THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or other registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in **Z-Obee Holdings Limited (Provisional Liquidators Appointed)**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer, licensed person under the Securities and Futures Ordinance or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company.

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)

(1) PROPOSED RESTRUCTURING INVOLVING, INTER ALIA, (A) CREDITORS' SCHEMES; (B) PROPOSED CAPITAL REORGANISATION; (C) PROPOSED OPEN OFFER ON THE BASIS OF TWO (2) OFFER SHARES FOR EVERY FIVE (5) CONSOLIDATED SHARES HELD ON THE OPEN OFFER RECORD DATE; (D) PROPOSED SHARE SUBSCRIPTIONS; (E) WORKING CAPITAL LOAN AND LOAN FACILITY; (F) PROPOSED PLACING OF MANAGEMENT PLACING SHARES; (2) APPLICATION FOR WHITEWASH WAIVER; (3) PROPOSED APPOINTMENT OF PROPOSED DIRECTORS; (4) PROPOSED VOLUNTARY DELISTING FROM THE SGX-ST; AND (5) NOTICE OF SGM

Financial adviser to the Company

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Financial adviser to Alpha Professional

禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

ALTUS CAPITAL LIMITED

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Provisional Liquidators is set out on pages 35 to 85 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 88 to 110 of this circular.

A notice convening the SGM of the Company to be held at Admiralty Conference Centre at 1804, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong at 10:00 a.m. on Monday, 16 October 2017 is set out on pages SGM-1 to SGM-7 of this circular. Whether or not you are able to attend the SGM of the Company in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the SGM of the Company or any adjournment thereof. Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM of the Company or any adjourned meeting should you so wish. In such event, the instrument appointing a proxy shall be deemed revoked.

* *For identification purpose only*

25 September 2017

CONTENTS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Alpha Professional"	Alpha Professional Development Limited, a company incorporated in the BVI, which is owned by Mr. Xiong and Mr. Yi as to 50% and 50%, respectively
"Bermuda Court"	The Supreme Court of Bermuda
"Bermuda Provisional Liquidators"	Messrs. Donald Edward Osborn, Yat Kit Jong and Man Chun So, all of PricewaterhouseCoopers who have been appointed jointly as provisional liquidators of the Company pursuant to the order dated 17 February 2017 made by the Bermuda Court
"Board"	the board of Directors
"business day(s)"	a day (other than a Saturday, Sunday or day on which a typhoon signal No. 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Call Option"	the option granted by the Company to Alpha Professional in accordance with the terms of the Framework Agreement
"Capital Reorganisation"	collectively, the Share Consolidation and the Increase in Authorised Share Capital
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CDP"	The Central Depository (Pte) Limited in Singapore
"China" or "PRC"	the People's Republic of China excluding the Macao Special Administrative Region of the PRC, Hong Kong and Taiwan
"Companies Act"	the Companies Act 1981 of Bermuda, as amended from time to time

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Company”	Z-Obee Holdings Limited (Provisional Liquidators Appointed), a company incorporated in Bermuda with limited liability, shares of which are listed on the Stock Exchange and the SGX-ST
“Completion”	the completion of the Capital Reorganisation, the Open Offer, the Share Subscriptions and the occurence of the Resumption
“concert parties”	the parties acting in concert within the meaning of the Takeovers Code
“Conditional Approval Letter”	the letter dated 30 June 2017 from the Stock Exchange to the Company pursuant to which the Listing Committee granted its conditional approval of the Second Resumption Proposal subject to the conditions set out in the letter
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consolidated Shares”	the ordinary shares of US$0.16 each in the share capital of the Company immediately after the Share Consolidation
“Director(s)”	the director(s) of the Company
“Earnest Money”	HK$40,000,000 payable by Alpha Professional into the Escrow Account pursuant to the terms of the Framework Agreement for the purposes of payment towards discharge, in whole or in part, of fees, remuneration, costs and expenses incurred or to be incurred by the Provisional Liquidators in connection with Proposed Restructuring
“Escrow Account”	the account established and maintained for the purpose of receiving and holding the Earnest Money in accordance with the escrow agreement dated 23 June 2015 entered into between Acumen Consulting Services Limited, as escrow agent, Alpha Professional and the Company

"Excluded Companies"	certain subsidiaries or associate companies of the Company, namely: (1) CCDH Technology Limited; (2) VIM Technology Macao Commercial Offshore Limited; (3) Finet Enterprises Limited; (4) Elastic Glory Investment Limited; (5) Elite Link Technology Limited; (6) Max Sunny Limited; (7) Excel Ascent Limited; (8) 統慶通信設備(深圳)有限公司 (Tongqing Communication Equipment (Shenzhen) Co., Ltd*); (9) Zeus Telecommunication Technology Holdings Limited; (10) Loyal Power International Investment Limited; (11) Able Success International Group Limited; (12) Eternal Rise Corporation Limited; (13) Noosa International Limited; (14) Forever Full Investment Limited; and (15) 沛恒信息諮詢(深圳)有限公司 (Pei Heng Information Consultancy Limited*)
"Excluded Shareholder(s)"	those Overseas Shareholders to whom the Company (on professional advice) considers it necessary or expedient not to offer the Offer Shares on account of the legal restrictions under the laws of the relevant territory or the requirements of the relevant regulatory body or stock exchange in that territory
"Exclusivity"	the right granted to Alpha Professional that each of the Provisional Liquidators and the Company will not enter into any verbal or written commitment or agreement with any person except Alpha Professional or be involved in any discussion or negotiation with any person except Alpha Professional and its officers, directors, employees, advisers or agents relating to the proposed restructuring of the Company during the Exclusivity Period
"Exclusivity Period"	the period of 24 months originally from and inclusive of 3 July 2015, now until 31 December 2017 (or such other date as the parties to the Framework Agreement may otherwise agree in writing)
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or his delegate
"First Amendment and Restatement Agreement"	the amendment and restatement agreement in relation to the Original Framework Agreement entered into among the Company, the Provisional Liquidators and Alpha Professional on 5 October 2015
"First Resumption Proposal"	the resumption proposal submitted by the Company on 19 July 2015 for the purpose of seeking the Resumption

"Framework Agreement"	the Previous Framework Agreement as further amended and restated by the Second Amendment and Restatement Agreement
"Group"	the Company and its subsidiaries
"HK Rich"	HK Rich Technology International Company Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Court"	the High Court of Hong Kong
"Hong Kong Open Offer Record Date"	Thursday, 2 November 2017, being the expected date by reference to which entitlements under the Open Offer will be determined for Shareholders in Hong Kong
"Hong Kong Provisional Liquidators"	Messrs. Donald Edward Osborn, Yat Kit Jong and Man Chun So, all of PricewaterhouseCoopers who had been appointed jointly and severally as provisional liquidators of the Company pursuant to the orders dated 27 June 2014 and 2 June 2015 made by the Hong Kong Court and subsequently discharged pursuant to the order dated 27 March 2017 made by the Hong Kong Court
"Increase in Authorised Share Capital"	the proposed increase in the share capital of the Company from US$10,000,000 divided into 62,500,000 Consolidated Shares to US$100,000,000 divided into 625,000,000 Consolidated Shares by the creation of an additional 562,500,000 Consolidated Shares in the share capital of the Company upon completion of the Capital Reorganisation
"Independent Board Committee"	the committee of the Board comprising Mr. Liu Jintao and Mr. Tsang Hin Fun Anthony, being the independent non-executive Directors, to advise the Independent Shareholders on, among other things, the Proposed Restructuring and the Whitewash Waiver

"Independent Financial Adviser" or "Altus Capital"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Restructuring and the transactions contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than Mr. Wang through his holding of Shares through HKSCC Nominees Ltd. and Wise Premium and those who are involved in or interested in the Proposed Restructuring and the Whitewash Waiver
"independent third party(ies)"	third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
"Investor Group"	Alpha Professional and Tongfang
"Investor Share Subscription"	the subscription by Alpha Professional of the Investor Subscription Shares
"Investor Share Subscription Agreement"	the subscription agreement dated 25 July 2017 entered into between Alpha Professional, the Provisional Liquidators and the Company pursuant to which Alpha Professional will subscribe for, and the Company will issue and allot, the Investor Subscription Shares
"Investor Subscription Shares"	188,134,528 Consolidated Shares to be allotted and issued by the Company to Alpha Professional at a subscription price of US$0.16 per Consolidated Share
"Last Acceptance Date"	17 November 2017 or such later date as may be agreed between the Company and the Underwriter, being the last date for acceptance of and payment for the Offer Shares

"Last Trading Day"	26 June 2014, being the last full trading day immediately before the suspension of trading in the Shares
"Latest Practicable Date"	20 September 2017, being the latest practicable date prior to the printing of this circular for ascertaining information of this circular
"Latest Time for Termination"	5:00 p.m. on the first business day following the Last Acceptance Date
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Listing (Review) Committee"	the Listing (Review) Committee of the Stock Exchange
"Loan Facility"	an interest-free unsecured loan of not more than HK$3.00 million made available by Alpha Professional to the Company pursuant to the terms of the Loan Facility Agreement
"Loan Facility Agreement"	the loan facility agreement dated 5 June 2015 entered into between the Company and Alpha Professional in relation to the Loan Facility
"Management Placing Shares"	10,169,414 Consolidated Shares to be placed to certain members of the New Management Team by Alpha Professional at a price of US$0.16 per Consolidated Share
"Mr. Wang"	Mr. Wang Shih Zen, a former Director, who, based on the annual report of the Company for the year ended 31 March 2017 and the Disclosure of Interests shown on the website of the Stock Exchange, is interested in a total of 153,510,250 Shares, being 153,310,250 Shares registered in the name of Wise Premium and 200,000 Shares in the name of HKSCC Nominees Ltd., representing approximately 20.13% of the issued share capital of the Company
"Mr. Xiong"	Mr. Xiong Jianrui, who is interested in 50% of the issued share capital of Alpha Professional

"Mr. Yi"	Mr. Yi Pei Jian, who is interested in 50% of the issued share capital of Alpha Professional
"New Management Team"	the persons comprising the management of the SPV Group
"Novation Deed"	the supplemental and novation deed entered into between Perfect Major, HK Rich and Alpha Professional on 5 October 2015, pursuant to which HK Rich, in the capacity as borrower, assumed all obligations of Perfect Major under the working capital loan agreement dated 5 June 2015 recording the terms of the Working Capital Loan entered into between Alpha Professional and Perfect Major
"Offer Price"	US$0.16 per Offer Share payable in full on acceptance
"Offer Shares"	15,253,753 Consolidated Shares to be allotted and issued under the Open Offer
"Official List"	the list of issuers maintained by the SGX-ST in relation to the SGX Mainboard or the SGX Catalist
"Open Offer"	the issue of the Offer Shares on the basis of two (2) Offer Shares for every five (5) Consolidated Shares held on the Open Offer Record Date by the Qualifying Shareholders
"Open Offer Record Date"	(i) Hong Kong Open Offer Record Date for Shareholders in Hong Kong; or (ii) Singapore Open Offer Record Date for Shareholders in Singapore with Shares standing to the credit of their securities accounts held with CDP
"Operating Subsidiaries"	Perfect Major, HK Rich, Prominentech and any other members of the SPV Group set up by the Company for the purpose of continuing the principal business of the Group
"Original Framework Agreement"	the framework agreement dated 5 June 2015 entered into among the Company, the Hong Kong Provisional Liquidators and Alpha Professional
"Overseas Shareholder(s)"	any Shareholder whose address as shown on the register of members of the Company is in a place outside of Hong Kong at the close of business on the Open Offer Record Date

"Perfect Major"	Perfect Major Investment Limited, a company incorporated in the BVI with limited liability, which is owned as to 80% and 20% by the Company and Resuccess Investments, respectively
"Petitioner"	Australia and New Zealand Banking Group Limited, who presented winding-up petitions to the Hong Kong Court for the winding-up of the Company on 4 April 2014
"Placing Agreement"	the placing agreement dated 11 September 2017 entered into between China Galaxy and Alpha Professional in relation to the placing of the Management Placing Shares
"Posting Date"	3 November 2017 or such other date as may be agreed in writing between the Company and the Underwriter for the despatch of the Prospectus Documents
"Previous Framework Agreement"	the Original Framework Agreement as amended and restated by the First Amendment and Restatement Agreement and amended and supplemented by the Side Letter
"Professional Fees and Expenses"	the professional fees and expenses in the amount of HK$2.00 million (or such other amount or purpose as might be agreed upon among the parties to the Framework Agreement) which Alpha Professional has agreed to pay to the Company or the Provisional Liquidators on demand and such funds will be applied towards discharge of costs incurred or to be incurred by the Company, the Operating Subsidiaries or the Provisional Liquidators on behalf of the Company and the Operating Subsidiaries in connection with the engagement of auditors, reporting accountants and internal control consultants of the Company
"Prominentech"	深圳晉科企業管理咨詢有限公司 (Prominentech Management Consultancy Limited*), a wholly foreign owned enterprise incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of HK Rich
"Proposed Restructuring"	the proposed restructuring of the Company, which involves, among other things, the Schemes, the Capital Reorganisation, the Open Offer, the Share Subscriptions, the Working Capital Loan, the Loan Facility and the placing of the Management Placing Shares

"Prospectus"	a document relating to the Open Offer to be despatched to the Qualifying Shareholders, in such form as may be agreed between the Company and the Underwriter
"Prospectus Documents"	the Prospectus and the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares
"Provisional Liquidators"	collectively, the Hong Kong Provisional Liquidators and the Bermuda Provisional Liquidators
"Qualifying Shareholders"	the Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company as at the close of business on (i) the Hong Kong Open Offer Record Date; and (ii) the Singapore Open Offer Record Date
"Relevant Period"	the period from the date falling six months prior to 22 April 2016 (being the date of the Company's first announcement in respect of, among other things, the Proposed Restructuring) to the Latest Practicable Date
"Resuccess Investments"	Resuccess Investments Limited, a company incorporated in the BVI with limited liability, which is a wholly-owned subsidiary of Tongfang
"Resumption"	the resumption of trading in the shares of the Company on the Stock Exchange
"RMB"	Renminbi, the lawful currency of the PRC
"Scheme Adjudicator"	such independent person with experience in the adjudication of creditors' claims in a liquidation as the Scheme Administrators shall nominate and appoint in their absolute discretion
"Scheme Administrators"	such persons who are appointed as scheme administrators or their successors pursuant to the terms of the Schemes
"Scheme Cash Consideration"	an amount equal to HK$147.00 million for the purposes of applying such funds against (i) the Petitioner's costs, the Provisional Liquidators' costs and the Scheme Costs; (ii) the claims of preferential creditors and secured creditors (if any) of the Company; (iii) the funding of a claims reserve; and thereafter (iv) the claims of the Scheme Creditors

"Scheme Costs"	all liabilities, costs, charges, expenses and disbursements properly incurred in connection with the formulation, drafting, promulgation, administration and implementation of the Schemes, including the fees and remuneration of the Scheme Administrators, the Scheme Adjudicator and their professional advisers
"Scheme Creditors"	any person whose claim against the Company is admitted by the Scheme Administrators
"Scheme Meeting(s)"	the meeting(s) of the Scheme Creditors to be convened at the direction of the Bermuda Court and/or the Hong Kong Court
"Scheme(s)"	the proposed scheme of arrangement for the Company under Part 13 of the Companies Ordinance and section 99 of the Companies Act between the Company and its Scheme Creditors, in its present form or with or subject to any modification, addition or condition approved or imposed by the Hong Kong Court and/or the Bermuda Court from time to time
"Second Amendment and Restatement Agreement"	the amendment and restatement agreement dated 25 July 2017 amending and restating the Previous Framework Agreement
"Second Resumption Proposal"	the resumption proposal dated 7 September 2016, as supplemented by a supplemental resumption proposal submitted by the Company to the Stock Exchange on 24 April 2017 and as further particularised in subsequent submissions by the Company (as further supplemented from time to time) for the purpose of seeking the Resumption
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company (and any adjournment thereof) to be held to consider, among other things, the resolutions necessary or appropriate in relation to the Proposed Restructuring, the Whitewash Waiver, the proposed appointment of proposed Directors and all the transactions contemplated thereunder

"SGX Catalist"	the Catalist Board operated by the SGX-ST
"SGX Mainboard"	the Mainboard of the SGX-ST
"SGX-ST"	the Singapore Exchange Securities Trading Limited
"Share(s)"	ordinary share(s) of US$0.008 each in the issued share capital of the Company
"Share Consolidation"	the proposed consolidation of every twenty (20) Shares of US$0.008 each into one (1) Consolidated Share of US$0.16 each
"Share Subscriptions"	collectively, the Investor Share Subscription and the Tongfang Share Subscription
"Shareholder(s)"	holder(s) of share(s) of the Company
"Side Letter"	the side letter dated 3 March 2016 entered into between the Company, the Provisional Liquidators and Alpha Professional in relation to, among other things, the extension of the date of termination of the Previous Framework Agreement
"Singapore Open Offer Record Date"	Friday, 27 October 2017, being the expected date by reference to which entitlements under the Open Offer will be determined for Shareholders in Singapore
"Specific Mandate"	the specific mandate to be granted by the Independent Shareholders to the Board at the SGM to authorise the Directors to allot and issue up to a maximum number of 200,846,247 Consolidated Shares in respect of the Share Subscriptions
"SPV Group"	Perfect Major, HK Rich and any other wholly-owned subsidiaries of the Company incorporated and/or acquired by the Company on or after 26 June 2015 and their respective subsidiaries from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	US$0.16, being the price per Subscription Share at which the Company agrees to issue and allot the Subscription Shares to Alpha Professional and Tongfang Asset Management

"Subscription Shares"	200,846,247 Consolidated Shares, being the aggregate of the Investor Subscription Shares and the Tongfang Subscription Shares
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Termination Date"	the date of termination of the Framework Agreement
"Tongfang"	同方股份有限公司 (Tsinghua Tongfang Co., Ltd.), a company held by 清華控股有限公司 (Tsinghua Holdings Co., Ltd.*) of Tsinghua University in Beijing, incorporated in the PRC with limited liability and primarily engaged in consumer electronics, information technology, energy and environment industries, whose shares are listed on the Shanghai Stock Exchange
"Tongfang Asset Management"	Tongfang Asset Management (Cayman) Company Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of Tongfang
"Tongfang Share Subscription"	the subscription by Tongfang Asset Management of the Tongfang Subscription Shares
"Tongfang Share Subscription Agreement"	the subscription agreement dated 7 September 2017 entered into between, among others, the Company and Tongfang Asset Management pursuant to which the Tongfang Asset Management will subscribe for, and the Company will issue and allot, the Tongfang Subscription Shares
"Tongfang Subscription Shares"	12,711,719 Consolidated Shares to be allotted and issued by the Company to Tongfang Asset Management at a subscription price of US$0.16 per Consolidated Share
"Underwriter" or "China Galaxy"	China Galaxy International Securities (Hong Kong) Co., Limited, a licensed corporation under the SFO to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, which fully will underwrite the Offer Shares to be issued under the Open Offer pursuant to the Underwriting Agreement
"Underwriting Agreement"	the underwriting agreement dated 20 September 2017 entered into between the Company and the Underwriter in relation to the underwriting of the Offer Shares

"Underwritten Shares"	up to 15,253,753 Offer Shares to be taken up by the Underwriter at a subscription price of US$0.16 per Offer Share to the extent that the Offer Shares have not been accepted by the Qualifying Shareholders
"US$"	United States dollar(s), the lawful currency of the United States of America
"Whitewash Waiver"	a waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of Alpha Professional to make a general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by Alpha Professional and its concert parties as a result of the completion of the Share Subscriptions
"Wise Premium"	Wise Premium Limited, a company incorporated in the BVI with limited liability and registered member in respect of 153,310,250 Shares as at the Latest Practicable Date, representing approximately 20.10% of the issued share capital of the Company
"Working Capital Loan"	the secured loan in the amount of not more than HK$20.00 million bearing interest at a rate of 2.00% per annum and having been made available by Alpha Professional to HK Rich pursuant to the terms of the Working Capital Loan Agreement
"Working Capital Loan Agreement"	the loan agreement dated 5 June 2015 in relation to the Working Capital Loan entered into between Perfect Major and Alpha Professional, as novated to HK Rich pursuant to the Novation Deed
"%"	per cent

Note 1: "*" for identification purposes only.

Note 2: For illustration purposes, the exchange rate of approximately US$1 = HK$7.8 is used throughout this circular unless stated otherwise. This exchange rate does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

The expected timetable set out below is for indicative purposes only and the expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

Event	**Expected date/time**
Last day for CDP depositors to submit their withdrawal request to CDP (for the purpose of Share Consolidation)	5:00 p.m. on Wednesday, 27 September 2017
Latest time for lodging transfers of Shares on the Stock Exchange to be qualified for attendance at the SGM	4:30 p.m. on Monday, 9 October 2017
Latest time for lodging transfers of Shares on the SGX-ST to be qualified for attendance at the SGM	5:00 p.m. on Monday, 9 October 2017
Register of members of the Company closes for determining entitlement to attend and vote at the SGM (both days inclusive)	Tuesday, 10 October 2017 to Monday, 16 October 2017
Latest time for lodging proxy forms for the SGM	10:00 a.m. on Saturday, 14 October 2017
Record date for determining entitlement to attend and vote at the SGM	Monday, 16 October 2017
SGM	10:00 a.m. on Monday, 16 October 2017
Scheme Meetings to approve the Schemes	6:30 p.m. on Monday, 16 October 2017
Announcement of results of the SGM	Monday, 16 October 2017
Singapore record date for the Share Consolidation	5:00 p.m. on Tuesday, 17 October 2017
Expected effective date of the Capital Reorganisation	Tuesday, 17 October 2017
Register of members of the Company re-opens	Tuesday, 17 October 2017

First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 17 October 2017
Last day for CDP depositors to submit their withdrawal request to CDP (for the purpose of Open Offer)	5:00 p.m. on Tuesday, 17 October 2017
Last day of cum-entitlements of the Consolidated Shares	Wednesday, 25 October 2017
First day of ex-entitlements of the Consolidated Shares	Thursday, 26 October 2017
Latest time for lodging transfer of the Consolidated Shares with the Company's share registrar in Hong Kong in order to qualify for the Open Offer	4:30 p.m. on Friday, 27 October 2017
Latest time for lodging transfer of the Consolidated Shares with the Company's share registrar in Singapore in order to qualify for the Open Offer	5:00 p.m. on Friday, 27 October 2017
Singapore Open Offer Record Date (for Shareholders in Singapore)	5:00 p.m. on Friday, 27 October 2017
Closure of register of members to determine the eligibility of the Open Offer (both dates inclusive)	Monday, 30 October 2017 to Thursday, 2 November 2017
Hong Kong Court hearing for the sanction of the Schemes	10:00 a.m. on Tuesday, 31 October 2017
Bermuda Court hearing for the sanction of the Schemes	8:30 p.m. on Tuesday, 31 October 2017
Hong Kong Open Offer Record Date (for Shareholders in Hong Kong)	Thursday, 2 November 2017
Register of members of the Company re-opens	Friday, 3 November 2017
Open Offer Prospectus Posting Date	Friday, 3 November 2017
Latest time for acceptance and payment of the Offer Shares	4:00 p.m. on Friday, 17 November 2017

Latest Time for Termination of the Underwriting Agreement	5:00 p.m. on Monday, 20 November 2017
Announcement of results of the Open Offer	Friday, 24 November 2017
Completion of the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares and despatch of certificates for the Offer Shares and the Subscription Shares	Monday, 27 November 2017
If the Open Offer is terminated, refund cheque to be despatched	Monday, 27 November 2017
Fulfilment of all the conditions for Resumption and publication of an announcement relating to the Resumption	Tuesday, 28 November 2017
Delisting from SGX-ST	Tuesday, 28 November 2017
Resumption and dealing in the Consolidated Shares, the Offer Shares and the Subscription Shares commence	9:00 a.m. on Thursday, 30 November 2017
Odd lot matching arrangement	Thursday, 30 November 2017 to Wednesday, 20 December 2017
Last day for free exchange of share certificates	Friday, 22 December 2017

Note 1: Potential investors and Shareholders are reminded that (i) trading in the Shares on the Stock Exchange has been suspended with effect from 2:37 p.m. on 27 June 2014 and remains suspended until further notice; and (ii) pursuant to section 166 of the Companies Act, any transfer of shares in the Company or alteration in the status of the members of Company is void unless the Bermuda Court otherwise orders.

Note 2: Potential investors and Shareholders are reminded to complete the lodging of transfer of the Consolidated Shares to the branch share registrar of the Company in Hong Kong on or before 4:30 p.m. on Friday, 27 October 2017 in order to qualify for the Open Offer and to receive the share certificates for the Offer Shares.

Note 3: Potential investors and Shareholders in Singapore may complete the lodging of transfer of the Consolidated Shares to the branch share registrar of the Company in Singapore on or before 5:00 p.m. on Friday, 27 October 2017 in order to qualify for the Open Offer, and to receive the share certificates for the Offer Shares and new share certificates for the Consolidated Shares after the Capital Reorganisation.

Note 4: Subject to the completion of the Capital Reorganisation, (i) the Company will post the new share certificates for the Consolidated Share to the Shareholders in Singapore with Shares standing to the credit of their securities accounts held with CDP at the Company's expense. The old share certificates for existing Shares will be void automatically upon the despatch of the new share certificates; and (ii) for the remaining Shareholders, the new share certificates of the Consolidated Shares will be available for exchange for free at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, during the period specified in this timetable. The old share certificates for the existing Shares will be void upon the exchange for the new share certificates. All existing share certificates issued will continue to be good evidence of title to such shares of the Company and be valid for transfer, delivery and settlement purposes.

Note 5: Shareholders in Singapore with Shares standing to the credit of their securities accounts held with CDP shall comply with relevant procedures and arrangements of CDP in connection with the participation in the Open Offer. If you are in any doubt as to the action you should take in relation to the Open Offer, you should immediately consult your local independent advisers or CDP directly.

Note 6: Upon Resumption, in order to facilitate the trading of odd lots of the Consolidated Shares arising from the Capital Reorganisation and the Open Offer, the Company will appoint an agent to arrange matching services regarding the sale and purchase of odd lots of the Consolidated Shares on a best effort basis, for those Shareholders who wish to top-up to a full board lot or sell their shareholdings of odd lots of the Consolidated Shares. Holders of the Consolidated Shares in odd lots should note that the matching of sale and purchase of odd lots of the Consolidated Shares is on best effort basis and successful matching of sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further announcement(s) in respect of the details of the agent and the matching services will be made by the Company in due course.

Note 7: For Shareholders in Singapore with Shares standing to the credit of their securities accounts held with CDP, scrip withdrawal requests submitted after 27 September 2017 should be based on the Consolidated Shares and such requests would only be processed after 17 October 2017 (i.e. the Singapore record date of the Share Consolidation); and scrip withdrawal requests submitted after 17 October 2017 will only be processed after the Singapore record date for the Open Offer.

Note 8: Unless otherwise specified, all reference to times and dates in this circular are references to Hong Kong times and dates.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OPEN OFFER

If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning,

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last Acceptance Date, the latest time for acceptance of, and payment for, the Offer Shares will not take place at 4:00 p.m. on the Last Acceptance Date, but will be extended to 5:00 p.m. on the same day instead;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last Acceptance Date, the latest time for acceptance of, and payment for, the Offer Shares will not take place on the Last Acceptance Date, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Dates and times specified in this circular are indicative only. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

RISK FACTORS REGARDING THE BUSINESS OF THE GROUP

Ability to manage growth efficiently

The Group's ability to continue its rapid growth as well as its future success depends, to a large extent, on its ability to manage the recent and anticipated growth in business.

The Group will need to:

- expand and enhance its sales;
- retain key personnel; and
- maintain up-to-date technology development.

Together with the other requirements of the Group's business, these needs will place a significant drain on the Group's financial and management resources. If the Group cannot manage its growth successfully, its profitability may be adversely affected.

Sustainability of profit

The Group's revenue is generated primarily on a contract-by-contract basis and the Group's revenue may vary over time. Therefore, the future growth of the Group's profits depends on various factors, including but not limited to the raw material costs, the production costs, and the profitability of new contracts secured, the global market conditions, consumer preference, the business performance of its major customers, research and development expenses, PRC tax rates etc.. There can be no assurance that the revenue and/or profits achieved during a particular period will be sustained in any subsequent periods. There can also be no assurance that the level of revenue derived from a particular project or customer during a particular period will recur in any subsequent periods. If the Group cannot secure adequate number of contracts in the future, the Group's financial performance and profit growth may be adversely affected.

The New Management Team focuses on development in the South Asian region and Dubai, in which the Company believes to have a massive growth potential. The Group will continue its efforts to attract new customers by participating in trade shows, and on-going technological collaboration with customers and suppliers in view of sustaining profitability. The Company also procured Tongfang, one of the top 100 information technology enterprises in the PRC, as a strategic partner and formed a joint-venture partnership to sell certain mobile devices developed by Tongfang in markets located in India and the South Asian regions. The Board is of the view that with the New Management Team's experience and track record, as well as the capital resources upon completion of the Share Subscriptions and the Open Offer, the Company will have the ability and adequate resources to respond to the changing market demands.

Failure to retain key personnel could adversely affect the Group's operations

The success of the Group, to a large extent, depends on the continued services of the Group's key personnel, who are key senior executive and skilled professionals of the Group and are also responsible for overseeing the business development of the Group. Should the Group's key personnel cease to be involved in the management and operations of the Group or should their full-time service be interrupted, there may be an adverse impact on the Group's financial and operating performance. There can be no assurance that the Group will be able to retain the Group's key personnel's service in the future.

Alpha Professional has agreed to place the Management Placing Shares to key personnel of the New Management Team as an incentive and reward.

Rapid technological changes

The Company believes that the mobile handset industry is characterised by rapid technological changes. Existing products may need to be improved and enhanced as new industry standards are being introduced regularly. The Group's prospects may be adversely affected if it is unable to keep abreast of technological advancement in a timely and cost-effective manner by improving and enhancing its existing products and services and by introducing new products. The Company's research and development capabilities cover various aspects of mobile handset design, including software application development, hardware and printed circuit board ("**PCB**") solution design. If the Group cannot keep up to date with the latest technology, the Group's future growth and profitability may be adversely affected.

The Group's research and development engineers work closely with its sales and marketing team to collect market intelligence with respect to mobile handsets and ancillary products. Through technological collaboration with customers and suppliers, the Group was able to seamlessly exchange information with them on the latest market trends with respect to product designs and technical requirements. In addition, the New Management Team has extensive experience in the development of telecommunication products, successful track record and vast knowledge on product development; hence they are able to respond to changing demands in the market.

Exchange rate risks

The sales and purchases of the Group are mainly denominated in RMB and US$. Therefore the Group is exposed to foreign exchange rate risk. As the Group has not entered into any foreign exchange forward contracts, any significant fluctuations in the exchange rates between RMB and US$ may adversely affect the profitability and the results of operations of the Group.

Additional financing may not be obtained when required

The Group's operations and development may require additional financing from either internal financial resources and/or external fund raising activities such as bank borrowings. The Group cannot assure that internal financial resources or external fund raising activities will be adequate to meet the Group's future needs, or the Group would be able to negotiate for the favorable terms that are commercially acceptable to the Group. In the event that the Group cannot raise sufficient funds for its business operation, the future development, financial condition and results of operations of the Group may be materially and adversely affected.

Demand for products is dependent on the performance of the mobile handset device market

The market conditions and demand for mobile handset device may be volatile, which may, in turn, affect the market conditions.

In addition, a substantial amount of the services of the Group were provided to South Asian markets, any change in the growth of mobile handsets market in these markets may adversely affect the business of the Group. There is no assurance, however, that such growth rate will continue in the future. If the demand of mobile handsets in those markets decreases, the Group may suffer, and its growth potential may be materially harmed.

Competitive environment of the industry

The Group is engaged in a highly competitive market of provision of mobile handset designs and production solutions business. The Group faces competition from other mobile handset production services providers. Mobile handset production providers in the PRC and other Asian countries may have the capability to provide services similar to that of the Group at competitive prices. There is no assurance that the competition within the industry will not further intensify which could result in price reduction, diminution of the market share of the Group and have an adverse impact on the Group's business. Further, there is no assurance that the Group will be able to adapt adequately to the changing market environment in a timely manner to upkeep its ability to compete in the industry.

General economic and market conditions

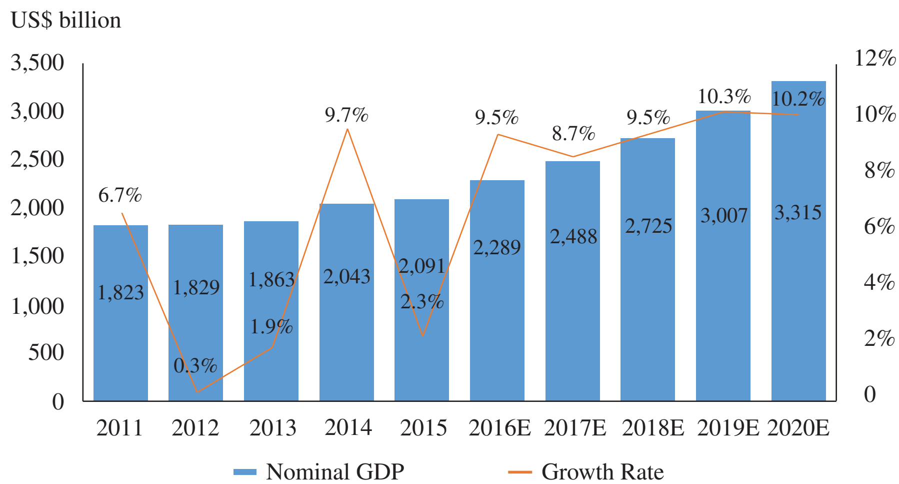
The business of the Group will be affected by the global economic and market conditions. Slow economic growth or a recession could have a material adverse effect on the business, financial condition and results of operations of the Group. As the service of the Group are applied in the production of mobile handsets which are ultimately sold to end users in the retail market, any drop in purchasing power could lead to drop in the demand for the services provided by the Group. This is a common industry norm for consumer electronic market that is very sensitive to changes in the global economy.

Business disruptions outside the Group's control

Any of natural disasters, epidemics, acts of God, acts of war and other disasters that are beyond control of the Group which may materially and adversely affect the Group's business, financial condition and operating results in ways that cannot be predicted. Any business disruptions may therefore negatively affected the operation of the Group as well as the business performance. As the occurrence of natural disasters, epidemics and acts of God, acts of war and other disasters is beyond the Group's control, there is no assurance that such events will not bring negative impact to the Group in the future.

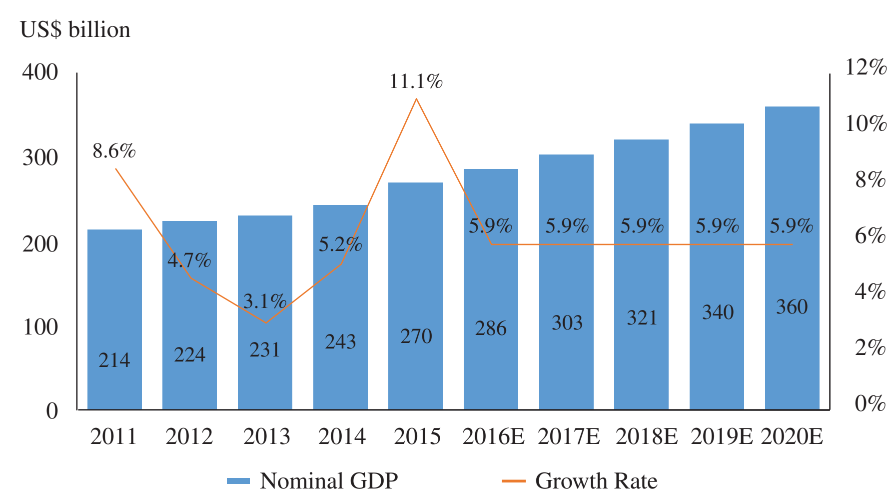
OVERVIEW OF THE MACROECONOMIC ENVIRONMENT IN INDIA, PAKISTAN, BANGLADESH AND DUBAI

India's Nominal GDP



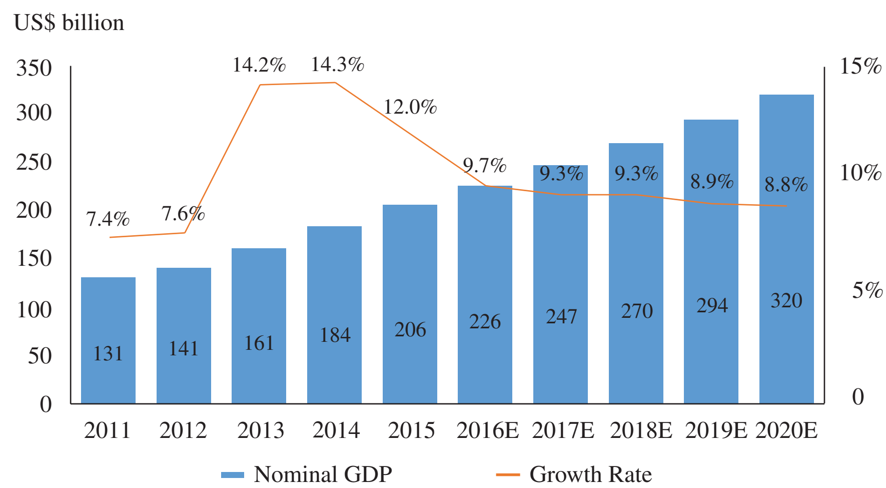
India's nominal GDP increased from US$1,823 billion 2011 to US$2,091 billion in 2015, representing a compound annual growth rate ("**CAGR**") of 3.49%, and is expecting to increase further to US$3,315 billion in 2020, representing a CAGR of 9.65% from 2015-2020. Strong GDP growth is expected to result in considerable increase in real per capita income, which in turn would lead to significant reduction in the percentage of people living below the poverty line. With rising income levels, India is expected to move from a low-income country to a middle-income or upper-middle income country by 2020.

Pakistan's Nominal GDP



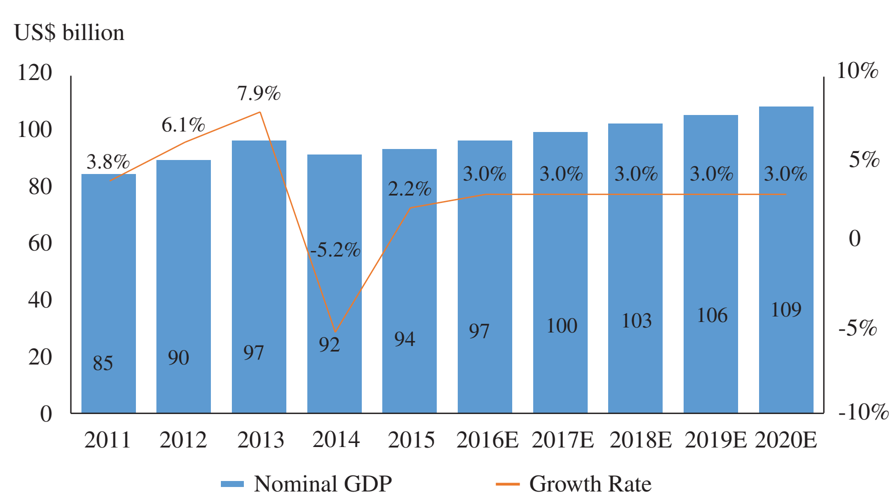
Pakistan's nominal GDP increased from US$214 billion in 2011 to US$270 billion in 2015, representing a CAGR of 5.98%, and is expecting to increase further to US$360 billion in 2020, representing a CAGR of 5.92% from 2015 to 2020. Good GDP growth is expected to result in considerable increase in real per capita income, which in turn would lead to significant reduction in the percentage of people living below the poverty line. With rising income levels, Pakistan is expected to move from a low-income country to a middle-income country by 2020.

Bangladesh's Nominal GDP



Bangladesh's nominal GDP increased from US$131 billion in 2011 to US$206 billion in 2015, representing a CAGR of 11.98%, and is expected to increase further to US$320 billion in 2020, representing a CAGR of 9.21% from 2015 to 2020. Good GDP growth is expected to result in considerable increase in real per capita income, which would in turn lead to a significant reduction in the percentage of people living below the poverty line. With the rising income levels, Bangladesh is expected to move from a low-income country to a middle-income country by 2020.

Dubai's Nominal GDP



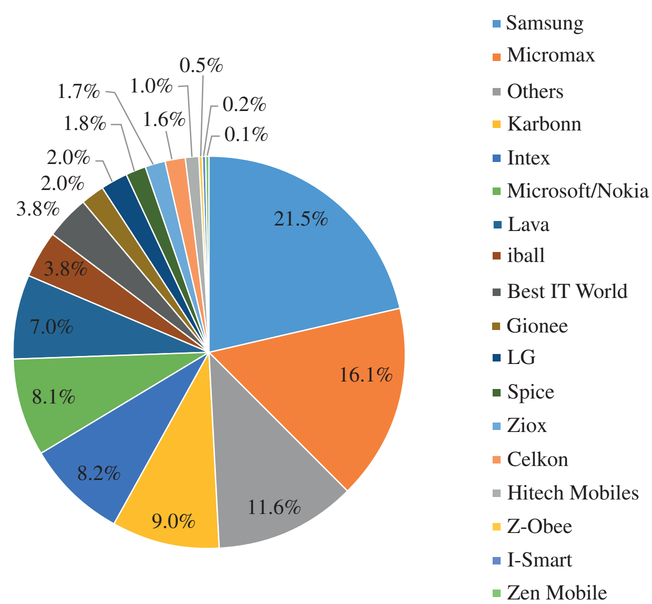
Dubai's nominal GDP increased from US$85 billion in 2011 to US$94 billion in 2015, representing a CAGR of 2.64%, and is expected to increase further to US$109 billion in 2020, representing a CAGR of 2.97% from 2015 to 2020.

MARKET SHARE ANALYSIS

Indian Mobile Phone Market

In recent years, local players have diversified their product lines and introduced a wider range of models with price points targeting different market segments.

The market share of Indian mobile phone market

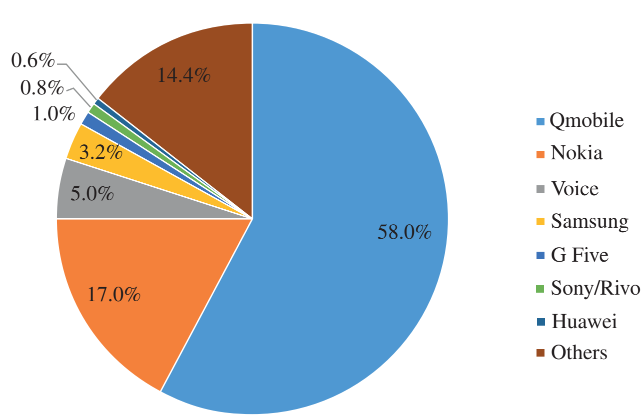


As a result, they have significantly increased their share of the handset market. These domestic players have become household names partly through their advertising and marketing campaigns and sponsorship of sports events.

Pakistani Mobile Phone Market

Qmobile has dominated the Pakistan market, with more than 50% of the market share. Nokia and Voice are another two important players in the market. It is estimated that 70% to 80% of cell phone users are aged 21-30, and 60% to 70% of the smartphone users in Pakistan are on Android.

The market share of Pakistani mobile phone market

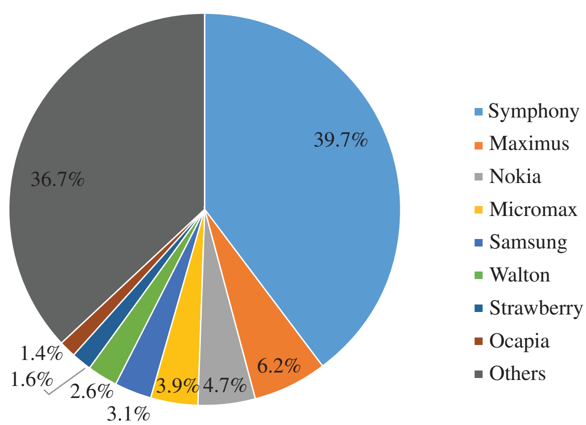


By 2019, subscribers of 3G/4G is expected to increase to 110 million. Apart from affordability, Pakistanis show preference for big display, good camera and long battery life, especially for entry level smartphones. It is expected that smartphone will gradually take over feature phones with the improvement of mobile network infrastructure, while many of the smartphone vendors, such as Samsung show the ambition to grab larger market share by increasing marketing budget, establishing assembling unit and so on.

Bangladeshi Mobile Phone Market

Symphony has dominated the Bangladesh market, with more than 50% of the market share. Samsung and Walton (local brand) are another two important players in the market. Bangladesh lags behind in adopting 3G technology (3% of mobile subscription in 2014) and allowing smartphones to penetrate (only 18% of total market share in 2014).

The market share of Bangladeshi mobile phone market

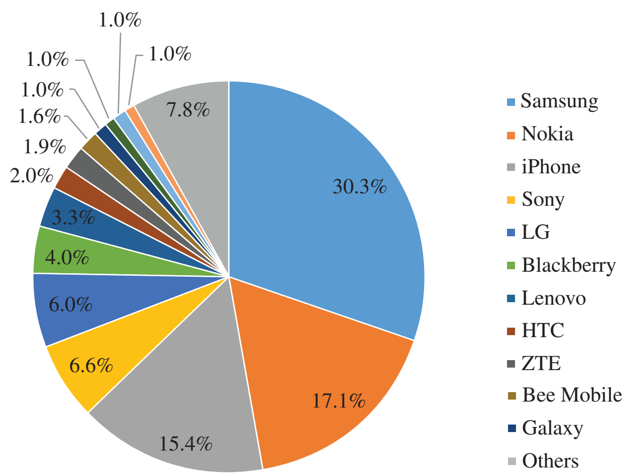


With import taxes reduced in 2015, it is expected that more foreign brands will enter into the market and provide cheaper handsets to boost the growth. Both feature phones and smartphones have witnessed growth in sales volume in recent years, indicating the potentiality of Bangladeshi market before smartphones start to take over. It is expected that 4G (LTE) will enter in 2019 and bring along faster growth in smartphone sector.

Dubai Mobile Phone Market

In recent years, smartphone has quickly penetrated through the market and still enjoys increasing popularity.

The market share of Dubai mobile phone market

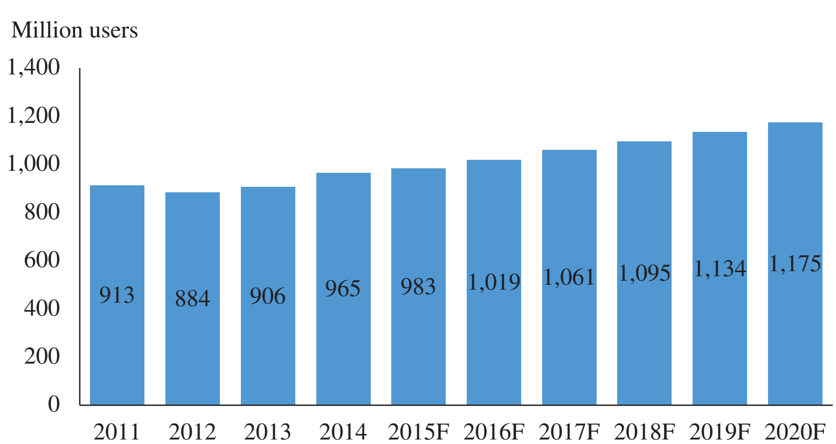


As a result, Samsung took over Nokia as the market leader within 2 years and iPhone caught up rapidly. The application stores offered or used by each brand greatly accounted for the shift of preference. iPhone 6 leads other models. There is also stronger presence of Chinese brands, mostly due to the low-cost advantage. Smartphone represents more than 95% of the total sales.

ACTIVE MOBILE SUBSCRIPTION

Indian market

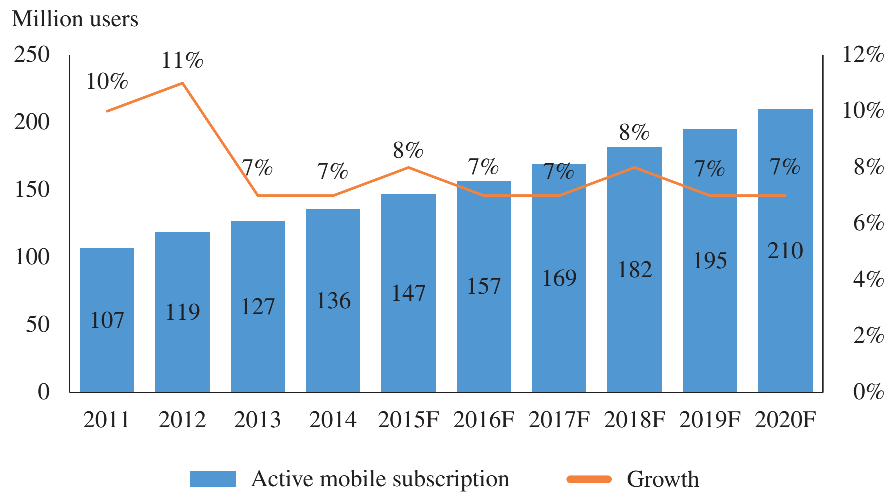
Active Mobile Subscriptions – India



The number of India mobile subscriptions increased from 913 million in 2011 to 983 million in 2015, representing a CAGR of 1.87%. It is estimated that the number of India mobile phone subscriptions will increase further to 1,175 million in 2020, representing a CAGR of 3.63% from 2016 to 2020.

Pakistani market

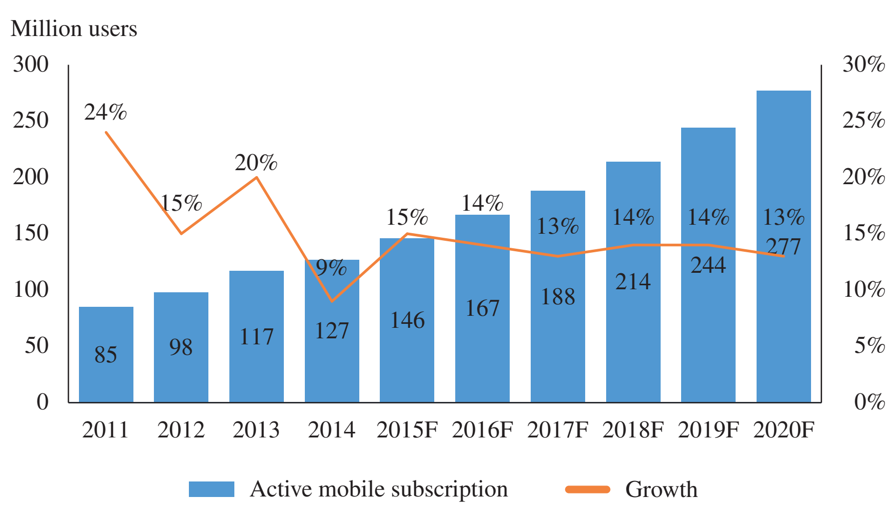
Active Mobile Subscriptions – Pakistan



The number of Pakistan mobile subscriptions increased from 107 million in 2011 to 147 million in 2015, representing a CAGR of 8.13%. It is estimated that the number of Pakistani mobile phone subscriptions will increase further to 210 million in 2020, representing a CAGR of 7.42% from 2016 to 2020.

Bangladeshi market

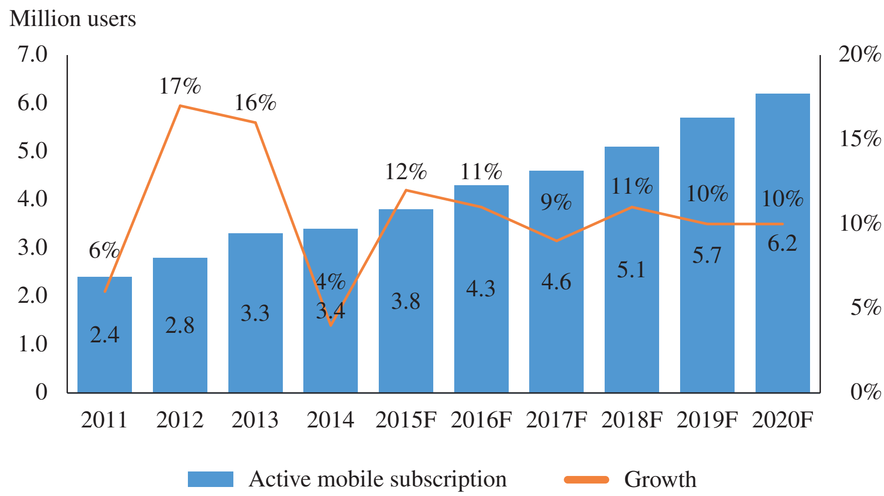
Active Mobile Subscriptions – Bangladesh



The number of Bangladesh mobile subscriptions increased from 85 million in 2011 to 146 million in 2015, representing a CAGR of 14.59%. It is estimated that the number of Bangladesh mobile phone subscriptions will increase further to 277 million in 2020, representing a CAGR of 13.64% from 2015 to 2020.

Dubai market

Active Mobile Subscriptions – Dubai



The number of mobile subscriptions increased from 2.4 million in 2011 to 3.4 million in 2014, representing a CAGR of 12.13%. The active number of mobile subscription exceeded the number of population, suggesting that residents there own more than one cell phone. It is estimated that the number of Dubai mobile phone subscriptions will increase further to 6.2 million in 2020, representing a CAGR of 10.50% from 2015 to 2020.

COMPETITIVE LANDSCAPE

Entry barriers

The mobile phone industry is highly competitive and new entrants have to overcome (i) bureaucratic burden and lack of transparency; (ii) legal environment; (iii) access to distribution infrastructure; (iv) capital requirements and industry scale effect; (v) foreseeable merger and acquisition; and (vi) forced product differentiation. Details of these barriers are set out below:

Bureaucratic burden and lack of transparency

Bureaucratic burden is manifested in anti-competitive practices, excessive red tape (bureaucracy or adherence to official rules and formalities), high tariff and corporate tax, interference with business operations, corruption and other secrecy within the bureaucratic system. Lack of transparency makes it hard to interpret rules and regulations and imposes extra uncertainty risks upon enterprises.

These problems are found deeply rooted in the four subject districts, but there are signs suggesting improvement, such as reduction in corporate income tax, maximum import duties and deregulation.

Legal environment

Protection of intellectual property is very essential to mobile handset industry, especially when the market ushers in an era of intensified competition and continuous innovation. The decreasing price of mobile handsets is squeezing profits, while research and development cost a great amount of investment of human and financial capital to help companies differentiating from competitors. Intellectual property theft can be very detrimental to enterprises.

Indian, Pakistani and Bangladeshi markets are still flooded with counterfeits and cheap copies, while Dubai launched Index to monitor intellectual property protection in Q1 2015 through Department of Economic Development, which improved the situation.

All districts have been performing badly in regulating money laundering, controlling crime loads and restricting corruption. The volatile and dangerous environment is deterring to new entrants.

Access to distribution infrastructure

India, Pakistan and Bangladesh are known for poor transportation infrastructure and logistics services. Congested and low-quality transportation jeopardises the operation and management of retail business. The lack of retail channels also makes it hard to distribute mobile handsets.

There are gradual improvements on infrastructure construction. The rising of Internet propels the development of E-commerce and O2O model, which mediates the severity to some extent, yet the problem remained to be solved.

Capital requirements and industry scale effect

The financial resources required for infrastructure, machinery, research and development and advertising for mobile handset industry is massive and formidable. The underdeveloped financial system in the subject four districts including Dubai (Dubai was ranking the 10th in 2015 Financial Secrecy Index) adds extra burden to smoothly running a business.

Startups may get around capital requirements by outsourcing parts of the operation to companies that can leverage existing investments.

Mobile market has strong capital effect as operators need huge capital investment during the initial set up period as well as the high maintenance costs in the long run. These are declines in the unit costs of a product as the absolute volume per period increases. These force the entrant to either come in at a large scale (risking strong reaction from incumbents) or a small scale (forcing a cost disadvantage).

Foreseeable merger and acquisition

The competitive landscape of the industry and the overcrowded supply side urge for a massive consolidation, vertical integration or merger and acquisition across the market, some of which have already been in progress in recent years. This foreseeable trend exposes new entrants to greater risk of being acquired or otherwise, the fate of competing with bigger industry giants.

Forced product differentiation

Incumbents have brand identification and customer loyalties. This forces entrants to spend heavily to overcome these loyalties. Startups may bring a different product to market, but its benefits must be clearly communicated to the target customer. Startups must find an effective positioning, which often requires marketing resources beyond their means.

The intensifying competition in the four districts urge the necessity of product differentiation to attract and maintain customer base. Not only is there too many brands having smelt the profit potential and crowded into the playground, but increasing standards and requirements from the customer side forcing vendors to conduct continuous innovation in style and value-added features.

GROWTH DRIVERS OF MOBILE PHONE MARKET IN INDIA, PAKISTAN, BANGLADESH AND DUBAI

Supply side

Decrease in data service rate

Thank to the deregulation of telecommunication industry which leads to fiercer competition, the data services fee has been reduced greatly to increase the affordability, in line with the growing popularity of Internet usage and enhancing Internet literacy. For mobile phone handset providers, decreasing data service rates is favourable to developing new features of new mobile phones.

Foreign direct investment ("FDI") encouragement

India, Pakistan and Bangladesh ranked 1st (US$34 billion), 3rd and 4th (US$2 billion each) respectively in South Asia in 2014. Dubai also attracted US$7.8 billion during the period. The increase in inflow of FDI suggests an increasing open and friendly environment for business operation; it also promises the dynamics and potentials of business opportunities for international companies in particular. The surging FDI inflow reflects the world's expectation on these districts and confidence about the economic growth, where mobile phone industry can also grab a share of profits.

Government incentives

Government incentives come in many ways, such as tax or tariff reduction, structural support, regulation relaxation and other policy support.

Demand side

Increasing need of mobile telecommunications

The mobile Internet combines mobile telecommunications applications with the Internet. Such convergence has transformed the way people communicate, work and lead their daily lives. In the foreseeable future, further convergence of telecommunications, the Internet and broadcasting, will bring people's entertainment and lifestyle experience to new levels. The mobile phone will become an all-in-one wireless portable device encompassing both telecommunications and Internet access functions. Smart phone users have already left their GPS devices, MP3 players and digital cameras increasingly under-utilized. It is expected that, in the foreseeable future, newly developed smart phone applications may take over some of the applications of the credit card or even the personal ID card.

Rising disposable income and living standards

The rising disposable income in the future is one of the dominant drivers to mobile service industry. Along with the improvement of living standards, residents tend to demand for better mobile services, especially faster data transaction speed. Also, as users look for better entertainment and communication experience, data usage is expected to increase, which in turn serves as a strong driver.

The rise of the middle class in subject countries is driving consumer expenditure as well as changing consumption patterns towards more discretionary spending and a greater focus on status-related items.

It is important to note that women's disposable incomes are also rising markedly thank to the improved access to education for girls and the greater labour force participation by women.

Increasing corporate acceptance of smartphone as business class phones

Continuously enhanced features of smartphones, such as higher operational efficiency, cutting-edge multimedia functions, convenient connectivity, speedy data processing, built-in GPS capabilities and so on, expedite business management, cooperation and transaction. In turn, enterprises expect more from the potentials of smartphones and carried applications.

Enhancement of employee/enterprise productivity encourages the rise of BYOD (Bring Your Own Device) phenomenon. The willingness to reimburse the costs incurred accordingly also help increase the adoption among enterprise customers and drive demand upward.

Rising requirement of technology literacy and social interaction need

The first adopters in the mobile phone market help formulate the trend and demand of new features, which currently dictate the popularity of social networking applications and the necessity of enabling an increasing number of functions on a mobile end. To catch up with first adopters, new users should also enhance their mobile phone literacy and increase social networking activity on mobile phones, which will continue to be one of the driving force of demand in the short term.

Statistically, data traffic per active smartphone is expected to increase five-fold from 1.4 GigaByte (GB) per month in 2015 to 7 GB per month by 2021. Total smartphone traffic is growing seventeen-fold to 4.2 Exabyte (EB) per month by 2021.

RECENT DEVELOPMENT TRENDS OF THE MOBILE PHONE MARKET

Indian market

Handset and SIM card sales still account for the majority of the mobile retail business, but recent demand for more diverse products and services has seen retailers offer more accessories, handset covers and after sales options.

Significant increases in data usage have generated new business opportunities beyond traditional voice services for telecom operators who now provide prepaid and postpaid mobile internet services that can be combined with voice packages or sold as standalone products. Operators such as Tata docomo, Airtel, Reliance and Vodafone have their own data cards.

Telecom operators providing Direct to Home (DTH) satellite television in India are expanding their offering by combining top-ups with mobile-targeted offers through their galleries and stores.

Value-added services have taken the mobile market by storm, with demand for new applications increasing almost on a daily basis. Traditional retailers have tried to meet consumer demand by providing value added services at the store level. These retailers have gone beyond selling handsets and SIM cards to customers to meet demand for anti-virus software and other applications.

Pakistani market

The prosperous outlook of the mobile market in Pakistan has attracted many players. Existing brands are penetrating through by decreasing prices or increasing product differentiability. New entrants trying to grab certain market share utilizing expertise in other business areas.

Franchising and OEM are more common than vertical integration in Pakistan and price remains the top concern for most customers. High-end products and product lines are embracing a bright outlook, but currently are limited due to the underdeveloped telecommunication technology.

Shift to smartphones is quick and sweeping, in line with the development of telecommunication technology. 4G rollout stimulates 124% increase in smartphone shipments in the first quarter in 2015 and the trend is not to be stopped.

Around half of Internet browsing is done through smartphones, while in turn Internet penetration will empower more functions for the smartphones and result in higher demand. E-commerce has been growing at a CAGR bigger than 100% in recent years, marked US$60 million in 2015 and is expected to exceed US$1 billion by 2020.

Tax reduction, reform and deregulation of telecommunication and increase in FDI are still unfolding, which shall bring about more changes in the telco industry and spillover to mobile handset industry.

Customers are expecting more functions and value-added services from vendors. There is a shift from texting and picture taking to social media using. In addition, Pakistanis expect more local content development from mobile vendors. Complaints and frustrations about poor customer services accompanying lower-end mobile phone vendors are common. With the rise of e-commerce, typing up loose ends down the supply chain will prove necessary.

Bangladeshi market

Despite high subscription growth and mobile penetration rate, mobile operators are reported suffering from low Average Revenue per User (ARPU), which indicates a mismatch between services and expectations. The late establishment of 3G network also hampered the development of smartphone market, where most functions should be accommodated with higher data capacity. As of early 2015, only 3% of mobile subscribers used 3G technology and 6%-8% of total telco revenue came from data usage.

Lack of 4G infrastructure dragged Bangladesh behind other markets. Within the limited playground, competition is intensifying and proves hard for new entrants.

The ability to sustain price war and enrich product features simultaneously help earn market shares for lower-end-phone manufacturers, while the technology savviness of international brands such as Samsung and the growing fondness for smartphones promise growth opportunities for higher-end-phone vendors. Smartphone user penetration is expected to reach 30% by 2017.

Lean distribution is common for large vendors in the market, which is part of a pull-based value chain beginning with customer orders. On the other hand, Internet has witnessed phenomenal growth and marked a penetration of 31.9% in 2015. The high trust towards internet information can nurture the development of e-commerce, which will in turn strengthen the necessity and popularity of lean distribution management.

Dubai market

While smartphone penetration is already ahead of other regions, sale of feature phones continue to drop in recent years. Smartphones are increasingly viewed multifunctional devices and expected to meet personalized needs.

High turnover rate of mobile phones promise a huge replacement sale opportunity, which also resulted in different loyalty plans to attract customers by offering value-added services or upgrading phone features frequently,

In addition to the handsets, operating platforms bring continuous values to manufacturers. During the period Android surged successfully when Blackberry OS suffered from insufficient innovations. Applications delivered via these platforms are important revenue streams as well, and they are expected to generate more profits than handsets in the coming years.

High smartphone penetration and mobile subscription makes Dubai different from other markets, which paves the way for fast development of E-commerce and IoT. The internet penetration recorded 93.2% in 2014. In the short-term location-based commerce should be expected with mobile commerce and context aware computing being further developed.

OPPORTUNITIES AND OBSTACLES OF MOBILE PHONE MARKET IN INDIA, PAKISTAN, BANGLADESH, DUBAI

Opportunities

- Large customer base
- Large degree of acceptance of new technology
- Enhancing Internet uptake
- Strong government incentive
- Growing national income

Obstacles

- Fierce competition as more players enters the market
- Incomplete logistics infrastructure in India, Pakistan and Bangladesh
- Hard for market research in emerging markets (e.g. unclear income segmenting)
- Local brands facing more pressure from renowned international brands
- Increasing customer bargaining power is squeezing profits (requirement on rich functions as well as reasonably low prices)

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)

Provisional Liquidators:
Mr. Donald Edward Osborn
Mr. Yat Kit Jong
Mr. Man Chun So

Executive Directors:
Mr. Lai Hui *(Chief executive officer)*
Ms. Yang Jian Hui
Ms. Chen Ling

Independent non-executive Directors:
Mr. Liu Jintao
Mr. Tsang Hin Fun Anthony

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

25 September 2017

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED RESTRUCTURING INVOLVING, INTER ALIA,
(A) CREDITORS' SCHEMES;
(B) PROPOSED CAPITAL REORGANISATION;
(C) PROPOSED OPEN OFFER ON THE BASIS OF TWO (2) OFFER SHARES FOR EVERY FIVE (5) CONSOLIDATED SHARES HELD ON THE OPEN OFFER RECORD DATE;
(D) PROPOSED SHARE SUBSCRIPTIONS;
(E) WORKING CAPITAL LOAN AND LOAN FACILITY;
(F) PROPOSED PLACING OF MANAGEMENT PLACING SHARES;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED APPOINTMENT OF PROPOSED DIRECTORS;
(4) PROPOSED VOLUNTARY DELISTING FROM THE SGX-ST;
AND
(5) NOTICE OF SGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 22 April 2016, 6 July 2017 and 31 August 2017 in relation to, among other things, the Previous Framework Agreement, the Conditional Approval Letter, and the amendment to the Previous Framework Agreement.

Trading in the Shares on the Stock Exchange has been suspended since 27 June 2014. Pursuant to the court orders dated 27 June 2014 and 2 June 2015 made by the Hong Kong Court and the court order dated 17 February 2017 made by the Bermuda Court, the Provisional Liquidators were appointed to, among others, formulate and carry out a restructuring of the Company.

The Company submitted to the Stock Exchange the First Resumption Proposal for the Proposed Restructuring on 19 July 2015, but it was considered not viable by the Stock Exchange. On 7 September 2016, the Company submitted the Second Resumption Proposal, which was supplemented by a supplemental resumption proposal dated 24 April 2017 and as further particularised in subsequent submissions by the Company (as further supplemented from time to time). The Second Resumption Proposal was conditionally approved by the Listing Committee on 30 June 2017, which is subject to (i) the completion of all the transactions contemplated under the Second Resumption Proposal; and (ii) the withdrawal or dismissal of the winding up petitions against the Company and its subsidiaries and the discharge of the Provisional Liquidators.

The purpose of this circular is to provide the Shareholders with details of (i) the Proposed Restructuring, which includes, among other things, details relating to (a) the Schemes; (b) the Capital Reorganisation; (c) the Open Offer; (d) the Share Subscriptions; (e) the Working Capital Loan and the Loan Facility; and (f) the placing of the Management Placing Shares; (ii) the Whitewash Waiver; (iii) the letter from the Independent Board Committee to the Independent Shareholders in relation to the Proposed Restructuring and the Whitewash Waiver; (iv) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Restructuring and the Whitewash Waiver; (v) the proposed appointment of the proposed Directors; (vi) the delisting of the Company's shares on the SGX-ST; (vii) a notice of the SGM; and (viii) other information as required under the Listing Rules and the Takeovers Code.

PROPOSED RESTRUCTURING

A. The Framework Agreement

The Company, Provisional Liquidators and Alpha Professional entered into the Framework Agreement, pursuant to which the parties agreed on the principal terms of the Proposed Restructuring. Details of the Framework Agreement are as follows:

Date	:	5 June 2015 (as amended and restated by the First Amendment and Restatement Agreement dated 5 October 2015 and amended and supplemented by the Side Letter dated 3 March 2016, and further amended and restated by the Second Amendment and Restatement Agreement dated 25 July 2017)

Parties	:	(i) the Company;
		(ii) the Provisional Liquidators; and
		(iii) Alpha Professional

Principal elements

Pursuant to the Framework Agreement, the Proposed Restructuring will comprise, among other things, (i) the Schemes; (ii) the Capital Reorganisation; (iii) the Open Offer; (iv) the Share Subscriptions; (v) the Working Capital Loan and the Loan Facility; and (vi) the placing of Management Placing Shares. Details of each element are set out in the sections headed "The Schemes", "The Capital Reorganisation", "The Open Offer", "The Share Subscriptions", "The Working Capital Loan and the Loan Facility" and "The placing of Management Placing Shares" below.

Exclusivity

Alpha Professional has been granted the Exclusivity Period for the Proposed Restructuring. During the Exclusivity Period, each of the Company and the Provisional Liquidators shall not, and shall ensure that its respective partners, directors, officers, employees, advisers or agents will not, directly or indirectly:

(i) enter into or be involved in any discussion or negotiation with any person except Alpha Professional and its officers, directors, employees, advisers or agents relating to the proposed restructuring of the Company;

(ii) enter into any verbal or written commitment or agreement (whether or not legally binding on the parties) with any person except with Alpha Professional relating to the proposed restructuring of the Company; or

(iii) enter into or be involved in any transaction which has the impact of frustrating or impeding the transactions as contemplated in the Framework Agreement.

Earnest Money

In consideration of the Company and the Provisional Liquidators granting the Exclusivity Period to Alpha Professional, Alpha Professional agreed to pay the Earnest Money (being a total amount of HK$40.00 million) into the Escrow Account for the discharge, in whole or in part, of fees, remuneration, costs and expenses incurred or to be incurred by the Provisional Liquidators in connection with the Proposed Restructuring.

As at the Latest Practicable Date, HK$33.00 million of the Earnest Money has been paid by Alpha Professional into the Escrow Account. In the event that Completion takes place pursuant to paragraph (i) set out in the sub-section headed "Termination" below, the remaining amount of HK$7.00 million will be deposited into the Escrow Account upon discharge of the Provisional Liquidators and will be released within five (5) business days (or such later date as Alpha Professional and the Provisional Liquidators may agree) after the date of Resumption.

In the event that the Framework Agreement is terminated by the Provisional Liquidators pursuant to paragraph (iii) set out in the sub-section headed "Termination" below, the Provisional Liquidators will be entitled to forfeit any remaining balance of the Earnest Money held in the Escrow Account (together with all accrued interest (if any)) after deduction of all fees, remuneration, costs and expenses incurred by, and payable to, the Provisional Liquidators and its advisors and agents, and treat the funds as assets of the Company.

In the event that the Framework Agreement is terminated for any reason (other than pursuant to paragraphs (i) and (iii) set out in the sub-section headed "Termination" below), the Escrow Agent will release any remaining balance of the Earnest Money in the Escrow Account (together with all accrued interest (if any)) to Alpha Professional within three (3) business days of the Termination Date.

Call Option

Pursuant to the Framework Agreement, in consideration of Alpha Professional having (i) entered into the Framework Agreement, (ii) made available the Loan Facility and (iii) paid HK$33.00 million of the Earnest Money, the Company granted to Alpha Professional the Call Option pursuant to which Alpha Professional may, at its sole and absolute discretion, at any time after the Termination Date (other than a Termination Date arising upon Resumption), require the Company to sell the entire issued shares held by it in each member of the SPV Group, free and clear of all encumbrances and at an exercise price of HK$5.00 million, being the equivalent to the first instalment of the Earnest Money.

In the event that Alpha Professional exercises the Call Option, the exercise price will be deemed to have been settled in full by the payment of the first instalment of the Earnest Money, which has already been released to the Provisional Liquidators. The Call Option will lapse upon Resumption.

As at the date of the granting of the Call Option, the SPV Group had not commenced any business activities and possessed minimal capital. In particular, the option premium, the exercise price, the value of the underlying assets, the revenue attributable to the underlying assets and the profits attributable to the underlying assets, which were determined on the date of the granting of the Call Option, are nil, HK$5.00 million, US$100.00, nil and nil, respectively.

Rule 14.74(1) of the Listing Rules on the grant of the option states that if the exercise of an option is not at the discretion of the listed issuer, the transaction will be classified as if the option had been exercised and, for the purpose of the percentage ratios, the consideration includes the premium and the exercise price of the option. Based on the particulars of the Call Option disclosed above, given that none of the applicable percentage ratios in respect of the granting of the Call Option exceed 5% and the consideration of the Call Option does not include securities for which listing will be sought, the granting of the Call Option does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Further, pursuant to Rule 14.76(1) of the Listing Rules, where, on the grant of the option, the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets has not been determined, the listed issuer must demonstrate to the satisfaction of the Stock Exchange the highest possible monetary value, which value will then be used for the purpose of classification of the potential notifiable transaction. However, given that all of the elements set out in Rule 14.76(1) were determined at the time of granting the Call Option, the stipulating conditions for Rule 14.76(1) are not met and thus Rule 14.76(1) is not applicable to the granting of the Call Option.

Termination

Unless the Company, the Provisional Liquidators and Alpha Professional otherwise agree in writing, the Framework Agreement shall terminate:

(i) automatically on the date of Completion;

(ii) automatically on the date when the Exclusivity Period ends;

(iii) in the event Alpha Professional has breached any of its obligations under the Framework Agreement, the Loan Facility Agreement, the Working Capital Loan Agreement, the Novation Deed, the First Amendment and Restatement Agreement, the Second Amendment and Restatement Agreement and/or any other agreements contemplated thereunder in any material respect which has the effect of frustrating the transactions contemplated thereunder and the Provisional Liquidators having notified Alpha Professional in writing of such breach and Alpha Professional has not remedied the breach within 30 days of the written notice, the date on which the Provisional Liquidators notify Alpha Professional to terminate the Framework Agreement after the expiry of the aforementioned 30-day period;

(iv) in the event the Provisional Liquidators, the Company or any of their respective partners, directors, officers, employees, advisers or agents have breached the terms of the Exclusivity, the date on which Alpha Professional notifies the Provisional Liquidators to terminate the Framework Agreement based on such breach;

(v) the date on which Alpha Professional notifies the Provisional Liquidators in writing to terminate the Framework Agreement if (i) the SGM or an alternative special general meeting of the Company has been convened for the Shareholders to consider and approve the Capital Reorganisation, the Open Offer, the Share Subscriptions, the Whitewash Waiver and the Framework Agreement and the respective transactions contemplated thereunder and any one or more of the resolutions to approve the Capital Reorganisation, the Open Offer, the Share Subscriptions, the Whitewash Waiver, the Framework Agreement and/or the respective transactions contemplated thereunder have not been passed by the requisite majority of the Shareholders at the said meeting or any adjourned meeting thereof; (ii) the sanction of each of the Hong Kong Court and the Bermuda Court of the Scheme before it has not been obtained; (iii) the Schemes are not approved by the requisite majority of Scheme Creditors; and/or (iv) the Schemes are not registered and/or do not take effect for any reason; and

(vi) the date on which Alpha Professional notifies the Provisional Liquidators in writing to terminate the Framework Agreement if the conditions set out in the Conditional Approval Letter do not become unconditional or has not been waived by the Stock Exchange (as the case may be) on or before 31 December 2017.

Upon termination, all rights and obligations of the parties under the Framework Agreement shall cease immediately and all provisions of the Framework Agreement shall terminate (except for certain surviving provisions with respect to (i) the repayment and release of the Earnest Money; (ii) the repayment of the Loan Facility; and (iii) the exercise rights of the Call Option etc.) and the parties shall have no claims against each other whatsoever, except in relation to any claim arising from a breach of the Framework Agreement that has accrued prior to termination.

B. The Schemes

As at the date of the First Resumption Proposal, to the best knowledge of the Provisional Liquidators and based on the available books and records of the Company, the estimated total amount of claims against, and the liabilities of, the Company was over HK$677.00 million.

Pursuant to the Framework Agreement, the Company will endeavour to implement the Schemes. Under the Schemes, it is proposed that, among other things, HK$147.00 million shall be made available by the Company for the purposes of applying such funds in the following order of priority towards discharge of: (i) the claims of preferential creditors; (ii) certain costs incurred (a) in connection with certain petitions filed with the Hong Kong Court and the Bermuda Court; (b) by the Provisional Liquidators; and (c) in connection with the Schemes; (iii) the funding of a claim reserve in the amount of HK$5.00 million; and thereafter (iv) the claims of the Scheme Creditors.

The amount of HK$147.00 million required for the Schemes will be funded out of the gross proceeds of HK$269.64 million to be raised from the Open Offer and the Share Subscriptions.

As part of the Schemes, the Group will undergo a group reorganisation pursuant to which the Company will transfer all its right, title and interest in and to the Excluded Companies to a nominee of the Scheme Administrators at a nominal value. After such transfer, proceeds from the realisation of any existing assets of the Excluded Companies will be distributed for the benefit of the Scheme Creditors.

The implementation of the Schemes is conditional upon, among other things, the completion of the Capital Reorganisation, the Open Offer and the Investor Share Subscription. Under the Schemes, all the claims of the Scheme Creditors against, and liabilities of, the Company will be discharged and compromised in full in return for a *pari passu* distribution of the Scheme Cash Consideration and proceeds from the realisation of any existing assets of the Excluded Companies.

The Schemes shall become effective and legally binding on the Company and all the Scheme Creditors, including those voting against the Schemes and those not voting, if (i) the requisite majority (representing more than 50.00% in number and not less than 75.00% in value of the claims of the Scheme Creditors who, either in person or by proxy, attend the Scheme Meetings) votes in favour of the Schemes; (ii) the Hong Kong Court and the Bermuda Court sanction the Scheme before it; and (iii) the orders of the Hong Kong Court and the Bermuda Court sanctioning the Schemes are delivered to, the Registrars of Companies in Hong Kong and Bermuda, respectively, and, in the case of the Hong Kong Court order, duly registered by the Hong Kong Registrar of Companies.

As at the Latest Practicable Date, neither the Petitioner nor any of the preferential creditors and the secured creditors of the Company, the Scheme Creditors or the Provisional Liquidators, is a Shareholder.

Financial impacts of and reasons for the Schemes

Subject to the approval by the Scheme Creditors and the successful implementation of the Proposed Restructuring, all the claims of the Scheme Creditors against and liabilities of the Company will be discharged and settled by way of a *pari passu* distribution of the Scheme Cash Consideration subject to the conditions and upon the terms of the Schemes. In the event that the Schemes are not implemented on or before the longstop date set out therein, the Scheme Creditors will be in the position as if the Schemes had never been sanctioned by the courts in Hong Kong and/or Bermuda. As such, the Provisional Liquidators consider that the Schemes are the only viable way to compromise, discharge and settle all the claims of the Scheme Creditors against, and liabilities of, the Company since the Company is currently under provisional liquidation and has no sufficient funds/assets to meet such claims.

The Schemes will improve the Company's financial position. As disclosed in the unaudited pro forma financial information of the Group set out in Appendix II of this circular, the net current liabilities of the Group as at 31 March 2017 were approximately US$11.00 million (equivalent to approximately HK$85.80 million). Upon completion of the Schemes, the amount of net current assets will be improved and become US$13.43 million (equivalent to approximately HK$104.75 million).

The Schemes will also reduce financial costs incurred in relation to the loans and borrowings since the relevant indebtedness will be settled in accordance with the terms of the Schemes.

Based on the information currently available to the Provisional Liquidators, the Provisional Liquidators are of the view that the Schemes are in the best interest of the Company, the Shareholders and the Scheme Creditors as a whole.

C. The Capital Reorganisation

The Provisional Liquidators propose to implement, subject to the Shareholders' approval, the Capital Reorganisation. The Capital Reorganisation comprises:

(i) the Share Consolidation – every twenty (20) existing Shares of US$0.008 each will be consolidated into one (1) Consolidated Share of US$0.16 each; and

(ii) the Increase in Authorised Share Capital – immediately after the Share Consolidation becoming effective, the Company's authorised share capital will be increased from US$10,000,000.00 to US$100,000,000.00, divided into 625,000,000 Consolidated Shares of US$0.16 each by the creation of 562,500,000 new Consolidated Shares.

Effects of the Capital Reorganisation

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company, the other members of the Group or the rights of the Shareholders.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, before and immediately after completion of the Capital Reorganisation:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value	US$0.008	US$0.16
Authorised share capital	US$10,000,000.00 divided into 1,250,000,000 Shares	US$100,000,000.00 divided into 625,000,000 Consolidated Shares
Issued and paid-up share capital	US$6,101,501.296 divided into 762,687,662 Shares	US$6,101,501.280 divided into 38,134,383 Consolidated Shares

As at the Latest Practicable Date, the Shares were traded on the Stock Exchange in board lots size of 2,000 Shares. Following the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lots of 2,000 Consolidated Shares.

As at the Latest Practicable Date, the Company has no outstanding share options, warrants or other securities in issue which are convertible into or give rights to subscribe for, convert or exchange into, any Shares or Consolidated Shares, as the case may be.

Status of the Consolidated Shares after the Capital Reorganisation

All Consolidated Shares will rank *pari passu* in all respects with each other. Fractions of Consolidated Shares that arise from the Share Consolidation will be disregarded and will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and, if reasonably practicable, sold for the benefit of the Company.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation and the listing of the Consolidated Shares are conditional upon:

(i) the passing of the necessary resolution(s) by the Shareholders by way of poll at the SGM to approve the Capital Reorganisation; and

(ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue immediately upon the Capital Reorganisation becoming effective.

Reasons for the Capital Reorganisation

The Share Consolidation will increase the nominal value of the shares of the Company and will reduce the total number of existing shares of the Company currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the shares of the Company. The Share Consolidation and the Increase in Authorised Share Capital will also provide flexibility for equity fund raising of the Company in the future and facilitate the Open Offer and the Share Subscriptions.

Latest time for lodging transfer of Shares and closure of register of members

In order to be registered as a member to qualify for the posting of new share certificates for the Consolidated Shares, Shareholders in Hong Kong must lodge any transfers of Shares (together with the relevant share certificates) with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Monday, 9 October 2017. Subject to completion of the Capital Reorganisation, the Company's register of members will be closed from Tuesday, 10 October 2017 to Monday, 16 October 2017 (both dates inclusive), for the purpose of, among other things, establishing entitlements for the posting of new share certificates for the Consolidated Shares. No transfer of Shares will be registered during this period. Transferees in Singapore may lodge their transfer documents accompanied by the relevant share certificates for registration with Tricor Barbinder Share Registration Services, the share registrar and share transfer office in Singapore, at 80 Robinson Road #02-00 Singapore 068898 by 5:00 p.m. on Tuesday, 17 October 2017 (Singapore time), for the purpose of, among other things, establishing entitlements for the posting of new share certificates for the Consolidated Shares.

Exchange of new certificates to the Shareholders

Subject to the completion of the Capital Reorganisation, (i) the Company will post the new share certificates for the Consolidated Shares to the Shareholders in Singapore with Shares standing to the credit of their securities accounts held with CDP at the Company's expense while the old share certificates for existing Shares will be void automatically upon the despatch of and exchange for the new share certificates; and (ii) for the remaining Shareholders, the new share certificate(s) of the Consolidated Shares will be available for exchange for free at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from Tuesday, 17 October 2017 to Friday, 22 December 2017. The old share certificates for the existing Shares will be void upon the despatch of and exchange for the new share certificates. All existing share certificates issued will (subject to applicable laws and the Company's constitutional documents) continue to be good evidence of legal title to such shares of the Company and be valid for transfer, delivery and settlement purposes.

D. The Open Offer

Subject to the completion of the Capital Reorganisation, the Company will conduct the Open Offer on the basis of two (2) Offer Shares for every five (5) Consolidated Shares held on the Open Offer Record Date by the Qualifying Shareholders. The Open Offer will be underwritten by the Underwriter on a fully underwritten basis.

Set out below are the principal terms of the Open Offer:

Basis of the Open Offer	:	Two (2) Offer Shares for every five (5) Consolidated Shares held on the Open Offer Record Date
Number of Shares in issue as at the Latest Practicable Date	:	762,687,662 Shares
Number of Consolidated Shares upon completion of the Capital Reorganisation	:	38,134,383 Consolidated Shares
Number of Offer Shares to be issued	:	15,253,753 Offer Shares
Offer Price	:	US$0.16 per Offer Share
Funds to be raised before expenses	:	Approximately US$2.44 million (equivalent to approximately HK$19.03 million)
Underwriter	:	China Galaxy International Securities (Hong Kong) Co., Limited

The Offer Shares

As at the Latest Practicable Date, the Company has no outstanding share options, warrants or other securities in issue which are convertible into or give rights to subscribe for, convert or exchange into, any Shares or Consolidated Shares, as the case may be. The 15,253,753 Offer Shares to be allotted and issued represent:

(i) approximately 2.00% of the existing issued share capital of the Company as at the Latest Practicable Date;

(ii) approximately 40.00% of the issued share capital of the Company upon completion of the Capital Reorganisation;

(iii) approximately 28.57% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares; and

(iv) approximately 6.00% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares and the Subscription Shares.

The Offer Price

The Offer Price of US$0.16 (equivalent to approximately HK$1.248) represents:

(i) a discount of approximately 70.29% to the theoretical closing price of HK$4.200 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK$0.210 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 74.84% to the average theoretical closing price of approximately HK$4.960 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of approximately HK$0.248 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iii) a discount of approximately 76.89% to the average theoretical closing price of approximately HK$5.400 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of approximately HK$0.270 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

(iv) a premium of approximately 213.73% to the theoretical net asset value of the Company per Consolidated Share of approximately US$0.051 as adjusted for the effect of the Capital Reorganisation based on the audited consolidated net assets of the Group of US$1,934,258 as at 31 March 2017 and 38,134,383 Consolidated Shares in issue upon the Capital Reorganisation becoming effective.

The Offer Price is the same as the Subscription Price, and has been determined regarding to the fact that (i) the Provisional Liquidators have been appointed; (ii) the prolonged suspension of trading in the Shares on the Stock Exchange; (iii) the prevailing stock market conditions; and (iv) the prospects of the business operations of the Group.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then existing Consolidated Shares in issue on the date of allotment of the Offer Shares. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Offer Shares.

The Qualifying Shareholders

The Open Offer will only be available to Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Open Offer Record Date and not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Open Offer Record Date, (i) transferees in Singapore with shares standing to the credit of their securities accounts held with CDP may lodge their transfer documents accompanied by the relevant share certificates for registration with the Company's share registrar and share transfer office in Singapore, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898, by 5:00 p.m. on Friday, 27 October 2017 (Singapore time); and (ii) all other transfers of Consolidated Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 27 October 2017. It is expected that the last day of dealing in the Consolidated Shares on a cum-entitlement basis is Wednesday, 25 October 2017 and the Consolidated Shares will be dealt with on an ex-entitlement basis from Thursday, 26 October 2017.

Subject to the advice of the Company's legal advisers in the relevant jurisdiction(s) and to the extent reasonably practicable, the Company will despatch the Prospectus Documents to each of the Qualifying Shareholders and the Prospectus to each of the Excluded Shareholders (if any) for their information only, on or about Friday, 3 November 2017.

Rights of the Excluded Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. As such, Overseas Shareholders may not be eligible to take part in the Open Offer as explained below.

The Company is in the process of making enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. The Company notes the requirements specified in section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules and if, after making enquiries, the Board is of the opinion that it would not be permitted under the laws of the relevant jurisdictions or any requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions, or it would not be expedient to, offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders. In such instances, the Open Offer would not be extended to the Excluded Shareholders. The results of the enquiries and the basis of exclusion of the Overseas Shareholders (if any) will be included in the Prospectus.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Open Offer pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board. The Company reserves the right to treat as invalid any acceptance of, or application for, Offer Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

It is the responsibility of any person (including, but not limited to, any nominee, agent and trustee) outside Hong Kong wishing to apply for the Offer Shares to satisfy himself or herself or itself as to the full observance of the laws of the relevant places and the requirements of the relevant regulatory bodies, including obtaining any governmental or other consents and paying any taxes, duties and other amounts required to be paid in the relevant places in connection with the Open Offer. Shareholders should consult their professional advisers if in doubt.

As at the Latest Practicable Date, the Company is not aware of any Shareholders who might be excluded from being Qualifying Shareholders as a result of legal restrictions in their place of domicile.

The Open Offer Record Date

The Singapore Open Offer Record Date will be Friday, 27 October 2017.

The Hong Kong Open Offer Record Date will be Thursday, 2 November 2017.

Closure of register of members

The register of members of the Company will be closed from Monday, 30 October 2017 to Thursday, 2 November 2017, both dates inclusive, to determine the eligibility of the Shareholders in Hong Kong to participate in the Open Offer. No transfers of Consolidated Shares will be registered during this period.

Share certificates for the fully paid Offer Shares and refund cheques

Subject to fulfilment of the conditions of the Open Offer as set out under the sub-section headed "Conditions of the Open Offer" below, share certificates for all fully paid Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and successfully applied for (where appropriate), and paid for them, after the Latest Time for Termination, at their own risk. If the Open Offer is terminated, refund cheques in respect of the applications for Offer Shares are expected to be posted on or before Monday, 27 November 2017 by ordinary post to the applicants at their own risk.

No transfer of nil-paid entitlements and no application for excess Offer Shares

The invitation to subscribe for Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange. The Company has also decided that the Qualifying Shareholders will not be entitled to subscribe for any Offer Share in excess of their respective assured entitlements. Considering that each Qualifying Shareholder will be given equal and fair opportunities to participate in the Company's future development and maintain their respective pro rata shareholding interests in the Company by subscribing in full for their respective assured entitlements under the Open Offer, the Company decided that no excess Offer Shares will be offered to the Qualifying Shareholders, and considers it appropriate not to put in additional effort and costs to administer any excess application procedure. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter.

As at the Latest Practicable Date, the Provisional Liquidators have not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up their respective Offer Shares under the Open Offer.

Fractions of Offer Shares

Fractions of Offer Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be aggregated and taken up by the Underwriter in accordance with the Underwriting Agreement.

Conditions of the Open Offer

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out under the sub-section headed "Conditions of the Underwriting Agreement" below. Therefore, the Open Offer may or may not proceed.

The Underwriting Agreement

The Company and the Underwriter entered into the Underwriting Agreement on 20 September 2017.

(i) Principal terms of the Underwriting Agreement

Date	:	20 September 2017
Parties	:	(i) The Company (as issuer); and
		(ii) China Galaxy (as the Underwriter)
Number of Underwritten Shares	:	15,253,753 Consolidated Shares
Underwriting commission	:	3.00% of the aggregate Offer Price in respect of the Underwritten Shares

The Underwriter and its ultimate beneficial owner(s) are independent third parties. As at the Latest Practicable Date, the Underwriter is not interested in any Shares. None of the Underwriter and its concert parties is acting in concert with Alpha Professional, Tongfang or any of the parties acting in concert with any of them.

Under the Underwriting Agreement, the Underwriter may appoint any other person to be its sub-underwriter(s) for the purposes of sub-underwriting the Underwritten Shares. Any commission, costs, fees and expenses incurred by the sub-underwriter and/or the Underwriter in connection with any sub-underwriting arrangement shall be borne solely by the Underwriter.

Terms of the Underwriting Agreement (including but not limited to the underwriting commission) were determined after arm's length negotiations between the Provisional Liquidators and the Underwriter with reference to the then applicable market rate. The Provisional Liquidators are of the opinion that the terms of the Underwriting Agreement is in the best interest of the Company and the Shareholders as a whole.

(ii) Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon the following being fulfilled (or waived, if applicable):

(a) the Executive granting the Whitewash Waiver and satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;

(b) the Independent Shareholders approving the Open Offer;

(c) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of, and the registration of one duly signed copy (by every Director or his/her agent authorised in writing) of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to the Posting Date;

(d) the filing of one duly signed copy of the Prospectus with the Registrar of Companies in Bermuda, prior to, on or as soon as practicable after the Posting Date;

(e) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date;

(f) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in the Offer Shares by no later than the first day of Resumption;

(g) the representations and warranties made by the Company remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Termination;

(h) compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement; and

(i) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

The conditions set out above may be waived by the parties to the Underwriting Agreement. The obligations of the Underwriter will cease if the conditions have not been fulfilled or waived by it prior to the Latest Time for Termination.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

(iii) Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

(a) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(1) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion

of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Open Offer; or

(2) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(c) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurs,

the Underwriter shall be entitled by notice in writing to the Company, provided that such notice is served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

In the event that the Underwriter terminates the Underwriting Agreement by notice in writing given to the Company on or before the Latest Time for Termination, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches under the Underwriting Agreement.

E. The Share Subscriptions

Pursuant to the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement, Alpha Professional and Tongfang Asset Management will subscribe for 188,134,528 Consolidated Shares and 12,711,719 Consolidated Shares, respectively, at the Subscription Price of US$0.16 per Consolidated Share. Principal terms of the Investor Share Subscription Agreement and the Tongfang Share Subscription are as follows:

The Investor Share Subscription Agreement

Date	:	25 July 2017
Parties	:	(i) the Company (as issuer); and
		(ii) Alpha Professional (as subscriber)
Number of Subscription Shares	:	188,134,528 Consolidated Shares
Subscription Price	:	US$0.16 per Consolidated Share
Gross consideration	:	Approximately US$30.10 million (equivalent to approximately HK$234.78 million)

The aggregated amount of (i) the Earnest Money; (ii) the amount due by the Company to Alpha Professional under the Loan Facility; (iii) the amount due by the Company to Alpha Professional under all other loan facilities (other than the Working Capital Loan); and (iv) the amount of HK$2.00 million (or such other amount or purpose as might be agreed among the parties to the Framework Agreement) paid by Alpha Professional as Professional Fees and Expenses will be used to set-off against the gross consideration payable by Alpha Professional under the Investor Share Subscription Agreement upon completion of the Investor Share Subscription. Notwithstanding the foregoing, the balance of the consideration payable by Alpha Professional for the Investor Subscription Shares after any set-off shall not be less than HK$147.00 million under any circumstances.

The Tongfang Share Subscription Agreement

Date	:	7 September 2017
Parties	:	(i) the Company (as issuer); and (ii) Tongfang Asset Management (as subscriber)
Number of Subscription Shares	:	12,711,719 Consolidated Shares
Subscription Price	:	US$0.16 per Consolidated Share
Gross consideration	:	Approximately US$2.03 million (equivalent to approximately HK$15.83 million)

The Subscription Shares

Assuming there is no change to the issued share capital of the Company from the Latest Practicable Date up to the allotment and issue of the Subscription Shares (save for the Capital Reorganisation and the allotment and issue of the Offer Shares), the 188,134,528 Consolidated Shares from Investor Share Subscription, the 12,711,719 Consolidated Shares from Tongfang Share Subscription and together the 200,846,247 Consolidated Shares from the Share Subscriptions to be allotted and issued represent:

(i) approximately 24.67%, 1.67% and 26.33% of the existing issued share capital of the Company as at the Latest Practicable Date respectively;

(ii) approximately 493.35%, 33.33% and 526.68% of the issued share capital of the Company upon completion of the Capital Reorganisation respectively;

(iii) approximately 352.39%, 23.81% and 376.20% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares respectively; and

(iv) approximately 74.00%, 5.00% and 79.00% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issue of the Offer Shares and the Subscription Shares respectively.

The Subscription Price

The Subscription Price of US$0.16 (equivalent to approximately HK$1.248) represents:

(i) a discount of approximately 70.29% to the theoretical closing price of HK$4.200 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK$0.210 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 74.84% to the average theoretical closing price of approximately HK$4.960 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of approximately HK$0.248 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iii) a discount of approximately 76.89% to the average theoretical closing price of approximately HK$5.400 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of approximately HK$0.270 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

(iv) a premium of approximately 213.73% to the theoretical net asset value of the Company per Consolidated Share of approximately US$0.051 as adjusted for the effect of the Capital Reorganisation based on the audited consolidated net assets of the Group of US$1,934,258 as at 31 March 2017 and 38,134,383 Consolidated Shares in issue upon the Capital Reorganisation becoming effective.

The Subscription Price is the same as the Offer Price and has been determined after arm's length negotiations between the Company, Alpha Professional and Tongfang Asset Management having regard to the fact that (i) the Provisional Liquidators have been appointed; (ii) the prolonged suspension of trading in the Shares on the Stock Exchange; (iii) the prevailing stock market conditions; and (iv) the prospects of the business operations of the Group.

Status of the Subscription Shares

All Subscription Shares will rank *pari passu* in all respects with each other and with all other existing shares of the Company in issue as at the date of the allotment and issue of the Offer Shares and the Subscription Shares.

Conditions precedent to the Share Subscriptions

Completion of the Share Subscriptions is subject to the fulfilment of the following conditions precedent:

(i) the requisite majority of the Independent Shareholders approving the Proposed Restructuring and the Whitewash Waiver at the SGM;

(ii) the requisite majority of the Scheme Creditors in Hong Kong and Bermuda approving the Schemes before them, each of the Hong Kong Court and the Bermuda Court sanctioning the respective Scheme before it and the sanction orders of the Hong Kong Court and the Bermuda Court having been delivered to the Registrars of Companies in Hong Kong and Bermuda, respectively, and the Schemes having taken effect;

(iii) the grant of the Whitewash Waiver by the Executive and approval thereof by the Independent Shareholders; and

(iv) there being no breach of any undertaking provided by the Company to Alpha Professional and Tongfang Asset Management under the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement, respectively.

The conditions set out above (other than conditions (i) and (iii)) may be waived by Alpha Professional and Tongfang Asset Management (as applicable) by written notice to the Company and the Provisional Liquidators.

The Investor Share Subscription and the Tongfang Share Subscription are not inter-conditional with each other, and the Share Subscriptions are not inter-conditional with the Open Offer.

F. The Working Capital Loan and The Loan Facility

(a) The Working Capital Loan Agreement

Date	:	5 June 2015 (as amended and novated by the Novation Deed dated 5 October 2015)
Parties	:	(i) HK Rich (as borrower); and
		(ii) Alpha Professional (as lender)

The Working Capital Loan in an aggregate amount equal to HK$20.00 million has been made by Alpha Professional to HK Rich, a wholly-owned subsidiary of the Company, to support the continuation of the business activities of the Group.

Interest and repayment

The salient terms of the Working Capital Loan Agreement, among other terms, are as follows:

(i) the Working Capital Loan accrues interest at a rate of 2.00% per annum; and

(ii) the Working Capital Loan will be repaid together with all accrued interest on the earlier of (i) the Termination Date (but not if the Termination Date occurs due to Completion) and (ii) the date falling two (2) years from the date of the Working Capital Loan Agreement.

As at the Latest Practicable Date, HK Rich has drawn down the full amount of HK$20.00 million under the Working Capital Loan Agreement. The amount has been used to satisfy the specific working capital needs of HK Rich from time to time as approved by Alpha Professional and/or to pay any fees, remuneration and/or expenses to certain employees or consultants engaged by HK Rich.

(b) The Loan Facility Agreement

Date	:	5 June 2015
Parties	:	(i) the Company (as borrower); and
		(ii) Alpha Professional (as lender)

Under the Loan Facility Agreement, Alpha Professional has made available to the Company an interest-free loan facility in the aggregate amount of HK$3.00 million to be used solely for the purposes of discharging, in whole or in part, any costs, fees, remuneration and expenses incurred by the Provisional Liquidators and/or the Company in connection with (i) the provisional liquidation of the Company; (ii) the preservation or taking control of any assets of the Group; and/or (iii) the liquidation (whether by compulsory or voluntary liquidation) of any of the subsidiaries of the Company.

The terms of the Loan Facility Agreement provide that Alpha Professional shall make available (i) the first half of the Loan Facility (being HK$1.50 million) within 60 days from the date of obtaining the conditional approval of the Second Resumption Proposal from the Stock Exchange (which has been obtained on 30 June 2017) (or such later date as the Provisional Liquidators and Alpha Professional may agree); and (ii) the remaining balance of the Loan Facility (being HK$1.50 million) within 90 days from the date of the Company's filing of the application to the Hong Kong Court for directions to convene the Scheme Creditors' meeting for the purposes of considering and if thought fit, approving the Schemes (which was filed on 6 July 2017) (or such later date as the Provisional Liquidators and Alpha Professional may agree).

Interest and repayment

In addition, it was agreed, among other things, that:

(i) the Loan Facility is interest free. However if the Company fails to pay any amount payable by it under the Loan Facility Agreement on its due date (being the earlier of (a) the Termination Date (but not if the Termination Date occurs due to Completion); and (b) the completion date of the Investor Share Subscription), interest shall accrue on the unpaid sum from the due date to the date of actual payment (both before and after judgment for unpaid debt under the Loan Facility Agreement) at a rate which is 5% per annum higher than the prevailing prime lending rate published by The Hongkong and Shanghai Banking Corporation Limited. Any interest accruing under the default interest clause shall be immediately payable by the Company on demand by Alpha Professional. Default interest (if unpaid) arising on an unpaid sum will be compounded with the unpaid sum at the end of any period which Alpha Professional may at its sole discretion elect;

(ii) the Company shall repay the Loan Facility to Alpha Professional together with any accrued interest and other amounts owing by the Company to Alpha Professional on the earlier of (a) the Termination Date (but not if the Termination Date occurs due to Completion); and (b) the completion date of the Investor Share Subscription;

(iii) the Loan Facility will not be a claim to be submitted or compromised, or otherwise participate in the Schemes;

(iv) the Loan Facility shall rank *pari passu* with all unsecured, direct and indirect, current and future claims against the Company; and

(v) the outstanding amount of the Loan Facility will be set off in full against the subscription money payable by Alpha Professional at completion of the Investor Share Subscription, upon which the Loan Facility shall be deemed to be repaid in full by the Company.

G. Placing of Management Placing Shares

Placing of the Management Placing Shares to the New Management Team is an incentive and reward offer from Alpha Professional in order to reward the members of the New Management Team's services and contributions to the Group, especially the satisfactory operational performance achieved by the Group for the year ended 31 March 2017, and to retain their services. Alpha Professional entered into the Placing Agreement on 11 September 2017 with China Galaxy to place 10,169,414 Consolidated Shares at a price of US$0.16 per Consolidated Share to the New Management Team, representing approximately 4.00% of the total issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares and the Subscription Shares. Mr. Long Hong and Ms. Wu Donghua, both being members of the New Management Team, will subscribe for 6,101,648 Consolidated Shares and 4,067,766 Consolidated Shares, respectively.

Set out below are the principal terms of the Placing Agreement:

Date	:	11 September 2017
Parties	:	(i) Alpha Professional; and
		(ii) China Galaxy
Number of Consolidated Shares to be placed	:	10,169,414 Management Placing Shares
Placing commission	:	1.00%
Placing price	:	US$0.16 per Management Placing Share

Completion of the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares is expected to take place at the same time. The Company would at all time maintain a sufficient public float, being not less than 25%. Completion of the Open Offer and the Share Subscriptions shall not take place if the placing of the Management Placing Shares fails to complete. Under such circumstances, Resumption may not take place.

The placing commission was negotiated on arm's length basis between Alpha Professional and China Galaxy and determined with reference to, among other things, the then applicable market rate. The Provisional Liquidators consider that the terms of the Placing Agreement, including the placing commission and the placing price, are fair and reasonable based on the current market conditions and the placing of the Management Placing Shares is in the best interests of the Company and the Shareholders as a whole.

Set out below are the background and qualifications of the members of the New Management Team:

(i) Mr. Long Hong

Mr. Long Hong (龍洪先生) ("**Mr. Long**"), aged 37, appointed by the New Subsidiaries as a general manager. Mr. Long is the founder and general manager of HK Rich Technology which was established in 2010. He is mainly responsible for the overall management of the business operation and development strategies of HK Rich Technology. Mr. Long has 15 years of experience in the electronic products and mobile handset industries.

As at the Latest Practicable Date, none of the members of the New Management Team is a Shareholder, nor a party acting in concert with the Investor Group or any parties acting in concert with them, and each of the members of the New Management Team is independent and not connected with the Company and its connected persons.

(ii) Ms. Wu Donghua

Ms. Wu Donghua (巫冬華女士) ("**Ms. Wu**"), aged 40, has been engaged by Perfect Major as a consultant. Ms. Wu graduated from the Executive Master of Business Administration program from Research Institute of Tsinghua University in Shenzhen in 2009. She founded Jieda Communication Co. Ltd.* (捷達通訊有限公司) in 1999, which was principally engaged in the marketing and sale of mobile handset components. In 2010, Ms. Wu joined HK Rich Technology as a general manager. Ms. Wu is the vice president of the Chamber of Commerce of Pingxiang, Jiangxi Province in Shenzhen (江西省萍鄉市駐深圳萍鄉商會副會長).

ODD LOTS ARRANGEMENT

Upon Resumption, in order to facilitate the trading of odd lots of the Consolidated Shares arising from the Capital Reorganisation and the Open Offer, the Company will appoint an agent to arrange for matching services regarding the sale and purchase of odd lots of the Consolidated Shares on a best effort basis, to those Shareholders who wish to top-up to a full board lot or sell their shareholdings of odd lots of the Consolidated Shares. Holders of the Consolidated Shares in odd lots should note that the matching of sale and purchase of odd lots of the Consolidated Shares is on best effort basis and successful matching of sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Further announcement(s) in respect of the details of the agent and the matching services will be made by the Company in due course.

CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

After taking into account the amendments to the Proposed Restructuring, the changes in the shareholding structure of the Company arising from the Capital Reorganisation, the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares are set out in the following tables for illustrative purposes only.

Scenario A:

Assuming all of the Qualifying Shareholders take up their respective entitlements to the Offer Shares under the Open Offer

	As at the Latest Practicable Date		Upon completion of the Capital Reorganisation		Upon completion of the Capital Reorganisation and the Open Offer		Upon completion of the Capital Reorganisation, the Open Offer and the Share Subscriptions		Upon completion of the Capital Reorganisation, the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares	
	Number of Shares	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*
Investor Group and parties acting in concert with it										
Alpha Professional *(Note 1)*	–	–	–	–	–	–	188,134,528	74.00	177,965,114	70.00
Tongfang *(Notes 2)*	–	–	–	–	–	–	12,711,719	5.00	12,711,719	5.00
Mr. Wang Shih Zen *(Notes 3 & 4)*	153,510,250	20.13	7,675,512	20.13	10,745,717	20.13	10,745,717	4.23	10,745,717	4.23
Sub-total	153,510,250	20.13	7,675,512	20.13	10,745,717	20.13	211,591,964	83.23	201,422,550	79.23
Public Shareholders (other than Mr. Wang)										
The New Management Team	–	–	–	–	–	–	–	–	10,169,414	4.00
The Underwriter	–	–	–	–	–	–	–	–	–	–
Other Public Shareholders	609,177,412	79.87	30,458,871	79.87	42,642,419	79.87	42,642,419	16.77	42,642,419	16.77
Total	762,687,662	100.00	38,134,383	100.00	53,388,136	100.00	254,234,383	100.00	254,234,383	100.00
Public float	762,687,662	100.00	38,134,383	100.00	53,388,136	100.00	53,388,136	21.00	63,557,550	25.00

Scenario B:

Assuming none of the Qualifying Shareholders takes up its entitlement to the Offer Shares under the Open Offer

	As at the Latest Practicable Date		Upon completion of the Capital Reorganisation		Upon completion of the Capital Reorganisation and the Open Offer		Upon completion of the Capital Reorganisation, the Open Offer and the Share Subscriptions		Upon completion of the Capital Reorganisation, the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares	
	Number of Shares	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*	*Number of Consolidated Shares*	*Approximate %*
Investor Group and parties acting in concert with it										
Alpha Professional*(Note 1)*	–	–	–	–	–	–	188,134,528	74.00	177,965,114	70.00
Tongfang*(Notes 2)*	–	–	–	–	–	–	12,711,719	5.00	12,711,719	5.00
Mr. Wang Shih Zen*(Notes 3 & 4)*	153,510,250	20.13	7,675,512	20.13	7,675,512	14.38	7,675,512	3.02	7,675,512	3.02
Sub-total	153,510,250	20.13	7,675,512	20.13	7,675,512	14.38	208,521,759	82.02	198,352,345	78.02
Public Shareholders (other than Mr. Wang)										
The New Management Team	–	–	–	–	–	–	–	–	10,169,414	4.00
The Underwriter	–	–	–	–	15,253,753	28.57	15,253,753	6.00	15,253,753	6.00
Other Public Shareholders	609,177,412	79.87	30,458,871	79.87	30,458,871	57.05	30,458,871	11.98	30,458,871	11.98
Total	762,687,662	100.00	38,134,383	100.00	53,388,136	100.00	254,234,383	100.00	254,234,383	100.00
Public float	762,687,662	100.00	38,134,383	100.00	53,388,136	100.00	53,388,136	21.00	63,557,550	25.00

Note 1: Alpha Professional Development Limited, a company incorporated in the BVI, is owned by Mr. Xiong and Mr. Yi as to 50% and 50%, respectively.

Note 2: Tongfang Asset Management is a company incorporated in Cayman Islands and a wholly-owned subsidiary of Tongfang. Accordingly, Tongfang is deemed to be interested in total of 12,711,719 Consolidated Shares, representing approximately 5.00% of the issued share capital of the Company upon completion of the Capital Reorganisation, the Open Offer and the Share Subscriptions.

Note 3: Since the appointment of the Provisional Liquidators and up to the Latest Practicable Date, Mr. Wang has not been contactable. Based on the Disclosure of Interests shown in the website of the Stock Exchange and the information available to the Board, Mr. Wang holds 200,000 Shares through HKSCC Nominee Ltd. Based on the information available to the Board, Wise Premium, which holds 153,310,250 Shares, is an investment holding company incorporated in BVI and wholly and beneficially owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in a total of 153,510,250 Shares, representing approximately 20.13% of the issued share capital of the Company.

Note 4: Mr. Wang will not become a core connected person (as defined in the Listing Rules) of the Company upon completion of the Capital Reorganisation, the Open Offer and the Share Subscriptions. Accordingly, any Shares held by Mr. Wang through HKSCC Nominees Ltd. and Wise Premium should be counted towards the public float of the Company.

Note 5: Completion of the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares is expected to take place at the same time. The Company would at all time maintain sufficient public float, being not less than 25%. Completion of the Open Offer and the Share Subscriptions shall not take place if the placing of the Management Placing Shares fails to complete. Under such circumstances, Resumption may not take place.

REASONS FOR THE ENTERING INTO OF THE FRAMEWORK AGREEMENT

The Group is principally engaged in provision of mobile handset designs and production solution services and marketing and distribution of mobile handsets and their components. As set out in section headed "The Schemes" above, there are insufficient assets to settle the liabilities of the Company. The Provisional Liquidators were keen to recommence the business operations of the Group, however, due to working capital and liquidity constraints, the initial reactivation efforts were difficult.

On 28 April 2015, Alpha Professional submitted an indicative restructuring proposal to the Provisional Liquidators outlining its plans for the continuation of the existing business operations . After arm's length negotiations between the Provisional Liquidators, the Company and Alpha Professional, on 5 June 2015, the parties entered into the Original Framework Agreement.

The Original Framework Agreement was amended and restated by the First Amendment and Restatement Agreement, amended and supplemented by the Side Letter and further amended and restated by the Second Amendment and Restatement Agreement to incorporate the amendments made to the Proposed Restructuring as set out in the Second Resumption Proposal, based on which the Listing Committee has granted its conditional approval in the Conditional Approval Letter.

Given the financial situation of the Group and the willingness of Alpha Professional to finance the Group to continue the existing business operations, the Provisional Liquidators consider that the entry into the Framework Agreement provides the necessary contractual framework for the satisfaction of the conditions for Resumption set out by the Stock Exchange.

In particular, the Working Capital Loan has enabled the Group to continue its existing business operations through the SPV Group. The Share Subscriptions will introduce Alpha Professional and Tongfang to the Company, strengthen the financial position of the Group and, in conjunction with the Schemes, relieve the indebtedness of the Company. The Open Offer will provide an opportunity to the Shareholders to participate in the Proposed Restructuring and business development of the Group. In addition, the Open Offer will reduce the dilutive effect of the Share Subscriptions on the shareholding of the Shareholders and raise additional working capital. Upon the terms and subject to the conditions of the Schemes, the Scheme Cash Consideration and any further proceeds from any realisation of any assets of the Excluded Companies will be distributed to the Scheme Creditors in order to discharge all liabilities of and claims against the Company.

Having considered the factors above, the Provisional Liquidators consider that the entry into of the Framework Agreement is in the best interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE OPEN OFFER AND THE SHARE SUBSCRIPTIONS

The total gross proceed of approximately HK$269.64 million (comprising approximately HK$19.03 million and approximately HK$250.61 million to be raised from the Open Offer and the Share Subscriptions, respectively), and, after excluding the estimated expenses of HK$0.72 million and other incidental costs to be incurred in relation to the Open Offer and the Share Subscriptions, the net proceeds from the Open Offer and the Share Subscriptions will be approximately HK$268.92 million. The net proceeds will be applied as follows:

(i) HK$147.00 million (being the Scheme Cash Consideration) to settle, among other things, (i) the costs in connection with the issuing of the winding up petition against the Company, the costs in connection with petitions for the appointment of the Company's provisional liquidators and their appointments in Hong Kong and Bermuda, the Provisional Liquidators' costs and the Scheme Costs; (ii) the claims of preferential creditors (if any) of the Company; and (iii) the claims of the Scheme Creditors admitted under the Schemes;

(ii) HK$20.00 million to repay the outstanding amount due by the Company under the Working Capital Loan; and

(iii) the remaining balance of HK$101.92 million will be used (a) to settle the cost associated with the Capital Reorganisation (if any); (b) to settle the cost associated with the delisting from the SGX-ST; and (c) as general working capital of the Group.

BACKGROUND OF THE INVESTOR GROUP AND MR. WANG

Background of Alpha Professional

Alpha Professional is a company incorporated in the BVI with limited liability and is wholly and beneficially owned by Mr. Xiong and Mr. Yi.

Mr. Xiong has over 20 years of experience in telecommunication technology and business management. He is currently a partner in Express Team Holdings Inc.. Mr. Xiong is a non-executive director of Anxin-China Holdings Limited (stock code: 1149), a company listed on the Main Board of the Stock Exchange. He was also an executive director of China Uptown Group Company Limited (formerly known as Techwayson Holdings Limited, stock code: 2330), a company listed on the Main Board of the Stock Exchange, from May 2003 to November 2005 and December 2008 to June 2012; and a non-executive director of T S Telecom Technologies Limited (stock code: 8003), a company listed on the Growth Enterprise Market of the Stock Exchange from October 2007 to December 2007. Mr. Xiong graduated from Xi Bei Institute of Telecommunications Engineering in 1983 with a Bachelor's degree in Information Engineering.

Mr. Yi is currently a director of Qianhai Hongtai Fund Management Co., Ltd.* (前海弘泰基金管理有限公司), the president and director of Shenzhen Warranty Assets Management Co., Ltd*. (深圳市華融泰資產管理有限公司), a director of Chengdu Zhifutong New

Information Technology Services Company Limited* (成都支付通新資訊技術服務有限公司) a director of Shenzhen Nanshan Liangwan Fund Management Company Limited* (深圳南山兩灣基金管理有限公司), a director of TFKT True Holdings, a director of True Yoga Holding Ltd. and a director of Sanjohn Investment Management (Cayman) Co., Ltd.. Mr. Yi holds a PhD in statistics from Xiamen University.

As at the Latest Practicable Date, the directors of Alpha Professional are Mr. Xiong and Mr. Yi.

To the best knowledge, information and belief of the Directors and Provisional Liquidators, Alpha Professional and its ultimate beneficial owners are independent third parties.

Background of Tongfang

Tongfang is a company established under the laws of the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600100) and is primarily engaged in the business of consumer electronics, information technology, energy and environment industries. As at the Latest Practicable Date, 清華控股有限公司 (Tsinghua Holdings Co., Ltd.*) ("**Tsinghua Holdings**") held 25.35% of the shareholding of Tongfang and is the single largest shareholder of Tongfang. Tsinghua Holdings ranked 193rd in the China Top 500 Enterprise Index announced by the China Enterprise Confederation in 2016. The entire equity interest of Tsinghua Holdings is in turn held by Tsinghua University.

As disclosed in the Company's announcement dated 10 February 2017, a joint venture has been formed by the Company, and Resuccess Investments, a wholly-owned subsidiary of Tongfang. The joint venture entity, Perfect Major, is owned as to 80% and 20% by the Company and Resuccess Investments, respectively. As at the Latest Practicable Date, Tongfang is interested in 20% of the issued share of Perfect Major.

As at the Latest Practicable Date, the directors of Tongfang are 周立業 (Zhou Liye*), 黃俞 (Huang Yu*), 范新 (Fan Xin*), 童利斌 (Tong Libin*), 蔣毅剛 (Jiang Yigang*), 趙晶 (Zhao Jing*) and 何佳(He Jia*).

Background of Mr. Wang

Mr. Wang (王世仁先生), a former Director, is deemed to be interested in a total of 153,510,250 Shares, representing approximately 20.13% of the issued share capital of the Company as at the Latest Practicable Date, and hence is deemed to be a substantial Shareholder. Although Mr. Wang is not involved in the Proposed Restructuring, since (i) Mr. Wang is interested in 20% or more of the voting rights in the Company; and (ii) Tongfang is interested in 20% of the issued share of Perfect Major, a subsidiary owned as to 80% by the Company, Mr. Wang is presumed to be acting in concert with the Investor Group pursuant to note 1 to the definition of acting in concert under the Takeovers Code.

Mr. Wang was a chairman and chief executive officer of the Company. He joined the Group in 2005 and was appointed to the Board on 1 February 2007.

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.

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.

Since the appointment of the Provisional Liquidators, 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 Latest Practicable Date. Based on the Disclosure of Interests shown in the website of the Stock Exchange and the information available to the Board, Mr. Wang holds 200,000 Shares through HKSCC Nominees Ltd. Based on the information available to the Board, Wise Premium, which holds 153,310,250 Shares as at the Latest Practicable Date, is an investment holding company incorporated in BVI and wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in a total of 153,510,250 Shares, representing approximately 20.13% of the issued share capital of the Company.

As at the Latest Practicable Date, the director of Wise Premium is Mr. Wang.

BUSINESS OF THE GROUP

Business Model

The Group is a comprehensive mobile handset solution provider, with a particular focus on design, development, customisation and technological collaboration. It has a team of industry experts which enables the Group to provide a wide range of mobile phone production solutions to meet different customers' requirements. The Group's business can be divided in following three major categories:

(i) design of mobile handsets;

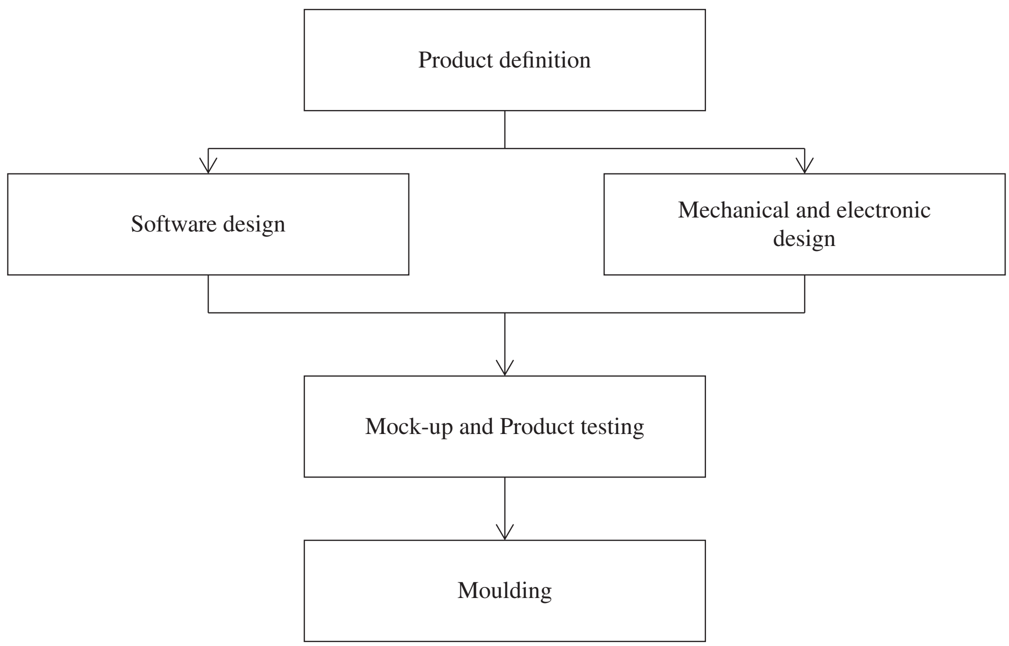
(ii) assembly of mobile handsets; and

(iii) delivery of products and after-sales services.

Design of mobile handset

The Company has its own in-house mobile handset design team, it will provide detailed designs of mobile handsets in line with customers' expectations, demands and specifications. The design team also advises customers on the latest trends in the mobile handset market as well as industrial design, mechanical design, PCB design, and provides innovative design ideas to complement the design objectives of its customers.

Set out below is a flow chart of the Company's mobile handset design process:



Product definition

Prior to approaching a customer, the sales and marketing team analyse the top 5 mobile phone brand in the region and find out which products are more popular, their specifications, market trends and market demand of such area.

After approached the customers, the product definition stage enables the Company's design team to understand its customers' product specifications, functions and features which they require in their mobile handsets. The design team also provides consultation and advisory services to customers on the proposed design solutions based on their understanding of current market preferences and demands, having taken into account the latest developments and advances in technology in the mobile handset industry.

Outlook, mechanical and electronic design and software design

Based on the customers' requirements and taking into account current market preferences, the Company's design team designs the exterior outlook of mobile handsets as well as the mechanical design for electronic components. The Company's software engineers then select and design applicable software or specific application to ensure compatibility of user-features in the mobile handsets. Further steps are also taken to ensure compatibility between hardware and software and conformity of mechanical components with the desired physical appearance of the mobile handset.

Mock-up and product testing

Upon completion of design of mobile handset, the design team would requests the assembly plant to produce a sample handset mock-up on the basis of which the specifications, software applications, PCBs and other features requested by the relevant customer will be confirmed. This process usually takes 5-7 days, while the whole process from product definition could take up to 3-6 months.

The sample handset is then tested by the Group's research and development team and delivered to the relevant customer.

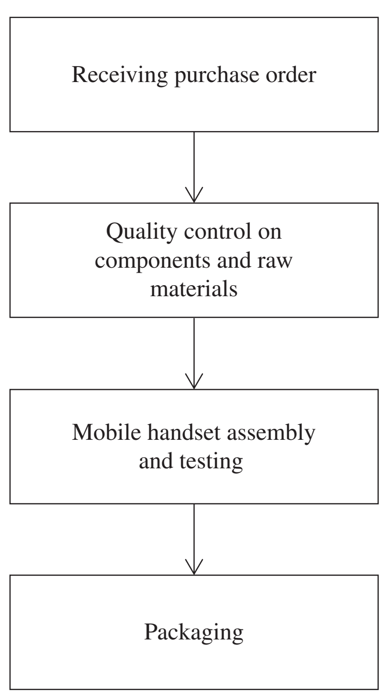
Moulding and tooling

Once a customer has inspected the mock-up and has confirmed its order, the Company then prepares a mould for mass production. The Group does not have any moulding and tooling capabilities. Accordingly, the industrial and mechanical design has to be sent to an external moulding and tooling manufacturer to design the moulds and tools for mass production of mobile handset.

Assembly of mobile handsets

The Company does not own any production facilities and has entered into long term contracts with reliable assembly plants in the PRC. Currently, the Group has contracts with two assembly plants.

Set out below is a flow chart of the mobile handset assembly process and ancillary services undertaken by the Group:



Receiving purchase order

Upon receipt of a purchase order from a customer, the Company confirms specifications and design of the ordered mobile handset(s) with the customer. After receipt of the order confirmation from, and payment of a deposit of a fraction of the purchase price by, the customer, the Company then sources and procures certain raw materials and components to be used in the assembly of the mobile handset. The assembly plants then places orders directly with the suppliers of raw materials and components designated by the Company.

Quality control on components and raw materials

Raw materials and components purchased from external suppliers are inspected by the Company's quality assurance department before further processing.

Mobile handset assembly and testing

The assembling of mobile handsets combines the display modules, keypads, casings and components with the mobile handsets. The quality assurance department of the Company ensures that prescribed procedures are properly complied with. The quality assurance team carries out visual inspection and performance tests. Each of the mobile handset will also be fully tested for functionality according to international standards.

Packaging

After completion of the production of the mobile handset, the mobile handset is then transferred to a separate area that is designed to protect the products from dust during the packaging process. The final products are then packed in accordance with the packaging specification of the customers.

The whole process from providing mock-ups to a customer to completing the assembling of the mobile handsets generally last no longer than one month.

Delivery and after sales service

After inspection of the final products, the Company collects the finished goods and stores them in one of the warehouses in the relevant assembly plant. Upon receipt of a delivery request by a customer, the relevant assembly plant arranges for the delivery of the packed products from the warehouse to the customer on the "Free-on-Board" term. The assembly plant is responsible for customs clearance whilst the Company is responsible for arranging the other delivery logistics and the delivery of the products to the point(s) of receipt designed by the customer.

Subject to the agreed terms between the Company and its customer, the Company usually requires payment of a deposit of approximately 20% of the purchase order value payable upon receipt of the order confirmation. The Group offers a 30-day credit period to its customers for payment of the remaining 80% of the purchase order value.

The Company provides extensive after-sales services. It has a team of technicians deployed in India, its largest market segment, for after-sales repair and maintenance, the resolution of any product issues and the provision of technical support.

Research and Development

The Company's research and development capabilities cover various aspects of mobile handset design, including software application development, hardware and PCB solution design. The Group is able to provide its design samples in the form of blueprints or finished mobile handset models, depending on customer requirements.

The Company's research and development engineers work closely with its sales and marketing team to collect market intelligence with respect to mobile handsets and ancillary products. The sales and marketing team then presents blueprints of these new product ideas to its customers and has capabilities to modify their designs according to its customers' requirements and preferences.

Being a solution provider that serves both mobile handset manufacturers and mobile handset distributors, the Group has to understand its customers and take into account their business strategies when the Group defines its own business strategies. The Group adopts the following research and development strategies:

– solutions targeting low to mid-end consumers of the mobile handset market;

– developing fashionable mobile handset designs with unique features that are attractive to young consumers; and

– development of mobile handset designs that are tailored to specific cultural and consumer preferences.

The Company prides itself on its speedy delivery of design specifications. Its design team only needs 5-7 days to produce a sample handset mock-up after a customer has confirmed the specifications, software applications, PCBs and other features of the mobile handsets.

Sales and Marketing

The Company fulfils production orders placed by customers on an ODM basis and it collaborates closely with its customers at the different stages of a project, including (i) new project introduction; (ii) design; (iii) product testing; (iv) sampling and moulding; and (v) mass production. In order to develop a product design which meets the demands of its customers, the Company seeks comments and feedback from its customers when evaluating the feasibility of its projects.

No long-term offtake arrangements exist between the Company and its customers. Transactions are usually conducted on the basis of one-off specifications provided by customers at the time of their purchase order.

In order to compete and secure orders from customers and deliver satisfactory products, the Company offers competitive and attractive quotations and solutions to its customers. The Company tailors these offers on the basis of various factors, including the complexity of the mobile handset design, capacity, customer scale and status, competitor attributes etc. The Company puts a particular emphasis on its on-going technological collaboration with both customers and suppliers. This collaboration assists the Company (i) to better understand its customers' needs which in turn enables the Company to react expeditiously to amendment requests in respect of its mobile handset designs and to respond swiftly to requests for mobile handset samples; and (ii) to source up-to-date technologies from its suppliers.

In addition to the Company providing seamless services to its customers, each major customer has a designated account management team, with members from the product department, research and development department and sales department, to ensure swift responses and personalised communication.

Apart from formulating and executing the Company's sales and marketing strategies, the sales and marketing team also carries out the following functions:–

– Solicitation of orders from customers;

– Collection of feedback from customers with respect to the Company's products;

– Analysis of improvement procedures in collaboration with the Company's research and development department;

– Management of all customer relationships;

– Liaison with, and evaluation of the demands of, current and prospective customers; and

– Collection of industry information for the purposes of formulating business strategies and product definitions.

The Group constantly monitors changes in the mobile handset industry and participate trade shows and adjust its sales and marketing strategies accordingly from time to time.

Products and Pricing

As mentioned above, the Company produces orders placed by customers on an ODM basis. The Company rolls out about 40-50 mobile handset models per year and each handset has an approximate life span of one year on average.

The mobile handset prices vary between each of the Company's products and is usually determined by factors such as raw material costs, market circumstances, customer relationships, credits granted, product specifications, production costs, quantity, etc.

Major Customers

The Group has good relationships with its key customers which mainly comprise reputable mobile handset brand distributors. Set out below is a table of the Group's major customers:

Customers	Location of Customers	For the year ended 31 March 2017	
		(HK$'000)	*%*
A	Dubai	57,339	32.1
B	Pakistan	49,844	27.9
C	India	31,980	17.9
D	India	13,302	7.4
E	India	5,409	3.0
F	India	3,605	2.0
Others	N/A	17,285	9.7
		178,764	100

The New Management Team conducts annual reviews of its existing customers and decides whether to accept further purchase orders from an existing customer based on one or more of the following criteria: (i) current and expected market ranking of the customer; (ii) level of financial resources and creditworthiness of the customer; and (iii) price and payment terms of the customer. If any of the Company's customers fails to meet one or more of the relevant thresholds set by the Company in connection with the criteria listed above, the New Management Team may decide to abstain from continuing business with such customer.

Major Suppliers

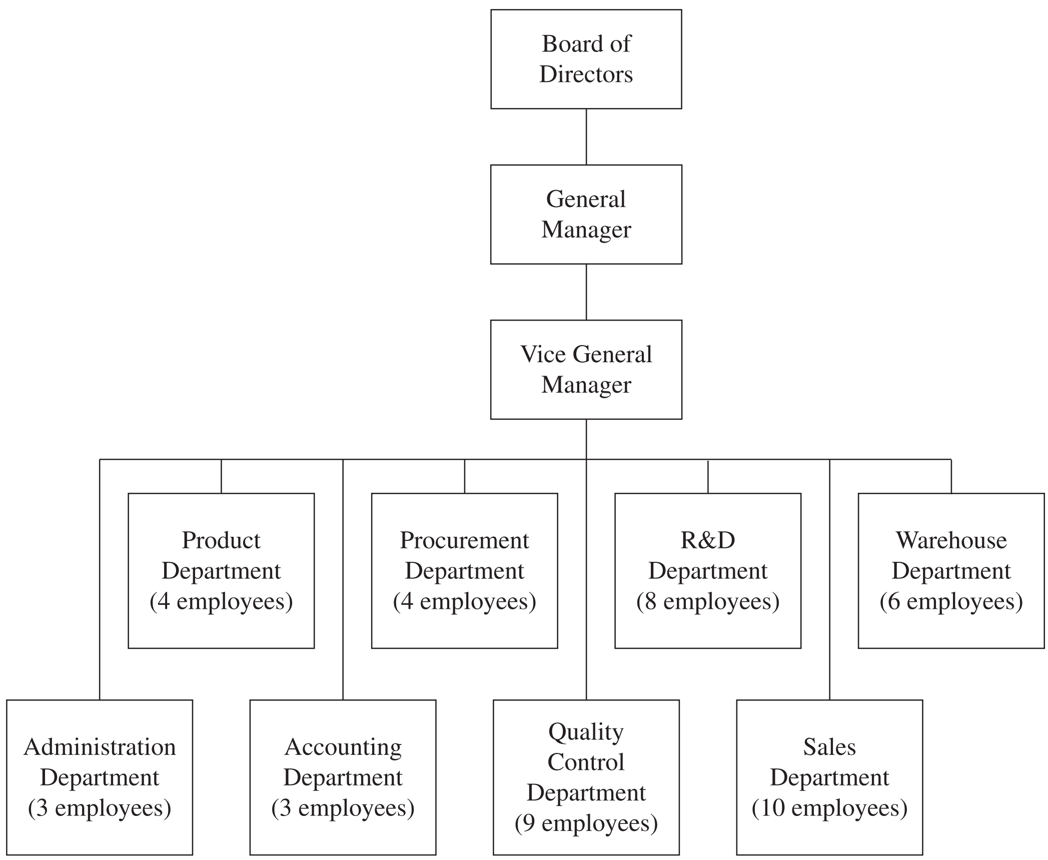
As at the Latest Practicable Date, the Group focused on using one assemble plant as its major supplier given its reliability in terms of pricing, quality of products and timeliness of delivery.

Quality Control

The Company is of the view that the quality of its products is essential to its business model. Thus, it has implemented strict quality control programmes and quality control processes in relation to (i) procurement of materials; (ii) application development and solution design; (iii) assembly and production; and (iv) finished products. As at the Latest Practicable Date, the Group has a total of five employees exclusively responsible for quality control who work along other departments of the Group.

Management

As at the Latest Practicable Date, the Operating Subsidiaries has 49 employees. The organisational structure of the Company is as follows:



Please refer to the section headed "G. Placing of Management Placing Shares" for biographies of the Company's senior management.

Competitive strengths of the Group

(i) One stop service centre with flexible services

The Group is able to provide its customers with a complete range of services from product design to production support for mobile handsets. This one stop service saves time and resources that otherwise would have been spent on liaising separately with different suppliers for hardware procurement, mobile handset manufacturers for assembling the mobile handsets, and distributors for selling under a registered handset brand name. The Group's one stop service improves the cost effectiveness and shortens time-to-market for the production and commercial launch of mobile handsets. Given the short product cycle of mobile handsets, cost effectiveness and short time-to-market are most crucial to the competitiveness of each product launched into the market.

(ii) Speedy sample delivery

Driven by the individualisation of consumer products, mobile phone distributors develop, enhance and change their products frequently in order to stay competitive. It is critical that mobile handset suppliers meet the demand of mobile phone distributors and offer speedy solutions to satisfy customers' fast-changing appetite for product designs and technical features. Through technological collaboration with customers and suppliers, the Group was able to seamlessly exchange information with them on the latest market trends with respect to product designs and technical requirements. The Group is able to provide sample mobile handsets to our customers for review in a very short time. The Group believes that this process enables it to secure production orders more efficiently and avoid repetitive revision requests from customers which in turn shortens the sample delivery and authentication process.

(iii) Service and product quality recognised by customers

The Group has not pursued any aggressive sale or marketing plans and has instead solicited and established close business relationships with a group of high quality customers. This approach ensured the efficient use of the Group's resources and established its reputation in providing superior quality products and services to its customers. The success of this strategy attracts prospective customers to do business with the Company. The Group also carefully monitors the developments in its mobile handset markets and the availability of resources in order to adjust and pursue appropriate sales and marketing strategies and to constantly develop and improve its product and service quality.

(iv) Professional and dedicated management

The Group is managed by the New Management Team, which has relevant experience in the mobile handset industry and a successful track record. The team has extensive experience in the development of telecommunication products and it has vast knowledge on product development and the provision of solutions in connection with mobile handsets. The integrity, professionalism and dedication to excellence of the New Management Team will contribute to the continuous enhancement of the service and product quality of the Group and its operating performance.

BUSINESS PLAN

Upon Resumption, the Group will continue to focus on the South Asian region and Dubai, which the Company believes to have a massive growth potential.

The New Management Team expects a strong growth for the year ending 31 March 2018 contributed by the Company's continuous robust expansion in South Asia markets. India will become the core geographic income stream with over 50% of the Group's revenue expected to come from the Indian market in 2018. India has a population of over 13 billion and demand for mobile phones has rapidly increased in the past few years due to India's growing economy and the availability of affordable mobile phones. According to a report published by Ericsson in June 2016, India is the second largest telecommunications market in the world. In 2015, 16% of the population in India had a smartphone, compared to 44% globally. The number of smartphone owners in India will further increase to 58% by the end of 2021, compared to 81% globally. It is forecasted that India's smart phone subscription will reach 810 million in 2021 and is currently the fastest growing smart phone market anywhere. In addition, India has very recently entered into the 4G era. Ahead of most of its competitors in the PRC, the Company already began shipping 4G smart phones to the India market in late 2015. It is anticipated that the demand for 4G smart phones will continue to increase in the next couple of years.

The Group will continue to secure purchase orders from its existing customers and attract new customers by participating trade shows, and on-going technological collaboration with customer and suppliers, which contributed to the overall increase of the Company's revenue.

Joint Venture with Tongfang

Pursuant to the joint venture with Tongfang, Perfect Major has appointed Tongfang and its group companies for research and development of mobile communication devices which are suitable for the Indian market. In return, Tongfang and its group companies have appointed Perfect Major to sell certain mobile devices developed by Tongfang in markets located in India and the South Asian regions.

As at the Latest Practicable Date, Tongfang and its group companies have already begun to initiate preliminary research on product development, it will specify its flagship product "Ti mobile phone 8818" and tailored it for South Asia market. On the other hand, the Company has undertaken market research and is in the process of establishing reliable distribution networks for Tongfang's products in Pakistan, India and Bangladesh. The Company is in the process of completing registration of trademarks for Tongfang's products and appointing overseas agents for marketing and promotion.

Market Development Business

The Company has entered into a service agreement with a PRC listed company for market development services. By leveraging the Group's know-how in the South Asia market, in particular India, the New Management Team expects that further income will be generated from this revenue stream.

FUTURE INTENTION OF ALPHA PROFESSIONAL

Upon Completion, Alpha Professional would become the single largest and a controlling Shareholder (as defined in the Listing Rules and the Takeovers Code). Alpha Professional intends to continue the principal businesses of the Group and maintain the listing status of the Company on the Stock Exchange following the Completion. Alpha Professional also intends to appoint new directors to the Board and that all the existing Directors will resign upon Resumption or the earliest time permitted under the Takeovers Code, whichever is later.

Alpha Professional confirms that it has no intention or plan to dispose its controlling interests in the Company within 24 months after the Resumption and none of the Company, the Directors (including proposed Directors), nor Alpha Professional have any intention or plan, or are party to any agreement or arrangement and/or involved in any negotiation to dispose of, downsize or terminate the existing business operations of the Group within 24 months after the Resumption.

Alpha Professional also confirms that it has no intention to (i) introduce any major changes to the existing business operations of the Group; (ii) discontinue the employment of any existing employees of the Group; or (iii) redeploy any fixed assets of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the publication of the first announcement in relation to the Open Offer on 31 August 2017, the Open Offer is not subject to the approval by the Shareholders pursuant to Rule 7.24(5) of the Listing Rules.

However, as the Open Offer forms part of the Proposed Restructuring, the Company proposes that the Open Offer be put forward to the Independent Shareholders for approval by way of poll at the SGM.

The Company will seek the Specific Mandate from the Independent Shareholders for the allotment and issue of the Subscription Shares to be issued under the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE APPLICATION FOR THE WHITEWASH WAIVER

Alpha Professional has procured Tongfang to acquire 20% equity in Perfect Major, a subsidiary owned as to 80% by the Company, and to subscribe for 12,711,719 Consolidated Shares, representing 5% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. As such, Tongfang is considered to be a party acting in concert with Alpha Professional.

As at the Latest Practicable Date and based on the information available to the Company, Mr. Wang, a former Director, is deemed to be interested in a total of 153,510,250 Shares, representing approximately 20.13% of the issued share capital of the Company. Although Mr. Wang is not involved in the Proposed Restructuring, since (i) Mr. Wang is interested in 20% or more of the voting rights in the Company through his holding of Shares through HKSCC Nominees Ltd. and Wise Premium; and (ii) Tongfang is interested in 20% of the issued shares of Perfect Major, a subsidiary owned as to 80% by the Company, Mr. Wang is presumed to be acting in concert with the Investor Group pursuant to note 1 to the definition of acting in concert under the Takeovers Code.

As at the Latest Practicable Date, the Investor Group does not hold, control or have direction over any Shares, convertible securities, warrants, options, or derivatives or similar rights which are convertible or exchangeable into Shares.

Upon completion of the Open Offer and the Share Subscriptions and prior to the placing of Management Placing Shares, (i) assuming all the existing Shareholders take up their entitled Offer Shares under the Open Offer, the Investor Group and parties acting in concert with it will be interested in 211,591,964 Consolidated Shares, representing approximately 83.23% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares; and (ii) assuming none of the existing Shareholders take up their entitled Offer Shares under the Open Offer, the Investor Group and parties acting in concert with it will be interested in 208,521,759 Consolidated Shares, representing approximately 82.02% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. Unless the Whitewash Waiver is obtained from the Executive, an obligation to make a mandatory general offer would be triggered on the part of Alpha Professional and its concert parties for all issued shares of the Company, other than those already owned or agreed to be acquired by Alpha Professional and its concert parties, pursuant to Rule 26 of the Takeovers Code.

Alpha Professional has made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Independent Shareholders at the SGM. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Share Subscriptions will not proceed.

As at the Latest Practicable Date, Alpha Professional does not believe that the Share Subscriptions give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). Alpha Professional notes that the Executive may not grant the Whitewash Waiver if the Share Subscriptions do not comply with other applicable rules and regulations, notwithstanding that all relevant requirements under the Takeovers Code may have been compiled with.

Shareholders and potential investors should be aware that the aggregate shareholding of the Investor Group and parties acting in concert with it will exceed 50% of the issued shares of the Company following the completion of the issuance of the Subscription Shares. In this event, the Investor Group and parties acting in concert with it may increase their shareholding in the Company without incurring any further obligation to make a general offer under the Takeovers Code.

BOARD COMPOSITION OF THE COMPANY AND PROPOSED APPOINTMENT OF PROPOSED DIRECTORS

As at the Latest Practicable Date, the Board comprises of three executive Directors, namely Mr. Lai Hui, Ms. Yang Jian Hui and Ms. Chen Ling, and two independent non-executive Directors, namely Mr. Liu Jintao and Mr. Tsang Hin Fun Anthony. All the existing Directors will resign upon Resumption or the earliest time permitted under the Takeovers Code, whichever is later. It is proposed that two executive Directors and three independent non-executive Directors will be appointed upon Resumption.

Set out below are the biographical details of the existing Directors, the existing senior management of the Company and the proposed Directors:

Existing executive Directors

(i) Mr. Lai Hui

Mr. Lai Hui (賴輝先生) ("**Mr. Lai**"), aged 45, was appointed as a Director on 4 April 2014. He 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 involve strategic formulation, project development and project financing.

(ii) Ms. Yang Jian Hui

Ms. Yang Jian Hui (陽劍慧女士) ("**Ms. Yang**"), aged 40, was appointed as a Director on 26 February 2014. She 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.

(iii) Ms. Chen Ling

Ms. Chen Ling (陳玲女士) ("**Ms. Chen**"), aged 34, was appointed as a Director on 26 February 2014. She 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.

Existing independent Non-Executive Directors

(i) Mr. Liu Jintao

Mr. Liu Jintao (劉金濤先生) ("**Mr. Liu**"), aged 41, was appointed as a non-executive Director on 4 April 2014. He graduated from the Shandong Institute of Architecture & Engineering in 1996. Prior to joining of 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.

(ii) Mr. Tsang Hin Fun Anthony

Mr. Tsang Hin Fun Anthony (曾憲芬先生) ("**Mr. Tsang**"), aged 57, 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 adviser 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 was 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.

Existing senior management

(i) Mr. Kung Wai Chiu Marco

Mr. Kung Wai Chiu Marco (孔維釗先生) ("**Mr. Kung**"), aged 43, was appointed as the Chief Financial Officer on 24 April 2017. Mr. Kung graduated from The Hong Kong Lingnan University with a bachelor's degree in Business Administration. He further obtained two master's degrees in Business Administration from The University of Wollongong in 2005 and in Corporate Governance from The Hong Kong Polytechnic University in 2008 respectively. He is a member of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He is also a chartered secretary of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and has registered as a Certified Public Accountant (Practising) and a Certified Tax Adviser in Hong Kong since 2007 and 2010 respectively.

Prior to joining the Company, Mr. Kung worked as financial controller, company secretary and authorised representative of Wuyi International Pharmaceutical Company Limited, a company which was listed in the Main Board of the Stock Exchange of Hong Kong. He has over 10 years of listed companies experience in areas of compliance, investor relationship, company secretary and financial management.

Mr. Kung will remain in office and he is proposed to be appointed as the company secretary of the Company upon Resumption.

Proposed executive Directors

(i) Mr. Xiong Jianrui

Mr. Xiong (熊劍瑞先生), aged 53, is proposed to be appointed as an executive Director with effect upon Resumption. He will be the chairman of the nomination committee and a member of the remuneration committee. He has over 20 years of experience in telecommunication technology and business management. He is currently a partner in Express Team Holdings Inc.. Mr. Xiong is a non-executive director of Anxin-China Holdings Limited (stock code: 1149), a company listed on the Main Board of the Stock Exchange. He was also an executive director of China Uptown Group Company Limited (formerly known as Techwayson Holdings Limited, stock code: 2330), a company listed on the Main Board of the Stock Exchange, from May 2003 to November 2005 and December 2008 to June 2012; and a non-executive director of T S Telecom Technologies Limited (stock code: 8003), a company listed on the Growth Enterprise Market of the Stock Exchange from October 2007 to December 2007. Mr. Xiong graduated from Xi Bei Institute of Telecommunications Engineering in 1983 with a Bachelor's degree in Information Engineering.

(ii) Mr. Yi Pei Jian

Mr. Yi (易培劍先生), aged 47, is proposed to be appointed as an executive Director with effect upon Resumption. He will be a member of the remuneration and nomination committees. He is currently a director of Qianhai Hongtai Fund Management Co., Ltd.* (前海弘泰基金管理有限公司), the president and director of Shenzhen Warranty Assets Management Co., Ltd*. (深圳市華融泰資產管理有限公司), a director of Chengdu Zhifutong New Information Technology Services Company Limited* (成都支付通新資訊技術服務有限公司), a director of Shenzhen Nanshan Liangwan Fund Management Company Limited* (深圳南山兩灣基金管理有限公司), a director of TFKT True Holdings, a director of True Yoga Holdings Ltd. and a director of Sanjohn Investment Management (Cayman) Co., Ltd.. Mr. Yi holds a PhD in statistics from Xiamen University.

Proposed independent non-executive Directors

(i) Mr. Lin Tao

Mr. Lin Tao (林濤先生) ("**Mr. Lin**"), aged 45, is proposed to be appointed as an independent non-executive Director with effect upon Resumption. He will be the chairman of the audit committee and a member of the remuneration and nomination committees. Mr. Lin has been a professor of corporate finance and principle of accountancy of School of Management, Xiamen University since September 1999. Mr. Lin was the associate director and director of the Center of Executive Master of Business Administration of Xiamen University from August 2004 to May 2008 and from May 2008 to March 2013, he was the associate dean of School of Management, Xiamen University from March 2013 to November 2015. Mr. Lin is an independent non-executive director of Portico International Holdings Limited (stock code: 589), a company listed on the Main Board of the Stock Exchange. In the recent three years, he has also been the independent director of various companies listed on the Shenzhen Stock Exchange, the Shanghai Stock Exchange and the Taiwan Stock Exchange. Mr. Lin holds a PhD in management (accountancy) from Xiamen University.

(ii) Mr. Khoo Yun Fat William

Mr. Khoo Yun Fat William (丘煥法先生) ("**Mr. Khoo**"), aged 36, is proposed to be appointed as an independent non-executive Director with effect upon Resumption. He will be a member of the audit, remuneration and nomination committees. Mr. Khoo is the principal of Khoo & Co., a firm specializing in corporate finance and aviation practice. He became a solicitor of Hong Kong in 2009. He has substantial experience in acting for issuers, sponsors, controlling shareholders and strategic investors advising on IPO processes and other regulatory compliance matters in different cases. Mr. Khoo has been appointed as the vice-chairman of the Standing Committee of the Convocation of City University of Hong Kong since 2012. Mr. Khoo is a director of the Alumni Association of the Raimondi College Hong Kong. Mr. Khoo graduated from the Chinese University of Hong Kong with a Bachelor of Science degree in Pure Chemistry in 2003. He obtained a Bachelor of Laws degree in 2006 and a Postgraduate Certificate in Laws in 2007 from the City University of Hong Kong.

(iii) Mr. Cui Songhe

Mr. Cui Songhe (崔松鶴先生) ("**Mr. Cui**"), aged 47, is proposed to be appointed as an independent non-executive Director with effect upon Resumption. He will be the chairman of the remuneration committee and a member of the audit and nomination committees. Mr. Cui was a deputy general manager in Daqing Jianshida Real Estate Development Co., Ltd from December 1996 to July 2002. He was a director, vice president and chief financial officer of Jingbeifang Science and Technology Co., Ltd from April 2004 to September 2008. He has also been a chief accountant and general manager of Beijing Derun Certified Public Accountants (general partnership) since October 2008. Mr. Cui has also been a deputy secretary general in Beijing Zhongguancun Hi-tech Enterprise Association since February 2008. Mr. Cui obtained a Bachelor degree of Law degree from the Xiamen University in 1992 and a Master degree of Economic Law from the China University of Political Science and Law in 2004. He became a lawyer in 1994, a Certified Public Accountant in 2003 and a Certified Tax Agent in 2010.

The proposed Directors set out above will replace the existing Directors to form three Board committees for the Company immediately upon the resignation of the existing Directors, which shall occur upon Resumption or the earliest time permitted under the Takeovers Code, whichever is later. Set out below is the information of the Board committees:

Board committee Director	Audit committee	Remuneration committee	Nomination committee
Executive Directors			
Mr. Xiong Jianrui		M	C
Mr. Yi Pei Jian		M	M
Independent non-executive Directors			
Mr. Cui Songhe	M	C	M
Mr. Khoo Yun Fat William	M	M	M
Mr. Lin Tao	C	M	M

Notes:

C Chairman of the relevant Board committees

M Member of the relevant Board committees

Audit committee

The Company will establish an audit committee of the Company upon Resumption with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee of the Company are to review and supervise the financial reporting process and internal control system of the Group and to review the Company's interim and annual reports and financial statements. The audit committee of the Company will consist of Mr. Cui, Mr. Khoo and Mr. Lin and will be chaired by Mr. Lin. All of them are proposed independent non-executive Directors.

Remuneration committee

The Company will establish a remuneration committee of the Company upon Resumption with written terms of reference in compliance with the Rule 3.25 of the Listing Rules and CG Code. The primary duties of the remuneration committee of the Company are to determine the specific remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and to advise the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the remuneration committee of the Company will take into account the performance of the Group as well as individual Directors and senior management of the Company. The remuneration committee will consist of Mr. Xiong, Mr. Yi, Mr. Cui, Mr. Khoo and Mr. Lin and will be chaired by Mr. Cui, a proposed independent non-executive Director.

Nomination committee

The Company will establish a nomination committee of the Company upon Resumption with written terms of reference in compliance with the CG Code. The primary function of the nomination committee of the Company is to make recommendations to the Board on potential candidates to fill vacancies on or additional appointment to the Board and for senior management positions. Nominations of directors and senior management candidates by the nomination committee of the Company are based on considerations such as vacancy available, the candidate's competence and experience, possession of requisite skills and qualifications, independence and integrity. The nomination committee of the Company will consist of Mr. Xiong, Mr. Yi, Mr. Cui, Mr. Khoo and Mr. Lin and will be chaired by Mr. Xiong.

PROPOSED VOLUNTARY DELISTING FROM THE SGX-ST

The Company proposes to seek a voluntary delisting of the Company from the Official List of the SGX-ST. An application has been made by the Company to the SGX-ST in early August 2017 and the SGX-ST has advised that it has no objection to the proposed delisting subject to certain conditions. The Company has issued an announcement containing the relevant information on 29 August 2017.

LISTING APPLICATION

Since the Shares have a primary listing on the Main Board of the Stock Exchange and a secondary listing on the SGX-ST (to which an application of delisting of the Company has been made), the Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares, the Offer Shares and the Subscription Shares. Dealings in the Consolidated Shares, the Offer Shares and the Subscription Shares, will be subject to the payment of stamp duty in Hong Kong (where applicable).

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue, the Offer Shares and the Subscription Shares arising from the Capital Reorganisation, the Open Offer and the Share Subscriptions. Subject to the granting of the listing of, and the permission to deal in, the Consolidated Shares, the Offer Shares and the Subscription Shares on the Stock Exchange, the Consolidated Shares, the Offer Shares and the Subscription Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares, the Offer Shares and the Subscription Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Save for the Shares that have been listed on the SGX-ST since 21 November 2007 and the Company's Taiwan Depository Receipts that were listed on the Taiwan Stock Exchange Corporation on 3 December 2010 (which have been delisted since 1 March 2015), none of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company did not carry out any rights issue, open offer or other issue of equity securities for fund raising purposes or otherwise within the 12 months immediately prior to 22 April 2016, being the date of the first announcement in respect of, among other things, the Proposed Restructuring.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liu Jintao and Mr. Tsang Hin Fun Anthony, has been established to give recommendations to the Independent Shareholders in respect of the Proposed Restructuring and the Whitewash Waiver. Altus Capital has been appointed with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the Proposed Restructuring and the Whitewash Waiver.

SGM

The SGM will be convened by the Company at 10:00 a.m. on Monday, 16 October 2017 for the purposes of considering, and if thought fit, approving, among other things, the Proposed Restructuring, the Whitewash Waiver, the proposed appointment of the proposed Directors and any other matters as required by law, the Listing Rules, the Stock Exchange and/or the SFC, which are necessary to give effect to the Proposed Restructuring and any transactions contemplated under the Framework Agreement.

Mr. Wang, being interested in an aggregate of 153,510,250 Shares through his holding of Shares through HKSCC Nominees Ltd. and Wise Premium (representing approximately 20.13% of the issued share capital of the Company as at the Latest Practicable Date), is presumed to be acting in concert with the Investor Group pursuant to note 1 to the definition of acting in concert under the Takeovers Code. Accordingly, Mr. Wang will be required to abstain from voting at the SGM on the relevant resolution(s) to approve the Proposed Restructuring and the Whitewash Waiver.

As at the Latest Practicable Date and to the best knowledge, information and belief of the Provisional Liquidators and the Directors, having made all reasonable enquiries, no Shareholder (except for Mr. Wang through his holding of Shares through HKSCC Nominees Ltd. and Wise Premium) has any material interest in the Proposed Restructuring and the Whitewash Waiver. Accordingly, no Shareholder (except for Mr. Wang through his holding of Shares through HKSCC Nominees Ltd. and Wise Premium) will be required to abstain from voting at the SGM on the relevant resolution(s) to approve the Proposed Restructuring and the Whitewash Waiver.

None of the members of the Independent Board Committee is involved in or has any interest in the transactions contemplated under the Proposed Restructuring and the Whitewash Waiver.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the SGM or any adjournment thereof. Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof. In such event, your form of proxy will be deemed revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 86 to 87 in this circular which contains its recommendation to the Independent Shareholders (i) as to whether the Proposed Restructuring, the Whitewash Waiver and all the transactions contemplated thereunder are fair and reasonable; and (ii) as to voting at the SGM in relation to the Proposed Restructuring and the Whitewash Waiver.

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 88 to 110 in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders (i) as to whether the Proposed Restructuring and the Whitewash Waiver and all the transactions contemplated thereunder are fair and reasonable; and (ii) as to voting at the SGM in relation to the Proposed Restructuring and the Whitewash Waiver, and the principal factors and reasons considered by it in arriving at its opinion.

The Provisional Liquidators and the Directors (including the independent non-executive Directors who have taken into consideration the advice from the Independent Financial Adviser) consider that the Proposed Restructuring, the Whitewash Waiver and all the transactions contemplated thereunder are fair and reasonable and are in the best interest of the Company and the Independent Shareholders as a whole. Accordingly, the Provisional Liquidators and the Directors recommend that the Shareholders should vote in favour of the resolutions, which will be proposed at the SGM, relating to (i) the Proposed Restructuring, the Whitewash Waiver and all the transactions contemplated thereunder; and (ii) the proposed appointment of proposed Directors.

You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote on the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:37 p.m. on 27 June 2014 and will remain suspended until further notice.

Your attention is also drawn to the additional information set out in the appendices to this circular and the notice of the SGM.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional upon, inter alia, the fulfilment of the conditions set out under the sub-section headed "Conditions of the Underwriting Agreement" above. Therefore, the Open Offer may or may not proceed.

Shareholders and potential investors should also note that completion of the Share Subscriptions is conditional upon, inter alia, the satisfaction of the conditions set out under the sub-section headed "Conditions precedent of Share Subscriptions" above. Therefore, the Share Subscriptions may or may not proceed.

Any dealing in the shares of the Company from the date of this circular up to the date on which all the conditions of the Underwriting Agreement and the Share Subscriptions are fulfilled will accordingly bear the risk that the Open Offer and the Share Subscriptions may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and to consult their own professional advisers.

Resumption of trading in the shares of the Company is subject to a number of conditions and may or may not take place. Trading in the Shares will remain suspended until further notice. The release of this circular is not an indication that the Proposed Restructuring will be successfully implemented and does not necessarily indicate that the trading in the shares of the Company will be resumed and that the listing approval for the Consolidated Shares will be granted.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

For and on behalf of
Z-Obee Holdings Limited
(Provisional Liquidators Appointed)
Donald Edward Osborn
Yat Kit Jong
and
Man Chun So
Joint Provisional Liquidators
Acting as agents without personal liability

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)

25 September 2017

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED RESTRUCTURING; AND
(2) APPLICATION FOR WHITEWASH WAIVER

We have been formed to make a recommendation to the Independent Shareholders on the Proposed Restructuring and the Whitewash Waiver, details of which are set out in the Circular issued by the Company to the Shareholders dated 25 September 2017, of which this letter forms part. With the approval of the Independent Board Committee, Altus Capital has been appointed by the Company as the independent financial adviser to advise us in this regard.

Terms defined in this circular have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Provisional Liquidators and the letter from the Independent Financial Adviser set out on pages 35 to 85 and pages 88 to 110 of this circular respectively, and the additional information set out in the appendices to this circular.

Having taken into account the Proposed Restructuring and the Whitewash Waiver and the principal factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with the view of the Independent Financial Adviser and consider that the Proposed Restructuring and the Whitewash Waiver are in the best interest of the Company and the Independent Shareholders.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Proposed Restructuring and the Whitewash Waiver.

Yours faithfully,
For and on behalf of the Independent Board Committee

Liu Jintao	**Tsang Hin Fun Anthony**
Independent Non-executive Director	*Independent Non-executive Director*

The following is the text of a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in relation to (i) the Proposed Restructuring and the transactions contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions; and (ii) the Whitewash Waiver, which has been prepared for the purpose of incorporation in this circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

25 September 2017

To the Independent Board Committee and
the Independent Shareholders

Z-Obee Holdings Limited (Provisional Liquidators Appointed)
c/o PricewaterhouseCoopers
Level 22, Prince's Building
Central, Hong Kong

Dear Sir or Madam,

(1) PROPOSED RESTRUCTURING INVOLVING, INTER ALIA,
(A) PROPOSED CAPITAL REORGANISATION;
(B) PROPOSED OPEN OFFER ON THE BASIS OF TWO (2) OFFER SHARES FOR EVERY FIVE (5) CONSOLIDATED SHARES HELD ON THE OPEN OFFER RECORD DATE;
(C) PROPOSED SHARE SUBSCRIPTIONS;
AND
(2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Proposed Restructuring, in particular, the Capital Reorganisation and the Share Subscriptions; and (ii) the Whitewash Waiver. Details of the Proposed Restructuring and the Whitewash Waiver are set out in the "Letter from the Provisional Liquidators" contained in the circular of the Company dated 25 September 2017 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Trading in the Shares on the Stock Exchange has been suspended since 27 June 2014. Pursuant to the court orders dated 27 June 2014 and 2 June 2015 made by the High Court of Hong Kong (the "**Hong Kong Court**") and the court order dated 17 February 2017 made by the Supreme Court of Bermuda (the "**Bermuda Court**"), the Provisional Liquidators were appointed to, among others, formulate and carry out a restructuring of the Company.

The Company submitted to the Stock Exchange the First Resumption Proposal for the Proposed Restructuring on 19 July 2015, but it was considered not viable by the Stock Exchange. On 7 September 2016, the Company submitted the Second Resumption Proposal, which was supplemented by a supplemental resumption proposal dated 24 April 2017 and as further particularised in subsequent submissions by the Company (as further supplemented from time to time). The Second Resumption Proposal was conditionally approved by the Listing Committee on 30 June 2017, which is subject to (i) the completion of all the transactions contemplated under the Second Resumption Proposal; and (ii) the withdrawal or dismissal of the winding up petitions against the Company and its subsidiaries and the discharge of the provisional liquidators.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Liu Jintao and Mr. Tsang Hin Fun Anthony, both being the independent non-executive Directors, has been established in relation to the Proposed Restructuring and the Whitewash Waiver, and to give advice and recommendation to the Independent Shareholders as to (i) whether the terms of the Proposed Restructuring and the transactions contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, are fair and reasonable; and in the interests of the Company and the Shareholders as a whole; (ii) whether the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to be proposed at the SGM to approve the Proposed Restructuring and the Whitewash Waiver, taking into account the recommendation of the Independent Financial Adviser.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Proposed Restructuring and the transactions contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, are fair and reasonable; and in the interests of the Company and the Shareholders as a whole; (ii) whether the Whitewash Waiver is fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolutions to be proposed at the SGM to approve the Proposed Restructuring and the Whitewash Waiver.

Altus Capital is not associated with the Company, Alpha Professional or any of their substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and accordingly, is considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Restructuring and the Whitewash Waiver. Apart from the normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we will receive any fees or benefits from the aforementioned parties.

IMPLICATIONS UNDER THE LISTING RULES

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the first announcement in relation to the Open Offer on 31 August 2017, the Open Offer is not subject to the approval by the Shareholders pursuant to Rule 7.24(5) of the Listing Rules.

However, as the Open Offer forms part of the Proposed Restructuring, the Company proposes that the Open Offer be put forward to the Independent Shareholders for approval by way of poll at the SGM.

The Company will seek the Specific Mandate from the Independent Shareholders for the allotment and issue of the Subscription Shares to be issued under the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND THE APPLICATION FOR THE WHITEWASH WAIVER

Alpha Professional has procured Tongfang Asset Management to acquire 20% equity in Perfect Major, a subsidiary owned as to 80% by the Company, and to subscribe for 12,711,719 Consolidated Shares, representing 5% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. As such, Tongfang Asset Management is considered to be a party acting in concert with Alpha Professional.

As at the Latest Practicable Date and based on the information available to the Company, Mr. Wang, a former Director, is deemed to be interested in a total of 153,510,250 Shares, representing approximately 20.13% of the issued share capital of the Company. Although Mr. Wang is not involved in the Proposed Restructuring, since (i) Mr. Wang is interested in 20% or more of the voting rights in the Company through his holding of Shares through HKSCC Nominees Ltd. and Wise Premium; and (ii) Tongfang Asset Management is interested in 20% of the issued share of Perfect Major, a subsidiary owned as to 80% by the Company, Mr. Wang is presumed to be acting in concert with the Investor Group pursuant to note 1 to the definition of acting in concert under the Takeovers Code.

As at the Latest Practicable Date, the Investor Group does not hold, control or have direction over any Shares, convertible securities, warrants, options, or derivatives or similar rights which are convertible or exchangeable into Shares.

Upon completion of the Open Offer and the Share Subscriptions and prior to the placing of Management Placing Shares, (i) assuming all the existing Shareholders take up their entitled Offer Shares under the Open Offer, the Investor Group and parties acting in concert with it will be interested in 211,591,964 Consolidated Shares, representing approximately 83.23% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares; and (ii) assuming none of the existing Shareholders take up their entitled Offer Shares under the Open Offer, the Investor Group and parties acting in concert with it will be interested in 208,521,759 Consolidated Shares, representing approximately 82.02% of the issued share capital of the Company as enlarged by the issue of the Offer Shares and the Subscription Shares. Unless the Whitewash Waiver is obtained from the Executive, an obligation to make a mandatory general offer would be triggered on the part of Alpha Professional and its concert parties for all issued shares of the Company, other than those already owned or agreed to be acquired by Alpha Professional and its concert parties, pursuant to Rule 26 of the Takeovers Code.

Alpha Professional has made an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that it will grant the Whitewash Waiver subject to the approval of the Independent Shareholders at the SGM. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Share Subscriptions will not proceed.

As at the Latest Practicable Date, Alpha Professional does not believe that the Share Subscriptions give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). Alpha Professional notes that the Executive may not grant the Whitewash Waiver if the Share Subscriptions do not comply with other applicable rules and regulations, notwithstanding that all relevant requirements under the Takeovers Code may have been compiled with.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the statements, information, opinions, and representations contained or referred to in the Circular and/or provided to us by the Provisional Liquidators and the Directors. We have assumed that all statements, information, opinions, and representations contained or referred to in the Circular and/or provided to us were true, accurate, and complete at the time they were made and continued to be so as at the date of the Circular. The Provisional Liquidators and the Directors will notify the Independent Shareholders of any material changes to information contained or referred to in the Circular as soon as possible in accordance with Rule 8.1 of the Takeovers Code. Independent Shareholders will also be informed when there are any material changes to the information contained or referred to herein as well as changes to our opinion as soon as possible.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Provisional Liquidators and the Directors have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into account the principal factors and reasons set out below:

1. Background information of the Group and the Proposed Restructuring

The Company was listed on the Stock Exchange on 1 March 2010 with the principal activity of marketing and distribution of mobile handsets and their components, provision of mobile handset design and production solution services.

A petition for the winding-up of the Company was presented on 4 April 2014. The Hong Kong Court made orders appointing Mr. Yat Kit Jong and Mr. Donald Edward Osborn of PricewaterhouseCoopers as joint and several provisional liquidators of the Company on 27 June 2014. At the request of the Company, trading in its shares on the Main Board of the Stock Exchange and the SGX-ST was suspended with effect from the same date. On 2 June 2015, Mr. Man Chun So of PricewaterhouseCoopers was appointed as an additional joint and several provisional liquidator to the Company.

By the order of the Bermuda Court dated 17 February 2017, Mr. Donald Edward Osborn, Mr. Yat Kit Jong and Mr. Man Chun So were appointed as the joint provisional liquidators of the Company and are authorised to, inter alia, undertake the restructuring of the indebtedness of the Company pursuant to the Schemes. The Provisional Liquidators applied for, and were granted on 17 March 2017, a letter of request for recognition of and assistance to them at common law.

By the orders of the Hong Kong Court dated 27 March 2017 and 29 March 2017 and both sealed on 11 April 2017, the Hong Kong Court discharged Mr. Donald Edward Osborn, Mr. Yat Kit Jong and Mr. Man Chun So as the Hong Kong Provisional Liquidators and granted the Bermuda Provisional Liquidators recognition in Hong Kong as provisional liquidators appointed by the Bermuda Court.

The Provisional Liquidators had taken various steps to ascertain the assets and liabilities of the Company. They consider that it would be in the best interest of the Company, and hence its creditors, for the Group to be restructured via implementation of schemes of arrangement in Hong Kong and in Bermuda to maximise returns to the creditors.

On 28 April 2015, Alpha Professional formally submitted an indicative restructuring proposal to the Provisional Liquidators. Apart from the competitiveness of the Alpha Professional's proposal, the Provisional Liquidators believed that Alpha Professional's profile and experience in the industry would positively contribute towards a successful restructuring of the Group. In order to facilitate the debt restructuring, the Original Framework Agreement was entered into between Alpha Professional, the Company and the Hong Kong Provisional Liquidators on 5 June 2015. In addition, a new management team was appointed to the Company at around that time for the reactivation of the Company's business (conducted through Operating Subsidiaries) with Alpha Professional's financial support.

On 19 July 2015, the Company submitted to the Stock Exchange the First Resumption Proposal for the resumption of trading in its shares which was subsequently further revised and updated from time to time.

Since then, the Group had been able to accelerate further the reactivation of its business and generate meaningful revenue and profits. The Group's business plan is that it will be principally engaged in the provision of mobile handset design and production solution services and marketing and distribution of mobile handsets and their components. The mobile handsets mainly include 2G feature phones and 3G/4G smart phones. At the initial stage, target customers of the Group were largely overseas mobile handset brand owners mainly located in India, Bangladesh and Pakistan.

As a result of the reactivation of the Group's business operation, the Group was able to return to profit for the year ended 31 March 2016, after consecutive losses for two years. During the financial year ended 31 March 2016, the Group has successfully reactivated its business operations by selling approximately 625,000 mobile phones and running a normal course of business operation with its trade creditors and customers.

After lengthy negotiations with the Stock Exchange and the submission of several resumption proposals, on 30 June 2017, the Stock Exchange issued the Conditional Approval Letter granting the conditional in-principle approval of the Second Resumption Proposal. The conditions, including (i) the completion of all the transactions contemplated (including the Share Consolidation, the Share Subscriptions, the Open Offer and the group reorganisation) under the Second Resumption Proposal; and (ii) the withdrawal or dismissal of the winding up petitions against the Company and its subsidiaries and the discharge of the provisional liquidators, will need to be completed to the satisfaction of the Listing Department of the Stock Exchange by 29 November 2017. The Company was placed in the delisting procedure under Practice Note 17 to the Listing Rules since July 2014. Given that the Company is implementing a revised resumption proposal, the Stock Exchange allowed the third delisting stage to expire in October 2016. However, if the above conditions for the Resumption could not be fulfilled by 29 November 2017, it is possible that the Stock Exchange may eventually cancel the listing of the Shares.

Following the issuance of the Conditional Approval Letter, Alpha Professional, the Company and the Provisional Liquidators entered into the Second Amendment and Restatement Agreement on 25 July 2017 to amend the then existing framework agreement to the Framework Agreement, to record the terms and conditions on which the parties to it have agreed to proceed with the Proposed Restructuring and the Resumption.

2. Financial information of the Group

Set out below is a summary of the financial results of the Group for the years ended 31 March 2015, 2016 and 2017, as extracted from the 2016 Annual Report and 2017 Annual Report. As mentioned in the annual reports, 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 Proposed Restructuring, the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future.

	For the year ended 31 March		
	2017	**2016**	**2015**
	US$	*US$*	*US$*
	(audited)	*(audited)*	*(audited)*
Revenue	22,977,341	12,715,204	–
Gross profit	3,315,927	2,059,394	–
Profit/(loss) before restructuring costs and tax	1,977,191	1,137,345	(50,340,501)
Profit/(loss) attributable to owners of the Company	1,374,870	374,467	(50,475,462)

	As at 31 March		
	2017	**2016**	**2015**
	US$	*US$*	*US$*
	(audited)	*(audited)*	*(audited)*
Total assets	91,135,554	90,717,493	83,466,468
Total liabilities	89,201,296	90,158,105	83,281,547
Net assets	1,934,258	559,388	184,921
Current assets	78,203,012	77,852,536	70,601,511
Current liabilities	89,201,296	90,158,105	83,281,547
Net current liabilities	(10,998,284)	(12,305,569)	(12,680,036)

Source: 2016 Annual Report and 2017 Annual Report

2.1. A brief summary of the financial performance of the Group for the past three years ended 31 March 2017

For the years ended 31 March 2015 and 2016

During the year ended 31 March 2015, due to a lack of working capital and the departure of some key members of former management team of the Group, the Provisional Liquidators and the Directors were unable to continue with the business operations of the Group. Accordingly, the Group recorded no turnover and no gross profit for the year ended 31 March 2015. Loss before restructuring costs and tax was approximately US$50.34 million and loss for the year attributable to owners of the Company was approximately US$50.48 million for the year ended 31 March 2015.

During the year ended 31 March 2016, as discussed above, the Group was able to return to profit as a result of the reactivation of the Group's business operation given financial support provided by Alpha Professional. The Group recorded revenue of approximately US$12.72 million, a profit before restructuring costs and tax of approximately US$1.14 million and a profit attributable to the owners of the Company of approximately US$0.37 million for the year ended 31 March 2016. All of the revenue for the year ended 31 March 2016 was generated from the distribution business of 2G feature phones and 3G/4G smart phones through the Group's Operating Subsidiaries.

The Group's net assets increased from approximately US$0.18 million as at 31 March 2015 to approximately US$0.56 million as at 31 March 2016, representing an increase of approximately 202.50%. The increase in net assets was mainly due to the profit recorded for the year ended 31 March 2016 as mentioned above. The Group's net current liabilities remained relatively stable at approximately US$12.68 million and US$12.31 million as at 31 March 2015 and 2016 respectively.

For the years ended 31 March 2016 and 2017

The Group's revenue was approximately US$22.98 million for the year ended 31 March 2017, representing an increase of approximately 80.71% from approximately US$12.72 million in 2016. The increase was mainly attributable to (i) the substantial increase in sales in South Asia and Dubai as the New Management Team of the Group had its primary market focus on the South Asian Region and Dubai, which the Company believes to have a massive growth potential; and (ii) the increase in total sales in smart phones due to the technological advancement and the availability of disposable income to a broader consumer base in the target region. Given that the unit price of smart phones is far greater than that of feature phones, the shift of the Group's product mix towards smart phones has a positive impact on the Group's overall revenue.

The Group's gross profit increased by approximately 61.01% from approximately US$2.06 million for the year ended 31 March 2016 to approximately US$3.32 million for the year ended 31 March 2017. Such increase was mainly due to the increase in sales revenue as mentioned above.

The Group's profit attributable to the owners of the Company increased by approximately 267.15% from approximately US$0.37 million for the year ended 31 March 2016 to approximately US$1.37 million for the year ended 31 March 2017. Such increase was mainly due to (i) the increase in sales revenue as mentioned above; (ii) the increase in other income due to entering into the contract between the Group and Shenzhen Huakong Technology Co., Ltd, an independent third party, to develop the sale of Huakong's products in the Indian market during the year ended 31 March 2017; and (iii) the decrease in restructuring costs.

The Group's net assets increased from approximately US$0.56 million as at 31 March 2016 to approximately US$1.93 million as at 31 March 2017, representing an increase of approximately 245.78%. The increase in net assets was mainly due to the profit recorded for the year ended 31 March 2017 as mentioned above. The Group's net current liabilities decreased by approximately 10.62% from approximately US$12.31 million for the year ended 31 March 2016 to approximately US$11.00 million for the year ended 31 March 2017. The decrease in net current liabilities was mainly due to the decrease in the balance of trade and bills payable as at year end.

2.2. Audit qualifications

As set out in the independent auditor's report in Appendix I to the Circular, the auditor of the Company had given disclaimed opinions on the consolidated financial statements of the Company for each of the three years ended 31 March 2015, 2016 and 2017.

It was noted from the annual reports of the Company that because of the significance of the matters described in the corresponding basis for disclaimer of opinion section of the annual reports, the auditor of the Company had not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those consolidated financial statements. Accordingly, they did not express an opinion on the consolidated financial statements of the Group for each of the three years ended 31 March 2015, 2016 and 2017.

2.3. Outlook

The Group is primarily engaged as a mobile handsets solution provider and the services, with a particular focus on design, development, customisation and technological collaboration. The Group's business will be divided into (i) design of mobile handsets; (ii) assembly of mobile handsets; and (iii) delivery of products and after-sales services and are mainly carried out by the operating subsidiaries managed by the New Management Team. The mobile handsets mainly include features phones and smart phones and target customers of the Group are largely renowned overseas mobile handset brand owners mainly located in India, Bangladesh, Dubai and Pakistan.

We also understand that the New Management Team are of the view that the new business model of the Company is viable and sustainable and will enable the Company to sustain a long term organic growth. We concur with the view of the New Management Team that the mobile phone market in India, Pakistan, Bangladesh and Dubai, being the market that the new business model of the Company will be focusing on, will experience strong growth and have a good prospect after considering (i) the expected strong economic growth; (ii) the expected strong growth in mobile subscriptions; (iii) the growth drivers from both supply and demand perspectives of the mobile phone market; (iv) recent development trends of the mobile phone market; and (v) the opportunities and obstacles of the mobile phone market in India, Pakistan, Bangladesh and Dubai, as illustrated in the section headed "Industry overview" of the Circular.

According to the "Profit forecast for the 24 months ending 31 March 2019" as set out in Appendix III to the Circular, which is prepared by the Directors with the assistance of the New Management Team and endorsed by the independent auditor of the Company, based on the bases and assumptions as set forth there, and in the absence of unforeseen circumstances, it is forecasted that the Group will record a profit before income tax and restructuring related costs of approximately HK$30.15 million (equivalent to approximately US$3.87 million) and HK$34.55 million (equivalent to approximately US$4.43 million) for the years ending 31 March 2018 and 2019, representing an increase of approximately 95.52% and approximately 14.56% from the previous financial year respectively. As we have mentioned above, since the Company's business was reactivated and the New Management Team was appointed to carry out the new business model in 2016, the Group was able to return to profit for the year ended 31 March 2016, after consecutive losses for two years, and had continued to record profit attributable to the owners of the Company in the first half of 2017. In view of (i) the good prospect of the mobile phone industry in India, Pakistan, Bangladesh and Dubai; (ii) the positive financial performance of the Company after applying the new business model; and (iii) the growth potential as shown in the abovementioned profit forecast, we concur with the view of the New Management Team that the new business model under their management is viable and sustainable and is expected to enable the Company to sustain a long term organic growth.

We understand from the Provisional Liquidators and the Directors that the completion of the Proposed Restructuring will facilitate the removal of audit qualifications in audit reports of the Company in the future since the Excluded Companies, which have no complete books and records, will no longer be part of the Group after implementing the Schemes. In relation to the going concern issue, which was another matter leading to audit qualifications, we concur with the view of the Directors that upon completion of the Proposed Restructuring, the adoption of the new business model, which enables a long term organic growth of the Company, will facilitate the Company to continue as a going concern and to meet its financial liabilities as and when they fall due in the foreseeable future.

3. Principal elements of the Framework Agreement

Pursuant to the Framework Agreement, the Proposed Restructuring will comprise, among other things, (i) the Schemes; (ii) the Capital Reorganisation; (iii) the Open Offer; (iv) the Share Subscriptions; (v) the Working Capital Loan and the Loan Facility; and (vi) the placing of Management Placing Shares. Details of each element are set out in the "Letter from the Provisional Liquidators" contained in the Circular. Among these elements, the Capital Reorganisation, the Open Offer and the Share Subscriptions are subject to Independent Shareholders' approval.

4. Reasons for entering into the Framework Agreement

The Group is principally engaged in provision of mobile handset designs and production solution services and marketing and distribution of mobile handsets and their components. However, as shown in section 2 above, the Company is already having a net current liabilities position since 2015, and therefore the Company has insufficient assets to settle the liabilities of the Company. According to the Provisional Liquidators, they were keen to recommence the business operations of the Group. However, due to working capital and liquidity constraints, the initial reactivation efforts were difficult.

On 28 April 2015, Alpha Professional submitted an indicative restructuring proposal to the Provisional Liquidators outlining its plans for the continuation of the existing business operations. After arm's length negotiations between the Provisional Liquidators, the Company and Alpha Professional, on 5 June 2015, the parties entered into the Original Framework Agreement. As discussed in sections 1 and 2 above of this letter, since the entering into the Original Framework Agreement, the Group has been able to accelerate the reactivation of its business and generate meaningful revenue and profits given the financial support from Alpha Professional being part of the Original Framework Agreement.

Given the financial situation of the Group and the willingness of Alpha Professional to finance the Group to continue the existing business operations, we concur with the view of the Provisional Liquidators and the Directors that the entering into of the Framework Agreement provides (i) the necessary contractual framework for the implementation of a corporate restructuring exercise and a business plan to revive the Company; and (ii) the opportunity that following completion of all the steps set out in the Framework Agreement, to satisfy the conditions for Resumption imposed by the Listing Committee. In particular, it is noted that the Working Capital Loan had enabled the Group to continue its existing business operations through its Operating Subsidiaries. In addition, the Provisional Liquidators and the Directors believe and we concur that the implementation of the Proposed Restructuring as contemplated under the Framework Agreement will:

(i) introduce, under the Share Subscriptions, new investors being Alpha Professional and Tongfang Asset Management to the Company, as well as to strengthen the financial position of the Group and relieve the indebtedness of the Company;

(ii) provide, under the Open Offer, an opportunity to the Shareholders (aa) to participate in the Proposed Restructuring and to enjoy the potential benefits that may arise from the future business development of the Group; and (bb) to reduce the dilution effect of the Share Subscriptions on the shareholding of the Shareholders;

(iii) raise, under the Open Offer, additional working capital for the Company; and

(iv) enable the Company to be discharged from all liabilities of and claims against it when the terms and the conditions of the Schemes are fulfilled, the Scheme Cash Consideration and any further proceeds from any realisation of any assets of the Excluded Companies are distributed to the Scheme Creditors.

As we have mentioned above, the Company was placed in the delisting procedure under Practice Note 17 to the Listing Rules since July 2014. Given that the Company is implementing a revised resumption proposal, the Stock Exchange allowed the third delisting stage to expire in October 2016. In the event that the Framework Agreement is not implemented within the Exclusivity Period or terminated due to the reasons set out in the section headed "Termination" set out in the "Letter from the Provisional Liquidators" of the Circular or the conditions imposed by the Listing Committee for the Resumption are not completed to the satisfaction of the Listing Department of the Stock Exchange by 29 November 2017, it is possible that the Stock Exchange may eventually cancel the listing of the Shares and the Company may eventually be forced to wind up. As a result, taking into account the current financial position of the Group, the Shareholders may unlikely receive any return from the winding-up of the Company.

Taking into account the reasons mentioned above, we concur with the Provisional Liquidators' and the Directors' view that the entering into the Framework Agreement is in the interests of the Company and the Shareholders as a whole.

5. The terms of the transactions contemplated under the Framework Agreement

As mentioned above, among all elements under the Framework Agreement, the Capital Reorganisation, the Open Offer and the Share Subscriptions are subject to Independent Shareholders' approval.

5.1. The Capital Reorganisation

The Provisional Liquidators propose to implement, subject to the Shareholders' approval, the Capital Reorganisation. The Capital Reorganisation comprises:

(i) the Share Consolidation – every twenty (20) existing Shares of US$0.008 each will be consolidated into one (1) Consolidated Share of US$0.16 each; and

(ii) the Increase in Authorised Share Capital – immediately after the Share Consolidation becoming effective, the Company's authorised share capital will be increased from US$10,000,000 to US$100,000,000, divided into 625,000,000 Consolidated Shares of US$0.16 each by the creation of 562,500,000 new Consolidated Shares.

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company before and after completion of the Capital Reorganisation:

	Before the Capital Reorganisation	**Immediately after the Capital Reorganisation**
Nominal Value	US$0.008	US$0.16
Authorised share capital	US$10,000,000.00 divided into 1,250,000,000 Shares	US$100,000,000.00 divided into 625,000,000 Consolidated Shares

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Issued and paid-up share capital	US$6,101,501.296 divided into 762,687,662 Shares	US$6,101,501.280 divided into 38,134,383 Consolidated Shares

We concur with the view of the Provisional Liquidators that the Share Consolidation will increase the nominal value of the shares of the Company currently in issue. As such, it is expected that the Share Consolidation may bring about a corresponding upward adjustment in the trading price of the shares of the Company. The Share Consolidation and the Increase in Authorised Share Capital will also provide flexibility for equity fund raising of the Company in the future, including (i) the Share Subscriptions, the proceeds of which will be applied towards discharging the claims of the Scheme Creditors and as general working capital in supporting ongoing business operations of the SPV Group; and (ii) the Open Offer, which will provide an opportunity to the Shareholders to participate in the Proposed Restructuring and business development of the Group. We will discuss the Share Subscriptions and the Open Offer in details in the sections below. The completion of the Share Consolidation is the first step and a crucial step to be carried out under the Framework Agreement, which in turn, will enable the implementation of the rest of the steps of the Proposed Restructuring and fulfil the conditions for the Resumption.

Based on the above reasons, we concur with the view of the Provisional Liquidators that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

5.2. The Open Offer

(a) Terms of the Open Offer

Subject to the completion of the Capital Reorganisation, the Company will conduct the Open Offer on the basis of two (2) Offer Shares for every five (5) Consolidated Shares held on the Open Offer Record Date by the Qualifying Shareholders. The Open Offer will be underwritten by the Underwriter on a fully underwritten basis. For details on the use of proceeds from the Open Offer, please refer to the section headed "Use of proceeds from the Open Offer and the Share Subscriptions" under section 5.3 – "The Share Subscriptions" below.

Set out below are the principal terms of the Open Offer:

Basis of the Open Offer	:	Two (2) Offer Shares for every five (5) Consolidated Shares held on the Open Offer Record Date

Number of Shares in issue as at the Latest Practicable Date	:	762,687,662 Shares
Number of Consolidated Shares upon completion of the Capital Reorganisation	:	38,134,383 Consolidated Shares
Number of Offer Shares to be issued	:	15,253,753 Consolidated Shares
Offer Price	:	US$0.16 per Offer Share
Funds to be raised before expenses	:	Approximately US$2.44 million (equivalent to approximately HK$19.03 million)
Underwriter	:	China Galaxy International Securities (Hong Kong) Co., Limited

The 15,253,753 Offer Shares to be allotted and issued represents:

(i) approximately 2.00% of the existing issued share capital of the Company as at the Latest Practicable Date;

(ii) approximately 40.00% of the issued share capital of the Company upon completion of the Capital Reorganisation;

(iii) approximately 28.57% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares; and

(iv) approximately 6.00% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares and the Subscription Shares.

(b) The Offer Price

The Offer Price of US$0.16 (equivalent to approximately HK$1.248) represents:

(i) a discount of approximately 70.29% to the theoretical closing price of HK$4.200 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the closing price of HK$0.210 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 74.84% to the average theoretical closing price of approximately HK$4.960 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of approximately HK$0.248 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

(iii) a discount of approximately 76.89% to the average theoretical closing price of approximately HK$5.400 per Consolidated Share as adjusted for the effect of the Capital Reorganisation based on the average closing price of approximately HK$0.270 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

(iv) a premium of approximately 213.73% to the theoretical net asset value of the Company per Consolidated Share of approximately US$0.051 as adjusted for the effect of the Capital Reorganisation based on the audited consolidated net assets of the Group of US$1,934,258 as at 31 March 2017 and 38,134,383 Consolidated Shares in issue upon the Capital Reorganisation becoming effective.

We understand from the Provisional Liquidators that the Offer Price (which is the same as the Subscription Price) has been determined having regard to the fact that (i) the Provisional Liquidators have been appointed; (ii) the prolonged suspension of trading in the Shares on the Stock Exchange; (iii) the prevailing stock market conditions; and (iv) the prospects of the business operations of the Group.

Market comparable analysis on the Offer Price

To assess the fairness and reasonableness of the Offer Price of the Open Offer, which in turn facilitate us to assess the fairness and reasonableness of the Subscription Price to be discussed in section 5.3 below, we have, on a best effort basis, identified an exhaustive list of four open offers conducted by companies listed on the Stock Exchange (the "**Market Comparables**") with the following criteria for selecting comparables: (i) their shares were suspended for trading for more than one year; (ii) the open offer was part of the restructuring plan of the company for the purpose of seeking a resumption of trading of their shares; (iii) the restructuring plan of the company also consisted of issuance of new shares for subscription by or placing to new investors; (iv) the subscription or placing of new shares was conditional on having obtained a whitewash waiver; (v) the share subscription price or the placing price was the same as the open offer price; and (vi) their respective announcements for their restructuring plan, including the open offer transactions were published during 12-month period preceding the Latest Practicable Date (i.e. from 21 September 2016 to 20 September 2017). Despite the fact that the Market Comparables that we have identified may have different business activities and prospects or the Market Comparables may inject different types of new business under their respective restructuring proposals that might not be exactly the same as the Group, the restructuring proposals of the Market Comparables have some common elements as the Proposed Restructuring, in particular, (i) the issuance of new shares for subscription by or placing to new investors; (ii) the subscription or placing of new shares was conditional on having obtained a whitewash waiver; and (iii) the share subscription price or the placing price being the same as the open offer price, and therefore, this market comparable analysis which for illustrative purpose only will provide some key indicators (namely the offer price versus the closing price on the last trading day and the potential dilution effect) for the Shareholders to consider whether the Subscription Price is fair and reasonable. Details of the Market Comparables are summarised below:

Market Comparables company name (Stock code)	Date of announcement	Basis of entitlement	Offer price per share	Closing price per share as quoted on the Stock Exchange on the last trading day	Premium/(discount) of offer price per share over/(to) the closing price per share on the last day of trading	Theoretical ex-entitlement price per share	Premium/(discount) of offer price per share over/(to) theoretical ex-entitlement price per share	Maximum dilution effect to the shareholding of the existing public shareholders after completion of the relevant proposed restructuring
Golden Shield Holdings (Industrial) Limited (2123)	5/6/2017	4 for 5	HK$0.56	HK$2.24	(75.00)%	HK$1.49	(62.50)%	from 48.32% to 8.39%
China Agrotech Holdings Limited (1073)	17/5/2017	3 for 2	HK$0.18	HK$2.45	(92.65)%	HK$1.09	(83.46)%	from 76.90% to 6.80%
Flyke International Holdings Limited (1998)	20/3/2017	3 for 5	HK$0.20	HK$0.76	(74.08)%	HK$0.55	(64.11)%	from 40.93% to 2.30%
China Lumena New Materials Corporation (67)	16/2/2017	1 for 1	HK$0.08	HK$12.5	(99.36)%	HK$6.29	(98.73)%	from 66.53% to 3.32%
				Maximum discount	(99.36)%			(98.73)%
				Minimum discount	(74.08)%			(62.50)%
				Median	(83.83)%			(73.78)%
				Mean	(85.27)%			(77.20)%
The Company		2 for 5	HK$1.248	HK$4.20	(70.29)%	HK$3.36	(62.82)%	from 79.87% to 11.98%

Source: website of the Stock Exchange

Notes:

(1) The closing price of Golden Shield Holdings (Industrial) Limited on the last trading day is adjusted to reflect the effect from the share consolidation of every 10 shares into one consolidated share.

(2) The closing price of China Agrotech Holdings Limited on the last trading day is adjusted to reflect the effect from the share consolidation of every 10 shares into one consolidated share.

(3) The closing price of Flyke International Holdings Limited on the last trading day is adjusted to reflect the effect from the share consolidation of every two shares into one consolidated share.

(4) The closing price of China Lumena New Materials Corporation on the last trading day is adjusted to reflect the effect from the share consolidation of every 10 shares into one consolidated share.

(5) The closing price of the Company on the last trading day is adjusted to reflect the effect from the share consolidation of every 20 shares into one consolidated share.

As shown in the above table, the discounts represented by the offer prices to the closing prices of shares of the Market Comparables on the last trading days prior to the release of the respective announcements ranged from approximately 74.08% to approximately 99.36% (the "**LTD Market Range**"). The discount of approximately 70.29% as represented by the Offer Price to the closing price of the Shares on the Last Trading Day is lower than the LTD Market Range.

The discount represented by the offer prices to the theoretical ex-entitlement prices of the shares of the Market Comparables ranged from approximately 62.50% to approximately 98.73% (the "**TEP Market Range**"). The discount of approximately 62.82% as represented by the Offer Price to the theoretical ex-entitlement price is within the TEP Market Range.

Given that the trading of the Shares on the Stock Exchange has been suspended since 27 June 2014 which is more than three years ago, we believe that using the closing price of the Shares prior to the suspension of trading as reference for the evaluation of the Offer Price is inappropriate as this would not reflect the current financial condition and value of the Company. Independent Shareholders should also note that comparing the Offer Price with those other restructured companies is for illustrative purpose only as described above.

Having considered that (i) the Shares have been suspended for trading for more than three years and hence, it is acceptable to set the Offer Price at a discount due to liquidity risk in order to encourage the existing Shareholders to participate in the Open Offer; (ii) the Offer Price was determined after arm's length negotiations between the Company and the Underwriter; and (iii) the Offer Price represents a premium to the theoretical net asset value of the Company per Consolidated Share, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

5.3. The Share Subscriptions

(a) Terms of the Share Subscriptions

Pursuant to the Investor Share Subscription Agreement as entered into between the Company and Alpha Professional on 25 July 2017, Alpha Professional will subscribe for 188,134,528 Consolidated Shares at the Subscription Price of US$0.16 per Consolidated Share for a gross consideration of approximately US$30.10 million (equivalent to approximately HK$234.78 million).

Besides, pursuant to the Tongfang Share Subscription Agreement, Tongfang Asset Management (or one of its subsidiaries and/or its affiliates) will subscribe for 12,711,719 Consolidated Shares at the subscription price of US$0.16 per Consolidated Share for a gross consideration of approximately US$2.03 million (equivalent to approximately HK$15.83 million).

Assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date and up to the allotment and issue of the Subscription Shares (save for the Capital Reorganisation and the allotment and issue of the Offer Shares), the 188,134,528 Consolidated Shares from the Investor Share Subscription, the 12,711,719 Consolidated Shares from the Tongfang Share Subscription and the aggregated 200,846,247 Consolidated Shares from the Share Subscriptions to be allotted and issued represent:

(i) approximately 24.67%, 1.67% and 26.33% of the existing issued share capital of the Company as at the Latest Practicable Date respectively;

(ii) approximately 493.35%, 33.33% and 526.68% of the issued share capital of the Company upon completion of the Capital Reorganisation respectively;

(iii) approximately 352.39%, 23.81% and 376.20% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares respectively; and

(iv) approximately 74.00%, 5.00% and 79.00% of the issued share capital of the Company upon completion of the Capital Reorganisation and as enlarged by the issue of the Offer Shares and the Subscription Shares respectively.

(b) The Subscription Price

The Subscription Price is the same as the Offer Price at US$0.16 (equivalent to approximately HK$1.248). We understand from the Provisional Liquidators that the Subscription Price has been determined after arm's length negotiations between the Company, Alpha Professional and Tongfang Asset Management having regard to the fact that (i) the Provisional Liquidators have been appointed; (ii) the prolonged suspension of trading in the Shares on the Stock Exchange; (iii) the prevailing stock market conditions; and (iv) the prospects of the business operations of the Group.

In assessing the fairness and reasonableness of the terms of the Share Subscriptions, we have reviewed the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement and are not aware of any unusual terms. Considering that (i) the Subscription Price is the same as the Offer Price, meaning that the Share price to be paid by Alpha Professional and Tongfang Asset Management is not more favourable than that to be paid by the existing Shareholders if they wish to take up the Offer Shares; (ii) the Offer Price is fair and reasonable as far as the Independent Shareholders are concerned as discussed in section 5.2 above; and (iii) the net current liabilities position and high gearing ratio of the Group as at 31 March 2017, we are of the view that the terms of the Share Subscriptions, including the Subscription Price, are fair and reasonable as far as the Independent Shareholders are concerned.

(c) Use of proceeds from the Open Offer and the Share Subscriptions

Out of the total gross proceeds from the Open Offer and the Share Subscriptions of approximately HK$269.64 million, after excluding the estimated expenses of HK$0.72 million and other incidental costs to be incurred in relation to the Open Offer and the Share Subscriptions,

(i) HK$147.00 million (being the Scheme Cash Consideration) will be applied to settle, among other things, (aa) the costs in connection with the issuing of the winding up petition against the Company, the costs in connection with petitions for the appointment of the Company's provisional liquidators and their appointments in Hong Kong and Bermuda, the Provisional Liquidators' costs and the Scheme Costs; (bb) the claims of preferential creditors (if any) of the Company; and (cc) the claims of the Scheme Creditors admitted under the Schemes;

(ii) HK$20.00 million will be applied to repay the outstanding amount due by the Company to Alpha Professional under Working Capital Loan; and

(iii) the remaining balance of HK$101.92 million will be applied to (aa) to settle the cost associated with the Capital Reorganisation (if any); (bb) to settle the cost associated with the delisting from the SGX-ST; and (cc) as general working capital of the Group.

Independent Shareholders should note that completion of the Share Subscriptions are not inter-conditional with the completion of the Open Offer. However the successful implementation of each of the Share Subscriptions and the Open Offer will provide sufficient funding for the Group to carry out other elements of the Proposed Restructuring and in turn, satisfies the conditions of the Resumption.

Moreover, regarding the Open Offer, we are of the view that the Open Offer will allow each Qualifying Shareholder to have an equal opportunity to participate in the Company's future development by subscribing for his/her/its assured entitlements under the Open Offer. The Open Offer will also reduce the dilution effect of the Share Subscriptions on the shareholding of the existing Shareholders and raise additional working capital.

Regarding the Share Subscriptions, the Provisional Liquidators and the Directors believe and we concur that under the current circumstances of the Company, implementing the Share Subscriptions will introduce new investors to the Company, as well as to strengthen the financial position of the Group and relieve the indebtedness of the Company.

Given the aforesaid and considering that (i) the resumption of trading in the Shares upon completion of the Proposed Restructuring is in the interests of the Company and the Shareholders; (ii) the net current liabilities of the Company of approximately US$11.00 million as at 31 March 2017; (iii) the imminent need to discharge the Company's liabilities to the Scheme Creditors under the Schemes; and (iv) the proceeds from the Open Offer and the Share Subscriptions will provide funding for the Scheme Cash Consideration, the repayment of amounts outstanding under the Working Capital Loan Agreement and the working capital to the Group, we are of the view that the implementation of the Open Offer and the Share Subscriptions under the Framework Agreement are in the interests of the Company and the Shareholders as a whole.

5.4. Dilution effect to existing public Shareholders

As illustrated in the section headed "Change in shareholding structure of the Company" set out in the "Letter from the Provisional Liquidators" of the Circular, the shareholding of the existing public Shareholders would reduce from approximately 79.87% to the possible lowest shareholding of approximately 11.98% under Scenario B which assumed none of the Qualifying Shareholders takes up its entitlement to the Offer Shares under the Open Offer.

Referring to the section headed "Market comparable analysis on the Offer Price" under section 5.2 "The Open Offer" above, we have reviewed the dilution effect to the shareholding of the existing public shareholders of the Market Comparables under their respective restructuring proposals and considered that the dilution effect of the Proposed Restructuring is reasonable as compared with the Market Comparables.

In addition to the above, we are of the view that the dilution effect on the shareholding of the existing Independent Shareholders is acceptable as far as the Independent Shareholders are concerned after having considered (i) the completion of the Proposed Restructuring including but not limited to the Capital Reorganisation, the Open Offer, the Share Subscriptions and the placing of the Management Placing Shares forms part of the conditions of the Resumption; (ii) as mentioned under paragraph 1 "Background information of the Group and the Proposed Restructuring" above, if the conditions for the Resumption could not be fulfilled by 29 November 2017, it is possible that the Stock Exchange may eventually cancel the listing of the Shares; (iii) the Offer Price, the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned; (iv) the proceeds from the Open Offer and the Share Subscriptions will provide funding for the Scheme Cash Consideration, the repayment of amounts outstanding under the Working Capital Loan Agreement and the working capital to the Group; and (v) following completion of the Proposed Restructuring, the Group would return to a net current asset position as illustrated in the "Unaudited pro forma financial information to the Group" as set out in Appendix II to the Circular.

5.5. Financial effects of the Proposed Restructuring

(a) Net assets

According to the "Unaudited pro forma financial information to the Group" as set out in Appendix II to the Circular, assuming the Proposed Restructuring had been completed on 31 March 2017, the Group's financial position would improve as the net assets would increase from approximately US$1.93 million to approximately US$13.50 million. Such increase in net assets would be mainly due to (i) the increase in cash and bank balances; (ii) the decrease in interest-bearing bank borrowings and trust receipt loans; and (iii) offset by the decrease in interest in an associate and trade and factoring receivables.

(b) Gearing position

As at 31 March 2017, the Group had total assets of approximately US$91.14 million and total liabilities of approximately US$89.20 million. The debt to asset ratio of the Group was approximately 97.88%, being the total liabilities divided by total assets. According to the "Unaudited pro forma financial information to the Group" as set out in Appendix II to the Circular, assuming the Proposed Restructuring had been completed on 31 March 2017, the Group would have total assets of approximately US$17.95 million and total liabilities of approximately US$4.46 million. Accordingly, the debt to asset ratio of the Group would be reduced to approximately 24.82%.

(c) Working capital

According to the "Unaudited pro forma financial information to the Group" as set out in Appendix II to the Circular, assuming the Proposed Restructuring had been completed on 31 March 2017, the Group's net current position would improve from net current liabilities of approximately US$11.00 million to net current assets of approximately US$13.43 million. Such improvement would be mainly due to (i) the increase in cash and bank balances; (ii) the decrease in interest-bearing bank borrowings and trust receipt loans; and (iii) offset by the decrease in trade and factoring receivables. Besides, the cash and bank balances would also increase from approximately US$3.87 million to approximately US$13.38 million. Therefore, the working capital position of the Group will be substantially improved after the Proposed Restructuring.

According to the "Financial information of the Group" as set out in Appendix I to the Circular, the Provisional Liquidators, after due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances, subject to completion of the Capital Reorganisation, the Open Offer, the Share Subscriptions and the Schemes, and taking into account of the financial resources available to the Group, the Group has sufficient working capital for its normal business for at least the twelve months from the date of the Circular.

5.6. Section summary

Based on the above and having considered in particular that:

(i) the Share Consolidation and the Increase in Authorised Share Capital will provide flexibility for equity fund raising of the Company in the future, including the Share Subscriptions and the Open Offer;

(ii) the Subscription Price, which is the same as the Offer Price, has been determined after arm's length negotiations between the Company, Alpha Professional and Tongfang Asset Management and is fair and reasonable;

(iii) the dilution effect of the Proposed Restructuring is reasonable and acceptable due to the reasons explained in paragraph 5.4 above; and

(iv) the Group's net assets, gearing position and working capital would be improved upon completion of the Proposed Restructuring,

we are of the view that the Proposed Restructuring as contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. The Whitewash Waiver as a condition of the Share Subscriptions

Shareholders should note that the Share Subscriptions is conditional on, among other things, (i) the Independent Shareholders having approved the Whitewash Waiver at the SGM; and (ii) the Executive having granted to the Investor Group the Whitewash Waiver, which cannot be waived. The approval of the Whitewash Waiver by the Independent Shareholders will be therefore necessary for the Group to proceed to completion of the steps under the Proposed Restructuring and eventually Resumption. The Whitewash Waiver is needed to accommodate the amount of capital to be raised under the Share Subscriptions, to facilitate the implementation of the Schemes and Completion, and most importantly fulfilling the conditions imposed by the Listing Committee, whereby the shares of the Company shall then be resumed for trading.

Shareholders should note that if the Whitewash Waiver is not approved by the Independent Shareholders, the Share Subscriptions will not become unconditional and the Company will not proceed with the Share Subscriptions. If the Group is unable to obtain proceeds the Share Subscriptions, the Group will not have sufficient funding to carry out some of the steps under the Proposed Restructuring. In other words, the transactions contemplated under the Framework Agreement will not be able to complete.

In light of (i) the reasons for the Share Subscriptions and the intended use of the net proceeds therefrom; and (ii) the terms of the Share Subscriptions being fair and reasonable so far as the Independent Shareholders are concerned, we are of the opinion that the approval for the Whitewash Waiver, which is a condition for completion of the Share Subscriptions, and in turn is crucial for the implementation of the Proposed Restructuring and completion of the transactions contemplated under the Framework Agreement as well as the fulfilment of the conditions for Resumption, is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Share Subscriptions.

RECOMMENDATION

In view of the above principal factors and reasons for the Proposed Restructuring and the Whitewash Waiver, in particular:

(i) the Open Offer will provide an opportunity to the Shareholders to participate in the Proposed Restructuring and business development of the Group and will reduce the dilutive effect of the Share Subscriptions on the shareholding of the Shareholders;

(ii) the proceeds from the Open Offer and the Share Subscriptions will provide funding for the Scheme Cash Consideration, the repayment of amounts outstanding under the Working Capital Loan Agreement and raise additional working capital of the Group;

(iii) the Company may be delisted from the Stock Exchange and the Company may be forced to be wound up if the Framework Agreement is not implemented;

(iv) the overall positive financial effect upon completion of the Proposed Restructuring; and

(v) the approval of the Whitewash Waiver by the Independent Shareholders is one of the conditions precedent to the Share Subscriptions, which in turn enable the fulfilment of the conditions for the Resumption,

we are of the view that the terms of the Proposed Restructuring as contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, and the Whitewash Waiver are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the SGM to approve the Proposed Restructuring as contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Jeanny Leung
Executive Director

Ms. Jeanny Leung ("Ms. Leung") is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 26 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.

1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Company for the three years ended 31 March 2015, 2016 and 2017 is set out in the annual reports of the Company for the three years ended 31 March 2015 (pages 31 to 89), 31 March 2016 (pages 31 to 97) and 31 March 2017 (pages 38 to 106) respectively. The annual reports of the Company are available on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.z-obee.net).

2. THREE YEARS FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial results and positions of the Company for the year ended 31 March 2015, 2016 and 2017 extracted from the 2015, 2016 and 2017 annual reports of the Company respectively.

Consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 March		
	2017	**2016**	**2015**
	US$	*US$*	*US$*
	(Audited)	*(Audited)*	*(Audited)*
Revenue	22,977,341	12,715,204	–
Cost of goods sold	(19,661,414)	(10,655,810)	–
Gross profit	3,315,927	2,059,394	–
Other income and gain	396,179	3,585	–
Selling and distribution expenses	(110,487)	(16,985)	–
Administrative expenses	(1,558,752)	(908,649)	(996,072)
Finance costs, net	(65,676)	–	–
Other suspense account	–	–	(771,435)
Loss on deconsolidation	–	–	(22,019,728)
Impairment loss of prepayments, deposits and other receivables	–	–	(13,959,650)
Write off of inventories	–	–	(12,593,616)
Profit/(loss) before restructuring costs and tax	1,977,191	1,137,345	(50,340,501)
Restructuring costs	(192,802)	(507,694)	(134,961)
Profit before tax	1,784,389	629,651	(50,475,462)
Income tax expenses	(409,519)	(255,184)	–
Profit/(loss) for the year attributable to owners of the Company	1,374,870	374,467	(50,475,462)
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income/(loss) for the year attributable to owners of the Company	1,374,870	374,467	(50,475,462)

	For the year ended 31 March		
	2017	**2016**	**2015**
	US$	*US$*	*US$*
	(Audited)	*(Audited)*	*(Audited)*
Basic and diluted earnings per Share attributable to ordinary equity holders of the Company during the year (US$)	0.18 cents	0.05 cents	(6.62 cents)

The Company did not declare any dividend and had no net profit/(loss) attributable to minority interests for each of the three years ended 31 March 2015, 2016 and 2017.

Save as disclosed in the financial information above, there were no items which were extraordinary or exceptional because of size, nature or incidence for the consolidated statement of comprehensive income of the Group for each of the three years ended 31 March 2015, 2016 and 2017.

Financial position of the Group

	As at 31 March		
	2017	**2016**	**2015**
	US$	*US$*	*US$*
	(Audited)	*(Audited)*	*(Audited)*
Assets and liabilities			
Non-current assets	12,932,542	12,864,957	12,864,957
Current assets	78,203,012	77,852,536	70,601,511
Total assets	91,135,554	90,717,493	83,466,468
Current liabilities	89,201,296	90,158,105	83,281,547
Non-current liabilities	–	–	–
Net assets	1,934,258	559,388	184,921
Equity attributable to owners of the Company	1,934,258	559,388	184,921

3. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

The audited consolidated financial statements as at and for the year ended 31 March 2015 set out herein have been extracted from pages 31 to 89 of the annual report of the Company for the year ended 31 March 2015 in which the auditor expressed a disclaimer of opinion. Details of the disclaimer of opinion are set out in pages I-209 to I-211 of this circular. In this section, references to page numbers are to pages of the annual report of the Company for the year ended 31 March 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2015

	Note	**2015** **US$**	2014 US$
REVENUE	4	**–**	131,552,607
Cost of sales		**–**	(125,162,881)
Gross profit		**–**	6,389,726
Other income and gains	4	**–**	1,154,946
Selling and distribution expenses		**–**	–
Administrative expenses		**(1,131,033)**	(3,974,745)
Finance costs	5d	**–**	(3,216,728)
Share of losses of associates		**–**	(124,310)
Other suspense account	6	**(771,435)**	–
Fair value loss on financial assets at fair value through profit or loss		**–**	(18,075,242)
Impairment loss on intangible asset		**–**	(4,613,703)
Loss on deconsolidation	12	**(22,019,728)**	–
Impairment loss of prepayments, deposits and other receivables		**(13,959,650)**	(48,436)
Write off of inventories		**(12,593,616)**	(23,079,671)
Impairment loss of property, plant and equipment		**–**	(1,201,383)
Impairment loss of trade and factoring receivables		**–**	(31,840,510)
LOSS BEFORE TAX	5	**(50,475,462)**	(78,630,056)
Income tax expense	8	**–**	(46,318)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(50,475,462)**	(78,676,374)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
Basic		**(6.62 cents)**	(11.15 cents)
Diluted		**(6.62 cents)**	(11.15 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 US$	2014 US$
Loss for the year	**(50,475,462)**	(78,676,374)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**–**	1,052,377
Other comprehensive income for the year, net of tax	**–**	1,052,377
Total comprehensive loss for the year attributable to owners of the Company	**(50,475,462)**	(77,623,997)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 US$	2014 US$
Non-current assets			
Property, plant and equipment	13	–	1,649,162
Goodwill	14	–	–
Intangible assets	15	–	–
Interest in an associate	17	10,554,016	10,554,016
Financial assets at fair value through profit or loss	18	2,310,941	2,310,941
Total non-current assets		12,864,957	14,514,119
Current assets			
Inventories	19	–	13,229,293
Trade and factoring receivables	20	67,561,829	68,015,552
Prepayments, deposits and other receivables	21	–	41,262,046
Time deposits with original maturity over three months	22	–	771,435
Tax recoverable		128,843	128,843
Restricted bank balances	23	2,132,107	7,696,066
Cash and bank balances	23	778,732	1,103,699
Total current assets		70,601,511	132,206,934
Current liabilities			
Trade and bills payables	24	1,251,045	3,634,749
Accruals and other payables	25	2,841,224	2,461,396
Interest-bearing bank borrowings	26	39,310,190	49,047,604
Trust receipt loan	27	39,877,541	39,877,541
Finance lease payables		–	1,037,833
Tax payables		1,547	1,547
Total current liabilities		83,281,547	96,060,670
NET CURRENT (LIABILITIES)/ASSETS		(12,680,036)	36,146,264
NET ASSETS		184,921	50,660,383

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	**2015** **US$**	2014 US$
EQUITY			
Equity attributable to owners of the Company			
Share capital	28	**6,101,500**	6,101,500
Reserves	30	**(5,916,579)**	44,558,883
TOTAL EQUITY		**184,921**	50,660,383

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	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 profits/ (Accumulated loss) US$	Total equity US$
As at 1 April 2013	5,084,590	58,564,536	464,581	5,171,421	1,933,855	44,007,404	115,226,387
Changes in equity for 2014							
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 issue 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 and 1 April 2014	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(34,256,630)**	**50,660,383**
Changes in equity for 2015							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(50,475,462)**	**(50,475,462)**
Exchange differences on translation foreign operation	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss	**–**	**–**	**–**	**–**	**–**	**(50,475,462)**	**(50,475,462)**
At 31 March 2015	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(84,732,092)**	**184,921**

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	2015 US$	2014 US$
Non-current assets			
Investment in a subsidiary	16	**2,622,935**	2,622,935
Current assets			
Due from subsidiaries	16	**69,471,270**	69,471,270
Prepayments, deposits and other receivables	21	**60,519**	60,519
Cash and bank balances	23	**3,449**	3,449
		69,535,238	69,535,238
Current liabilities			
Accruals and other payables	25	**1,122,401**	514,967
Net current assets		**68,412,837**	69,020,271
NET ASSETS		**71,035,772**	71,643,206
Equity attributable to owners of the Company			
Share capital	28	**6,101,500**	6,101,500
Reserves	30	**64,934,272**	65,541,706
TOTAL EQUITY		**71,035,272**	71,643,206

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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, as permitted by the Listing Rules continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32). These financial statements also comply with the applicable disclosure provisions of the 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.

2.2 BASIS OF PREPARATION

Going concern

The Group incurred a loss attributable to the owners of the Company of US$50,475,462 for the year ended 31 March 2015 and net current liabilities of US$12,680,036 as at 31 March 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.2 BASIS OF PREPARATION (continued)

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.

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 2:37pm 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.2 BASIS OF PREPARATION (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

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.

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 years ended 31 March 2014 and 31 March 2015, 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. 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*.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

Any adjustments arising from the matters described above would have a consequential significant effect on the net loss of the Group for the years ended 31 March 2014 and 31 March 2015 and net assets of the Group as at 31 March 2014 and 31 March 2015.

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 years ended 31 March 2014 and 31 March 2015 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 years ended 31 March 2014 and 31 March 2015 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.

Basis of consolidation

The consolidated financial statements for the year ended 31 March 2015 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The preparation of financial statements in conformity with HKFRSs 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 HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

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 IFRS 10, IFRS 12 and IAS 27 (2011)	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and revised IFRSs are immaterial.

The Group early adopted the amendments to IAS 36 in the annual financial statements for the year ended 31 March 2014. 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 2015

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

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.

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 treated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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 IAS39, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its investment properties and financial assets at fair value through profit or loss 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(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).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

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.

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 2015

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 which 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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.

Employee benefits

Pension scheme

The employees of the Group's operation 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Foreign currencies

These financial statements are presented in United Stated 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 of 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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 2015 was US$Nil (2014: US$Nil). Further details are given in note 14.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 2015

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	
	2015	2014
	US$	US$
Revenue		
Distribution and marketing of mobile handset and its components and electronic components	–	130,222,607
Provision of design and production solution services for mobile handset and computer tablets	–	1,330,000
	–	131,552,607
Other income and gains		
Interest income	–	1,106,598
Foreign exchange loss, net	–	(1,943)
Sundry income	–	50,291
	–	1,154,946
	–	132,707,553

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 2015

5. LOSS BEFORE TAX

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

		2015 US$	2014 US$
a)	Staff cost		
	Employee benefit expenses (including directors' and chief executive's emoluments)		
	Wages, salaries, bonus and allowances	**265,972**	705,208
	Pension scheme contributions	**–**	90,620
		265,972	795,828
b)	Other items		
	Cost of inventory sold	**–**	125,028,943
	Depreciation of property, plant and equipment	**–**	170,753
	Amortisation of intangible assets	**–**	276,708
	Auditor's remuneration	**64,267**	141,744
	Minimum lease payments under operating leases in respect of land and buildings	**–**	155,257
c)	Other operating expenses		
	Loss of deconsolidation	**22,019,728**	–
	Impairment loss on prepayments, deposits and other receivables	**13,959,650**	48,436
	Impairment loss on property, plant and equipment	**–**	1,201,383
	Impairment loss on trade and factoring receivables	**–**	31,840,510
	Impairment loss on intangible assets	**–**	4,613,703
	Written off of inventories	**12,593,616**	23,079,671
	Foreign exchange losses	**–**	7,768
	Fair value loss on financial assets at fair value through profit or loss	**–**	18,075,242

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 before tax as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. LOSS BEFORE TAX (continued)

		2015	2014
		US$	US$
d)	Finance costs		
	Interest on bank borrowings	**–**	2,341,818
	Interest on finance lease	**–**	9,883
	Interest on factoring	**–**	865,027
		–	3,216,728

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.

6. OTHER SUSPENSE ACCOUNT

As disclosed in note 2.2, certain books and records are either lost or are incomplete, and there were numerous payments that could not be clearly and properly explained. Due to the limitation of information, the comparative information has not been restated, and has been adopted as the assumed opening balance as at 1 April 2014. The other suspense account represents the unknown transactions and the net adjustment required to account for the differences between the opening and closing equity attributable to the owners for the year ended 31 March 2015 as estimated by the directors to the best of the information available to them as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

7. DIRECTORS' EMOLUMENTS AND CHIEF EXECUTIVES' REMUNERATION

Directors' emoluments disclosed with reference to Section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), and the chief executive's remuneration are as follows:

	Note	**2015** **US$**	2014 US$
Wages and salaries and directors fee		**265,972**	318,159
Equity-settled share-based payments		**–**	–
Retirement benefits scheme contributions	(a)	**–**	964
		265,972	319,123

2015	**Directors fees US$**	**Salaries, allowances and benefits in kind US$**	**Retirement schemes contributions US$ (Note a)**	**Total US$**
Executive directors:				
Lai Hui (Chief Executive Officer) (appointed on 4 April 2014)	91,784	–	–	91,784
Yang Jian Hui	61,697	–	–	61,697
Chen Ling	61,697	–	–	61,697
Independent non-executive directors:				
Liu Jintao (appointed on 4 April 2014)	30,595	–	–	30,595
Tsang Hin Fun Anthony (appointed on 5 August 2014)	20,199	–	–	20,199
	265,972	–	–	265,972

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 2015

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 MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

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% (2014: 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. INCOME TAX (continued)

	Group	
	2015	2014
	US$	US$
Current tax – Hong Kong Profits Tax		
Charge for the year	**–**	46,318
Over provision in prior years	**–**	–
	–	46,318
Current tax – PRC		
Charge for the year	**–**	–
Over provision in prior years	**–**	–
Total tax charge for the year	**–**	46,318

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 2015 includes a loss of US$607,434 (2014: US$1,362,738) 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.

10. DIVIDEND

The board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of US$50,475,462 (loss of 2014: US$78,676,374) and the weighted average number of 762,687,662 (2014: 705,573,426) ordinary shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(continued)

Diluted

Diluted loss per share equals to the basic loss per share for the year ended 31 March 2015 and 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)/profit attributable to equity shareholders of the Company may not be accurate, no representation is made by the Board as to the accuracy of the loss per share of the Company as of the date of approval of these consolidated financial statements.

12. LOSS ON DECONSOLIDATION

As at 31 March 2015, as the Board could not access the books and records of Zeus Telecommunication Technology Holdings Limited and Tongqing Communication Equipment (Shenzhen) Co., Ltd, both wholly-owned subsidiaries of the Company, the Directors considered that the control over these subsidiaries has been lost since 1 April 2014. The results, assets, liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group with effect from that day.

	Group	
	2015	2014
	US$	US$
Net assets deconsolidated of:		
Property, plant and equipment	**88,073**	–
Inventories	**635,677**	–
Trade receivables	**453,723**	–
Prepayment, deposits and other receivables	**27,301,867**	–
Cash and bank balances	**325,153**	–
Restricted bank balances	**5,563,959**	–
Trade and bills payable	**(2,383,704)**	–
Other payable and accruals	**(227,606)**	–
Interest-bearing bank loan	**(9,737,414)**	–
Loss on deconsolidation	**22,019,728**	–

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 on deconsolidation as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. PROPERTY, PLANT AND EQUIPMENT

	Group	
	2015	2014
	US$	US$
Net Book Value	**–**	1,649,162

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.

14. GOODWILL

	US$
Cost	
At 1 April 2013, 31 March 2014 and 1 April 2014	1,596,996
Deconsolidation	(1,596,996)
At 31 March 2015	–
Accumulated amortization and impairment losses	
At 1 April 2013	1,596,996
Impairment loss	–
At 31 March 2014 and 1 April 2014	1,596,996
Deconsolidation	(1,596,996)
At 31 March 2015	–
Carrying amount	
At 31 March 2015	–
At 31 March 2014	–

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. As disclosed in note 12, Zeus Telecommunication Technology Holdings Ltd. was deconsolidated from the consolidated financial statements of the 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 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 2015

15. INTANGIBLE ASSETS

Group

	Licence US$	CDMA software solutions US$	3D glassless solutions US$	Total US$
Cost				
At 1 April 2013	363,101	2,500,000	5,000,000	7,863,101
Additions	–	–	–	–
At 31 March 2014 and 1 April 2014	363,101	2,500,000	5,000,000	7,863,101
Additions	–	–	–	–
At 31 March 2015	363,101	2,500,000	5,000,000	7,863,101
Accumulated amortisation and impairment losses				
At 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 and 1 April 2014	363,101	2,500,000	5,000,000	7,863,101
Charge for the year	–	–	–	–
At 31 March 2015	363,101	2,500,000	5,000,000	7,863,101
Carrying amount				
As at 31 March 2015	–	–	–	–
As at 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 intangible assets of the Group as of the date of approval of these consolidated financial statements.

16. INTERESTS IN SUBSIDIARIES

	Company	
	2015 US$	2014 US$
Unlisted equity investments/shares, at cost	**2,622,935**	2,622,935
Due from subsidiaries	**69,471,270**	69,471,270

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 2015

16. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries as at 31 March 2015 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
VIM Technology Macao Commercial Offshore Limited*	Macau	Ordinary	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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. INVESTMENTS IN ASSOCIATES

	Group 2015 US$	Group 2014 US$
Share of net assets	**4,547,201**	4,547,201
Goodwill on acquisition	**6,006,815**	6,006,815
	10,554,016	10,554,016

Particulars of the principal associates as at 31 March 2015 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 2015	2014	Principal activity
Directly held:					
Noosa International Limited	British Virgin Islands	100 ordinary share with no par value	**40%**	40%	Investment holding
Indirectly held:					
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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. INVESTMENTS IN ASSOCIATES (continued)

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.

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.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 **US$**	2014 US$
As at 31 March	**2,310,941**	2,310,941

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.

19. INVENTORIES

	Group	
	2015 **US$**	2014 US$
Raw materials	**–**	–
Working in progress	**–**	–
Finished goods	**–**	13,229,293
As at 31 March	**–**	13,229,293

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. INVENTORIES (continued)

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.

20. TRADE AND FACTORING RECEIVABLES

	Group	
	2015	2014
	US$	US$
Trade and factoring receivables	**99,676,610**	100,130,333
Less: Impairment loss recognised	**(32,114,781)**	(32,114,781)
Net carrying amount	**67,561,829**	68,015,552

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

	Group	
	2015	2014
	US$	US$
At 1 April	**32,114,781**	274,271
Impairment loss recognised	**–**	31,840,510
At 31 March	**32,114,781**	32,114,781

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.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Net carrying amount	**–**	41,262,046	**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 2015

22. TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Time deposits with original maturity over three months are as follows:

	Group	
	2015	2014
	US$	US$
As at 31 March	**–**	771,435

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.

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	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
Restricted bank balances	**2,132,107**	7,696,066	**–**	–
Cash and bank balances*	**778,732**	1,103,699	**3,449**	3,449
As at 31 March	**2,910,839**	8,799,765	**3,449**	3,449

* Bank balances amounting US$598,025 were frozen after appointment of the Provisional Liquidators.

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 2015

24. TRADE AND BILLS PAYABLES

	Group	
	2015	2014
	US$	US$
Trade payables	**1,251,045**	1,317,244
Bills payables	**–**	2,317,505
	1,251,045	3,634,749

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	
	2015	2014
	US$	US$
0 – 30 days	**–**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**1,251,045**	3,634,749
	1,251,045	3,634,749

Trade payables generally have credit terms ranging from 30 to 90 days. (2014: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. ACCRUED EXPENSES AND OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	US$	US$	**US$**	US$
As at 31 March	**2,841,224**	2,461,396	**792,162**	514,967

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.

26. INTEREST-BEARING BANK BORROWINGS

	Group	
	2015	2014
	US$	US$
As at 31 March	**39,310,190**	49,047,604

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	
	2015	2014
	US$	US$
Carrying amount	**39,877,541**	39,877,541

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 2015

28. SHARE CAPITAL

	Group and Company	
	Number of shares	Amount US$
Authorised:		
Ordinary shares of US$0.008 each		
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	1,250,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of US$0.008 each		
At 1 April 2013	635,573,662	5,084,590
Issuance of shares (Note)	127,114,000	1,016,911
At 31 March 2014, 1 April 2014 and 31 March 2015	762,687,662	6,101,501

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 2015

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	
	2015	2014
	US$	US$
Total debt	**79,187,731**	89,962,978
Less: cash and cash equivalents	**(778,732)**	(1,103,699)
Net debt	**78,408,999**	88,859,279
Total equity and adjusted capital	**184,921**	50,660,383
Debt-to-adjusted capital ratio	**42,401%**	175%

According to the Hong Kong Listing Rules on the Stock Exchange, at least 25% of the Company's shares should be held in the hands of the public.

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 2015

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 sheet 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 2015

29. SHARE OPTION SCHEME (continued)

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

	2015 Weighted average Exercise price HK$	**Number of options**	2014 Weighted average Exercises price HK$	Number of options	**Date of grant**	**Vesting period**	**Exercisable period**
Share Option 1							
To an executive director, non executive directors and key managements							
Beginning of the year	**0.72**	**9,000,000**	0.72	9,600,000	6 Jan 2012	vested on 6 Jan 2013	6 Jan 2013 to 10 Feb 2020
Forfeited during the year	**–**	**–**	–	–			
Lapsed during the year	**–**	**–**	0.72	(600,000)			
End of the year	**0.72**	**9,000,000**	0.72	9,000,000			
Share Option 2							
To non-executive directors							
Beginning of the year	**1.11**	**600,000**	1.11	600,000	19 Mar 2012	vested on 19 Mar 2013	19 Mar 2013 to 10 Feb 2020
Forfeited during the year	**–**	**–**	–	–			
Lapsed during the year	**–**	**–**	–	–			
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 4.9 years (2014: 5.9 years).

At the date of approval of these financial statements, the Company had 9,600,000 share options (2014: 9,600,000 share options) outstanding under the 2010 Scheme, which represented approximately 1.3% (2014: 1.3%) of the Company's shares in issue as at that date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 2015

30. RESERVES (continued)

(b) Company

	Share premium US$	Share-based payments reserve US$	Accumulated losses US$	Total US$
At 1 April 2014	58,564,536	464,581	(4,165,756)	54,863,361
Total comprehensive loss for the year	–	–	(1,362,738)	(1,362,738)
Share issued during the year	12,141,083	–	–	12,141,083
Share options lapsed during the year	–	(412,340)	412,340	–
Share issue expenses	(100,000)	–	–	(100,000)
At 31 March 2014 and 1 April 2014	**70,605,619**	**52,241**	**(5,116,154)**	**65,541,706**
Total comprehensive loss for the year	**–**	**–**	**(607,434)**	**(607,434)**
At 31 March 2015	**70,605,619**	**52,241**	**(5,723,588)**	**64,934,272**

31. EVENTS AFTER REPORTING PERIOD

Restructuring of the Group

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

31. EVENTS AFTER REPORTING PERIOD (continued)

Restructuring of the Group (continued)

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 2015

32. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2015

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

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

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 July 2014

4 Effective for annual periods beginning on or after 1 January 2016

5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

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.

4. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

The audited consolidated financial statements as at and for the year ended 31 March 2016 set out herein have been extracted from pages 31 to 97 of the annual report of the Company for the year ended 31 March 2016 in which the auditor expressed a disclaimer of opinion. Details of the disclaimer of opinion are set out in pages I-211 to I-214 of this circular. In this section, references to page numbers are to pages of the annual report of the Company for the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2016

	Note	**2016** US$	2015 US$
REVENUE	6	**12,715,204**	–
Cost of goods sold		**(10,655,810)**	–
Gross profit		**2,059,394**	–
Other income and gains	6	**3,585**	–
Selling and distribution expenses		**(16,985)**	–
Administrative expenses		**(908,649)**	(996,072)
Finance costs	8	**–**	–
Other suspense account		**–**	(771,435)
Loss on deconsolidation	10	**–**	(22,019,728)
Impairment loss of prepayments, deposits and other receivables		**–**	(13,959,650)
Write off of inventories		**–**	(12,593,616)
PROFIT/(LOSS) BEFORE RESTRUCTURING COSTS AND TAX		**1,137,345**	(50,340,501)
RESTRUCTURING COSTS		**(507,694)**	(134,961)
PROFIT/(LOSS) BEFORE TAX	7	**629,651**	(50,475,462)
Income tax expense	13	**(255,184)**	–
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	15	**374,467**	(50,475,462)
EARNINGS/(LOSS) PER SHARE			
Basic		**0.05 cents**	(6.62 cents)
Diluted		**0.05 cents**	(6.62 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016	2015
	US$	US$
Profit/(Loss) for the year	**374,467**	(50,475,462)
Other comprehensive income for the year, net of tax	**–**	–
Total comprehensive income/(loss) for the year attributable to owners of the Company	**374,467**	(50,475,462)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 US$	2015 US$
Non-current assets			
Interest in an associate	17	**10,554,016**	10,554,016
Financial assets at fair value through profit or loss	18	**2,310,941**	2,310,941
Total non-current assets		**12,864,957**	12,864,957
Current assets			
Inventories	19	**127,500**	–
Trade and factoring receivables	20	**73,382,020**	67,561,829
Prepayments, deposits and other receivables	21	**701,157**	–
Tax recoverable		**128,843**	128,843
Restricted bank balances	22	**2,132,107**	2,132,107
Cash and bank balances	22	**1,380,909**	778,732
Total current assets		**77,852,536**	70,601,511
Current liabilities			
Trade and bills payables	23	**4,285,527**	1,251,045
Accruals and other payables	24	**3,147,298**	2,841,224
Interest-bearing bank borrowings	25	**39,310,190**	39,310,190
Trust receipt loan	26	**39,877,541**	39,877,541
Receipts in advance		**67,450**	–
Other borrowings	27	**2,570,694**	–
Amount due to investors – Escrow account	28	**642,674**	–
Tax payables		**256,731**	1,547
Total current liabilities		**90,158,105**	83,281,547
NET CURRENT LIABILITIES		**(12,305,569)**	(12,680,036)
NET ASSETS		**559,388**	184,921

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	**2016** US$	2015 US$
EQUITY			
Equity attributable to owners of the company			
Share capital	29	**6,101,500**	6,101,500
Reserves	31	**(5,542,112)**	(5,916,579)
TOTAL EQUITY		**559,388**	184,921

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	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$	Accumulated loss US$	Total equity US$
As at 1 April 2014	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(34,256,630)	50,660,383
Change in equity for 2015							
Loss and total comprehensive loss for the year	–	–	–	–	–	(50,475,462)	(50,475,462)
At 31 March 2015 and 1 April 2015	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(84,732,092)**	**184,921**
Change in equity for 2016							
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**374,467**	**374,467**
At 31 March 2016	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(84,357,625)**	**559,388**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 is sales and distribution of mobile handset and its components.

The Company's shares have been listed on the SGX-ST and the Stock Exchange since 21 November 2007 and 1 March 2010, respectively. With effect from 14 June 2014, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 IFRS, 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, and the applicable disclosure provisions of the 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.

2.2 BASIS OF PREPARATION

Going concern

As at 31 March 2016, the Group had net current liabilities of US$12,305,569. 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, as well as the ability of the Group and the Company to attain profit and positive cash flows from operations in the immediate and longer term.

Based on the cash flow projections of the Group and having taken into account the assumptions that the proposed restructuring of the Company, as mentioned below, will be successfully completed, the Directors have concluded that the Group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

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 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 principal 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 ANZ and HSBC in five instalments. Upon full compliance of the Deed by the Company and Max Sunny, ANZ would apply to the Court for the withdrawal or dismissal of the winding-up petitions.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group

Given the situation of the Group, the Provisional Liquidators with 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 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:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

a) demonstrate sufficient operations or assets to comply with Rule 13.24;

b) address auditors' qualifications and demonstrate adequate internal control system; and

c) withdraw and/or dismiss the winding-up petition against the Company and discharge the Provisional Liquidators.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

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 the Ruling. In arriving at the above decision, the Listing Committee had considered that, among others, the business of the Company in the Resumption Proposal was insufficient to justify the Company's continued listing.

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

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 2016, applying their best estimates and judgement based on the information of the Group that are available to the management. However, given the loss of some books and records and serious doubts over the reliability of the Group's accounting and other records (except the accounting and other records in relation to the business of SPVs, which were incorporated after the appointment of the Provisional Liquidators), the Board believes that, as at the date of the 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 other than the revenue and profit or loss (and the resultant assets and liabilities) in relation to the business of the SPVs. Also, due to loss of some books and records, the Board believes that it is almost impossible, and not practical, to verify the financial information as reported in the consolidated financial statements of the Group for past years.

For the avoidance of doubt, the books and records of the SPVs, in the opinion of their respective auditors, are complete for the purpose of preparing their financial statements, in which their respective auditors issued unqualified opinions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

Any adjustments arising from the matters described above would have a consequential significant effect on the net profit of the Group for the year ended 31 March 2016 and the net assets of the Group as at 31 March 2016.

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 2016 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 2016 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.

Basis of consolidation

The consolidated financial statements for the year ended 31 March 2016 comprise 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 ("US$"), rounded to the nearest dollar. United States dollar is the Company's functional and the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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 2016

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 IAS 19	Defined Benefit Plans: Employee Contribution
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The application of the new and revised IFRSs 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 disclosure set out in these consolidated financial statements.

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).

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control cases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

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 Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 calculated as 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.

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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is measured as the excess of the sum 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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 disposed operation and the portion of the cash-generating unit retained.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).
- viii) the entity, or any member of a group of which it is a part, provide key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family member who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal from of a lease.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the consolidated statement of profit or loss. These net fair value changes do not include any interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

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 by 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. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

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.

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 2016

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 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 any 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 2016

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, other borrowings, trust receipt loan, and amount due to investors.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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.

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) 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2012 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 which are given in note 30 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions 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.

Employee benefits

Pension scheme

The employees of the Group's operation 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 statement 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset, which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of that asset. 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.

Foreign currencies

These financial statements are presented in United Stated 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 statement 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 ruling at the dates of the transactions dates. 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries and associates are currencies other than US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into US$ 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.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

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.

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:

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 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.

4. COMPARATIVE FINANCIAL INFORMATION

The Company's auditor issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2015. The details of the disclaimer of opinion are set out in the Company's annual report 2014/15.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING

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

Trading of mobile handsets

The trading of mobile handsets segment derived its revenue primarily from the sale and distribution of mobile handsets.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitor the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, financial assets at fair value through profit or loss and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segment and borrowings managed directly by the segment.

Revenue and expenses are allocated to the reportable segment with reference to sales generated by the segment and the expenses incurred by the segment or which otherwise arise from the depreciation or amortisation of assets attributable to the segment.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

a) Segment results, assets and liabilities (continued)

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segment as provided to the Group's executive directors for the purpose of resources allocation and assessment of segment performance for the year ended 31 March 2016 and 2015 is set out below.

	Trading of mobile handsets Year ended 31 March	
	2016	2015
	US$	US$
Revenue from external customers	**12,715,204**	–
Reportable segment revenue	**12,715,204**	–
Reportable segment profit (adjusted EBITDA)	**1,515,408**	–

	At 31 March	At 31 March
	2016	2015
	US$	US$
Reportable segment assets	**7,249,093**	–
Reportable segment liabilities	**5,920,260**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

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

	Year ended 31 March 2016 US$	Year ended 31 March 2015 US$
Revenue		
Reportable segment revenue	**12,715,204**	–
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**12,715,204**	–
Profit		
Reportable segment profit	**1,515,408**	–
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from the Group's external customers	**1,515,408**	–
Write off of inventories	**–**	(12,593,616)
Loss on deconsolidation	**–**	(22,019,728)
Impairment loss of prepayment, deposits and other receivables	**–**	(13,959,650)
Unallocated head office and corporate expenses	**(885,757)**	(1,902,468)
Consolidated profit/(loss) before tax	**629,651**	(50,475,462)

	At 31 March 2016 US$	At 31 March 2015 US$
Assets		
Reportable segment assets	**7,249,093**	–
Elimination of inter-segment receivables	**–**	–
	7,249,093	–
Interests in an associate	**10,554,016**	10,554,016
Financial assets at fair value through profit or loss	**2,310,941**	2,310,941
Unallocated head office and corporate assets	**70,603,443**	70,601,511
Consolidated total assets	**90,717,493**	83,466,468
Liabilities		
Reportable segment liabilities	**5,920,260**	–
Elimination of inter-segment payables	**–**	–
	5,920,260	–
Interest-bearing bank borrowings	**39,310,190**	39,310,190
Trust receipt loan	**39,877,541**	39,877,541
Amount due to investors-Escrow account	**642,674**	–
Unallocated head office and corporate liabilities	**4,407,440**	4,093,816
Consolidated total liabilities	**90,158,105**	83,281,547

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

c) Revenue from major products and services

	Year ended 31 March	
	2016	2015
	US$	US$
Trading of mobile handsets	**12,715,204**	–

d) Geographic Information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's interest in an associate. The geographical location of customers is based on the operation of the customers. In the case of interest in an associate, it is the location of operations of such associate.

	Revenue from external customers		Non-current assets	
	Year ended 31 March		**At 31 March**	At 31 March
	2016	2015	**2016**	2015
	US$	US$	**US$**	US$
PRC (place of domicile, HK)	**4,890,500**	–	**–**	–
PRC	**–**	–	**10,554,016**	10,554,016
Bangladesh	**101,500**	–	**–**	–
Dubai	**3,734,500**	–	**–**	–
India	**3,078,000**	–	**–**	–
Morocco	**128,750**	–	**–**	–
Pakistan	**421,800**	–	**–**	–
USA	**360,154**	–	**–**	–
	12,715,204	–	**10,554,016**	10,554,016

\# Non-current assets exclude financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

e) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2016	2015
	US$	US$
Revenue from trading of mobile handsets		
– Customer A	**4,786,500**	–
– Customer B	**3,734,500**	–
– Customer C	**1,701,000**	–

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 and accuracy of the disclosure of segment reporting as of the date of approval of these consolidated financial statements.

6. REVENUE AND OTHER INCOME AND GAINS

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

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

	2016	2015
	US$	US$
Revenue		
Distribution and marketing of mobile handset and its components	**12,715,204**	–
	12,715,204	–
Other income and gains		
Interest income	**41**	–
Foreign exchange gain, net	**3,544**	–
	3,585	–
	12,718,789	–

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 as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

7. PROFIT/(LOSS) BEFORE TAX

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

		2016 US$	2015 US$
a)	Staff cost		
	Employee benefit expenses (including directors' and chief executive's emoluments)		
	Wages, salaries, bonus and allowances	588,301	265,972
	Pension scheme contributions	–	–
		588,301	265,972
b)	Other items		
	Cost of goods sold	10,655,810	–
	Auditor's remuneration	100,257	64,267
	Restructuring costs	507,694	134,961
c)	Other operating expenses		
	Loss of deconsolidation	–	22,019,728
	Impairment loss on prepayments, deposits and other receivables	–	13,959,650
	Written off of inventories	–	12,593,616

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 profit/(loss) before tax as of the date of approval of these consolidated financial statements.

8. FINANCE COSTS

	2016 US$	2015 US$
Interest on bank borrowings	–	–
Interest on factoring	–	–
	–	–

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 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

9. OTHER SUSPENSE ACCOUNT

As disclosed in note 2.2, certain books and records are either lost or are incomplete, and there were numerous payments that could not be clearly and properly explained. Due to the limitation of information, the information as at 1 April 2014 has not been restated, and has been adopted as the assumed opening balance as at 1 April 2014. The other suspense account represents the unknown transactions and the net adjustment required to account for the difference between the opening and closing equity attributable to the owners for the year ended 31 March 2015 as estimated by the directors to the best of the information available to them as of the date of approval of these consolidated financial statements.

10. LOSS ON DECONSOLIDATION

As at 31 March 2015, as the Board could not access the books and records of Zeus Telecommunication Technology Holdings Limited and Tongqing Communication Equipment (Shenzhen) Co., Ltd, both wholly-owned subsidiaries of the Company, the Directors considered that the control over these subsidiaries has been lost since 1 April 2014. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the consolidated financial statements of the Group with effect from that day.

	2016	2015
	US$	US$
Net assets disconsolidated of:		
Property, plant and equipment	–	88,073
Inventories	–	635,677
Trade receivables	–	453,723
Prepayment, deposits and other receivables	–	27,301,867
Cash and bank balances	–	325,153
Restricted bank balances	–	5,563,959
Trade and bills payable	–	(2,383,704)
Other payable and accruals	–	(227,606)
Interest-bearing bank loan	–	(9,737,414)
Loss on deconsolidation	–	22,019,728

As disclosed in note 2.2, on the basis that 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 on deconsolidation as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, and the chief executive emoluments (that is, general manager) are as follows:

	Fees US$	Salaries, allowances and benefits in kind US$	Discretionary bonuses US$	Retirement scheme contributions US$	Sub – total US$	Share – based payments US$	2016 Total US$
Executive directors							
Lai Hui							
(Chief Executive officer)	92,545	–	–	–	92,545	–	92,545
Yang Jian Hui	61,697	–	–	–	61,697	–	61,697
Chen Ling	61,697	–	–	–	61,697	–	61,697
Independent non-executive directors							
Liu Jintao	30,848	–	–	–	30,848	–	30,848
Tsang Hin Fun, Anthony	30,848	–	–	–	30,848	–	30,848
	277,635	–	–	–	277,635	–	277,635

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

11. DIRECTORS' EMOLUMENTS (continued)

	Fees US$	Salaries, allowances and benefits in kind US$	Discretionary bonuses US$	Retirement scheme contributions US$	Sub – total US$	Share – based payments US$	2015 Total US$
Executive directors							
Lai Hui							
(Chief Executive officer)	91,784	-	-	-	91,784	-	91,784
Yang Jian Hui	61,697	–	–	–	61,697	–	61,697
Chen Ling	61,697	–	–	–	61,697	–	61,697
Independent non-executive directors							
Liu Jintao	30,595	–	–	–	30,595	–	30,595
Tsang Hin Fun, Anthony	20,199	–	–	–	20,199	–	20,199
	265,972	–	–	–	265,972	–	265,972

Remuneration for key management personnel of the Group, including amounts 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 2016

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2015: 5) are directors of the Company whose emoluments are disclosed in note 11. The aggregate of the emoluments of the remaining 2 (2015: 0) individuals were as follows:

	2016	2015
	US$	US$
Salaries and other emoluments	**149,101**	–

The emoluments of the 2 (2015: 0) individuals with the highest emoluments are within the following bands:

	2016	2015
	Number of individuals	Number of individuals
HK$		
Nil – 1,000,000	**2**	–

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 individuals with highest emoluments as of the date of approval of the consolidated financial statements.

13. INCOME TAX

a) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

   According to the current applicable laws of 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

13. INCOME TAX (continued)

a) (continued)

	2016 US$	2015 US$
Current tax – Hong Kong Profits Tax		
Charge for the year	**225,184**	–
Over provision in prior years	**–**	–
	225,184	–
Current tax – PRC		
Charge for the year	**–**	–
Over provision in prior years	**–**	–
Total tax charge for the year	**225,184**	–

As disclosed 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.

b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

	2016 US$	2015 US$
Profit/(loss) before taxation	**629,651**	(50,475,462)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits in the countries concerned	**103,892**	(8,328,451)
Tax effect of non-deductible expenses	**148,457**	8,328,451
Tax effect of tax losses/deductible temporary differences not recognised	**2,835**	–
Actual tax expense	**255,184**	–

As disclosed 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 above disclosures as of the date of approval of these consolidated financial statements.

14. DIVIDEND

The board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2016 (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

15. EARNINGS/(LOSS) PER SHARE

Basic

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$374,467 (loss of 2015: US$50,475,462) and the weighted average number of 762,687,662 (2015: 762,687,662) ordinary shares in issue during the year.

Diluted

On the basis that the relevant books and records are either lost or are incomplete, there is no accurate information to calculate the diluted earnings/loss per share. Therefore, diluted earnings/loss per share equals to the basic earnings/loss per share for the year ended 31 March 2016 and 31 March 2015.

As disclosed in note 2.2 as the earnings/loss attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the earnings/loss per share 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 2016

16. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2016 were as follows:

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	
Elastic Glory Investment Limited*	British Virgin Islands	US$2,570,694	100%	–	Investment holding
CCDH Technology Limited*	British Virgin Islands	US$50,000	–	100%	Investment holding
Finet Enterprises Limited*	British Virgin Islands	US$1	–	100%	Trademark and patents registration
Elite Link Technology Limited	Hong Kong	HK$2,000,001	–	100%	Provision of management services to the Group
Max Sunny Limited	Hong Kong	HK$100,000	–	100%	Distribution and marketing of mobile handset and its components and electronic components
Loyal Power International Investment Limited	Hong Kong	HK$1	–	100%	Property holding and distribution and marketing of mobile handset and its component
Excel Ascent Limited	Hong Kong	HK$1	–	100%	Investment holding
VIM Technology Macao Commercial Limited*	Macau	MOP100,000	–	100%	Provision of design and production solution services for mobile handset
Perfect Major Investment Limited	British Virgin Islands	US$100	–	100%	Distribution and marketing of mobile handset and its components and electronic components
HK Rich Technology International Company Limited	Hong Kong	HK$1	–	100%	Distribution and marketing of mobile handset and its components and electronic components
深圳晉科企業管理咨詢有限公司@	PRC	RMB1,000,000	–	100%	Provision of management services to the Group

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

16. SUBSIDIARIES (continued)

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

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

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 financial statements.

17. INVESTMENTS IN ASSOCIATES

	2016	2015
	US$	US$
Share of net assets	**4,547,201**	4,547,201
Goodwill on acquisition	**6,006,815**	6,006,815
	10,554,016	10,554,016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENTS IN ASSOCIATES (continued)

Particulars of the principal associates as at 31 March 2016 were as follows:

Name of associate	Place of establishment and operation	Paid up/issued capital	Percentage of paid up/issued capital held by the Company		Principal activity
			2016	2015	
Directly held:					
Noosa International	British Virgin Islands	100 ordinary shares with no par value	**40%**	40%	Investment holding
Indirectly held					
Forever Full Investment	Hong Kong	HK$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)	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

17. INVESTMENTS IN ASSOCIATES (continued)

According to the laws and regulations in the PRC, a foreign investor is not allowed to acquire 100% equity interest in an 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.

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.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	US$	US$
As at 31 March	**2,310,941**	2,310,941

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

19. INVENTORIES

	2016 US$	2015 US$
Raw materials	–	–
Working in progress	–	–
Finished goods	127,500	–
	127,500	–

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.

20. TRADE AND FACTORING RECEIVABLES

	2016 US$	2015 US$
Trade and factoring receivables	105,496,801	99,676,610
Less: Impairment loss recognised	(32,114,781)	(32,114,781)
Net carrying amount	73,382,020	67,561,829

(a) Ageing analysis

The following is an analysis of trade and factoring receivables, presented based on the invoice dates:

	2016 US$	2015 US$
0-60 days	5,820,191	–
61-90 days	–	–
Over 90 days	67,561,829	67,561,829
	73,382,020	67,561,829

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

20. TRADE AND FACTORING RECEIVABLES (continued)

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

	2016 US$	2015 US$
At 1 April	**32,114,781**	32,114,781
Impairment loss recognised	**–**	–
At 31 March	**32,114,781**	32,114,781

(c) Trade and factoring receivables that are not impaired

The ageing analysis of trade and factoring receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016 US$	2015 US$
Neither past due nor impaired	**5,820,191**	–
Past due but not impaired		
Less than 1 month past due	**–**	–
More than 3 months past due	**67,561,829**	67,561,829
	67,561,829	67,561,829
	73,382,020	67,561,829

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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

Given the loss of some books and records, and unreliability of records found, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	US$	US$
Net carrying amount	**701,157**	–

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.

22. 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:

	2016	2015
	US$	US$
As at 31 March	**3,513,016**	2,910,839

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 as at the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

23. TRADE AND BILLS PAYABLE

	2016	2015
	US$	US$
Trade payables	4,285,527	1,251,045

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:

	2016	2015
	US$	US$
0 – 30 days	3,034,482	–
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	1,251,045	1,251,045
	4,285,527	1,251,045

Trade payables generally have credit terms ranging from 30 to 90 days. (2015: 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.

24. ACCRUALS AND OTHER PAYABLES

	2016	2015
	US$	US$
As at 31 March	3,147,298	2,841,224

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 accruals 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 2016

25. INTEREST-BEARING BANK BORROWINGS

	2016	2015
	US$	US$
As at 31 March	39,310,190	39,310,190

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.

26. TRUST RECEIPT LOANS

	2016	2015
	US$	US$
Carrying amount	39,877,541	39,877,541

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.

27. OTHER BORROWINGS

On 28 April 2015, Alpha Professional Development Limited (the "Investor"), a third party independent of the Company and its connected persons (as defined under the Listing Rules) formally submitted an indicative restructuring proposal to the Provisional Liquidators. After arm's length 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 an 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

27. OTHER BORROWINGS (continued)

With the sanction from the High Court, the SPVs, wholly owned subsidiaries of the Company, were set up after the appointment of the Provisional Liquidators for the purpose of restructuring and continuation of the business of the Group. The Investor and Perfect Major Investment Limited, on 5 June 2015 entered into a working capital facility agreement pursuant to which the Investor agreed to provide a working capital facility of up to HK$20,000,000 ("Working Capital Facility") to the Group for the continuation of its business operations. As at 31 March 2016, the Group had drawndown an amount of US$2,570,694 (approximately HK$20,000,000) under the agreement. The amount is secured by the floating charge and the share charge over the entire issued share capital of HK Rich Technology Company Limited, interest at 2% per annum, shall be for a term of 2 years, and shall become immediately due and payable to the Investor on the earliest to occur of (a) the date of completion of the Capital Reorganisation, the Open Offer, the Share Subscription and the occurrence of the Resumption; (b) the date on which the Framework Agreement is terminated; and (c) the date of Completion of the Share Subscription.

28. AMOUNT DUE TO INVESTOR – ESCROW ACCOUNT

According to the Framework Agreement, the Investor shall pay the Earnest Money into the Escrow Account. The Earnest Money once released and remitted from the Escrow Account to the Provisional Liquidators shall not be refundable. The Earnest Money shall be held by the Escrow Agent on joint instructions of the Provisional Liquidators and the Investor to release the Earnest Money for the purposes of settling all fees, remuneration, costs and expenses incurred by the Provisional Liquidators, its advisors and agents for work done in connection with the restructuring. If the Framework Agreement is terminated for any reason, the Escrow Agent shall release any remaining balance of the Earnest Money held in the Escrow Account to the Investor within 3 business days of the termination. As at 31 March 2016, an amount of US$642,674 (approximately HK$5,000,000) was received by the Group.

29. SHARE CAPITAL

	Number of shares	Amount US$
Authorised:		
Ordinary shares of US$0.008 each		
At 1 April 2014, 31 March 2015 and 31 March 2016	1,250,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of US$0.008 each		
At 1 April 2014, 31 March 2015 and 31 March 2016	762,687,662	6,101,500

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

29. SHARE CAPITAL (continued)

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 net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debts included interest-bearing bank borrowings, trust receipt loan, other borrowings and amount due to investors-Escrow account plus unaccrued proposed dividends less cash and cash equivalents. Adjusted capital comprises all components of equity (that is, share capital, share premium, retained earnings, other reserves and any non-controlling interests) less unaccrued proposed dividends and includes some forms of subordinated debts.

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

	2016 **US$**	2015 US$
Total debt	**82,401,099**	79,187,731
Less: cash and cash equivalents	**(1,380,909)**	(778,732)
Net debt	**81,020,190**	78,408,999
Total equity and adjusted capital	**559,388**	184,921
Net debt-to-adjusted capital ratio	**14,484%**	42,401%

According to the Hong Kong Listing Rules on the Stock Exchange, at least 25% of the Company's shares should be held in the hands of the public.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. 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.

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 sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. SHARE OPTION SCHEME (continued)

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.

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

	2016 Weighted average Exercise price HK$	**Number of options**	2015 Weighted average Exercises price HK$	Number of options	**Date of grant**	**Vesting period**	**Exercise period**
Share Option 1							
To an executive director, non executive directors and key managements							
At 1 April	**0.72**	**9,000,000**	0.72	9,000,000	6 Jan 2012	vested on 6 Jan 2013	6 Jan 2013 to 10 Feb 2020
Forfeited during the year	**–**	**–**	–	–			
Lapsed during the year	**–**	**–**	–	–			
Outstanding and exercisable At 31 March	**0.72**	**9,000,000**	0.72	9,000,000			
Share Option 2							
To non-executive directors							
At 1 April	**1.11**	**600,000**	1.11	600,000	19 Mar 2012	vested on 19 Mar 2013	19 Mar 2013 to 10 Feb 2020
Forfeited during the year	**–**	**–**					
Lapsed during the year	**–**	**–**	–	–			
Outstanding and exercisable At 31 March	**1.11**	**600,000**	1.11	600,000			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

30. SHARE OPTION SCHEME (continued)

The options outstanding at the end of the period have a weighted average remaining contractual life of 3.9 years (31 March 2015: 4.9 years). The weighted average exercise price at the beginning and at the end of the period 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 (2015: 9,600,000 share options) outstanding under the 2010 Scheme, which represented approximately 1.3% (2015: 1.3%) of the Company's shares in issue as at that date.

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 option scheme as at the date of approval of these consolidated financial statements.

31. 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 share 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 2016

31. RESERVES (continued)

(b) Company

	Share premium US$	Share-based payments reserve US$	Accumulated losses US$	Total US$
At 1 April 2014	70,605,619	52,241	(5,116,154)	65,541,706
Loss and total comprehensive loss for the year	–	–	(607,434)	(607.434)
At 31 March 2015 and 1 April 2015	**70,605,619**	**52,241**	**(5,723,588)**	**64,934,272**
Loss and total comprehensive loss for the year	**–**	**–**	**(885,587)**	**(885,587)**
At 31 March 2016	**70,605,619**	**52,241**	**(6,609,175)**	**64,048,685**

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 reserves as at the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

32. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	2016 US$	2015 US$
Non-current assets		
Investment in a subsidiary	**2,622,935**	2,622,935
Current assets		
Due from subsidiaries	**69,471,270**	69,471,270
Prepayments, deposits and other receivables	**60,519**	60,519
Cash and bank balances	**3,449**	3,449
	69,535,238	69,535,238
Current liabilities		
Accruals and other payables	**1,365,314**	1,122,401
Amounts due to investors – Escrow account	**642,674**	–
	2,007,988	1,122,401
Net current assets	**67,527,250**	68,412,837
NET ASSETS	**70,150,185**	71,035,772
Capital and reserves		
Share capital	**6,101,500**	6,101,500
Reserves	**64,048,685**	64,934,272
TOTAL EQUITY	**70,150,185**	71,035,772

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 company-level statement of financial position as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

33. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with the related parties during the year.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 is as follows:

	2016	2015
	US$	US$
Employee benefit expenses (including directors and chief executive's emoluments)		
Wages, salaries, bonus and allowances	**426,736**	–
short-term employee benefits	**–**	–

Total remuneration is included in "staff costs" (see note 5(b)).

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

As disclosed in note 2.2, 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 material related party transactions as of the date of approval of these consolidated financial statements.

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

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

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2012 – 2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018.

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

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after a date to be determined.

6 Effective for annual periods beginning on or after 1 January 2017.

The directors of the Company anticipate that, except as described below, the application of the above new and revised IFRSs will have no material impact on the results and the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016 (continued)

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

5. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The audited consolidated financial statements as at and for the year ended 31 March 2017 set out herein have been extracted from pages 38 to 106 of the annual report of the Company for the year ended 31 March 2017 in which the auditor expressed a disclaimer of opinion. Details of the disclaimer of opinion are set out in pages I-214 to I-216 of this circular. In this section, references to page numbers are to pages of the annual report of the Company for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	2017 US$	2016 US$
REVENUE	6	**22,977,341**	12,715,204
Cost of goods sold		**(19,661,414)**	(10,655,810)
Gross profit		**3,315,927**	2,059,394
Other income and gain	6	**396,179**	3,585
Selling and distribution expenses		**(110,487)**	(16,985)
Administrative expenses		**(1,558,752)**	(908,649)
Finance costs	8	**(65,676)**	–
PROFIT BEFORE RESTRUCTURING COSTS AND TAX		**1,977,191**	1,137,345
RESTRUCTURING COSTS		**(192,802)**	(507,694)
PROFIT BEFORE TAX	7	**1,784,389**	629,651
Income tax expense	11	**(409,519)**	(255,184)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,374,870**	374,467
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic		**0.18 cents**	0.05 cents
Diluted		**0.18 cents**	0.05 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 US$	2016 US$
Profit for the year	**1,374,870**	374,467
Other comprehensive income for the year, net of tax	**–**	–
Total comprehensive income for the year attributable to owners of the Company	**1,374,870**	374,467

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2017 US$	2016 US$
Non-current assets			
Property, plant and equipment	14	**67,585**	–
Interest in associates	16	**10,554,016**	10,554,016
Financial assets at fair value through profit or loss	17	**2,310,941**	2,310,941
Total non-current assets		**12,932,542**	12,864,957
Current assets			
Inventories	18	**178,400**	127,500
Trade and factoring receivables	19	**70,328,236**	73,382,020
Prepayments, deposits and other receivables	20	**1,560,893**	701,157
Tax recoverable		**128,843**	128,843
Restricted bank balances	21	**2,132,107**	2,132,107
Cash and bank balances	21	**3,874,533**	1,380,909
Total current assets		**78,203,012**	77,852,536
Current liabilities			
Trade and bills payables	22	**1,251,045**	4,285,527
Accruals and other payables	23	**4,040,911**	3,147,298
Interest-bearing bank borrowings	24	**39,310,190**	39,310,190
Trust receipt loans	25	**39,877,541**	39,877,541
Receipts in advance		**584,028**	67,450
Other borrowings	26	**2,636,370**	2,570,694
Amount due to investors – Escrow account	27	**835,476**	642,674
Tax payables		**665,735**	256,731
Total current liabilities		**89,201,296**	90,158,105
NET CURRENT LIABILITIES		**(10,998,284)**	(12,305,569)
NET ASSETS		**1,934,258**	559,388

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	**2017** **US$**	2016 US$
EQUITY			
Equity attributable to owners of the company			
Share capital	28	**6,101,500**	6,101,500
Reserves	30	**(4,167,242)**	(5,542,112)
TOTAL EQUITY		**1,934,258**	559,388

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	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$	Accumulated loss US$	Total equity US$
As at 1 April 2015	6,101,500	70,605,619	52,241	6,223,798	1,933,855	(84,732,092)	184,921
Change in equity for 2016							
Profit for the year	–	–	–	–	–	374,467	374,467
Exchange differences on translation of foreign operation	–	–	–	–	–	–	–
Total comprehensive loss	–	–	–	–	–	374,467	374,467
At 31 March 2016 and 1 April 2016	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(84,357,625)**	**559,388**
Change in equity for 2017							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**1,374,870**	**1,374,870**
Exchange differences on translation foreign operation	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**1,374,870**	**1,374,870**
At 31 March 2017	**6,101,500**	**70,605,619**	**52,241**	**6,223,798**	**1,933,855**	**(82,982,755)**	**1,934,258**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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 mobile handsets solution provider, which involves design, procurement of hardware components and assembling services for mobile handsets.

The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE" or the "Stock Exchange") since 21 November 2007 and 1 March 2010, respectively. With effect from 14 June 2013, the Company converted its listing status on the SGX-ST to secondary listing whilst the primary listing status on the Main Board of the HKSE remains unchanged.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.1 STATEMENT OF COMPLIANCE

Except for the matters referred to in note 2.2, including the omission of a consolidated statement of cash flow 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 and the applicable disclosure provisions of the 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.

2.2 BASIS OF PREPARATION

Going concern

As at 31 March 2017, the Group had net current liabilities of US$10,998,284. 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 assumptions that the proposed restructuring of the Company as mentioned below will be successfully completed, the Directors have concluded that the Group and the Company are able to continue as a going concern and to meet their financial liabilities as and when they fall due in the foreseeable future.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.2 BASIS OF PREPARATION (continued)

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

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

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

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

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

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

Since their appointment, the Provisional Liquidators have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets. The Provisional Liquidators have also gathered information relating to the status of the Group through meetings with various parties, including Ms Yang Jian Hui (the executive director and the Chief Financial Officer of the Group) and various former employees. As at the date of this report, Ms Yang has resigned as the Chief Financial Officer of the Group while Mr Kung Wai Chiu Marco has been appointed as the Chief Financial Officer of the Group with effect from 24 April 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.2 BASIS OF PREPARATION (continued)

Winding up petition and suspension of trading of the shares of the Company (continued)

As part of the restructuring process, on 7 February 2017, the Company acting by its Board of Directors made the Application to the Bermuda Court to appoint Joint Provisional Liquidators to the Company in Bermuda. Upon hearing the Application on 17 February 2017, the Bermuda Court made an order for the appointment of Messrs. Donald Edward Osborn, Yat Kit Jong and So Man Chun as Joint Provisional Liquidators of the Company on the same date.

Following the appointment of the Joint Provisional Liquidators in Bermuda on 17 February 2017, the Honourable Mr Justice Harris ordered at the hearing of the High Court on 27 March 2017 that Messrs. Donald Edward Osborn, Yat Kit Jong and So Man Chun be discharged as the Hong Kong-appointed Joint and Several Provisional Liquidators of the Company and the petition proceedings be stayed until further order of the High Court with liberty to the parties to restore.

By a further order of the Honourable Mr Justice Harris dated 29 March 2017, the appointment of the Bermuda-appointed Joint Provisional Liquidators was also recognised by the High Court.

Bermuda has a well-established provisional liquidation regime designed to be used for the restructuring of companies. Accordingly, the Joint Provisional Liquidators recognise that the appointment in Bermuda will assist the implementation of a successful restructuring.

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 2017

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. 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 High Court on 6 November 2015.

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

A proposal setting out details of the proposed restructuring together with the basis for 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

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

Accordingly, the Revised Proposal was subsequently submitted to the Stock Exchange on 7 September 2016. The Revised Proposal was highlighted by the introduction of a potential strategic investor, Tongfang. On 28 June 2016, the Company obtained the Letter of Intent from Tongfang, pursuant to which, Tongfang will (i) invest an amount of HK$3.0 million into Perfect Major, a subsidiary of the Company in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for not less than 5% of the Company's newly issued shares after the resumption of trading of the Company's shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang. As of the date of this report, Perfect Major has received HK$3 million from Tongfang as consideration for subscription of shares in Perfect Major. Tongfang has begun to initiate preliminary research on product development. The Company has undertaken market research and is in the process of establishing reliable distribution networks for Tongfang's products in Pakistan, India and Bangladesh. The cooperation with Tongfang is expected to distribute Tongfang's products to the Gruop's existing markets and customers.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.2 BASIS OF PREPARATION (continued)

Proposed restructuring of the Group (continued)

Nonetheless, similar to the case with the Resumption Proposal submitted by the Company on 19 July 2015, the Listing Division notified the Company on 26 September 2016 that it considered the Revised Proposal not viable and recommended that the Listing Committee approves the cancellation of listing of the Shares on the Stock Exchange under Practice Note 17 to the Listing Rules.

Pursuant to a letter from the Stock Exchange dated 14 October 2016, the Listing Committee considered that although the Company has made certain progress in its mobile handset design and distribution business, the Revised Proposal still does not satisfactorily demonstrate that the Company will carry out a sufficient level of operations or have assets of sufficient value as required under Rule 13.24 of the Listing Rules to warrant a continued listing. The Listing Committee considered the Revised Proposal not viable and therefore decided to cancel the listing of the Shares on the Stock Exchange with effect from 9:00 am on 31 October 2016 (the "Second Stage Ruling").

The Company submitted a formal request to the Stock Exchange on 25 October 2016 for a review of the Second Stage Ruling by the Listing (Review) Committee.

Following the review hearing of the Listing (Review) Committee held on 14 February 2017, the Listing (Review) Committee informed the Company by a letter dated 22 February 2017 that it decided to conditionally stay the cancellation of listing of the Company's shares on the Stock Exchange (the "Decision"). The stay of the cancellation is for the specific purpose of allowing the Company an opportunity to provide all relevant information stated in the Revised Proposal within three months from the date of the Decision to prove its resumption case to the Stock Exchange's satisfaction.

A written update in relation to the revised proposal was subsequently submitted to the Stock Exchange on 24 April 2017. As at the date of this report, the Stock Exchange is still reviewing the written update. The Company will keep the shareholders and investors informed of the latest development by making further announcement(s) as and when appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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

Any adjustments arising from the matters described above would have a consequential significant effect on the net profit of the Group for the year ended 31 March 2017 and the net assets of the Group as at 31 March 2017.

Due to the limited information available and most of the former key accounting personnel of the Group have left without notice, the Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the completeness of books and records and the treatment of various balances as included in the consolidated financial statements for the year ended 31 March 2017 and have formed the conclusion 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 2017 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 consolidated financial statements and the disclosures of the consolidated 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 2017

2.3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisition of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IAS 27	Equity Method in Separate Financial Statements
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

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

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).

An investment in a subsidiary in consolidated into the consolidated financial statements from the date that control commences until the date that control cases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

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 Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

In addition, when there has been a change recognised directly in the equity of the associates, the Group recognizes 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 calculated as 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.

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 is measured at fair value with changes in fair value either recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is measured as the excess of the sum 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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 disposed operation and the portion of the cash-generating unit retained.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is an indication that the unit may be impaired. If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

viii) the entity, or any member of a group of which it is a part, provide key management personnel services to the Group or to the Group's parent.

Close member of the family of a person are those family member who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less any accumulated depreciation and any accumulated impairment losses:

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Plant and equipment	3 to 5 years
Furniture and fixtures	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Properties, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties, plant and equipment are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal from of a lease.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the consolidated statement of profit or loss. These net fair value changes do not include any interest earned on these financial assets, which are recognised in accordance with the policy set out for “Revenue recognition” below.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, finance lease payables, and tax payables.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 2017

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; and

(c) 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.

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 2017

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 2012 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 which are given in note 30 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.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transaction 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 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension scheme

The employees of the Group's operation 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 that are directly attributable to the acquisition, construction or production of an assets, which 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 2017

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 statement 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 ruling at the dates of the transactions dates. 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 a 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$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into US$ 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.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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.

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:

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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.

4. COMPARATIVE FINANCIAL INFORMATION

The Company's auditor issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 March 2016. The details of the disclaimer of opinion are set out in the Company's annual report 2015/16.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SEGMENT REPORTING

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

Trading of mobile handsets

The trading of mobile handsets segment derives its revenue primarily from the sale and distribution of mobile handsets.

a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's executive directors monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in associates, financial assets through profit or loss and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segment and borrowings managed directly by the segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by the segment and the expenses incurred by those segment or which otherwise arise from the depreciation or amortisation of assets attributable to those segment.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

a) Segment results, assets and liabilities (continued)

In addition to receiving segment information concerning adjusted EBITDA, the executive directors are provided with segment information concerning revenue, interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's executive directors for the purpose of resources allocation and assessment of segment performance for the year ended 31 March 2017 and 2016 is set out below.

	Trading of Mobile handsets – Hong Kong Year ended 31 March	
	2017	2016
	US$	US$
Revenue from external customers	**22,977,341**	12,715,204
Reportable segment revenue	**22,977,341**	12,715,204
Reportable segment profit (adjusted EBITDA)	**2,417,121**	1,515,408

	At 31 March	At 31 March
	2017	2016
	US$	US$
Reportable segment assets	**7,601,773**	7,249,093
Reportable segment liabilities	**4,475,033**	5,920,260

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

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

	Year ended 31 March	
	2017	2016
	US$	US$
Revenue		
Reportable segment revenue	**22,977,341**	12,715,204
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**22,977,341**	12,715,204
Profit		
Reportable segment profit	**2,417,121**	1,515,408
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from the Group's external customers	**2,417,121**	1,515,408
Depreciation	**(10,368)**	–
Loan interest	**(65,676)**	–
Unallocated head office and corporate expenses	**(556,688)**	(885,757)
Consolidated profit before tax	**1,784,389**	629,651

	At 31 March 2017	At 31 March 2016
	US$	US$
Assets		
Reportable segment assets	**7,601,773**	7,249,093
Elimination of inter-segment receivables	**–**	–
	7,601,773	7,249,093
Interests in associates	**10,554,016**	10,554,016
Financial assets at fair value through profit or loss	**2,310,941**	2,310,941
Unallocated head office and corporate assets	**70,668,824**	70,603,443
Consolidated total assets	**91,135,554**	90,717,493
Liabilities		
Reportable segment liabilities	**4,475,033**	5,920,260
Elimination of inter-segment payables	**–**	–
	4,475,033	5,920,260
Interest -bearing bank borrowings	**39,310,190**	39,310,190
Trust receipt loan	**39,877,541**	39,877,541
Amount due to investors – Escrow account	**835,476**	642,674
Unallocated head office and corporate liabilities	**4,703,056**	4,407,440
Consolidated total liabilities	**89,201,296**	90,158,105

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

c) Revenue from major product and services

	Year ended 31 March	
	2017	2016
	US$	US$
Trading of mobile	**22,977,341**	12,715,204

d) Geographic Information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's interest in an associate and property, plant and equipment. The geographical location of customers is based on the operation of the customers. In the case of interests in associates, it is the location of operations of such associates. The geographical location of property, plant and equipment is based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	Year ended 31 March		At 31 March	At 31 March
	2017	2016	**2017**	2016
	US$	US$	**US$**	US$
Hong Kong (place of domicile)	**1,796,000**	4,890,500	**–**	–
PRC	**–**	–	**10,621,601**	10,554,016
Bangladesh	**192,046**	101,500	**–**	–
Dubai	**7,370,000**	3,734,500	**–**	–
India	**6,659,247**	3,078,000	**–**	–
Morocco	**–**	128,750	**–**	–
Pakistan	**6,406,730**	421,800	**–**	–
USA	**553,318**	360,154	**–**	–
	22,977,341	12,715,204	**10,621,601**	10,554,016

* Non-current assets exclude financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

5. SEGMENT REPORTING (continued)

Trading of mobile handsets (continued)

e) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2017	2016
	US$	US$
Revenue from trading of mobile handsets		
– Customer A	**7,370,000**	3,734,500
– Customer B	**6,406,730**	421,800
– Customer C	**4,110,566**	–
– Customer D	**960,400**	4,786,500
– Customer E	**1,709,686**	1,701,000

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 and accuracy of the disclosures in segment reporting as of the date of approval of these consolidated financial statements.

6. REVENUE AND OTHER INCOME AND GAIN

Revenue 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 and other income is as follows:

	2017	2016
	US$	US$
Revenue		
Distribution and marketing of mobile handsets and components	**22,977,341**	12,715,204
	22,977,341	12,715,204
Other income and gain		
Interest income	**154**	41
Service income	**385,604**	–
Other income	**4,530**	–
Foreign exchange gain, net	**5,891**	3,544
	396,179	3,585
	23,373,520	12,718,789

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 as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

7. PROFIT BEFORE TAX

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

		2017 US$	2016 US$
a)	Staff costs		
	Employee benefit expenses (including directors' and chief executive's emoluments)		
	Wages, salaries, bonus and allowances	**978,513**	588,301
	Pension scheme contributions	**–**	–
		978,513	588,301
b)	Other items		
	Cost of inventory sold	**19,661,414**	10,655,810
	Auditor's remuneration	**77,930**	100,257
	Depreciation	**10,368**	–
	Restructuring cost	**192,802**	507,694

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 profit before tax as of the date of approval of these consolidated financial statements.

8. FINANCE COSTS

	2017 US$	2016 US$
Interest on other borrowings	**65,676**	–

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 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, and the chief executive emoluments (that is, general manager) are as follows:

	Fees HK$	Salaries allowances and benefits in kind HK$	Discretionary bonuses HK$	Retirement scheme contributions HK$	Sub – total HK$	Share – based payments HK$	2017 Total HK$
Executive directors							
Lai Hui							
(Chief Executive officer)	92,545	–	–	–	92,545	–	92,545
Yang Jian Hui	61,697	–	–	–	61,697	–	61,697
Chen Ling	61,697	–	–	–	61,697	–	61,697
Independent non-executive directors							
Liu Jintao	30,848	–	–	–	30,848	–	30,848
Tsang Hin Fun, Anthony	30,848	–	–	–	30,848	–	30,848
	277,635	–	–	–	277,635	–	277,635

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

9. DIRECTORS' EMOLUMENTS (continued)

	Fees HK$	Salaries, allowances and benefits in kind HK$	Discretionary bonuses HK$	Retirement scheme contributions HK$	Sub – total HK$	Share – based payments HK$	2016 Total HK$
Executive directors							
Lai Hui							
(Chief Executive officer)	92,545	-	-	-	92,545	-	92,545
Yang Jian Hui	61,697	–	–	–	61,697	–	61,697
Chen Ling	61,697	–	–	–	61,697	–	61,697
Independent non-executive directors							
Liu Jintao	30,848	–	–	–	30,848	–	30,848
Tsang Hin Fun, Anthony	30,848	–	–	–	30,848	–	30,848
	277,635	–	–	–	277,635	–	277,635

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 2017

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 3 (2016: 3) are directors of the Company whose emoluments are disclosed in note 11. The aggregate of the emoluments of the remaining 2 (2016: 2) individuals were as follows:

	2017	2016
	US$	US$
Salaries and other emoluments	**246,787**	149,101

The emoluments of the 2 (2016: 2) individuals with the highest emoluments are within the following bands:

	2017	2016
	Number of individuals	Number of individuals
HK$		
Nil – 1,000,000	**2**	2

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 individuals with highest emoluments as of the date of approval of the consolidated financial statements.

11. INCOME TAX

a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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.

   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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

11. INCOME TAX (continued)

a) (continued)

	2017 US$	2016 US$
Current tax – Hong Kong Profits Tax		
Charge for the year	**408,131**	255,184
Over provision in prior years	**–**	–
	408,131	255,184
Current tax – PRC		
Charge for the year	**1,388**	–
Over provision in prior years	**–**	–
Total tax charge for the year	**409,519**	255,184

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.

b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2017 US$	2016 US$
Profit before taxation	**1,784,389**	629,651
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**296,622**	103,892
Tax effect of non-deductible expenses	**93,569**	148,457
Tax effect of non-taxable income	**(14)**	(14)
Tax effect of tax concessionary enjoyed by subsidiaries	**(424)**	–
Tax effect of tax losses/deductible temporary differences not recognised	**19,766**	2,835
Actual tax expense	**409,519**	255,184

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

12. DIVIDEND

The board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

13. EARNINGS PER SHARE

Basic

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US$1,374,870 (profit of 2016: US$374,467) and the weighted average number of 762,687,662 (2016: 762,687,662) ordinary shares in issue during the year.

Diluted

On the basis that the relevant books and records are either lost or are incomplete, there is no accurate information to calculate the diluted earnings per share. Therefore, diluted earnings per share equals to the basic earnings per share for the years ended 31 March 2017 and 31 March 2016.

As disclosed in note 2.2, as the profit attributable to owners of the Company may not be accurate, no representation is made by the Board as to the accuracy of the earnings per share 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 2017

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures	Electronic equipment	Total
	US$	US$	US$
Cost			
At 1 April 2015, 31 March 2016 and 1 April 2016	–	–	–
Additions	35,968	41,746	77,714
At 31 March 2017	35,968	41,746	77,714
Accumulated depreciation			
At 1 April 2015, 31 March 2016 and 1 April 2016	–	–	–
Charge for the year	4,418	5,950	10,368
Exchange adjustment	(102)	(137)	(239)
At 31 March 2017	4,316	5,813	10,129
Carrying amount			
At 31 March 2017	31,652	35,933	67,585
At 31 March 2016	–	–	–

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 2017

15. SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2017 were as follows:

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	
Elastic Glory Investment Limited*	British Virgin Island	US$2,570,694	100%	–	Investment holding
CCDH Technology Limited*	British Virgin Island	US$50,000	–	100%	Investment holding
Finet Enterprises Limited*	British Virgin Island	US$1	–	100%	Trademark and patents registration
Elite Link Technology Limited	Hong Kong	HK$2,000,001	–	100%	Provision of management services to the Group
Max Sunny Limited	Hong Kong	HK$100,000	–	100%	Distribution and marketing of mobile handset and its components and electronic components
Loyal Power International Investment Limited	Hong Kong	HK$1	–	100%	Property holding and distribution and marketing of mobile handset and its component
Excel Ascent Limited	Hong Kong	HK$1	–	100%	Investment holding
VIM Technology Macao Commercial Limited *	Macau	MOP100,000	–	100%	Provision of design and production solution Services for mobile handset

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

15. 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	
Perfect Major Investment Limited	British Virgin Islands	USD100	–	100%	A mobile handsets solution provider, which involves design, procurement of hardware components and assembling services for mobile handsets
HK Rich Technology International Company Limited	Hong Kong	HK$1	–	100%	A mobile handsets solution provider, which involves design, procurement of hardware components and assembling services for mobile handsets
深圳晉科企業管理咨詢有限公司@	PRC	RMB1,000,000	–	100%	Provision of management services to the Group

* Crowe Horwath (HK) CPA Limited are not the statutory auditors of these companies.

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

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 financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

16. INVESTMENTS IN ASSOCIATES

	2017 US$	2016 US$
Share of net assets	**4,547,201**	4,547,201
Goodwill on acquisition	**6,006,815**	6,006,815
	10,554,016	10,554,016

Particulars of the principal associates as at 31 March 2017 were as follows:

Name of associate	Place of establishment and operation	paid up/issued capital	Percentage of paid up/issued capital held by the Company 2017	2016	Principal activity
Directly held:					
Noosa International	BVI	100 ordinary share with no par value	**40%**	40%	Investment holding
Indirectly held					
Forever Full Investment	Hong Kong	HK$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)	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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

16. INVESTMENTS IN ASSOCIATES (continued)

According to the laws and regulations in the PRC, a foreign investor is not allowed to acquire 100% equity interest in an 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.

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

	2017	2016
	US$	US$
As at 31 March	**2,310,941**	2,310,941

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

18. INVENTORIES

	2017 US$	2016 US$
Raw materials	**–**	–
Working in progress	**–**	–
Finished goods	**178,400**	127,500
	178,400	127,500

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.

19. TRADE AND FACTORING RECEIVABLES

	2017 US$	2016 US$
Trade and factoring receivables	**102,443,017**	105,496,801
Less: Impairment loss recognised	**(32,114,781)**	(32,114,781)
Net carrying amount	**70,328,236**	73,382,020

(a) Ageing analysis

The following is an ageing analysis of trade and factoring receivables, presented based on the invoice dates.

	2017 US$	2016 US$
0-60 days	**974,255**	5,820,191
61-90 days	**1,252,750**	–
Over 90 days	**68,101,231**	67,561,829
	70,328,236	73,382,020

Trade receivables are due within 60 to 90 days (2016: 60 days) from the date of billing.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

19. TRADE AND FACTORING RECEIVABLES (continued)

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

	2017	2016
	US$	US$
At 1 April	32,114,781	32,114,781
Impairment loss recognised	–	–
At 31 March	32,114,781	32,114,781

(c) Trade and factoring receivables that are not impaired

The ageing analysis of trade and factoring receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	US$	US$
Neither past due nor impaired	2,222,560	5,820,191
Past due but not impaired		
Less than 1 month past due	497,730	–
More than 3 months past due	67,607,946	67,561,829
	70,328,236	73,382,020

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Given the loss of some books and records and unreliability of records found, management consider that it is almost impossible, and not practical, to ascertain the correct amount, and any impairment allowance necessary in respect of these balances.

Given the loss of some books and records and unreliability of records found, the Board believes that it is 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 and impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017	2016
	US$	US$
Net carrying amount	**1,560,893**	701,157

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.

21. 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:

	2017	2016
	US$	US$
As at 31 March	**6,006,640**	3,513,016

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 as at the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

22. TRADE AND BILLS PAYABLES

	2017	2016
	US$	US$
Trade payables	**1,251,045**	4,285,527

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:

	2017	2016
	US$	US$
0-30 days	**–**	3,034,482
30-60 days	**–**	–
61-90 days	**–**	–
Over 90 days	**1,251,045**	1,251,045
	1,251,045	4,285,527

Trade payables generally have credit terms ranging from 30 to 90 days. (2016: 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 and any contingent liabilities that may arise in respect thereof 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 2017

23. ACCRUALS AND OTHER PAYABLES

	2017	2016
	US$	US$
As at 31 March	**4,040,911**	3,147,298

On 28 June 2016, the Company obtained a letter of intent (the "Letter of Intent") from a potential strategic investor, 同方股份有限公司 (Tsinghua Tongfang Co., Ltd.*) ("Tongfang"), pursuant to which, Tongfang will (i) invest an amount of HK$3.0 million into Perfect Major, a subsidiary of the Company in consideration and exchange for a 20% equity interest in Perfect Major; and (ii) subscribe for not less than 5% of the Company's newly issued shares after the resumption of trading of the Company's shares on the Stock Exchange. On 6 January 2017, a formal agreement was entered into between the Group and a subsidiary of Tongfang. The Group received HK$3 million (approximately US$385,000) from Tongfang for the consideration in exchange for a 20% equity interest in Perfect Major. The transaction is not yet complete and the amount received recognized as other payable.

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 accruals and other payables of the Group as of the date of approval of these consolidated financial statements.

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

24. INTEREST-BEARING BANK BORROWINGS

	2017	2016
	US$	US$
As at 31 March	**39,310,190**	39,310,190

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

25. TRUST RECEIPT LOANS

	2017	2016
	US$	US$
Carrying amount	**39,877,541**	39,877,541

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.

26. OTHER BORROWINGS

On 28 April 2015, Alpha Professional Development Limited (the "Investor"), an independent third party 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 length negotiations among the parties, the Company, the Provisional Liquidators and the Investor entered into a framework agreement on 5 June 2015, and amended and restated framework agreement (the "Framework Agreement") on 5 October 2015, 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.

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.

With the sanction from the High Court, the SPVs, wholly-owned subsidiaries of the Company, were set up after the appointment of the Provisional Liquidators for the purpose of restructuring and continuation of the business of the Group. The Investor and Perfect Major, on 5 June 2015 entered into a working capital facility agreement pursuant to which the Investor agreed to provide a working capital facility of up to HK$20,000,000 ("Working Capital Facility") to the Group for the continuation of its business operations. As at 31 March 2017, the Group had drawndown an amount of US$2,570,694 (approximately HK$20,000,000) under the agreement. The amount is secured by a floating charge and the share charge over the entire issued share-capital of HK Rich Technology Company Limited, bearing interest at 2% per annum, with a term of 2 years, and shall become immediately due and payable to the investor on the earliest to occur of (a) the date on which the Framework Agreement is terminated but not if the termination occurred due to completion of the Revised Proposal occurring and (b) the date following two years from the date of the working capital facility agreement. The interest payable as at 31 March 2017 is US$65,676 (2016: US$ Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

27. AMOUNT DUE TO INVESTOR – ESCROW ACCOUNT

According to the Framework Agreement, the Investor shall pay the Earnest Money into an Escrow Account. The Earnest Money once released and remitted from the Escrow Account to the Provisional Liquidators shall not be refundable. The Earnest Money shall be held by the Escrow Agent on joint instructions of the Provisional Liquidators and the Investor to release the Earnest Money for the purposes of settling all fees, remuneration, costs and expenses incurred by the Provisional Liquidators, its advisors and agents for work done in connection with the restructuring with the following milestones:

1. The First Earnest Money of HK$5,000,000 which the Company acknowledges receipt on 7 July 2015;

2. HK$6,500,000 within 3 business days of the date of the obtaining of the in-principal approval of the Resumption Proposal from the Stock Exchange (Provided that the Provisional Liquidators shall provide a copy of the in-principal approval to the Investor within 1 business day of the grant of the approval); and

3. HK$21,500,000 within 1 business day after the later of:

   a) the date of the passing of the Shareholders' resolutions of the Company approving the Capital Reorganisation, the Open Offer, the Share Subscription and the Whitewash Waiver; and

   b) the date on which the orders sanctioning the Schemes of the Hong Kong Court and the Bermuda Court have been obtained.

If the Framework Agreement is terminated for any reason, any remaining balance of the Earnest Money held in the Escrow Account shall be released to the Investor within 3 business days of the termination. As at 31 March 2017, the Group received the amount of US$835,476 (approximately HK$6,500,000) (2016: US$642,674 (approximately HK$5,000,000)).

28. SHARE CAPITAL

	Number of shares	Amount US$
Authorised:		
Ordinary shares of US$0.008 each		
At 1 April 2015, 31 March 2016 and 31 March 2017	1,250,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of US$0.008 each		
At 1 April 2015, 31 March 2016 and 31 March 2017	762,687,662	6,101,500

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

28. SHARE CAPITAL (continued)

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 included interest-bearing bank borrowings, trust receipt loan, other borrowings and amount due to investors – Escrow account plus unaccrued proposed dividends less cash and cash equivalents. Adjusted capital comprises all components of equity (that is, share capital, share premium, retained earnings, other reserves and any non-controlling interests) less unaccrued proposed dividends and includes some forms of subordinated debts.

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 net debt-to-adjusted capital ratio at the end of the reporting period is as follows:

	2017 **US$**	2016 US$
Total debt	**82,659,577**	82,401,099
Less: cash and cash equivalents	**(3,874,533)**	(1,380,909)
Net debt	**78,785,044**	81,020,190
Total equity and adjusted capital	**1,934,258**	559,388
Net debt-to-adjusted capital ratio	**4,073%**	14,484%

According to the Hong Kong Listing Rules on the Stock Exchange, at least 25% of the Company's shares should be held in the hands of the public.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

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.

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 sheet 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

29. SHARE OPTION SCHEME (continued)

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.

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

	2017 Weighted average Exercise price HK$	**Number of options**	2016 Weighted average Exercises price HK$	Number of options	**Date of grant**	**Vesting period**	**Exercise period**
Share Option 1							
To an executive director, non executive directors and key managements							
At 1 April	**0.72**	**9,000,000**	0.72	9,000,000	6 Jan 2012	vested on 6 Jan 2013	6 Jan 2013 to 10 Feb 2020
Forfeited during the year	**–**	**–**	–	–			
Lapsed during the year	**–**	**–**	–	–			
At 31 March	**0.72**	**9,000,000**	0.72	9,000,000			
Share Option 2							
To non-executive directors							
At 1 April	**1.11**	**600,000**	1.11	600,000	19 Mar 2012	vested on 19 Mar 2013	19 Mar 2013 to 10 Feb 2020
Forfeited during the year	**–**	**–**					
Lapsed during the year	**–**	**–**	–	–			
At 31 March	**1.11**	**600,000**	1.11	600,000			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

29. SHARE OPTION SCHEME (continued)

The options outstanding at the end of the period have a weighted average remaining contractual life of 2.9 years (31 March 2016: 3.9 years). The weighted average exercise price at the beginning and at the end of the period 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 (2016: 9,600,000 share options) outstanding under the 2010 Scheme, which represented approximately 1.3% (2016: 1.3%) of the Company's shares in issue as at that date.

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 option scheme as at the date of approval of the consolidated financial statements.

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 42.

(i) Share premium account

Share premium arose from the issuance of share 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 2017

30. RESERVES (continued)

(b) Company

	Share premium US$	Share-based payments reserve US$	Accumulated losses US$	Total US$
At 1 April 2015	70,605,619	52,241	(5,723,588)	64,934,272
Loss and total comprehensive loss for the year	-	-	(885,587)	(885,587)
At 31 March 2015 and 1 April 2016	**70,605,619**	**52,241**	**(6,609,175)**	**64,048,685**
Loss and total comprehensive loss for the year	**-**	**-**	**(559,126)**	**(559,126)**
At 31 March 2016	**70,605,619**	**52,241**	**(7,168,301)**	**63,489,559**

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 the completeness existence ad accuracy of the reserves as at the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

31. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	2017	2016
	US$	US$
Non-current assets		
Investment in a subsidiary	**2,622,935**	2,622,935
Current assets		
Due from subsidiaries	**69,471,270**	69,471,270
Prepayments, deposits and other receivables	**60,519**	60,519
Cash and bank balances	**3,449**	3,449
	69,535,238	69,535,238
Current liabilities		
Accruals and other payables	**1,731,638**	1,365,314
Amounts due to investors – Escrow account	**835,476**	642,674
	2,567,114	2,007,988
Net current assets	**66,968,124**	67,527,250
NET ASSETS	**69,591,059**	70,150,185
Capital and reserves		
Share capital	**6,101,500**	6,101,500
Reserves	**63,489,559**	64,048,685
TOTAL EQUITY	**69,591,059**	70,150,185

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 company-level statement of financial position as at the date of approval of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

32. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with the related parties during the year.

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 is as follows:

	2017	2016
	US$	US$
Short-term employee benefits	**524,422**	426,736

Total remuneration is included in "staff costs" (see note 7(a)).

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

As disclosed in Note 2.2, on the basis that the relevant books and records and either lost or are complete, no representation is made by the Board as to the completeness and of the material related party transactions as of the date of approval of these consolidated financial statements.

33. CONTINGENT LIABILITIES

As of the date of this report, to the best knowledge of, and information available to the Directors and the Joint Provisional Liquidators, there may be contingent liabilities in the amount of HK$29.8 million. However, any contingent liabilities/claims against the Company will be subject to the Bermuda Court's approval and the relevant claims will be subject to a formal adjudication process.

As disclosed in Note 2.2, on the basis that the relevant books and records and either lost or are complete, no representation is made by the Board as to the completeness and of the contingent liabilities as of the date of approval of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

34. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2017

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

Amendments to IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
IFRS 9	Financial instruments[2]
IFRS 15	Revenue from contracts with customers[2]
Amendments to IFRS 2	Share-based payment: Classification and measurement of share-based payment transactions[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRS 16	Leases[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2014 – 2016 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2017.

2 Effective for annual periods beginning on or after 1 January 2018.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of what the impact of these amendments and new standards 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.

6. BUSINESS AND FINANCIAL REVIEW OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2015

Set out below are the extracts of the annual report of the Company for the year ended 31 March 2015.

"Based on the available books and records to the Directors, 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, basis of preparation in the audited financial statements.

Notwithstanding the limitations stated above, in the Reporting Period, there were no sales recorded for the Reporting Period.

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 of the Group."

7. BUSINESS AND FINANCIAL REVIEW OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2016

Set out below are the extracts of the annual report of the Company for the year ended 31 March 2016.

"**Business model of the group**

The Group is principally engaged in the distribution and marketing of mobile handset and its components, which are mainly carried out by the SPVs. The mobile handsets distributed and marketed by the Group mainly include 2G features phones and 3G/4G smart phones.

Supply of mobile handset products

To ensure stable supply, the SPVs have entered into long term supply contracts with assembly plants located in Shenzhen, PRC. The supply contracts set out details of the agreed terms of the assembly of mobile handsets to be performed by the assembly plants to govern the assembly arrangements between the SPVs and the assembly plants.

Sales and marketing

During the marketing stage, the SPVs communicate and work with the customers to understand their product specifications, product functions and features which they require for the mobile handsets. Based on the customers' specific requirements, the SPVs design a mobile handset and present the customers with a mock up for their confirmation. The SPVs may also present the customers with life products which have already been developed or modified by the SPVs together with the assembly plants based on the latest producing models and new application technique.

Research and development

In order to satisfy the requirements of the customers and take a leading role in the trend of mobile phone handsets and application software, the research and development team of the SPVs pays particular attention to the market development, product functionality and latest software applications for installation and downloading into mobile handsets. The research and development team works closely with the sales and marketing team to assist them in the introduction of the latest market trend to the customers.

Assembling of mobile handsets

Once the customer has placed the purchase order with the SPVs with the confirmed specifications and design, the SPVs arrange the assembly plants to produce the mould and tolling for mass production of mobile handsets.

The SPVs are responsible for sourcing and procuring certain raw materials and components to be used in the assembling of the mobile handset. Then the assembly plants place orders directly with the suppliers of raw materials and components designated by the SPVs to purchase the appropriate raw materials and components for the assembling of the mobile handsets. This cuts short any logistical delay had the SPVs made its own materials procurement.

Quality assurance personnel of the SPVs carry out visual inspection and performance tests at each checkpoint of the assembling process of the two assembly plants. The mobile handsets are functionally tested according to the customers' specifications and requirements before the end-products are accepted for delivery to the customers by the assembly plants. Depending on customer's own arrangement, some customers may also send its own quality assurance personnel to inspect and test the end-products pre-shipment.

Major customers and suppliers

During the year ended 31 March 2016, sales to the Group's five largest customers accounted for approximately 93.4% of the Group's total sales for the year (of which sales to the Group's largest customer accounted for approximately 37.6%). During the Reporting period, the Group has two suppliers, in which purchases attributable to the largest supplier accounted for approximately 62.5%.

None of the Directors or any of their respective associates or any shareholder which to the best knowledge of the Directors, who own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers or the two suppliers during the year ended 31 March 2016."

For information in relation to major markets operated by the Company, please refer to note 5 to the financial statement of the annual report of the Company for the year ended 31 March 2016 as set out on page I-100 to I-104 of this circular.

8. BUSINESS AND FINANCIAL REVIEW OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2017

Set out below are the extracts of the annual report of the Company for the year ended 31 March 2017.

"**Business model of the group**

The Group is principally engaged as a mobile handsets solution provider, which involves design, procurement of hardware components and assembling services for mobile handsets, which are mainly carried out by the SPVs. The mobile handsets distributed and marketed by the Group mainly include 2G features phones and 3G/4G smart phones.

Mobile handset design

The Company has its own in-house mobile handset design team, it will provide detailed designs of mobile handsets in line with customers' expectations, demands and specifications. The design team also provides advices to our customers on the latest trends in the mobile handset market as well as industrial design, mechanical design, PCB design, and provides innovative design ideas to complement the design objectives of its customers.

Based on the customers' requirements and taking into account current market preferences, the Company's design team designs the exterior outlook of mobile handsets as well as the mechanical design for the electronic components.

The Company's software engineers then select and design applicable software or specific application to ensure compatibility of user-features in the mobile handsets. Further steps are also taken to ensure compatibility between hardware and software and conformity of mechanical components with the desired physical appearance of the mobile handset.

Assembling of mobile handsets

Once the customer has placed the purchase order with the SPVs with the confirmed specifications and design, the SPVs arrange the assembly plants to produce the mould and tolling for mass production of mobile handsets.

The SPVs are responsible for sourcing and procuring certain raw materials and components to be used in the assembling of the mobile handset. Then the assembly plants place orders directly with the suppliers of raw materials and components designated by the SPVs to purchase the appropriate raw materials and components for the assembling of the mobile handsets. This cuts short any logistical delay had the SPVs made its own materials procurement.

Quality assurance personnel of the SPVs carry out visual inspection and performance tests at each checkpoint of the assembling process of the two assembly plants. The mobile handsets are functionally tested according to the customers' specifications and requirements before the end-products are accepted for delivery to the customers by the assembly plants. Depending on customer's own arrangement, some customers may also send its own quality assurance personnel to inspect and test the end-products pre-shipment.

Delivery and settlement

The Company collects finished goods and stores them in one of the warehouses of the relevant assembly plant, and upon receipt of the delivery request of a customer, the relevant assembly plant will arrange delivery of the packed finished products from the warehouse to the customer.

Sales and marketing

During the marketing stage, the SPVs communicate and work with the customers to understand their product specifications, product functions and features which they require for the mobile handsets. Based on the customers' specific requirements, the SPVs design a mobile handset and present the customers with a mock up for their confirmation. The SPVs may also present the customers with life products which have already been developed or modified by the SPVs together with the assembly plants based on the latest producing models and new application technique.

Research and development

In order to satisfy the requirements of the customers and take a leading role in the trend of mobile phone handsets and application software, the research and development team of the SPVs pays particular attention to the market development, product functionality and latest software applications for installation and downloading into mobile handsets. The research and development team works closely with the sales and marketing team to assist them in the introduction of the latest market trend to the customers.

Revenue and gross profit

During the Reporting Period, the Group recorded turnover of US$22,977,341 (2016: US$12,715,204) and gross profit of US$3,315,927 (2016: US$2,059,394) respectively for the Reporting Period. Profit for the year attributable to owners of the Company was US$1,374,870 (2016: US$374,467).

Total assets and liabilities

As of 31 March 2017, the total assets and total liabilities of the Group was US$91,135,554 (2016: US$90,717,493) and US$89,201,296 (2016: US$90,158,105) respectively.

Major customers and suppliers

During the year ended 31 March 2017, sales to the Group's five largest customers accounted for approximately 89.5% of the Group's total sales for the year (of which sales to the Group's largest customer accounted for approximately 32.1%).

During the Reporting period, the Group has 2 suppliers, in which purchases attributable to the largest supplier accounted for approximately 96%.

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

For information in relation to major markets operated by the Company, please refer to note 5 to the financial statement of the annual report of the Company for the year ended 31 March 2017 as set out on page I-170 to I-174 of this circular.

9. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2017, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Restructured Group had aggregate outstanding borrowings of approximately HK$648 million which comprised:

(i) interest bearing bank borrowing of approximately HK$306 million;

(ii) trust receipt loan of approximately HK$310 million;

(iii) other borrowings of approximately HK$21 million, which are secured by a floating charge and the share charge over the entire issued share-capital of a subsidiary, HK Rich Technology Company Limited, bearing fixed interest at 2% per annum;

(iv) amount due to investors – Escrow account of approximately HK$11 million, which is unsecured, interest free and the amount will be deducted by the receipt from Share Subscription.

Contingent liabilities

As at 31 July 2017, there may be contingent liabilities of approximately HK$30 million in connection with claims against the Company which will be subject to a formal adjudication process. This potential claim, if crystalises, will be treated as an unsecured claim. If such claim is admitted under the Schemes, this creditor will participate in the distribution of the Scheme Cash Consideration in accordance with the terms of the Schemes.

Save as aforesaid and apart from normal trade payables in the ordinary course of business, other payables and accruals, none of the entities of the Group had any debt securities which are issued and outstanding, or authorised or otherwise created but unissued term loans, other borrowings or indebtedness including bank overdrafts loans or other similar indebtedness liabilities under acceptances (other than normal trade bills) acceptance credits or hire purchase commitments, mortgage, charges, activities or other material contingent liabilities as at the close of business on 31 July 2017.

Potential Litigation

Prior to the Company went into provisional liquidation, one of the Company's subsidiaries (the "Subsidiary") entered into a Receivables Purchase Agreement with a financial institution in Hong Kong and the Subsidiary has assigned the outstanding debts of approximately US$46 million owed by its customer to the financial institution.

Subsequently, there were disputes over the outstanding debts owed by the Customer as the Customer claimed that it had cancelled its purchase orders with the Company's subsidiary. Hence, the Customer alleged that there was no outstanding payment due ("the Dispute").

The Provisional Liquidators subsequently received an arbitration notice from the Shenzhen Court of International Arbitration ("SCIA") in respect of the Dispute ("the Notice"). It is stated on the Notice that the Customer initiated an arbitration request at the SCIA regarding the Dispute and would like the Provisional Liquidators to attend to the requests on behalf of the Company's subsidiary.

The Provisional Liquidators have since then engaged a legal advisor in the PRC to advise on the arbitration. As of the Latest Practicable Date, a court hearing has yet to be scheduled. In the event that the SCIA hands down an award in favour of the customer, certain court fees (in addition to the legal fees) will be payable by the Subsidiary (instead of the Company) but the quantum is yet to be determined. The disputed amount of approximately US$46 million which was assigned to a financial institution by the Subsidiary which has the benefit of a guarantee granted by the Company. The potential claim of the financial institution under the guarantee is currently treated as a potential claim and, if it crystalises, as an unsecured claim. If such claim is admitted under the Schemes, the financial institution will participate in the distribution of the Scheme Cash Consideration in accordance with the terms of the Schemes. Any claim under the guarantee (if admitted) would be subject to adjustments in accordance with the terms of the Schemes. Thus, in the event that the SCIA hands down an award in favour of the financial institution and the financial institution's claim under the guarantee may be adjusted under the terms of the Schemes in a corresponding amount.

10. WORKING CAPITAL

The Provisional Liquidators, after due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances, subject to completion of the Capital Reorganisation, the Open Offer, the Share Subscriptions and the Schemes, and taking into account of the financial resources available to the Group, the Group has sufficient working capital for its normal business for at least the twelve months from the date of this circular.

11. MATERIAL CHANGE

Save as disclosed below, the Directors confirmed that as at the Latest Practicable Date, there had been no material changes in the financial or trading position or outlook of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Company were made up to the Latest Practicable Date:

1. For the four months period ended 31 July 2017, the Company recorded an increase in revenue, at US$11.7 million, representing approximately 50.9% of the total revenue for the year ended 31 March 2017 of US$23.0 million, as compared to US$5.3 million for the four months period ended 31 July 2016, representing approximately 23.0% of the total revenue for the year ended 31 March 2017. The increase in revenue was mainly due to (i) increase in sales of mobile handset in the South Asia market; and (ii) increase in sales of smart phone, which has a higher unit price. As a result, gross profit for the four months period ended 31 July 2017 increased to US$1.8 million, representing approximately 54.5% of the gross profit for the year ended 31 March 2017 of US$3.3 million, as compared to a gross profit of US$0.6 million for the four months period ended 31 July 2016 representing approximately 18.2% of the gross profit for the year ended 31 March 2017.

2. For the four months period ended 31 July 2017, the Company recorded an increase in selling and distribution expenses, at US$84,000, representing approximately 76.4% of the total selling and distribution expenses for the year ended 31 March 2017 of US$110,000, as compared to US$7,700 for the four months period ended 31 July 2016, representing approximately 7.0% of the total revenue for the year ended 31 March 2017. The increase in selling and distribution expenses was mainly due to the (i) increase in sales; and (ii) increase in marketing expenses of advertising and participating trade shows, etc.

3. For the four months period ended 31 July 2017, the restructuring cost incurred for the Company increased to US$0.6 million, as compared to the restructuring cost of US$0.2 million for the year ended 31 March 2017. The increase in restructuring cost was mainly due to milestone payment on professional fees reached upon the approval from Listing Committee on the Proposed Restructuring.

4. As a result of the combined effect of item (1) to (3) above, as well as an increase in administrative expense and finance costs, profit before tax for the four months period ended 31 July 2017 increased to US$0.6 million, representing approximately 33.3% of the profit before tax for the year ended 31 March 2017 of US$1.8 million, as compared to US$0.2 million for the four months period ended 31 July 2016, representing approximately 11.1% of the profit before tax for the year ended 31 March 2017. As tax expenses are calculated on an annual basis, we cannot ascertain whether there are any material changes on net profit after tax.

5. As at 31 July 2017, the cash and bank balance amounted to US$1.9 million, representing a decrease of 51.3% compared to US$3.9 million as at 31 March 2017, the decrease was mainly due to more cash payment is required for purchase of raw materials for smart phone production as required by customers' orders during the period.

12. FINANCIAL AND TRADING PROSPECTS

The Group is a comprehensive mobile handset solution provider, with a particular focus on design, development, customisation and technological collaboration. The Operating Subsidiaries are principally engaged in the provision of mobile handset designs and production solution services and marketing and distribution of mobile handsets and their components. The mobile handsets mainly include features phones and smart phones and target customers of the Group are largely renowned overseas mobile handset brand owners mainly located in India, Bangladesh, Dubai and Pakistan. The Group's business and business plan are in line with its pre-existing principal activities.

Trading prospects

The Group has a wide range of models including feature phones and smart phones with different price levels targeting different market segments. While the Group targets an organic growth in purchase orders from its existing customers, the Group will also try to secure new customers.

Upon Resumption, the Group will continue to focus on the South Asian region and Dubai, which the Company believes to have a massive growth potential.

The Group will continue to secure purchase orders from its existing customers and attract new customers by participating trade shows, and on-going technological collaboration with customer and suppliers, which contributed to the overall increase of the Company's revenue.

Joint Venture with Tongfang

Pursuant to the joint venture with Tongfang, Perfect Major has appointed Tongfang and its group companies for research and development of mobile communication devices which are suitable for the Indian market. In return, Tongfang and its group companies have appointed Perfect Major to sell certain mobile devices developed by Tongfang in markets located in India and the South Asian regions.

As at the Latest Practicable Date, Tongfang and its group companies have already begun to initiate preliminary research on product development. On the other hand, the Company has undertaken market research and is in the process of establishing reliable distribution networks for Tongfang's products in Pakistan, India and Bangladesh. The New Management Team expects the joint venture with Tongfang will provide meaningful contributions to the Company's business in 2018.

Market Development Business

The Company has entered into a service agreement with a PRC listed company for market development services. By leveraging the Group's know-how in the South Asia market, in particular India, the New Management Team expects that further income will be generated from this revenue stream.

Financial prospects

Upon completion of (i) Share Subscriptions; (ii) Open Offer; (iii) the Schemes; (iv) the payment for costs associated with the Proposed Restructuring; (v) the settlement of the cost associated with the delisting from the SGX-ST; and (vi) repayment of amounts outstanding under the Working Capital Loan Agreement, the Group will have a net proceeds of approximately HK$50 million to HK$60 million for general working capital.

The Group will actively seek investment opportunities to expand the Company's tangible assets after the Resumption, including but not limited to vertical acquisition of production facilities, warehouses and office premises.

13. QUALIFICATIONS CONTAINED IN THE AUDITOR'S REPORT

Crowe Horwath (HK) CPA Limited, being the auditor of the Company, issued disclaimer of opinion on the Group's financial statement for three years ended 31 March 2015, 2016 and 2017. The qualifications contained in the auditor's reports are extracted below:

Auditor's Report for the year ended 31 March 2015

Set out below is the auditor's report extracted from the annual report of the Company for the year ended 31 March 2015. In this section, reference to the page numbers are those appeared in the annual report of the Company for the year ended 31 March 2015.

Basis of Disclaimer of Opinion

Incomplete books and record

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 2015, 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 2013, 31 March 2014 and 31 March 2015 were fairy stated.

Any adjustments found to be necessary in respect thereof had we been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group as at 1 April 2013, 31 March 2014 and 31 March 2015 and of its loss for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

Included in the Company's statement of financial position are investment in a subsidiary of US$2,622,935 and US$2,622,935 and due from subsidiaries of US$69,471,270 and US$69,471,270 as at 31 March 2015 and 2014 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 2015 and 31 March 2014 and of its net loss for the years then ended and the related disclosures in the consolidated financial statements.

Our audit opinion on the Group's financial statements for the year ended 31 March 2014 was also disclaimed accordingly.

Insufficient audit evidence in respect of loss on deconsolidation

As set out in note 12 to the consolidated financial statements, the Group recorded amount of loss on deconsolidation of US$22,019,728. The Group could not access the books and records of the subsidiaries, and the directors considered that the control over these subsidiaries has been lost. Because of the loss of certain accounting books and records of the Deconsolidated Subsidiaries, we were not able to obtain sufficient appropriate audit evidence to determine whether the loss on deconsolidation for the year ended 31 March 2015 were free from material misstatement.

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.

Our audit opinion on the Group's financial statements for the year ended 31 March 2014 was also disclaimed accordingly.

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 2015 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.

Auditor's Report for the year ended 31 March 2016

Set out below is the auditor's report extracted from the annual report of the Company for the year ended 31 March 2016. In this section, reference to the page numbers are those appeared in the annual report of the Company for the year ended 31 March 2016.

Basis for Disclaimer of Opinion

Scope limitation due to incomplete books and record

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 practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the current year as included 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 practicable, to verify the financial information as reported in the consolidated financial statements of the Group for past years. In addition, during the course of our audit, we were unable to satisfy ourselves that the internal control and documentation provided by the management for the purpose of our audit was accurate in all material respects. We have therefore been unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and disclosure of the transactions of the Group.

Given these circumstances, there were no practicable audit procedures that we could perform to satisfy ourselves that the information and explanations 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 any 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 2016, 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 2015 and 31 March 2016 were fairy stated.

Any adjustments found to be necessary in respect thereof had we been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group as at 1 April 2015 and 31 March 2016 of its profit for the current year and loss for the prior years, and the related disclosures thereof in the consolidated financial statements.

Included in the Company's statement of financial position is an investment in a subsidiary of US$2,622,935 and US$2,622,935 and due from subsidiaries of US$69,471,270 and US$69,471,270 as at 31 March 2016 and 31 March 2015 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 the amount due from subsidiaries in the Company's statements of financial position as at 31 March 2016 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 2016 and 31 March 2015 and of its net loss for the years then ended and the related disclosures in the consolidated financial statements.

Our audit opinion on the Group's financial statements for the year ended 31 March 2015 was also disclaimed accordingly.

Non-compliance with International Financial Reporting Standards 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 and the directors believe they are almost impossible and not practical to ascertain the correct amounts. Consequently, the directors of the Company were unable to represent that the financial statements comply with International Financial Reporting Standards ("IFRSs"), or that the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules have been complied with. Given these circumstances, 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.

Our audit opinion on the Group's financial statements for the year ended 31 March 2015 was also disclaimed accordingly.

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 the Resumption Proposal was submitted to the Stock Exchange on 19 July 2015. On 14 August 2015, the Company received a decision letter from the Listing Committee that the Resumption Proposal was considered not viable and the Company was placed in the third delisting stage under Practice Note 17 to the Listing Rules. On 24 August 2015, the Company requested for a review hearing of the Listing (Review) Committee for a ruling of the Listing Committee's decision.

The review hearing was held on 17 December 2015. On 29 December 2015, the Company received the decision letter of the Listing (Review) Committee advising that the Listing (Review) Committee decided to uphold the Listing Committee's decision. An announcement was made by the Stock Exchange on 6 January 2016 to place the Company into the third delisting stage with effect on the same day for a period of nine months. The Stock Exchange intends to cancel the listing of the Company after the nine-month period (i.e. 5 October 2016) if the Company does not provide a viable resumption proposal.

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 uncertainties relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

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 the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of the Group's financial performance for the year then ended in accordance with IFRSs and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Auditor's Report for the year ended 31 March 2017

Set out below is the auditor's report extracted from the annual report of the Company for the year ended 31 March 2017. In this section, reference to the page numbers are those appeared in the annual report of the Company for the year ended 31 March 2017.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis of Disclaimer of Opinion

Scope limitation due to incomplete books and record

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 practicable, to ascertain the correct revenue and profit or loss and the resultant assets and liabilities for the current year as included in the consolidated financial statements of the Group. Also, due to the loss of some books and records, the directors of the Company believe that it is almost impossible, and not practicable, to verify the financial information as reported in the consolidated financial statements of the Group for past years. In addition, during the course of our audit, we were unable to satisfy ourselves that the internal controls and documentations provided by the management for the purpose of our audit were effective and accurate in all material respects. We are therefore unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, valuation, classification and presentation of the transactions and assets and liabilities of the Group.

Given these circumstances, and as disclosed in note 2.2 Basis of Preparation to the financial statements, there were no practicable audit procedures that we could perform to satisfy ourselves that the information and explanations 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 any 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 2017, there were no practicable audit procedures that we could perform to satisfy ourselves as to whether the balances of assets, liabilities and reserves as at 1 April 2016 and 31 March 2017 were fairy stated.

Any adjustments found to be necessary in respect thereof had we been able to obtain sufficient appropriate audit evidence would have had a consequential effect on the net assets of the Group as at 1 April 2016 and 31 March 2017 and of its profit for the current and prior years, and the related disclosures thereof in the consolidated financial statements.

Included in the Company's statement of financial position is an investment in a subsidiary of US$2,622,935 and US$2,622,935 and amounts due from subsidiaries of US$69,471,270 and US$69,471,270 as at 31 March 2017 and 31 March 2016 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 the amounts due from subsidiaries in the Company's financial statements as at 31 March 2017 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 2017 and 31 March 2016 and of its net loss for the years then ended and the related disclosures in the consolidated financial statements.

Our audit opinion on the Group's financial statements for the year ended 31 March 2016 was also disclaimed accordingly.

Non-compliance with IFRSs and omission of disclosures

As explained in note 2.2 to the consolidated financial statements, as the consolidated financial statements of the Group have been prepared by the directors based on incomplete books and records and the directors believe that it is almost impossible and not practical to ascertain the correct amounts. Consequently, the directors of the Company were unable to represent 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 of 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.

Our audit opinion on the Group's financial statements for the year ended 31 March 2016 was also disclaimed accordingly.

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.

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 be able 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 uncertainties relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and to issue an auditor's report. However, because of the matters described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2017

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The accompanying unaudited pro forma consolidated statement of financial position as at 31 March 2017, and unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statements of cash flows for the year ended 31 March 2017 (collectively the "Unaudited Pro Forma Financial Information") of the Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Proposed Restructuring of the Group on the financial position and financial performance of the Group as if the Proposed Restructuring had been completed on March 31, 2017.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the consolidated statement of financial position of the Group as at 31 March 2017 and consolidated statement of profit or loss and unaudited pro forma consolidated statements of cash flows of the Group for the year ended 31 March 2017 as if the Proposed Restructuring had been completed on March 31, 2017.

The Unaudited Pro Forma Financial Information of the Group is prepared based on a number of assumptions, estimates, uncertainties and the currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information of the Group, it may not give a true picture of the actual financial position of the Group that would have been attained had the Proposed Restructuring actually occurred on the date indicated herein.

Furthermore, the Unaudited Pro Forma Financial Information of the Group does not purport to predict the Group's future financial position. The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the financial information of the Group as set out in the circular and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group as at 31/3/2017	Pro forma adjustments relating to the Proposed Restructuring						Unaudited pro forma of the Group as at 31/3/2017
	US$	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*	*US$*
	(Note 1)	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
Property, plant and equipment	67,585							67,585
Interest in an associate	10,554,016						(10,554,016)	–
Financial assets at fair value through profit and loss	2,310,941						(2,310,941)	–
	12,932,542							67,585
Inventories	178,400							178,400
Trade and factoring receivables	70,328,236						(67,560,603)	2,767,633
Prepayments, deposits and other receivables	1,560,893							1,560,893
Tax recoverable	128,843						(128,843)	–
Restricted bank balances	2,132,107						(2,132,107)	–
Cash and bank balances	3,874,533		385,604		28,791,938	(18,894,602)	(779,787)	13,377,686
	78,203,012							17,884,612
Trade and bill payables	(1,251,045)					1,251,045		–
Accruals and other payables	(4,040,911)	385,604				3,084,138		(571,169)
Interest-bearing bank borrowings	(39,310,190)					39,310,190		–
Trust receipt loans	(39,877,541)					39,877,541		–
Received in advance	(584,028)							(584,028)
Other borrowings	(2,636,370)							(2,636,370)
Amount due to investors – Escrow account	(835,476)			(4,305,913)	5,141,389			–
Loan from investors	–		(385,604)		385,604			–
Tax payables	(665,735)					1,547		(664,188)
	(89,201,296)							(4,455,755)
Net current (liabilities)/assets	(10,998,284)							13,428,857
Total assets less current liabilities	1,934,258							13,496,442
Equity								
Share capital	(6,101,500)				(34,576,000)			(40,677,500)
Share premium	(70,605,619)							(70,605,619)
Other reserve	(8,229,784)						8,229,784	–
Non-controlling interest	–	(385,604)						(385,604)
Accumulated loss	83,002,645			4,305,913	257,069	(64,629,859)	75,236,513	98,172,281
	(1,934,258)							(13,496,442)

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	The Group as at 31/3/2017	Pro forma adjustments relating to the Proposed Restructuring				Unaudited pro forma of the Group as at 31/3/2017
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
	(Note 1)	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
Revenue	22,977,341					22,977,341
Cost of sales	(19,661,414)					(19,661,414)
Gross profit	3,315,927					3,315,927
Other income	396,179					396,179
Selling and distribution expenses	(110,487)					(110,487)
Administration expenses	(1,558,752)					(1,558,752)
Finance costs	(65,676)					(65,676)
Profit before restructuring costs and tax	1,977,191					1,977,191
Restructuring costs	(192,802)	(4,305,913)	(257,069)			(4,755,784)
Loss on release of bank loans and other liabilities pursuant to the Schemes	–			64,629,859	(75,236,513)	(10,606,654)
Profit/(Loss) before tax	1,784,389					(13,385,247)
Income tax expenses	(409,519)					(409,519)
Profit/(Loss) for the year	1,374,870					(13,794,766)

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group as at 3/31/2017	Pro forma adjustments relating to the Proposed Restructuring					Unaudited pro forma of the Group as at 3/31/2017
	US$	US$	US$	US$	US$	US$	US$
	(Note 2)	(Note 4)	(Note 5)	(Note 6)	(Note 7)	(Note 8)	
CASH FLOWS FROM OPERATING ACTIVITIES							
Profit/(Loss) before tax	1,784,389		(4,305,913)	(257,069)	64,629,859	(75,236,513)	(13,385,247)
Adjustments for:							
Bank interest income	(154)						(154)
Depreciation	10,368						10,368
Exchange gain	(239)						(239)
Finance costs	65,676						65,676
Loss on release of bank loans and other liabilities pursuant to the Schemes	–				(64,629,859)	75,236,513	10,606,654
Restructuring costs	192,802		4,305,913	257,069			4,755,784
Operating profit before changes in working capital	2,052,842						2,052,842
Increase in inventories	(50,900)						(50,900)
Decrease in trade and factoring receivables	3,053,784						3,053,784
Increase in prepayments, deposits and other receivables	(859,736)						(859,736)
Decrease in trade and bills payables	(3,034,482)						(3,034,482)
Increase in accruals and other payables	893,613						893,613
Increase in receipts in advance	516,578						516,578
Cash generated from operations	2,571,699						2,571,699
Income taxes paid	(515)						(515)
Net cash generated from operating activities	2,571,184						2,571,184
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of property, plant and equipment	(77,714)						(77,714)
Interest received	154						154
Net cash used in investing activities	(77,560)						(77,560)
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from the loan from investors	–	385,604					385,604
Net proceeds from Share Subscription and Open Offer	–			28,791,938			28,791,938
Repayment to scheme creditors	–				(18,894,602)		(18,894,602)
Disposal of scheme assets	–					(779,787)	(779,787)
Net cash generated from financing activities	–						9,503,153
Net increase in cash and cash equivalent	2,493,624						11,996,777
Cash and cash equivalent at the beginning of the period	1,380,909						1,380,909
Cash and cash equivalent at the end of the period	3,874,533						13,377,686

Notes:

1. This column is extracted from the consolidated statement of financial position and consolidated cash balance of the Company as at 31 March 2017, and consolidated statement of profit or loss of the Company for the year ended 31 March 2017 of the Group.

2. Due to the incomplete books and record, the consolidated statements of cash flows for the year ended 31 March 2017 were not included in the 2017 annual report. The consolidated statements of cash flows were prepared by the management for illustrative purposes only.

3. The adjustment represents the recognition of non-controlling interest upon the completion of issuing 20% shares by a subsidiary of the Group, Perfect Major Investment Limited, to Tsinghua Tongfang Co., Ltd.

4. The adjustment represents the receipt of the loan facility amounting to HK$3,000,000 (equivalent to approximately US$385,604) in accordance with the Second Amended and Restated Framework Agreement relating to the debt restructuring of the Group (the "Second Amended and Restated Framework Agreement").

5. The adjustment represents the receipt of the third, fourth and fifth instalment of earnest money amounting to HK$33.5 million (equivalent to approximately US$4.3 million) in accordance with the Second Amended and Restated Framework Agreement. According to the agreement, the earnest money is solely for the purposes of payment towards discharge, in whole or in part, of fees, remuneration, costs and expenses incurred or to be incurred by the Provisional Liquidators in connection with the Proposed Restructuring.

6. The adjustment represents the receipt upon the completion of the Share Subscriptions and the Open Offer.

   According to the Second Amended and Restated Framework Agreement, before Share Subscription, the Group will:

   (a) complete the Share Consolidation by consolidating every 20 existing Shares into 1 Consolidated Shares. After the completion of the Share Consolidation, the Company will have totally 38,134,383 Consolidated Shares at par value of US$0.16 each; and

   (b) increase the authorised share capital of the Company from US$10,000,000 divided into 62,500,000 Consolidated Shares to US$100,000,000 divided into 625,000,000 Consolidated Shares by creation of an additional 562,500,000 Consolidated Shares in the share capital upon the Share Consolidation becoming effective.

   After increasing the authorised share capital as mentioned in note 6(b), the Share Subscriptions and the Open Offer will be taken place. The Group will subscribe and issue totally 216,100,000 new Consolidated Shares at US$0.16 each under Share Subscriptions and the Open Offer. Accordingly, the share capital of the Group will increase by HK$269.7 million (equivalent to approximately US$34.6 million).

   After the completion of the Share Subscription and Open Offer, the Group will receive totally HK$224.7 million (being the aggregate of HK$189.8 million, HK$15.9 million and HK$19 million as described below), or approximately US$28.8 million. Details are as follows:

   (i) Proceeds from subscription of the Investor Subscription Shares by Alpha Professional amounting to HK$189.8 million

   Proceeds from subscription of the Investor Subscription Shares by Alpha Professional is the gross subscription amount of HK$234.8 million (equivalent to approximately US$30.1 million) less the set off amount of HK$45 million (equivalent to approximately US$5.8 million).

   The gross subscription amount is the amount from the subscription of 188,134,528 new Consolidated Shares by Alpha Professional at US$0.16 (equivalent to approximately HK$1.25) each.

   The set off amount is the aggregate of:

   (1) the earnest money of HK$40 million (equivalent to approximately US$5.1 million);

(2) the outstanding amount of Loan Facility of HK$3 million (equivalent to approximately US$385,604);

(3) other loan facilities (other than the Working Capital Loan); and

(4) the Professional Fees and Expenses of HK$2 million (equivalent to approximately US$257,069).

(ii) Proceeds from subscription of Tongfang Subscription Shares by Tongfang Asset Management amounting to HK$15.9 million

Proceeds from subscription of shares of Tongfang Subscription Shares by Tongfang Asset Management is the amount from the subscription of 12,711,719 new Consolidated Shares by Tongfang Asset Management at US$0.16 (equivalent to approximately HK$1.25) each.

(iii) Proceeds from the Open Offer amounting to HK$19 million

Proceeds from the Open Offer is the allotment and issuance of 15,253,753 new Consolidated Shares under the Open Offer which represents an offer of 2 new Consolidated Shares for every 5 existing Consolidated Shares at a subscription price of US$0.16 (equivalent to approximately HK$1.25) per new Consolidated Share.

7. The adjustment represents the completion of the Schemes between the Company and its Scheme Creditors in accordance with the Second Amended and Restated Framework Agreement whereby the Scheme Creditors shall discharge their claims in full, amounting to HK$649.8 million (equivalent to approximately US$83.5 million), against the Company in return for a *pari passu* distribution of the Scheme Cash Consideration of HK$147 million (equivalent to approximately US$18.9 million). A gain of HK$502.8 million (equivalent to approximately US$64.6 million) will be generated.

8. The adjustment represents the realisation or receipts of Scheme Assets amounting to HK$585.3 million (equivalent to approximately US$75.2 million) or, including but not limited to claims against any persons, of the Group in accordance with the Second Amended and Restated Framework Agreement. A loss of HK$585.3 million (equivalent to approximately US$75.2 million) will be resulted.

Crowe Horwath™

國富浩華（香港）會計師事務所有限公司
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

To the Board of Directors and Provisional Liquidators of
Z-Obee Holdings Limited (Provisional Liquidators Appointed)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR IN CONNECTION WITH THE RESUMPTION PROPOSAL (THE "CIRCULAR")

25 September 2017

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (collectively the "Group") by the directors and Provisional Liquidators for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position of the Group as at 31 March 2017, unaudited consolidated statement of profit or loss and unaudited pro forma consolidated statements of cash flows of the Group for the year ended 31 March 2017 and related notes as set out on page II-1 to II-6 of the circular issued by the Company dated 25 September 2017. The applicable criteria on the basis of which the directors and Provisional Liquidators have compiled the pro forma financial information are described in pages II-1 to II-6.

The pro forma financial information has been compiled by the directors and Provisional Liquidators to illustrate the impact of the Group's financial position as at 31 March 2017 and the Group's financial performance and cash flows for the year ended 31 March 2017 as if the restructuring had taken place at 31 March 2017. As part of this process, information about the Group's financial position and financial performance has been extracted by the directors and Provisional Liquidators from the Group's financial statements for the year ended 31 March 2017, on which a disclaimer audit report has been published, which are described on page I-214 to I-216. The consolidated statements of cash flow were prepared by the directors and Provisional Liquidation for illustrative purpose only.

As per the financial statements for the year ended 31 March 2017, the consolidated financial statements of the Group had been prepared by the directors based on incomplete books and records and the directors believed that it was almost impossible and not practical to ascertain the correct amounts. Consequently, the directors of the Company were unable to represent that the financial statements comply with IFRSs, or the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, including the omission of a consolidated statement of cash flow.

Directors' and Provisional Liquidators' Responsibility for the Pro Forma Financial Information

The directors and Provisional Liquidators are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to AG 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (HKSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
For and on behalf of
Crowe Horwath (HK) CPA Limited

Alvin Yeung
Director

PROFIT FORECAST FOR THE 24 MONTHS ENDING 31 MARCH 2019

On the bases and assumptions as set forth below, and in the absence of unforeseen circumstances, the Company estimates the consolidate profit/(loss) attributable to the Shareholders and earnings per Consolidated Share for the 24 months ending 31 March 2019 (the "**Forecast Period**") would be:

	Consolidated profit/(loss) attributable to Shareholders *HK$'000*	**Earnings per Consolidated Share** *HK$*
Profit for the year ending 31 March 2018 before income tax and restructuring related costs	30,154	0.12
Net loss for the year ending 31 March 2018 after income tax and restructuring related costs	(89,324)	(0.35)
Profit for the year ending 31 March 2019 before income tax and restructuring related costs	34,545	0.14
Net profit for the year ending 31 March 2019 after income tax and restructuring related costs	28,364	1.12

The profit forecast has been prepared by the Directors, with the assistance of the New Management Team, based on (i) the unaudited consolidated results of the Company for the year ended 31 March 2017; (ii) the forecast of the consolidated results of the Company for the 24 months ending 31 March 2019 and (iii) the existing plans and intentions of the management and the Directors.

Further announcement(s) will be made by the Company as and when necessary should there be any material event which would have caused any profit forecast assumptions to have been materially different or any unanticipated event that would materially affect the profit forecast.

BASES AND ASSUMPTION

The profit forecast has been prepared on the basis of accounting policies consistent in all material respects with the International Financial Reporting Standards and accounting policies adopted by the Company as set out in its annual report for the year ended 31 March 2017, and on the following assumptions:

(i) there will be no material changes in the existing political, legal, fiscal, foreign trade or economic conditions in Hong Kong and mainland China or other countries in which the Group operates or intends to operate or where its subsidiaries are incorporated;

(ii) there will be no changes in legislation, regulations or rules in the PRC, Hong Kong or any other countries or territories in which the Group operates or with which the Group has arrangements or agreements, which may materially adversely affect the Group's business or operations;

(iii) there will be no significant changes in the principal activities, key management personnel, management structure and accounting policies currently adopted by the Group during the Forecast Period;

(iv) there will be no material change in the credit policies offered to customers and granted by suppliers of the Group;

(v) there will be no material changes in the bases or rates of taxation in those countries which the Group operates or intends to operate or where its subsidiaries are incorporated;

(vi) there will be no interruption of the Group's operations that will adversely affect the trading, financial and prospects of the Group as a result of any other circumstances beyond management control;

(vii) there will be no major industrial disputes, major doubtful debts and economic changes or any abnormal circumstances, which would adversely affect the operations of the Group during the Forecast Period;

(viii) there will be no other unforeseen circumstances, including but not limited to the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents, beyond the control of the Company which will have a material adverse effect on the results of operations of the Company;

(ix) there will be no material changes in inflation, interest rates or foreign currency exchange rates from those currently prevailing in those countries which the Group operates or intends to operate or where its subsidiaries are incorporated. During the forecast period, the average exchange rate is assumed to be HK$7.78 = US$1;

(x) It is assumed that saved as the contingent liabilities and the arbitration as mentioned in section 9 of Appendix I and section 9 of Appendix V to this circular, to the best knowledge of the Provisional Liquidators, the Group does not have any contingent liabilities or lawsuits and there are no outstanding claims or litigation whatsoever against the Group. The contingent liabilities are still subject to further adjudication process and the fees that will be arose as a result of the arbitration can only be determined at a later stage. Therefore, they have not been taken into account in the current profit forecast;

(xi) the Group will not incur any material capital expenditure during the Forecast Period; and

(xii) the Proposed Restructuring is expected to complete on or before March 2018.

LETTERS

1. Letters from Crowe Horwath (HK) CPA Limited

The following is the text of a letter received from Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Crowe Horwath™

國富浩華（香港）會計師事務所有限公司
Member Crowe Horwath International

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

25 September 2017

The Board of Directors
Z-Obee Holdings Limited (Provisional Liquidators Appointed)
c/o PricewaterhouseCoopers
22/F., Prince's Building
Central
Hong Kong

Dear Sirs,

Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the "Company")
Profit Forecast for period ending 31 March 2019

We refer to the forecast of the consolidated profit attributable to equity holders of the Company for the period ending 31 March 2019 (the "Profit Forecast") as set out attached in the Appendix II of the circular dated 25 September 2017.

Responsibilities

The Profit Forecast has been prepared by the directors and Provisional Liquidators of the Company (the "Board") based on the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017, and a forecast of the consolidated results of the Group for the remaining 24 months ending 31 March 2019.

The Board is solely responsible for the Profit Forecast. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Board has properly compiled the Profit Forecast in accordance with the assumptions made by the Board and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the Board as attached in the Appendix III and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group.

Yours faithfully,
For and on behalf of
Crowe Horwath (HK) CPA Limited

Alvin Yeung
Director

Crowe Horwath

國富浩華（香港）會計師事務所有限公司
Member Crowe Horwath Intenational

9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

25 September 2017

The Board of Directors
Z-Obee Holdings Limited (Provisional Liquidators Appointed)
c/o PricewaterhouseCoopers
22nd Floor, Prince's Building
Central
Hong Kong

Dear Sirs,

Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (collectively referred to as the "Group")

Material Change Statement

We refer to the material change statement as set out in the paragraph head "11. Material Change" to Appendix I (the "Material Change Statement") of the circular dated 25 September 2017 ("Circular").

Responsibilities

The directors of the Company are solely responsible for the Material Change Statement. The Material Change Statement disclosed any material changes in the financial or trading position or outlook of the Group since 31 March 2017, being the date to which the latest published audited financial statements of the Company were made up to the latest practicable date. The directors of the Company should compare the unaudited management account of the Group for the four months ended 31 July 2017 ("Unaudited Management Account") with the audited consolidated financial statements of the Group for the year ended 31 March 2017 and explain any material changes. The directors prepared the Unaudited Management Account on a basis consistent with the accounting policies normally adopted by the Company as set out in the audited consolidated financial statements of the Company for the year ended 31 March 2017, which are set out in Appendix I to the Circular.

It is our responsibility to form an opinion as to whether we are satisfied that the Material Change Statement, so far as the accounting policies and calculations are concerned, has been properly complied and is complied on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in audited consolidated financial statements of the Company for the year ended 31 March 2017, which are set out in Appendix

I to the Circular, based on our procedures. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

In accordance with our agreed terms of engagement, we have carried out our work in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the directors of the Company have properly compiled the Material Change Statement on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work does not constitute an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA. Accordingly, we do not express an audit opinion or a review opinion on the Material Change Statement.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, we are satisfied that the Material Change Statement has been properly compiled on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Company for the year ended 31 March 2017, which are set out in Appendix I to the Circular.

Yours faithfully
For and on behalf of
Crowe Horwath (HK) CPA Limited

Alvin Yeung
Director

2. Letter from Yu Ming Investment Management Limited

The following is the text of a letter, prepared for inclusion in this circular, received by the Provisional Liquidators and the board of Directors from Yu Ming Investment Management Limited in connection with the consolidated profit forecast of the Company and its subsidiaries for the 24 months ending 31 March 2019 and the material change statement as set out in the paragraph head "11. Material Change" to Appendix I of this circular.

25 September, 2017

The Board of Directors
Z-Obee Holdings Limited
(Provisional Liquidators appointed)
c/o PricewaterhouseCoopers
22th Floor, Prince's Building
Central
Hong Kong

Dear Sirs,

We refer to (i) the profit forecast of the consolidated profit attributable to equity holders of the Z-Obee Holdings Limited (provisional liquidators appointed) (the "**Company**") for the 24 months ending 31 March 2019 (the "**Forecast**"), prepared by the directors of the Company (the "**Directors**") as set out in Appendix III of the Company's circular dated 25 September 2017 (the "**Circular**"); and (ii) the material change statement as set out in the paragraph head "11. Material Change" to Appendix I of the Circular (the "**Material Change Statement**"). Unless otherwise defined herein, terms used in this letter shall have the same meanings as defined in the Circular.

We have (i) discussed with the New Management Team, whom assisted you to prepare the Forecast, regarding the bases and assumptions adopted in the preparation of the Forecast and the Material Change Statement; (ii) reviewed the unaudited management accounts of the Group for the four months ended 31 July 2017 based on which the Material Change Statement was made.

We have also considered the letter dated 25 September 2017 addressed to you from Crowe Horwath (HK) CPA Limited ("**Crowe Horwath**"), the auditors of the Company, in relation to their review of the accounting policies and calculations upon which the Forecast and the Material Change Statement has been prepared.

On the basis of the foregoing and in the absence of unforeseeable circumstances, we are of the opinion that the Forecast and the Material Change Statement, for which you as the Directors are solely responsible, has been made with due care and consideration.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the New Management Team. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group. Save as provided in this letter, we do not express any other opinion or views on the Forecast and the Material Change Statement.

Our opinion has been given for the sole purpose of compliance with Note 1(c) to Rules 10.1 and 10.2 and Rule 10.4 of the Takeovers Code and Rule 14.62(3) of the Listing Rules and for no other purpose.

Yours faithfully,
For and on behalf of
Yu Ming Investment Management Limited

Warren Lee
Managing Director

1. RESPONSIBILITY STATEMENTS

(a) Responsibility statements under the Listing Rules

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information (save for the information relating to the Provisional Liquidators, the Proposed Restructuring, Alpha Professional and the proposed Directors (collectively, the "**Excluded Information**")) contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This circular, for which the Provisional Liquidators collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Provisional Liquidators, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information (save for the information relating to Alpha Professional, the financial and trading prospects of the Group after the Completion, the Directors or the proposed Directors) contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

This circular, for which Alpha Professional accepts full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Alpha Professional and the proposed Directors. Alpha Professional, having made all reasonable enquiries, confirms that to the best of its knowledge and belief the information with regard to Alpha Professional and the proposed Directors contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

(b) Responsibility statements under the Takeovers Code

The Directors jointly and severally accept full responsibility for the accuracy of the information (save for the Excluded Information) contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this circular (other than those expressed by the Provisional Liquidators or Alpha Professional) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The Provisional Liquidators jointly and severally accept full responsibility for the accuracy of the information (save for the information relating to Alpha Professional, the financial and trading prospects of the Group after the Completion, the Directors or the proposed Directors) contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this circular (other than those expressed by Alpha Professional or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

Alpha Professional accepts full responsibility for the accuracy of the information (save for the information relating to the Company before Completion, the Excluded Companies and the Provisional Liquidators) contained in this circular and confirms, having made all reasonable inquiries, that to the best of its knowledge, the opinions expressed in this circular (other than those expressed by the Provisional Liquidators or the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following (i) the Capital Reorganisation becoming effective; (ii) completion of the Share Subscriptions; and (iii) completion of the Open Offer are as follows:

As at the Latest Practicable Date

Authorised share capital:		*US$*
1,250,000,000	Shares of US$0.008 each as at the Latest Practicable Date	10,000,000.000
Issued and fully paid or credited as fully paid:		
762,687,662	Shares of US$0.008 each in issue as at the Latest Practicable Date	6,101,501.296

Upon completion of the Capital Reorganisation, the Open Offer and the Share Subscriptions

Authorised share capital:		*US$*
625,000,000	Consolidated Shares of US$0.16 each upon completion of the Capital Reorganisation	100,000,000.000
Issued and fully paid or credited as fully paid:		
38,134,383	Consolidated Shares of US$0.16 each in issue upon completion of the Capital Reorganisation	6,101,501.280
15,253,753	Offer Shares of US$0.16 each to be allotted and issued	2,440,600.480
200,846,247	Subscription Shares of US$0.16 each to be allotted and issued	32,135,399.520
254,234,383		40,677,501.280

All of the Consolidated Shares, the Offer Shares and the Subscription Shares to be issued will rank *pari passu* in all aspects, without any preference among themselves and with all other shares of the Company in issue on the date of their issuance including with respect to all rights as to dividend, voting and interest in capital.

The Shares in issue are listed on the Main Board of the SGX-ST and the Main Board of the Stock Exchange since 21 November 2007 and 1 March 2010, respectively. With effect from 14 June 2013, the Company converted its listing status on the SGX-ST to a secondary listing whilst retaining the primary listing status on the Main Board of the Stock Exchange. Save as disclosed above, no part of the equity or debt securities of the Company is listed or dealt in, nor is any listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

There are no arrangements under which future dividends will be waived or agreed to be waived.

As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

As at the Latest Practicable Date, no shares, options, warrants, conversion rights or any equity or debt securities of the Company were outstanding or were proposed to be issued for cash or otherwise and no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any such capital, except for the Offer Shares and the Subscription Shares.

Since 31 March 2017, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, no Shares have been allotted and issued by the Company. No part of the equity or debt securities of the Company is listed or dealt in, nor is any listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, so far as is known to the Provisional Liquidators, save for the accrued but unpaid Directors' fees for the period from 27 July 2014 up to the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange; or (iv) pursuant to the requirements of the Takeovers Code.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Provisional Liquidators and the Directors, the following persons had interests in the Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in Shares and underlying Shares

Name of ultimate beneficial holder	Capacity	Number of Shares held	Approximate percentage of shareholding as at the Latest Practicable Date
Mr. Wang *(Note 1)*	Beneficial owner and interest of controlled corporation	153,510,250	20.13%
Kang Ling Hoi	Interest of Spouse	153,510,250 *(Note 2)*	20.13%

Note 1: Since the appointment of the Provisional Liquidators, Mr. Wang has not been contactable as at the Latest Practicable Date. Based on the Disclosure of Interests shown in the website of the Stock Exchange and the information available to the Board, Mr. Wang holds 200,000 Shares through HKSCC Nominees Ltd. Based on the information available to the Board, Wise Premium, which holds 153,310,250 Shares, is an investment holding company incorporated in BVI and wholly and beneficially owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in total of 153,510,250 Shares, representing approximately 20.13% of the issued share capital of the Company.

Note 2: 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.

Save as disclosed above, as at the Latest Practicable Date, the Provisional Liquidators are not aware of any other person who had, or was deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange and/or the SFC under the Takeovers Code or the provisions of Division 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital.

4. MARKET PRICE

Trading in the Shares has been suspended since 2:37 p.m. on Friday, 27 June 2014. Accordingly, information about the closing prices of the Shares on the Stock Exchange during the Relevant Period is not available, and neither are the highest and lowest closing prices of the Shares during the Relevant Period. The last closing price before suspension of trading was HK$0.210.

5. ADDITIONAL DISCLOSURE OF INTERESTS

As at the Latest Practicable Date,

(i) none of the Directors received any benefit as compensation for loss of office or otherwise in connection with the Proposed Restructuring;

(ii) there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Investor Group or any person acting in concert with any of them and any Director, recent directors of the Company, Shareholders or recent holders of shares in the Company having any connection with or dependence upon the Proposed Restructuring;

(iii) none of the Directors has entered into any agreement or arrangement with any other persons which is conditional on or dependent upon the outcome of the Proposed Restructuring or otherwise connected with the Proposed Restructuring;

(iv) no material contract was entered into by Alpha Professional in which any Director has a material personal interest;

(v) no Shares, convertible securities, warrants, options, or derivatives in the Company to be acquired by the Investor Group or any parties acting in concert with it in pursuance of the Proposed Restructuring will be transferred, charged or pledged to any other persons after Completion;

(vi) save for the entry into of the Framework Agreement, has any agreements or arrangements to which the Investor Group or any party acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Framework Agreement, the Open Offer, the Share Subscriptions or Whitewash Waiver;

(vii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code, owned or controlled any securities, shares, options warrants, derivatives or convertible securities of the Company or of the Concert Group; and

(viii) there were no shareholdings in the Company which were managed on a discretionary basis by fund managers connected with the Company.

Save for the entry into of the Original Framework Agreement, the First Amendment and Restatement Agreement and the Second Amendment and Restatement Agreement, neither the Investor Group nor parties acting in concert with it has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to 5 June 2015, being the date when the Original Framework Agreement was entered into. After the appointment of the Provisional Liquidators in June 2014, the Provisional Liquidators have notified the share registrars of the Company of their appointment and informed them that no transfer or other disposal of any shares of the Company is allowed without the prior written consent of the Provisional Liquidators.

6. SHAREHOLDINGS AND DEALINGS

Based on the annual report of the Company for the year ended 31 March 2017, Mr. Wang and his spouse are deemed to be interested in 153,510,250 Shares (representing approximately 20.13% of the issued share capital of the Company). Save for the above:

(i) the Company was not interested in and had not dealt for value in any shares, convertible securities, warrants, options, derivatives or similar rights which were convertible or exchangeable into shares of Alpha Professional during the Relevant Period;

(ii) none of the Directors was interested in and had dealt for value in any shares, convertible securities, warrants, options, derivatives or similar rights which were convertible or exchangeable into shares of Alpha Professional during the Relevant Period;

(iii) none of the Directors was interested in and had dealt for value in any Shares, convertible securities, warrants, options, derivatives or similar rights which were convertible or exchangeable into Shares during the Relevant Period;

(iv) none of (i) the subsidiaries of the Company, (ii) the pension fund of the Company or of any of its subsidiaries, (iii) the financial adviser, Asian Capital (Corporate Finance) Limited, (iv) the Independent Financial Adviser, Altus Capital, nor (v) any adviser to the Company as specific in class (2) of the definition of associate under the Takeovers Code, had any interest or dealt for value in Shares, convertible securities, warrants, options, or derivatives or similar rights which are convertible or exchangeable into Shares during the Relevant Period;

(v) none of the Directors held any Shares as at the Latest Practicable Date and therefore they have no entitlement in the Open Offer and the Subscription Shares;

(vi) none of the Company nor any Directors had borrowed or lent any Shares, convertible securities, warrants, options, derivatives or similar rights which were convertible or exchangeable into Shares during the Relevant Period;

(vii) none of the Investor Group nor parties acting in concert with it holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period, save for Mr. Wang's interest in 153,510,250 Shares;

(viii) none of the directors of Alpha Professional holds, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period; and

(ix) no member of the Investor Group nor parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period.

7. DIRECTORS' INTERESTS, CONTRACTS OF SIGNIFICANCE AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, save for the Framework Agreement and the Underwriting Agreement, the Directors were not materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the existing Directors or proposed Directors was a party to any service contract with the Company or any of its subsidiaries or associated companies, which:

(i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the 22 April 2016, the date of the Company's first announcement in relation to the Proposed Restructuring;

(ii) are continuous contracts with a notice period of 12 months or more;

(iii) are fixed term contracts with more than 12 months to run irrespective of the notice period; or

(iv) is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

9. POTENTIAL CLAIMS AND LITIGATIONS

(a) Potential litigations

Prior to the Company going into provisional liquidation, one of the Company's subsidiaries entered into a Receivables Purchase Agreement with a financial institution in Hong Kong and the Subsidiary has assigned the outstanding debts of approximately US$46 million owed by its customer to the bank.

Subsequently, there were disputes over the outstanding debts as the customer claimed that it had cancelled its purchase orders with the Subsidiary. Hence, the customer alleged that there was no outstanding payment due (the "**Dispute**").

The Provisional Liquidators subsequently received an arbitration notice from the Shenzhen Court of International Arbitration ("**SCIA**") in respect of the Dispute ("**the Notice**"). It is stated on the Notice that the customer initiated an arbitration request at the SCIA regarding the Dispute and would like the Provisional Liquidators to attend to the requests on behalf of the Subsidiary.

The Provisional Liquidators have since then engaged a legal advisor in the PRC to advise on the arbitration. As of the Latest Practicable Date, a court hearing has yet to be scheduled. In the event that the SCIA hands down an award in favour of the customer, certain court fees (in addition to the legal fees) will be payable by the Subsidiary (instead of the Company) but the quantum is yet to be determined. The disputed amount of approximately US$46 million which was assigned to a financial institution by the Subsidiary which has the benefit of a guarantee granted by the Company. The potential claim of the financial institution under the guarantee is currently treated as a potential claim and, if it crystalises, as an unsecured claim. If such claim is admitted under the Schemes, the financial institution will participate in the distribution of the Scheme Cash Consideration in accordance with the terms of the Schemes. Any claim under the guarantee (if admitted) would be subject to adjustments in accordance with the terms of the Schemes. Thus, in the event that the SCIA hands down an award in favour of the financial institution and the financial institution's claim under the guarantee may be adjusted under the terms of the Schemes in a corresponding amount.

(b) Contingent liabilities

As at the Latest Practicable Date, to the best knowledge of, and information available to the Directors and the Provisional Liquidators, there may be contingent liabilities in the amount of HK$29.8 million. However, any contingent liabilities/claims against the Company may be subject to the Bermuda Court's approval and the relevant claims will be subject to a formal adjudication process. This potential claim, if crystalises, will be treated as an unsecured claim. If such claim is admitted under the Schemes, this creditor will participate in the distribution of the Scheme Cash Consideration in accordance with the terms of the Schemes.

Save as disclosed above, the Provisional Liquidators and the Directors were not aware of (i) any outstanding claims, litigation, arbitration or any adverse findings in relation to the Group; or (ii) any existing or potential legal proceedings to which any member of the Group is, or may become a party.

10. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed Directors and their respective close associates were considered to have any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his close associates were appointed to represent the interests of the Company and/or the Group.

11. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) after the two years immediately preceding 22 April 2016, the date of the Company's first announcement in relation to the Proposed Restructuring, and up to the Latest Practicable Date and are or may be material:

(i) the joint venture agreement entered into between the Company, Perfect Major and Resuccess Investments Ltd., a wholly-owned subsidiary of Tongfang on 6 January 2017;

(ii) the Investor Share Subscription Agreement;

(iii) the Tongfang Share Subscription Agreement;

(iv) the First Amendment and Restatement Agreement;

(v) the Side Letter;

(vi) the Second Amendment and Restatement Agreement;

(vii) the Underwriting Agreement;

(viii) the Loan Facility Agreement;

(ix) the Working Capital Loan Agreement;

(x) the charge over shares agreement entered into between Perfect Major and Alpha Professional in relation to the shares in H K Rich Technology Company Limited;

(xi) the escrow agreement entered into between the Company, the Provisional Liquidator and Alpha Professional on 23 June 2015;

(xii) the Original Framework Agreement;

(xiii) the floating charge agreement entered into between Perfect Major and Alpha Professional on 5 June 2015 (the "**Perfect Major Floating Charge Agreement**");

(xiv) the acquisition loan agreement entered into between Perfect Major and Alpha Professional on 5 June 2015 (the "**Acquisition Loan Agreement**");

(xv) the deed of termination to Acquisition Loan Agreement entered into between Perfect Major and Alpha Professional on 5 October 2015;

(xvi) the Novation Deed;

(xvii) the deed of amendment to the Perfect Major Floating Charge Agreement entered into between Perfect Major and Alpha Professional on 5 October 2015;

(xviii) the floating charge agreement entered into between HK Rich and Alpha Professional on 5 October 2015; and

(xix) the charge over shares agreement in HK Rich entered into between the Company and Alpha Professional in relation to the shares in HK Rich on 5 October 2015.

12. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, translation, legal and accountancy charges and other related expenses are estimated to be HK$0.72 million, which are payable by the Company from the Open Offer proceeds.

13. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Altus Capital	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Restructuring and the transactions contemplated under the Framework Agreement, in particular, the Capital Reorganisation and the Share Subscriptions, and the Whitewash Waiver
Crowe Horwath (HK) CPA Limited ("**Crowe Horwath**")	Certified Public Accountants
Yu Ming Investment Management Limited ("**Yu Ming Investment**")	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Each of Altus Capital, Crowe Horwath and Yu Ming Investment has given and has not withdrawn its consent to the issue of this circular with the inclusion of its report or letter and reference to its names and/or its advice in the form and context in which it respectively appears.

As at the Latest Practicable Date, each of Altus Captial and Crowe Horwath and Yu Ming Investment did not have any shareholding, directly or indirectly, in any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had been, since 31 March 2017 (being the date to which the latest published audited accounts of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

14. NAME AND ADDRESS OF DIRECTORS, SENIOR MANAGEMENT

(a) Existing Directors and senior management

Name	**Address**
Executive Directors	
Mr. Lai Hui	Room 1303, Block F Mall City Longgang Avenue Longgang District Shenzhen PRC
Ms. Yang Jian Hui	Room 902, Block 2C Phase 4, Dingtai Fenghua Qianhai Road Nanshan District Shenzhen PRC
Ms. Chen Ling	Room 3306, Block 1 Lakeside Tower Clifford Estates Panyu Guangzhou PRC
Independent non-executive Directors	
Mr. Liu Jintao	Suite 1608, Wing 1 Kunsha Building Chaoyang District Beijing PRC
Mr. Tsang Hin Fun Anthony	2/F 5C La Salle Road Kowloon Tong Kowloon Hong Kong

Senior management	
Mr. Kung Wai Chiu Marco	Room 805, 8/F Harbour Crystal Centre 100 Granville Road Tsim Sha Tsui East Kowloon Hong Kong

(b) Proposed Directors

Name	**Address**
Executive Directors	
Mr. Xiong Jianrui	Room 1805, 18/F Harbour Center 25 Harbour Road Wanchai Hong Kong
Mr. Yi Pei Jian	Room 1805, 18/F Harbour Center 25 Harbour Road Wanchai Hong Kong
Independent non-executive Directors	
Mr. Lin Tao	Room 1501 451 Xiahe Road Siming District Xiamen PRC
Mr. Khoo Yun Fat William	2nd Floor Tern Centre Tower 2 251 Queen's Road Central Hong Kong
Mr. Cui Songhe	Room 162-101 Xiangshan Qing Qin Lu Yuan Villas Minzhuang Road Haidian District Beijing PRC

15. CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Auditor	Crowe Horwath (HK) CPA Limited *Certified Public Accountants* 9/F Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Principal bankers	Bank of Communications Co., Ltd 20 Pedder Street Central Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Singapore share registrar and share transfer office	Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898
Proposed company secretary	Kung Wai Chiu Marco Room 805, 8/F Harbour Crystal Centre 100 Granville Road Tsim Sha Tsui East Kowloon Hong Kong As at the Latest Practicable Date, the Company has not appointed any company secretary.

Authorised representative	Yang Jian Hui Room 902, Block 2C Phase 4, Dingtai Fenghua Qianhai Road Nanshan District Shenzhen PRC

16. INFORMATION IN RELATION TO THE WHITEWASH WAIVER AND THE OPEN OFFER

Investor Group	Alpha Professional Development Limited Room 1805, 18/F Harbour Center 25 Harbour Road Wanchai Hong Kong
	Tongfang Co., Limited Tsinghua Tongfang Hi-tech Plaza 100083, Haidian Beijing PRC
	Mr. Wang Shih Zen Flat B, 3/F Win Shun Mansion 9 Kin Wah Street North Point Hong Kong
Financial adviser to the Company	Asian Capital (Corporate Finance) Limited Suite 601 Bank of America Tower 12 Harcourt Road Central Hong Kong
Financial adviser to the Investor	Yu Ming Investment Management Limited Room 1801, 18/F Allied Kajima Building 138 Gloucester Road Wanchai Hong Kong

Legal advisers to the Provisional Liquidators	*As to Hong Kong Law* Mayer Brown JSM 16th-19th Floors Prince's Building 10 Chater Road Central *As to Bermuda Law* Zuill & Co. Continental Building 25 Church Street Hamilton Bermuda, HM12
Underwriter	China Galaxy International Securities (Hong Kong) Co., Limited 35/F, Cosco Tower Grand Millenium Plaza 183 Queen's Road Central Sheung Wan Hong Kong

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. on any weekday (Monday to Friday, except public holidays) at the Provisional Liquidators' offices in Hong Kong at 22/F., Prince's Building, Central, Hong Kong from the date of this circular up to and including the date of the SGM in accordance with Note 1 to Rule 8 of the Takeovers Code and will be displayed on the websites of the SFC (www.sfc.hk) and on the Company's website (http://www.z-obee.net/) during the aforesaid period:

(i) the bye-laws of the Company;

(ii) the annual reports of the Company for the three financial years ended 31 March 2015, 31 March 2016 and 31 March 2017;

(iii) the report from Crowe Horwath (HK) CPA Limited on unaudited pro forma financial information of the Group dated 25 September 2017, the text of which is set out in Appendix II to this circular;

(iv) the letters in relation to the profit forecast for the 24 months ending 31 March 2019 and the material change statement issued by Crowe Horwath (HK) CPA Limited and Yu Ming Investment Management Limited on 25 September 2017 and 25 September 2017, respectively, the text of which are set out in Appendix IV to this circular;

(v) the "Letter from the Provisional Liquidators" as set out in this circular;

(vi) the "Letter from Independent Financial Adviser" as set out in this circular;

(vii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in "Letter from the Independent Board Committee" in this circular;

(viii) the written consents referred to in "Experts and Consents" in this appendix;

(ix) all material contracts referred to "Material Contracts" in this appendix; and

(x) this circular.

18. MISCELLANEOUS

If there is any inconsistency or ambiguity between the English version and the Chinese version of this circular, the English version shall prevail.

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)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Z-Obee Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") will be held at Admiralty Conference Centre at 1804, 18/F., Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 16 October 2017, at 10:00 a.m. (or any adjournment thereof will be held at the duly notified place, day and time) for the purpose of considering as special business and, if thought fit, passing with or without modifications the following resolutions of the Company (unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 25 September 2017 of which this notice forms part (the "**Circular**")):

RESOLUTIONS

Proposed Restructuring

1. "**THAT**

(a) subject to resolution numbered 2 as set out in this notice of the SGM (the "**Notice**") having been passed and subject to (i) the Listing Committee granting the listing of, and permission to deal in, all the Consolidated Shares upon the Share Consolidation (as defined below) becoming effective and (ii) compliance by the Company with the requirements of section 45 of the Companies Act:

(i) every twenty shares of the Company with par value of US$0.008 each be consolidated into one consolidated share (each a "**Consolidated Share**") with par value of US$0.16 each (the "**Share Consolidation**") and the Directors and the Provisional Liquidators of the Company be authorised to aggregate and sell any fractional entitlements arising from the Share Consolidation in the form of Consolidated Shares for the benefit of the Company in such manner and on such terms as the Directors and the Provisional Liquidators may think fit;

(ii) immediately following the Share Consolidation and the aggregation of fractional entitlements, the authorised share capital of the Company be increased from US$10,000,000 (divided into 1,250,000,000 Shares of nominal value of US$0.008 each) to US$100,000,000 (divided into

625,000,000 Consolidated Shares of nominal value US$0.16 each) by the creation of 562,500,000 additional Consolidated Shares ("**Increase in the Authorised Share Capital**");

(iii) each such new Consolidated Share, upon issue, shall rank *pari passu* in all respects with the existing issued Consolidated Shares and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association and bye-laws of the Company; and

(iv) the Provisional Liquidators and the Directors be and are hereby authorised generally to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, implement or complete any matters relating to or in connection with the Share Consolidation and the Increase in the Authorised Share Capital and the transactions contemplated respectively thereunder;

(b) subject to resolution numbered 2 as set out in the Notice having been passed, and subject to the fulfilment of all the conditions precedent set out in the underwriting agreement dated 20 September 2017 (the "**Underwriting Agreement**", a copy of which marked "UA" has been produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and entered into between the Company, the Provisional Liquidators and the Underwriter:

(i) the allotment and issue by way of an open offer (the "**Open Offer**") of 15,253,753 Consolidated Shares (the "**Offer Shares**") at the offer price of US$0.16 per Consolidated Shares in the proportion of two Offer Shares for every five Consolidated Shares to the qualifying shareholders of the Company (the "**Qualifying Shareholders**") whose names appear on the register of members of the Company on such date and time as the Company may determine to be the record date of such Open Offer (the "**Open Offer Record Date**"), other than those shareholders whose addresses on the register of members of the Company are in a place outside Hong Kong on the Open Offer Record Date to whom the Company, after making enquiries, considers it necessary or expedient on account of legal restrictions or obligations under the laws of the relevant territory or the requirements of the relevant regulatory body or stock exchange in that territory not to offer the Offer Shares (the "**Excluded Shareholders**");

(ii) the entry into the Underwriting Agreement by the Company and the Provisional Liquidators and the performance of all the transactions contemplated thereunder by the Company and the Provisional Liquidators be and are hereby approved, confirmed and ratified;

(iii) the Directors and the Provisional Liquidators be and are hereby authorised to allot and issue the Offer Shares pursuant to the Open Offer notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors and the Provisional Liquidators may make such exclusions or other arrangements as they may, in their absolute discretion, consider necessary, desirable or expedient to having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong, in relation to the Excluded Shareholders, the treatment on fractional entitlements, the absence of the Qualifying Shareholders' entitlement to apply for Offer Shares in excess of their entitlements, and the underwriting of the Offer Shares by the Underwriter;

(iv) the Provisional Liquidators and the Directors be and are hereby authorised generally to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, implement or complete any matters relating to or in connection with the Underwriting Agreement and the Open Offer and the transactions contemplated thereunder and, where required, any amendment of the terms of the Underwriting Agreement as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations;

(c) subject to resolution numbered 2 as set out in the Notice having been passed:

(i) the Second Amendment and Restatement Agreement together with the Framework Agreement (a copy of which is tabled at the meeting and marked "FA" and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified; and

(ii) the Provisional Liquidators and the Directors be and are hereby authorised generally to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, implement or complete any matters relating to or in connection with the Second Amendment and Restatement Agreement and the Framework Agreement and the transactions contemplated thereunder and, where required, any amendment of the terms of the Second

Amendment and Restatement Agreement and the Framework Agreement as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations;

(d) subject to resolution numbered 2 as set out in the Notice having been passed, and subject to the fulfilment of all the conditions precedent set out in the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement (a copy of which marked "ISS" and "TSS" respectively has been produced to this Meeting and signed by the chairman of the Meeting for identification purposes):

(i) the subscription by Alpha Professional of 188,134,528 Investor Subscription Shares and by Tongfang Asset Management (Cayman) Company Limited of 12,711,719 Tongfang Subscription Shares (together, the "**Subscription Shares**") at the subscription price of US$0.16 each pursuant to the terms of the Investor Share Subscription Agreement and the Tongfang Share Subscription Agreement (together, the "**Share Subscription Agreements**") be and are hereby approved, confirmed and ratified;

(ii) the entry into the Share Subscription Agreements and the performance of all the transactions contemplated thereunder by the Company be and are hereby approved, confirmed and ratified;

(iii) subject to the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares either unconditionally or subject to such conditions as may be required by the Stock Exchange, the allotment and issue of the Subscription Shares (the "**Specific Mandate**") pursuant to the Share Subscription Agreements be and are hereby approved;

(iv) the Specific Mandate is in addition to, and shall not prejudice nor revoke, the existing general or special mandate(s) which may from time to time be granted to the Provisional Liquidators and/or the Directors prior to or at the same time as the passing of this resolution; and

(v) the Provisional Liquidators and the Directors be and are hereby authorised generally to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, implement or complete any matters relating to or in connection with the Share Subscription Agreements and the Specific Mandate and the transactions contemplated thereunder and, where required, any amendment of the terms of the Share Subscription Agreements as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations."

Whitewash Waiver

2. "**THAT** subject to resolution numbered 1 as set out in the Notice having been passed, the Whitewash Waiver granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code waiving any obligation (either unconditionally or subject to such conditions as may be required by the SFC) on the part of Alpha Professional, to make a mandatory general offer for all the Consolidated Shares not already owned by them or agreed to be acquired by any of them arising from the Share Subscriptions, be and is hereby approved and the Directors and the Provisional Liquidators be and are hereby authorised generally to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, implement or complete any matters relating to or in connection with the Whitewash Waiver and the transactions contemplated thereunder."

Election of Directors

"**THAT**

3. Mr Xiong Jianrui be elected as an executive director of the Company with effect from the date of resumption of the trading of the shares of the Company on The Stock Exchange of Hong Kong Limited;

4. Mr Yi Pei Jian be elected as an executive director of the Company with effect from the date of resumption of the trading of the shares of the Company on The Stock Exchange of Hong Kong Limited;

5. Mr William Khoo be elected as an independent non-executive director of the Company with effect from the date of resumption of the trading of the shares of the Company on The Stock Exchange of Hong Kong Limited;

6. Mr Cui Songhe be elected as an independent non-executive director of the Company with effect from the date of resumption of the trading of the shares of the Company on The Stock Exchange of Hong Kong Limited;

7. Mr Lin Tao be elected as an independent non-executive director of the Company with effect from the date of resumption of the trading of the shares of the Company on The Stock Exchange of Hong Kong Limited."

General Authorisation

8. "**THAT** in connection with the actions contemplated by the foregoing resolutions, each of the Directors, the Provisional Liquidators, officers, and any attorney or authorised signatories be, and such other persons as are authorised by any of them be, and each hereby is, authorised, in the name and on behalf of the Company, to do such further acts and things as any Director, Provisional Liquidator or officer or such duly authorised other person shall deem necessary or appropriate in connection with, or to carry out the actions contemplated by, the foregoing resolutions, including to do and perform (or cause to be done and performed), in the name and on behalf of the Company, all such acts and to make, execute, deliver, issue or file (or cause to be made, executed, delivered or filed) with any person including any governmental authority or agency, all such agreements, documents, instruments, certificates, consents and waivers, and all amendments to any such agreements, documents, instruments or certificates, and to pay, or cause to be paid, all such payments, as any of them may deem necessary or advisable to carry out the intent of the foregoing resolutions, the authority for the taking of any such action and the execution and delivery of such of the foregoing to be conclusively evidenced thereby."

Ratification Of Prior Actions

9. "**THAT** any and all actions of the Company, or of any Director, Provisional Liquidator or officer or any attorney or authorised signatory, taken in connection with the actions contemplated by the foregoing resolutions prior to the passing thereof be and hereby are ratified, confirmed, approved and adopted in all respects as fully as if such action(s) had been presented to for approval, and approved by, the Company prior to such action being taken."

For and on behalf of
Z-Obee Holdings Limited
(Provisional Liquidators Appointed)
Donald Edward Osborn
Yat Kit Jong
and
Man Chun So
Joint Provisional Liquidators
Acting as agents without personal liability

Hong Kong, 25 September 2017

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies (if such member is the holder of two or more shares) to attend and vote instead of him. A proxy need not be a shareholder of the Company.

2. A form of proxy for use in connection with the SGM is enclosed with this circular. To be valid, the form of proxy, and (if required by the Board) the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the branch share registrar of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

3. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the SGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

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

5. Personal data privacy: By submitting a form of proxy (including a Depositor Proxy Form for shareholders in Singapore) appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a member of the Company and/or a Depositor (i) consents to the collection, use and disclosure of the personal data of the member and/or Depositor by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member and/or Depositor discloses the personal data of the proxy(ies) and/or representative(s) of the member and/or Depositor to the Company (or its agents or service providers), the member and/or Depositor has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member and/or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the breach of warranty of the member and/or Depositor.