financial statements.

Any adjustments found to be necessary in respect thereof had we obtained sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group as at 1 April 2012, 1 April 2013 and 31 March 2014, and of its loss/profit for the years ended 2014 and 2013, and the related disclosures thereof in the consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

### ***Non-compliance with IFRSs and omission of disclosures***

As explained in note 2.2 to the financial statements, as the consolidated financial statements of the Group have been prepared by the directors based on incomplete books and records, the directors believe they are almost impossible and not practicable to ascertain the correct amounts. Consequently, the directors of the Company were unable to confirm that the financial statements comply with IFRSs, or that the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited have been complied with. Given these circumstances, which are more fully described in note 2.2, there were no practicable audit procedures that we could perform to quantify the extent of adjustments that might be necessary in respect of the Group's financial statements.

### ***Material uncertainty related to going concern basis***

In forming our opinion, we have considered the adequacy of the disclosures made in note 2.2 to the financial statements which explains that a proposal for the resumption of trading in the Company's shares and the restructuring of the Group (the "Resumption Proposal") was submitted to The Stock Exchange of Hong Kong Limited on 19 July 2015.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis of preparation of these financial statements.

### ***Disclaimer of Opinion***

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the Group's loss for the year then ended in accordance with International Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Crowe Horwath (HK) CPA Limited**

*Certified Public Accountants*

Hong Kong, 13 November 2015

### **Alvin Yeung Sik Hung**

Practising Certificate Number P05206



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2014

	Note	2014 US\$	2013 US\$
<b>REVENUE</b>	4	<b>131,552,607</b>	179,819,298
Cost of sales		<b>(125,162,881)</b>	(169,649,693)
<b>Gross profit</b>		<b>6,389,726</b>	10,169,605
Other income and gains	4	<b>1,154,946</b>	1,883,273
Selling and distribution expenses		–	(596)
Administrative expenses		<b>(3,974,745)</b>	(4,341,319)
Finance costs	6	<b>(3,216,728)</b>	(2,490,758)
Share of losses of associates		<b>(124,310)</b>	(264,553)
Fair value (loss)/gains on financial assets at fair value through profit or loss		<b>(18,075,242)</b>	2,729,931
Impairment loss on intangible asset		<b>(4,613,703)</b>	–
Impairment loss on goodwill		–	(1,377,449)
Impairment loss of prepayments, deposits and other receivables		<b>(48,436)</b>	(238,096)
Write off of inventories		<b>(23,079,671)</b>	–
Impairment loss on property, plant and equipment		<b>(1,201,383)</b>	(970,535)
Impairment loss on trade and factoring receivables		<b>(31,840,510)</b>	(274,271)
<b>(LOSS)/PROFIT BEFORE TAX</b>	5	<b>(78,630,056)</b>	4,825,232
Income tax expense	8	<b>(46,318)</b>	(560,713)
<b>(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<b>(78,676,374)</b>	4,264,519
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	11		
Basic		<b>(11.15) cents</b>	0.67 cents
Diluted		<b>(11.15) cents</b>	0.67 cents

The notes on pages 37 to 92 form an integral part of these financial statements.

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

For the year ended 31 March 2014

	2014 US\$	2013 US\$
<b>(Loss)/profit for the year</b>	<b>(78,676,374)</b>	4,264,519
<b>Other comprehensive income for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<b>1,052,377</b>	-
<b>Other comprehensive income for the year, net of tax</b>	<b>1,052,377</b>	-
<b>Total comprehensive (loss)/income for the year attributable to owners of the Company</b>	<b>(77,623,997)</b>	4,264,519

The notes on pages 37 to 92 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	2014 US\$	2013 US\$
<b>Non-current assets</b>			
Property, plant and equipment	12	1,649,162	2,916,949
Goodwill	13	–	–
Intangible assets	14	–	4,890,411
Interest in an associate	16	10,554,016	10,678,326
Financial assets at fair value through profit or loss	17	2,310,941	20,383,420
Total non-current assets		14,514,119	38,869,106
<b>Current assets</b>			
Inventories	18	13,229,293	26,630,452
Trade and factoring receivables	19	68,015,552	65,300,829
Prepayments, deposits and other receivables	20	41,262,046	19,946,996
Derivative financial instruments	21	–	592,358
Time deposits with original maturity over three months	22	771,435	17,112,112
Tax recoverable		128,843	–
Restricted bank balances	23	7,696,066	7,792,687
Cash and bank balances	23	1,103,699	10,843,318
Total current assets		132,206,934	148,218,752
<b>Current liabilities</b>			
Trade and bills payables	24	3,634,749	923,757
Accruals and other payables	25	2,461,396	4,073,071
Interest-bearing bank borrowings	26	49,047,604	13,709,292
Trust receipt loan	27	39,877,541	51,585,430
Finance lease payables		1,037,833	1,102,028
Tax payables		1,547	467,893
Total current liabilities		96,060,670	71,861,471
<b>NET CURRENT ASSETS</b>		<b>36,146,264</b>	<b>76,357,281</b>
<b>NET ASSETS</b>		<b>50,660,383</b>	<b>115,226,387</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	2014 US\$	2013 US\$
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	28	6,101,500	5,084,590
Reserves	30	44,558,883	110,141,797
<b>TOTAL EQUITY</b>		<b>50,660,383</b>	115,226,387

Approved and authorised for issue by the board of directors on 13 November 2015

On behalf of the board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The notes on pages 37 to 92 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the company						
	Share capital US\$	Share premium US\$	Share-based payments reserve US\$	Foreign currency translation reserve US\$	Reserve funds US\$	Retained profit/ (Accumulated loss) US\$	Total equity US\$
As at 1 April 2012	5,084,590	58,564,536	107,662	5,171,421	1,927,625	39,722,995	110,578,829
<b>Changes in equity for 2013</b>							
Profit for the year	-	-	-	-	-	4,264,519	4,264,519
Total comprehensive income for the year	-	-	-	-	-	4,264,519	4,264,519
Transactions with owners							
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)	-
Total transactions with owners	-	-	356,919	-	6,230	19,890	383,039
As at 31 March 2013 and 1 April 2013	<b>5,084,590</b>	<b>58,564,536</b>	<b>464,581</b>	<b>5,171,421</b>	<b>1,933,855</b>	<b>44,007,404</b>	<b>115,226,387</b>
<b>Changes in equity for 2014</b>							
Loss for the year	-	-	-	-	-	(78,676,374)	(78,676,374)
Exchange differences on translation of foreign operation	-	-	-	1,052,377	-	-	1,052,377
Total other comprehensive income	-	-	-	1,052,377	-	-	1,052,377
Total comprehensive loss	-	-	-	1,052,377	-	(78,676,374)	(77,623,997)
Transactions with owners							
Share issued during the year	1,016,910	12,141,083	-	-	-	-	13,157,993
Share issued expenses	-	(100,000)	-	-	-	-	(100,000)
Share options lapsed during the year	-	-	(412,340)	-	-	412,340	-
Total transactions with owners	1,016,910	12,041,083	(412,340)	-	-	412,340	13,057,993
At 31 March 2014	<b>6,101,500</b>	<b>70,605,619</b>	<b>52,241</b>	<b>6,223,798</b>	<b>1,933,855</b>	<b>(34,256,630)</b>	<b>50,660,383</b>

The notes on pages 37 to 92 form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Note	2014 US\$	2013 US\$
<b>Non-current assets</b>			
Investment in a subsidiary	15	2,622,935	2,910,260
<b>Current assets</b>			
Due from subsidiaries	15	69,471,270	57,422,638
Prepayments, deposits and other receivables	20	60,519	60,519
Cash and bank balances	23	3,449	10,542
		<b>69,535,238</b>	57,493,699
<b>Current liabilities</b>			
Accruals and other payables		514,967	456,008
		<b>514,967</b>	456,008
<b>Net current assets</b>		<b>69,020,271</b>	57,037,691
<b>NET ASSETS</b>		<b>71,643,206</b>	59,947,951
<b>Equity attributable to owners of the Company</b>			
Share capital		6,101,500	5,084,590
Reserves		65,541,706	54,863,361
<b>TOTAL EQUITY</b>		<b>71,643,206</b>	59,947,951

Approved and authorised for issue by the board of directors on 13 November 2015.

On behalf of the board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The notes on pages 37 to 92 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 1. CORPORATE INFORMATION

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

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

The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of the Stock Exchange 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 Stock Exchange remains unchanged.

### 2.1 STATEMENT OF COMPLIANCE

Except for the matters referred to in note 2.2, including the omission of a consolidated statement of cash flows and disclosures as required under International Financial Reporting Standards (the "IFRSs"), Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), these financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual IFRSs, International Accounting Standards (the "IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance, and Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2.3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 2.2 BASIS OF PREPARATION

### ***Going concern***

The Group incurred a loss attributable to the owners of the Company of US\$78,676,374 for the year ended 31 March 2014. In preparing these consolidated financial statements, the Directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to attain profit and positive cash flows from operations in the immediate and longer term.

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

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

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

On 4 April 2014, ANZ presented winding-up petitions to the High Court for the winding-up of the Company and Max Sunny, a wholly-owned subsidiary of the Company.

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 2.2 BASIS OF PREPARATION (Continued)

### ***Winding up petition and suspension of trading of the shares of the Company*** (Continued)

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

At the hearing of 27 June 2014 the High Court handed down orders appointing Yat Kit Jong and Donald Edward Osborn as the Joint and Several Provisional Liquidators of the Company and Max Sunny. Accordingly, trading in the Shares on the Stock Exchange was suspended at 2:37 p.m. on 27 June 2014 at the request of the Company.

As mentioned above, trading in the Company's shares on the Main Board of the Stock Exchange has been suspended since 27 June 2014.

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

### ***Proposed restructuring of the Group***

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.2 BASIS OF PREPARATION (Continued)

#### ***Proposed restructuring of the Group*** (Continued)

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

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

On 5 June 2015, the Company, the Provisional Liquidators and an investor entered into a framework agreement, which was subsequently amended and restated by an amendment and restatement framework agreement dated 5 October 2015, pursuant to which the parties agreed on the principal terms of a proposed restructuring of the Group with a view to resume trading in the Shares on the Stock Exchange. A proposal setting out details of the proposed restructuring together with the basis for the resumption of trading in the Shares (the "Resumption Proposal") was prepared and submitted to the Stock Exchange on 19 July 2015. However, without raising any question or query on the Resumption Proposal, the Listing Division of the Stock Exchange notified the Company on 31 July 2015 that it considered that the Resumption Proposal had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules and it would recommend the Listing Committee of the Stock Exchange (the "Listing Committee") to place the Company in the third delisting stage.

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

The Company disagrees with the Ruling and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee of the Stock Exchange. A review hearing of the Ruling is scheduled to be held on 17 December 2015. Further announcement(s) will be made by the Company when there are material developments as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 2.2 BASIS OF PREPARATION (Continued)

### ***Proposed restructuring of the Group*** (Continued)

As of the date of this report, the management has used its best effort, to the extent commercially practicable, to reconstruct the accounting records of the Group for the year ended 31 March 2014, applying their best estimates and judgement based on the information of the Group that are available to the management. However, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records, the Board believes that, as at the date of the report, it is almost impossible, and not practical, to ascertain the correct revenue and profit or loss (and the resultant assets and liabilities) for the current year for inclusion in the consolidated financial statements of the Group. Also, due to loss of some books and records, the Board believes that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group for past years. Accordingly, the comparative financial information disclosed in the financial statements only represents such information as reported in the published 2013 financial statements and therefore may not be comparable with the figures for the current year. Due to insufficient information available to the Directors of the Company, the consolidated financial statements do not contain a consolidated statement of cash flows as required by IAS 7, *Statement of Cash Flows*.

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the year ended 31 March 2014 and net assets of the Group as at 31 March 2014.

Due to the limited information available and most of the former key accounting personnel of the Group have left without notice, the Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the completeness of books and records and the treatment of various balances as included in the consolidated financial statements for the year ended 31 March 2014 and have formed the opinion as follows:

As the consolidated financial statements have been prepared based on the incomplete books and records available to the Company, the Directors of the Company are unable to represent that all transactions entered into by the Group for the year ended 31 March 2014 have been properly reflected in the consolidated financial statements. In this connection, the Directors of the Company are also unable to represent as to the completeness, existence and accuracy of identification of the financial statements and the disclosures of the financial statements in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.2 BASIS OF PREPARATION (Continued)

#### ***Basis of consolidation***

The consolidated financial statements for the year ended 31 March 2014 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in United States dollars (“USD”), rounded to the nearest dollar. United States dollar is the Company’s functional and the Group’s presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial assets at fair value through profit or loss
- derivative financial instruments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.3 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised Standards, Amendments and Interpretations (“new and revised IFRSs”) that are first effective for the current accounting period.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early.

The application of other new and revised standards and interpretations in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Subsidiaries***

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (that is, existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

#### ***Investments in associates***

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***Investments in associates*** (Continued)

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates are classified as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

### ***Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Business combinations and goodwill*** (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

When goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

#### ***Fair value measurement***

The Group measures its financial assets at fair value through profit or loss and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Fair value measurement** (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Impairment of non-financial assets*** (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

#### ***Related parties***

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person,
  - i) has control or joint control over the Group;
  - ii) has significant influence over the Group; or
  - iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
  - i) the entity and the Group are members of the same group;
  - ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary or the other entity);
  - iii) the entity and the Group are joint ventures of the same third party;
  - iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Property, plant and equipment and depreciation***

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	5%
Leasehold improvements	20%
Plant and machinery	10%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at the end of each financial period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Intangible assets (other than goodwill)*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

#### **Research and development costs**

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the products are put into commercial production.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Leases**

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under financial leases, are included in property, plant and equipment, and depreciated over the shorter of lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

#### **Investments and other financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Investments and other financial assets* (Continued)

##### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss.

##### **Available-for-sale financial investments**

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Investments and other financial assets** (Continued)

##### **Subsequent measurement** (Continued)

##### **Available-for-sale financial investments** (Continued)

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Derecognition of financial assets***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (that is, removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred the control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In this case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

#### ***Impairment of financial assets***

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Impairment of financial assets*** (Continued)

##### **Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

##### **Assets carried at cost**

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Impairment of financial assets*** (Continued)

##### **Available-for-sale financial investments**

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

#### ***Financial liabilities***

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, accruals and other payables, interest-bearing bank borrowings, trust receipt loan and finance lease payables.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Financial liabilities** (Continued)

##### **Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as follows:

##### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

##### **Inventories**

Inventories represent trading merchandise and direct costs incurred for IT contract work in progress and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Cash and cash equivalents***

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

#### ***Provisions***

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

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

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Income tax** (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for “Contract for services” below;
- (c) IT training services income, when the services are provided;
- (d) rental income, on a time proportion basis over the lease terms;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (f) dividend income, when the shareholders’ right to receive payment has been established.

#### **Contracts for services**

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***Share-based payments***

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model. Further details of the share option scheme are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Employee benefits***

##### **Pension scheme**

The employees of the Group's operations in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

##### ***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### ***Dividends***

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been declared and approved by the shareholders, they are recognised as a liability.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Foreign currencies*

These financial statements are presented in United States Dollars (“US\$”), which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising from translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on changes in fair value of the item (that is, translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than US\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US\$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On the disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### *Judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### **Operating lease commitments – Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

#### *Estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### **Impairment of interests in subsidiaries and associates**

The Company assesses whether there are any indicators of impairment for interests in subsidiaries and associates at the end of each reporting period. Interests in subsidiaries and associates are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### **Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2014 was US\$Nil (2013: US\$Nil). Further details are given in note 13.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

#### *Estimation uncertainty* (Continued)

##### **Impairment on trade and other receivables**

The policy for impairment allowances on trade and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

##### **Allowance for obsolete and slow moving of inventories**

The management of the Group reviews an aging analysis of inventories at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of each reporting period and makes allowance for obsolete and slow moving items.

##### **Impairment of non-financial assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### **Useful lives of intangible assets**

The Group assesses whether the intangible assets are of finite useful lives at the end of each reporting period. In determining useful lives of intangible assets, the Group has considered various factors, such as expected usage of the asset, expected period of future economic benefit and legal or similar limits on the use of the asset. The estimation of the useful lives of the intangible assets is based on the experience of the Group with similar intangible assets that generate similar future economic benefits. Additional amortisation is made if the estimated useful lives of intangible assets are different from previous estimation. Useful lives are reviewed at each financial year end date based on changes in circumstances.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the values of services rendered during the year.

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

	Group	
	2014	2013
	US\$	US\$
<b>Revenue</b>		
Distribution and marketing of mobile handset and its components and electronic components	130,222,607	174,751,060
Provision of design and production solution services for mobile handset and computer tablets	1,330,000	4,136,659
Assembly of mobile handset and computer tablets and surface mounting technology of printed circuit board	–	931,579
	<b>131,552,607</b>	179,819,298
<b>Other income and gains</b>		
Interest income	1,106,598	1,229,623
Foreign exchange loss, net	(1,943)	–
Fair value gains on derivative financial instruments	–	592,126
Gain on disposal of property, plant and equipment	–	3,767
Sundry income	50,291	465
Rental income	–	57,292
	<b>1,154,946</b>	1,883,273
	<b>132,707,553</b>	181,702,571

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the revenue, other income and gain as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 5. (LOSS)/PROFIT BEFORE TAX

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

	2014 US\$	2013 US\$
a) Staff costs		
Employee benefit expenses (including directors' and chief executive's emoluments)		
Wages, salaries, bonus and allowances*	705,208	811,532
Termination benefits	–	75,242
Equity-settled share-based payments	–	239,795
Pension scheme contributions	90,620	93,886
	<b>795,828</b>	1,220,455
b) Other items		
Cost of inventory sold	125,028,943	169,092,118
Depreciation of property, plant and equipment	170,753	466,240
Amortisation of intangible assets (note 14)	276,708	276,708
Auditor's remuneration	141,744	238,066
Minimum lease payments under operating leases in respect of land and buildings	155,257	142,675
c) Other operating expenses		
Impairment loss on goodwill	–	1,377,449
Impairment loss on prepayments, deposits and other receivables	48,436	238,096
Impairment loss on property, plant and equipment	1,201,383	970,535
Impairment loss on trade and factoring receivables	31,840,510	274,271
Impairment loss on intangible assets	4,613,703	–
Foreign exchange losses	7,768	56,782
Gain on disposal of property, plant and equipment	–	(3,767)
Fair value gains on derivative financial instruments	–	(592,126)
Fair value loss/(gains) on financial assets at fair value through profit or loss	18,075,242	(2,729,931)

\* The amounts included in cost of inventory sold during the year amounted to US\$Nil (2013: US\$345,940)

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the disclosure of (loss)/profit before tax as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 6. FINANCE COSTS

	2014 US\$	2013 US\$
Interest on bank borrowings	2,341,818	2,386,155
Interest on finance lease	9,883	15,533
Interest on factoring	865,027	89,070
	<b>3,216,728</b>	2,490,758

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the finance costs as of the date of approval of these consolidated financial statements.

### 7. DIRECTORS' EMOLUMENTS AND CHIEF EXECUTIVES' REMUNERATION

Directors' emoluments disclosed pursuant to Section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Note	2014 US\$	2013 US\$
Wages and salaries		318,159	353,896
Equity-settled share-based payments		–	123,261
Retirement benefits scheme contributions	(a)	964	5,969
		<b>319,123</b>	483,126

Remuneration for key management personnel of the Group, including accounts paid to the Company's directors as disclosed in above.

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the Directors' emoluments and chief executive remuneration as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 7. DIRECTORS' EMOLUMENTS AND CHIEF EXECUTIVES' REMUNERATION (Continued)

Note:

- (a) The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of HK\$1,250 per employee (HK\$1,000 for the period before June 2012) and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal governments undertake to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

### 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 8. INCOME TAX (Continued)

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 ("MOP") assessable profits being free from tax. However, VIM Technology Macao Commercial Offshore Limited, a subsidiary of the Company, was in compliance with the Decree-Law No. 58/99/M of the Macau and thus, the profits generated by the subsidiary was exempted from the Macau Complementary Tax. Further, in the opinion of the Directors, that portion of the Group's profit is not at present subject to taxation in any other jurisdictions in which the Group operates.

	Group	
	2014	2013
	US\$	US\$
Current tax – Hong Kong Profits Tax		
Charge for the year	46,318	592,677
Over provision in prior years	–	(1,417)
	<b>46,318</b>	591,260
Current tax – PRC		
Charge for the year	–	–
Over provision in prior years	–	(30,547)
Total tax charge for the year	<b>46,318</b>	560,713

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the accuracy and completeness of the income tax as of the date of approval of these consolidated financial statements.

### 9. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company for the year ended 31 March 2014 includes a loss of US\$1,362,738 (2013: US\$1,217,463) which has been dealt with in the financial statements of the Company.

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, occurrence and accuracy of the loss attributable to owners of the Company as of the date of approval of these consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 10. DIVIDEND

The board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

### 11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

#### *Basic*

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of US\$78,676,374 (profit of 2013: US\$4,264,519) and the weighted average number of 705,573,426 (2013: 635,573,662) ordinary shares 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 and the weighted average number of 636,769,906 ordinary shares, 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 1,196,244 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the reporting period.

Diluted loss per share equals to the basic loss per share for the year ended 31 March 2014 because the outstanding share options had an anti-dilutive effect on the basic loss per share. As disclosed in note 2.2, as the loss attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the (loss)/earnings per share of the Company as of the date of approval of these consolidated financial statements.

### 12. PROPERTY, PLANT AND EQUIPMENT

	Group	
	2014	2013
	US\$	US\$
Net Book Value	1,649,162	2,916,949

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the property, plant and equipment of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 13. GOODWILL

	US\$
<b>Cost</b>	
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	1,596,996
<b>Accumulated amortization and impairment losses</b>	
At 1 April 2012	219,547
Impairment loss	1,377,449
At 31 March 2013 and 1 April 2013	1,596,996
Impairment loss	–
At 31 March 2014	1,596,996
<b>Carrying amount</b>	
At 31 March 2014	–
At 31 March 2013	–

Goodwill acquired in a business combination is fully allocated at acquisition to the Solution CGU, Zeus Telecommunication Technology Holdings Ltd., that is expected to benefit from that business combination.

The Directors assess the recoverable amount of goodwill in accordance with the Group's accounting policy. In anticipation of the decreasing market demand of mobile handset solution service in the PRC and the underperformance of the Solution CGU during the year, the Directors do not expect the Solution CGU will generate positive cash inflow in the foreseeable future and determined that the carrying amount of goodwill arising from such acquisition was irrecoverable as at 31 March 2013 and an impairment loss of US\$1,377,449 was recognised during the year ended 31 March 2013.

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the goodwill of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 14. INTANGIBLE ASSETS

#### Group

	Licence US\$	CDMA software solutions US\$	3D glassless solutions US\$	Total US\$
<b>Cost</b>				
At 1 April 2012	359,936	2,500,000	–	2,859,936
Additions	3,165	–	5,000,000	5,003,165
At 31 March 2013 and 1 April 2013	363,101	2,500,000	5,000,000	7,863,101
Additions	–	–	–	–
Disposal	–	–	–	–
At 31 March 2014	363,101	2,500,000	5,000,000	7,863,101
<b>Accumulated amortisation and impairment losses</b>				
At 1 April 2012	195,982	2,500,000	–	2,695,982
Charge for the year	68,375	–	208,333	276,708
At 31 March 2013 and 1 April 2013	264,357	2,500,000	208,333	2,972,690
Charge for the year	68,375	–	208,333	276,708
Impairment loss for the year	30,369	–	4,583,334	4,613,703
At 31 March 2014	363,101	2,500,000	5,000,000	7,863,101
<b>Carrying amount</b>				
At 31 March 2014	–	–	–	–
At 31 March 2013	98,744	–	4,791,667	4,890,411

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the intangible assets of the Group as of the date of approval of these consolidated financial statements.

### 15. INTERESTS IN SUBSIDIARIES

	Company	
	2014 US\$	2013 US\$
Unlisted equity investments/shares, at cost	2,622,935	2,910,260
Due from subsidiaries	69,471,270	57,422,638

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 15. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries as at 31 March 2014 were as follows:

Name of subsidiary	Place of establishment/ incorporation and business	Class of share held	Paid up/ issued capital	Percentage of paid up/issued capital held by the Company		Principal activities
				Directly	Indirectly	
Elastic Glory Investment Limited*	British Virgin Islands	Ordinary	US\$2,570,694	100%		Investment holding
CCDH Technology Limited*	British Virgin Islands	Ordinary	US\$50,000		100%	Investment holding
Finet Enterprises Limited*	British Virgin Islands	Ordinary	US\$1		100%	Trademark and patents registration
Elite Link Technology Limited	Hong Kong	Ordinary	HK\$2,000,001		100%	Provision of management services to the Group
Max Sunny Limited	Hong Kong	Ordinary	HK\$100,000		100%	Distribution and marketing of mobile handset and its components and electronic components
Loyal Power International Investment Limited	Hong Kong	Ordinary	HK\$1		100%	Distribution and marketing of mobile handset and its component
Excel Ascent Limited	Hong Kong	Ordinary	HK\$1		100%	Investment holding
深圳市杰特電信控股有限公司* <sup>@/#</sup> (Zeus Telecommunication Technology Holdings Limited)	PRC	Ordinary	RMB20,000,000		100%	Development, distribution and marketing of software and solution for mobile appliances, mobile handset hardware, computer tablets and its components and electronic components

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 15. INTERESTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of establishment/ incorporation and business	Paid up/ issued capital	Percentage of paid up/issued capital held by the Company		Principal activities
			Directly	Indirectly	
統慶通信設備（深圳） 有限公司* <sup>@/#</sup> (Tongqing Communication Equipment (Shenzhen) Co., Ltd.)	PRC	HK\$75,000,000	100%		Assembly of mobile handset and computer tablets and surface
VIM Technology Macao Commercial Offshore Limited*	Macau	MOP100,000	100%		Provision of design and production solution services for mobile handset

\* Crowe Horwath (HK) CPA Limited is not the statutory auditor of these companies.

<sup>@</sup> These subsidiaries are registered as a wholly-foreign-owned enterprise under PRC law.

<sup>#</sup> The English translation of company name is for identification purposes only.

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the investment in subsidiaries of the Company and amount due from subsidiaries as of the date of approval of these consolidated financial statements.

### 16. INVESTMENTS IN ASSOCIATES

	Group	
	2014 US\$	2013 US\$
Share of net assets	4,547,201	4,671,511
Goodwill on acquisition	6,006,815	6,006,815
	<b>10,554,016</b>	10,678,326

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 16. INVESTMENTS IN ASSOCIATES (Continued)

Particulars of the principal associates as at 31 March 2014 were as follows:

Name of associate	Place of establishment and operation	Paid up/ issued capital	Percentage of ownership interest/ voting power/ profit sharing held by the Company		Principal activity
			2014	2013	
<b>Directly held:</b>					
Noosa International Limited	British Virgin Islands	100 ordinary shares with no par value	40%	40%	Investment holding
<b>Indirectly held</b>					
Forever Full Investment	Hong Kong	1 ordinary share	40%	40%	Investment holding
沛恒信息諮詢(深圳)有限公司**/# (Pei Heng Information Consultancy Limited)	PRC	HK\$22,000,000	40%	40%	Investment holding
深圳市菁英電子科技有限公司**/# (Shenzhen Jingying Electronic Technology Limited) ("Shenzhen Jingying")	PRC	RMB30,000,000	40%	40%	Provision of aviation advertising services

\* The associate is registered as a wholly-foreign-owned enterprise established in PRC.

\*\* The associate is registered as a domestic enterprise established in PRC.

# The English translation of company name is for identification purposes only.

According to the laws and regulations in the PRC, a foreign investor is not allowed to acquire 100% equity interest in the advertising enterprise in the PRC, such as Shenzhen Jingying, unless such foreign investor is a qualified foreign funded advertising enterprise. All group companies now comprising Noosa Group are not qualified as a foreign funded advertising enterprise.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 16. INVESTMENTS IN ASSOCIATES (Continued)

To comply with laws and regulations of the PRC that restrict foreign ownership of companies that operate advertising and media businesses as detailed above, Noosa Group engages in such restricted business in the PRC through entering into a set of agreements (the "Structured Agreements") with Shenzhen Jingying. Details of the Structured Agreements are disclosed in the Company's announcement dated 10 August 2012.

Based on the Structured Agreements, the Directors have exercised judgements and determined that, notwithstanding the lack of equity ownership, Noosa Group has in substance obtained the control over the 100% equity interest of Shenzhen Jingying and Shenzhen Jingying should be classified as a subsidiary of Noosa Group.

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the investment in associates of the Group as of the date of approval of these consolidated financial statements.

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 US\$	2013 US\$
As at 31 March	<b>2,310,941</b>	20,383,420

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the financial assets at fair value through profit or loss of the Group as of the date of approval of these consolidated financial statements.

### 18. INVENTORIES

	Group	
	2014 US\$	2013 US\$
Raw materials	–	158,996
Working in progress	–	–
Finished goods	<b>13,229,293</b>	26,471,456
As at 31 March	<b>13,229,293</b>	26,630,452

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the inventories of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 19. TRADE AND FACTORING RECEIVABLES

	Group	
	2014	2013
	US\$	US\$
Trade and factoring receivables	100,130,333	65,575,100
Impairment	(32,114,781)	(274,271)
Net carrying amount	68,015,552	65,300,829

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

	Group	
	2014	2013
	US\$	US\$
At 1 April	274,271	–
Impairment losses recognised	31,840,510	274,271
At 31 March	32,114,781	274,271

(b) Given the loss of some books and records, unreliability of records found and the absence of key personnel, the Board believes that it may be almost impossible, and not practical, to ascertain the completeness, existence and accuracy of the trade and factoring receivables of the Group, or to perform a detailed analysis of the Group's trade and factoring receivable aging, credit policy and impairment assessment.

### 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	US\$	US\$	US\$	US\$
Prepayments, deposit and other receivables	41,693,822	20,330,336	60,519	60,519
Less: Impairment	(431,776)	(383,340)	–	–
Net carrying amount	41,262,046	19,946,996	60,519	60,519

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the prepayments, deposits and other receivables of the Group as of the date of approval of these consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 21. DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2014	2013
	US\$	US\$
Financial assets, at fair value		
Foreign exchange forward contracts	–	592,358

The Group enters into various foreign exchange forward contracts to mitigate the foreign exchange risk exposures arising from the Group's operation. As disclosed in the Company's prospectus dated 12 February 2010, notwithstanding the fact that the entering of the foreign exchange forward contracts was based on the forecast transactions on the probable receipts of sales proceeds and payments for the procurements denominated in foreign currencies of respective subsidiaries and are used for hedging purpose only, the Group did not fulfill the conditions of hedging relationship under the stringent and comprehensive documentation requirements as defined in IAS 39 "Financial Instruments: Recognition and Measurement". Fair value gains on derivative financial instruments amounting to US\$Nil (2013: US\$592,126) (note 5) were recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the derivative financial instruments of the Group as of the date of approval of these consolidated financial statements.

### 22. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Time deposits with original maturity over three months are:

	Group	
	2014	2013
	US\$	US\$
At 31 March	<b>771,435</b>	17,112,112

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the time deposits with original maturity over three months of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 23. RESTRICTED BANK BALANCES AND CASH AND BANK BALANCES

The Group's restricted bank balances are pledged to secure the bank loans and general banking facilities granted to the Group.

Restricted bank balances and cash and bank balances are in the following:

	Group		Company	
	2014 US\$	2013 US\$	2014 US\$	2013 US\$
Restricted bank balances	<b>7,696,066</b>	7,792,687	–	–
Cash and bank balances	<b>1,103,699</b>	10,843,318	<b>3,449</b>	10,542
At 31 March	<b>8,799,765</b>	18,636,005	<b>3,449</b>	10,542

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the restricted bank balances and cash and bank balances and underlying cash transactions as at the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 24. TRADE AND BILLS PAYABLES

	Group	
	2014	2013
	US\$	US\$
Trade payables	1,317,244	923,757
Bills payables	2,317,505	–
	<b>3,634,749</b>	923,757

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

	Group	
	2014	2013
	US\$	US\$
0 – 30 days	–	–
31 – 60 days	–	96,083
61 – 90 days	–	–
Over 90 days	3,634,749	827,674
	<b>3,634,749</b>	923,757

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

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the trade and bills payables of the Group as of the date of approval of these consolidated financial statements.

### 25. ACCRUED EXPENSES AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	US\$	US\$	US\$	US\$
At 31 March	2,461,396	4,073,071	514,967	456,008

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the accrued expenses and other payables of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 26. INTEREST-BEARING BANK BORROWINGS

Interest-bearing bank borrowings are:

	Group	
	2014	2013
	US\$	US\$
At 31 March	<b>49,047,604</b>	13,709,292

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the interest-bearing bank borrowings of the Group as of the date of approval of these consolidated financial statements.

### 27. TRUST RECEIPT LOANS

	Group	
	2014	2013
	US\$	US\$
Carrying amount	<b>39,877,541</b>	51,585,430

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the trust receipt loans of the Group as of the date of approval of these consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 28. SHARE CAPITAL

	Group and Company	
	Number of shares	Amount US\$
<b>Authorised:</b>		
<b>Ordinary shares of US\$0.008 each</b>		
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	1,250,000,000	10,000,000
<b>Issued and fully paid:</b>		
<b>Ordinary shares of US\$0.008 each</b>		
At 1 April 2012, 31 March 2013, 1 April 2013	635,573,662	5,084,590
Issuance of shares (Note)	127,114,000	1,016,910
At 31 March 2014	762,687,662	6,101,500

Note: On 12 September 2013, the Company has entered into ten separate subscription agreements (the "Subscription Agreements") with ten subscribers (the "Subscribers"), one of the Subscribers is an existing shareholder holding an aggregate of approximately 0.38% of the existing issued share capital of the Company. Pursuant to the Subscription Agreements, the Subscribers have agreed to subscribe for an aggregate 127,114,000 new ordinary shares in the Company at a price of HK\$0.80 per share, with total gross proceeds of HK\$101,691,200, after the deduction of the related expenses of HK\$780,000, was HK\$100,911,200, intended to be applied as the Group's general working capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the owners through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts plus unaccrued proposed dividends less cash and cash equivalents. Adjusted capital comprises all components of equity (that is, share capital, share premium, accumulated losses, other reserves and any non-controlling interests) less unaccrued proposed dividends and includes some forms of subordinated debts.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 28. SHARE CAPITAL (Continued)

The Group's strategy was to maintain the debt-to-adjusted capital ratio at the lowest as possible, in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio at the end of the reporting period is as follows:

	Group	
	2014	2013
	US\$	US\$
Total debt	<b>89,962,978</b>	66,396,750
Less: cash and cash equivalents	<b>(1,103,699)</b>	(10,843,318)
Net debt	<b>88,859,279</b>	55,553,432
Total equity and adjusted capital	<b>50,660,383</b>	115,226,387
Debt-to-adjusted capital ratio	<b>175%</b>	48%

As disclosed in note 2.2, on the basis that the relevant books and records are either lost or are incomplete, no representation is made by the Board as to the completeness, existence and accuracy of the share capital of the Group as of the date of approval of these consolidated financial statements.

### 29. SHARE OPTION SCHEME

The Company operates a share option scheme 2010 (the "2010 Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Group's directors, including independent non-executive directors, confirmed employees of the Group, the controlling shareholders and their associates. The Scheme became effective on 11 February 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the 2010 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2010 Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 29. SHARE OPTION SCHEME (Continued)

Share options granted to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or to any of their respective associates (including discretionary trust in which any Connected Persons are beneficiary), are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of the Company, or to any their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The grant of 2010 Scheme shall be made to a participant by letter in such form as the Remuneration Committee ("RC"), a committee of directors who are duly authorized and appointed by the Board to administer the 2010 Scheme for the time being pursuant to the Code of Corporate Governance under SGX Listing Manual, may from time to time determine.

Subject to the provisions of the 2010 Scheme, the Bermuda Companies Act, the Listing Manual of the SGX-ST and the Hong Kong Listing Rules, the RC may, when making the offer, impose any conditions, restrictions or limitations in relation thereto as it may at its absolute discretion think fit.

The exercise price of share options is determinable by the RC, but may not be less than the higher of (i) the closing price of the Company's shares on a business day as stated in the daily quotations sheets issued by the Stock Exchange or the closing price of the Company's shares as stated in the daily quotations sheet issued by the SGX-ST; (ii) the average closing prices of the Company's shares as stated in the daily quotations sheets issued by the Stock Exchange or the average closing prices of the shares as stated in the daily quotations sheets issued by SGX-ST for the five consecutive business days immediately preceding the offer date; or (iii) the nominal value of a share on the offer date.

Under the 2010 Scheme, if the share options remain unexercised after a period of 10 years from 11 February 2010, the share options expire. Share options are forfeited if the employee leaves the Group before the share options vest. In the event that the grantee ceases to be a participant for any reason (other than on his death) including the termination of his employment or engagement on one or more of the grounds specified in the 2010 Scheme, the options granted to such grantee will lapse on the date of such cessation (to the extent not already exercised) and will not be exercisable unless the RC otherwise determines to grant an extension (which shall not be more than 1 month from the date of cessation) at the absolute discretion of the RC in which event the grantee may exercise the options within such period of extension.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 29. SHARE OPTION SCHEME (Continued)

The following share options were outstanding and exercisable under the 2010 Scheme during the year:

	2014 Weighted average exercise price HK\$	Number of options	2013 Weighted average exercise price HK\$	Number of options	Date of grant	Vesting period	Exercise period
<b>Share Option 1</b>							
<b>To an executive director, non executive directors and key managements</b>							
Beginning of the year	0.72	9,600,000	0.72	10,200,000	6 Jan 2012	vested on 6 Jan 2013	6 Jan 2013 to 10 Feb 2020
Forfeited during the year	-	-	-	-			
Lapsed during the year	-	(600,000)	0.72	(600,000)			
End of the year	0.72	9,000,000	0.72	9,600,000			
<b>Share Option 2</b>							
<b>To non-executive directors</b>							
Beginning of the year	1.11	600,000	1.11	1,200,000	19 Mar 2012	vested on 19 Mar 2013	19 Mar 2013 to 10 Feb 2020
Forfeited during the year	-	-	-	-			
Lapsed during the year	-	-	1.11	(600,000)			
End of the year	1.11	600,000	1.11	600,000			

The options outstanding at the end of the year have a weighted average remaining contractual life of 5.9 years (2013: 6.9 years). The weighted average exercise price at the beginning and at the end of the year are HK\$0.74 and HK\$0.74 respectively.

At the date of approval of these financial statements, the Company had 9,600,000 share options (2013: 10,200,000 share options) outstanding under the 2010 Scheme, which represented approximately 1.3% (2013: 1.6%) of the Company's shares in issue as at that date.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 30. RESERVES

### (a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35.

#### (i) Share premium account

Share premium arose from the issuance of shares by the Company at prices in excess of their par value, and may be distributed in the form of fully paid bonus shares. The application of the share premium is governed by section 40 of the Bermuda Companies Act 1981 of Bermuda.

#### (ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors and employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.4 to the financial statements.

#### (iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.4 to the financial statements.

#### (iv) Reserve funds

Pursuant to the relevant PRC laws and regulations, Sino-foreign joint ventures registered in the PRC are required to transfer a certain percentage, as approved by the board of directors, of their profit after income tax to the reserve funds. These funds are restricted as to use.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 30. RESERVES (Continued)

#### (b) Company

	Share premium US\$	Share- based payments reserve US\$	Accumulated losses US\$	Total US\$
At 1 April 2012	58,564,536	107,662	(2,974,413)	55,697,785
Loss and total comprehensive income for the year	–	–	(1,217,463)	(1,217,463)
Equity-settled share-based payments	–	383,039	–	383,039
Share options lapsed during the year	–	(26,120)	26,120	–
At 31 March 2013 and 1 April 2013	58,564,536	464,581	(4,165,756)	54,863,361
Share issued during the year	12,141,083	–	–	12,141,083
Share issue expenses	(100,000)	–	–	(100,000)
Share options lapsed during the year	–	(412,340)	412,340	–
Loss and total comprehensive income for the year	–	–	(1,362,738)	(1,362,738)
At 31 March 2014	70,605,619	52,241	(5,116,154)	65,541,706

### 31. EVENT AFTER REPORTING PERIOD

#### *Delisting of Taiwan Depositary Receipts*

The Company's Taiwan Depositary Receipts (the "TDRs") were listed on the Taiwan Stock Exchange Corporation (the "TWSE") on 3 December 2010. The TDRs were sold and traded on the Taiwan stock market in the same way as other stocks listed on the Taiwan stock market. The TDRs provide holders to an entitlement to 80,000,000 underlying Shares that are held in custody by a custodian bank. The 80,000,000 underlying Shares comprise 40,000,000 new shares of the Company and 40,000,000 existing shares held by certain owners of the Company.

On 2 July 2014, the TWSE issued a letter to the Company stating that the TDRs of the Company would be delisted if the shares of the Company could not resume trading on the Stock Exchange after 6 months of the suspension of trading in Taiwan (i.e. 4 July 2014). Eventually, the Company was advised by the TWSE that the TDRs of the Company would be delisted on 1 March 2015 in accordance with the Operating Rules of the TWSE. Following the delisting of the TDRs in TWSE, it was recognised that the total issued TDRs in Taiwan as at 1 March 2015 amount to 61,529,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 31. EVENT AFTER REPORTING PERIOD (Continued)

#### ***Restructuring Of The Group***

As announced by the Company on 24 July 2014, the Company received the a letter from the Stock Exchange, which stated that in view of the Court Order and the appointment of the Provisional Liquidators, the Stock Exchange considered that the Company might have serious financial difficulties. As the Company had not published the annual results for the year ended 31 March 2014, the Stock Exchange was unable to assess the performance and financial position of the Company. Further it was unclear as to the operating status of the Company and whether the Company still had sufficient level and assets and operations to fulfil the requirement under Rule 13.24 of the Listing Rules. The Stock Exchange therefore decided to place the Company in the first delisting stage under PN17 of the Listing Rules due to the Company's failure to comply with Rule 13.24 of the Listing Rules. The Company was required to submit a viable resumption proposal, which could, among others, demonstrate its compliance with Rule 13.24 of the Listing Rules, at least 10 business days before the expiry of the first delisting stage, i.e. 15 January 2015.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 31. EVENT AFTER REPORTING PERIOD (Continued)

#### ***Restructuring Of The Group*** (Continued)

By the order of the High Court dated 26 June 2015 and sealed by the High Court on 2 July 2015, the High Court approved, amongst others, the Company and the Provisional Liquidators to enter into the Framework Agreement. The total estimated professional fee for the completion of the restructuring cost is approximately US\$5,362,000.

With the sanction from the High Court, Perfect Major Investment Limited (“Perfect Major”) and H K Rich Technology International Company Limited (“H K Rich Technology”), both of which are wholly owned subsidiaries of the Company, were set up after the appointment of the Provisional Liquidators for the purpose of restructuring and continuation of the business of the Group. The Investor and Perfect Major, on 5 June 2015 entered into a working capital facility agreement pursuant to which the Investor agreed to provide a working capital facility of up to HK\$20,000,000 (“Working Capital Facility”) to Group for the continuation of its the business operations.

With a view to resume trading in its shares on the Stock Exchange, the Company submitted a resumption proposal (the “Resumption Proposal”) to the Stock Exchange on 19 July 2015. After the submission of the Resumption Proposal, the Listing Division of the Stock Exchange raised no question/query towards the Resumption Proposal but notified the Company on 31 July 2015 that it considered that the Resumption Proposal had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules and it would recommend the Listing Committee of the Stock Exchange (the “Listing Committee”) to place the Company in the third delisting stage.

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

The Company disagrees with the Ruling and on 18 August 2015 formally requested the Listing Committee to provide detailed written reasons for the Ruling. On 24 August 2015, the Company also submitted a formal request to the Stock Exchange for a review of the Ruling by the Listing (Review) Committee of the Stock Exchange. A review hearing of the Ruling is scheduled to be held on 17 December 2015. Further announcement(s) will be made by the Company when there are material developments as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### 32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014

The Group has not early applied the following new and revised IFRSs that have been issued but not yet effective:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities <sup>6</sup>
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities <sup>6</sup>
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>6</sup>
IFRIC 21	Levies <sup>6</sup>
IFRS 9	Financial Instruments <sup>1</sup>
IFRS 14	Regulatory Deferral Accounts <sup>2</sup>
IFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to IFRS 11	Accounting for Acquisitions of interests in Joint Operations <sup>4</sup>
Amendments to IAS 1	Disclosure Initiative <sup>4</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>4</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>4</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>3</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>4</sup>
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception <sup>4</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle <sup>5</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle <sup>3</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2014.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2016.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2014.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

### **32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2014** (Continued)

The Group is in the process of making an assessment of what the impact of these new and revised IFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

### **33. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the board of directors on 13 November 2015.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 March				
	2014 US\$	2013 US\$	2012 US\$	2011 US\$	2010 US\$
<b>RESULTS</b>					
REVENUE	<b>131,552,607</b>	179,819,298	136,838,712	148,293,097	139,454,026
Cost of goods sold	<b>(125,162,881)</b>	(169,649,693)	(129,719,413)	(134,546,713)	(127,815,252)
Gross profit	<b>6,389,726</b>	10,169,605	7,119,299	13,746,384	11,638,774
Other income	<b>1,154,946</b>	1,883,273	4,037,980	1,336,874	922,361
Selling and distribution costs	<b>–</b>	(596)	(153,950)	(545,161)	(45,089)
Administrative expenses	<b>(3,974,745)</b>	(4,341,319)	(4,056,202)	(4,766,386)	(4,704,555)
PROFIT FROM OPERATIONS	<b>3,569,927</b>	7,710,963	6,947,127	9,771,711	7,811,491
Finance costs	<b>(3,216,728)</b>	(2,490,758)	(644,901)	(612,122)	(509,718)
Share of losses of an associate	<b>(124,310)</b>	(264,553)	–	–	–
Fair value (loss)/gains on financial assets at fair value through profit or loss	<b>(18,075,242)</b>	2,729,931	283,189	5,870,818	–
Impairment loss on goodwill	<b>–</b>	(1,377,449)	(219,547)	–	–
(Impairment loss)/reversal of impairment loss on prepayments, deposits and other receivables	<b>(48,436)</b>	(238,096)	192,284	–	–
Impairment loss on property, plant and equipment	<b>(1,201,383)</b>	(970,535)	(399,250)	–	–
Impairment loss on trade and factoring receivables	<b>(31,840,510)</b>	(274,271)	–	–	–
Impairment loss on non-current assets classified as held for sale	<b>–</b>	–	(149,687)	–	–
Impairment loss on intangible assets	<b>(4,613,703)</b>	–	–	(833,334)	–
Impairment loss on available-for-sale asset	<b>–</b>	–	–	(747,498)	–
Write off of inventories	<b>(23,079,671)</b>	–	–	–	–
LOSS/PROFIT BEFORE TAX	<b>(78,630,056)</b>	4,825,232	6,009,215	13,449,575	7,301,773
Income tax expense	<b>(46,318)</b>	(560,713)	(872,477)	(2,010,662)	(2,100,210)
LOSS/PROFIT FOR THE YEAR	<b>(78,676,374)</b>	4,264,519	5,136,738	11,438,913	5,201,563
Attributable to:					
Owners of the Company	<b>(78,676,374)</b>	4,264,519	5,136,738	11,438,913	5,201,563
Non-controlling interests	<b>–</b>	–	–	–	–
	<b>(78,676,374)</b>	4,264,519	5,136,738	11,438,913	5,201,563
<b>ASSETS AND LIABILITIES</b>					
TOTAL ASSETS	<b>146,721,053</b>	187,087,858	148,583,378	138,533,725	109,421,126
TOTAL LIABILITIES	<b>(96,060,670)</b>	(71,861,471)	(38,004,549)	(34,873,694)	(32,054,336)
	<b>50,660,383</b>	115,226,387	110,578,829	103,660,031	77,366,790

## CORPORATE INFORMATION

Directors	<p>: Executive:</p> <p>Wang Shih Zen (Chairman and Chief Executive Officer, ceased to be the Chief Executive Officer on 4 April 2014 and ceased to be an Executive Director on 28 October 2015 pursuant to a bankruptcy order made by the High Court)</p> <p>Chen Ling (Appointed on 26 February 2014)</p> <p>Yang Jian Hui (Appointed on 26 February 2014)</p> <p>Lai Hui (Appointed on 4 April 2014)</p> <p>Lu Shangmin (Resigned on 14 February 2014)</p> <p>Wang Tao (Resigned on 14 February 2014)</p> <p>Lim Jiu Kok (Appointed on 8 January 2014 and resigned on 11 March 2014)</p> <p>Zhong Yong Sen (Appointed on 26 February 2014 and resigned on 5 August 2014)</p> <p>Non-Executive:</p> <p>David Lim Teck Leong (Resigned on 30 September 2013)</p> <p>Independent Non-Executive:</p> <p>Liu Jintao (Appointed on 4 April 2014)</p> <p>Tsang Hin Fan Anthony (Appointed on 5 August 2014)</p> <p>Tham Wan Loong, Jerome (Resigned on 4 April 2014)</p> <p>Lo Hang Fong (Resigned on 7 April 2014)</p> <p>Chan Kam Loon (Resigned on 30 June 2014)</p>
Joint and Several Provisional Liquidators	<p>: Donald Edward Osborn</p> <p>Yat Kit Jong</p> <p>So Man Chun</p>
Audit committee	<p>: Chan Kam Loon (Chairman) (Resigned on 30 June 2014)</p> <p>Tham Wan Loong, Jerome (Resigned on 4 April 2014)</p> <p>Lo Hang Fong (Resigned on 7 April 2014)</p>
Nominating committee	<p>: Wang Shih Zen (Ceased to act as a member with effect from 28 October 2015)</p> <p>Tham Wan Loong, Jerome (Resigned on 4 April 2014)</p> <p>Lo Hang Fong (Chairman) (Resigned on 7 April 2014)</p> <p>Chan Kam Loon (Resigned on 30 June 2014)</p>
Remuneration Committee	<p>: Tham Wan Loong, Jerome (Chairman) (Resigned on 4 April 2014)</p> <p>Lo Hang Fong (Resigned on 7 April 2014)</p> <p>Chan Kam Loon (Resigned on 30 June 2014)</p>



## CORPORATE INFORMATION

Authorised representatives	: Wang Shih Zen (Ceased to act with effect from 28 October 2015) Yang Jian Hui (Appointed on 4 April 2014) Lim Jiu Kok (Ceased to act on 12 March 2014)
Joint company secretaries	: Busarakham Kohsikaporn (Resigned on 28 February 2014) Li Chi Chung (Resigned on 7 April 2014)
Registered office	: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Place of business in Hong Kong	: Unit E, 26/F., Legend Tower, 7 Shing Yip Street, Kwun Tong Kowloon Hong Kong
Assistant secretary Bermuda share registrar	: Codan Services Limited (Resigned on 15 October 2014) Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
Singapore share registrar and share transfer agent	: Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898
Hong Kong branch share registrar and share transfer agent	: Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	: Standard Chartered Bank (Hong Kong) Limited DBS Bank (Hong Kong) Limited Australia and New Zealand Banking Group Limited The Hongkong and Shanghai Banking Corporation Limited China Citic Bank International China Construction Bank Corporation

## CORPORATE INFORMATION

Auditor	:	Crowe Horwath (HK) CPA Limited Certified Public Accountants 9/F Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Stock code	:	Singapore: D5N Hong Kong: 948 (Trading was suspended at 2:37p.m. on 27 June 2014)