ECHO INTERNATIONAL HOLDINGS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8218

Annual Report 2014

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*This report, for which the directors (the "**Directors**") of Echo International Holdings Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM 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 contained in this report 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 report misleading.*

Content

Corporate Information

Registered office	Floor 4, Willow House, Cricket Square P.O. Box 2804 Grand Cayman KY1-1112 Cayman Islands
Head office and principal place of business in Hong Kong	Room 2205, 22/F Cable TV Tower 9 Hoi Shing Road Tsuen Wan Hong Kong
Company website	http://www.echogroup.com.hk
Executive directors	Mr. Lo Yan Yee *(Chairman)* Ms. Cheng Yeuk Hung Mr. Cheng Kwing Sang, Raymond Mr. Lo Ding To
Independent non-executive directors	Mr. Lam Wai Yuen Mr. Ang Chuk Pai Mr. Cheung Chin Wa, Angus (appointed on 17 March 2014) Ms. Kwok Ni Ha (appointed on 17 March 2014) Mr. Chan Chung Yin, Victor (resigned on 17 March 2014)
Compliance officer	Mr. Lo Ding To
Company secretary	Ms. Lui Wing Shan *HKICPA*
Members of the Audit Committee	Mr. Lam Wai Yuen *(Chairman)* Mr. Ang Chuk Pai Mr. Cheung Chin Wa, Angus Ms. Kwok Ni Ha
Members of the Remuneration Committee	Mr. Ang Chuk Pai *(Chairman)* Ms. Cheng Yeuk Hung Mr. Cheung Chin Wa, Angus Ms. Kwok Ni Ha
Members of the Nomination Committee	Mr. Ang Chuk Pai *(Chairman)* Mr. Lo Ding To Mr. Cheung Chin Wa, Angus Ms. Kwok Ni Ha

Authorised representatives	Mr. Lo Ding To Ms. Lui Wing Shan
Compliance adviser	**Tanrich Capital Limited** (terminated on 9 June 2014) 16th Floor Central Plaza 18 Harbour Road, Wanchai Hong Kong
Principal bankers	**Industrial and Commercial Bank of China (Asia) Limited** 33/F., ICBC Tower 3 Garden Road Central Hong Kong **Chiyu Banking Corporation Limited** Shop No. 5A G/F, Belvedere Square Tsuen Wan, N.T. Hong Kong
Principal share registrar and transfer office	**Royal Bank of Canada Trust Company (Cayman) Limited** 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Auditors	**HLB Hodgson Impey Cheng** Certified Public Accountants 31/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Hong Kong Legal adviser	**Patrick Mak & Tse** 16/F, Nan Fung Tower 173 Des Voeux Road Central Hong Kong
GEM Stock Code	8218

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "**Board**") of the Directors of Echo International Holdings Group Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2014.

2013 was a significant year and an important milestone for the Group. The Company was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Listing**") on 11 October 2013 (the "**Listing Date**"). The successful listing was not only a great recognition of the Group's historical achievements, but also laid a solid foundation for the continuous expansion and improvement of the Group's businesses going forward. Moreover, the successful Listing enhanced our reputation, strengthened reliance with our existing customers and strengthened the corporate governance and compliance management for our further expansion. I would like to once again thank all the professional parties and our management team for the joint efforts in making the Listing a success.

FINANCIAL PERFORMANCE

The impact of the the fluctuation of raw material prices and the rise of the statutory minimum wages in the PRC resulted in the financial year ended 31 March 2014 being a difficult and challenging one for the Group's manufacturing business in China. The factories in China faced escalating manufacturing costs and keen competition both domestically and from overseas. As a result, the business of the Group was adversely affected for the financial year ended 31 March 2014.

The Group's revenue for the year ended 31 March 2014 was approximately HK$51.33 million (year ended 31 March 2013: approximately HK$71.71 million), representing an approximately 28.42% decrease as compared with last year. The Group's net loss for the year ended 31 March 2014 recorded approximately HK$8.72 million (year ended 31 March 2013: net profit of approximately HK$9.35 million), representing an approximately 193.27% decrease as compared with last year. The net profit margin decreased from approximately 37.65% in last year to approximately 30.64% for the year ended 31 March 2014.

PROSPECTS

Looking forward, the Group will focus on the business of low risk and higher gross margin with relative lower inventory level. The Group expects that the business operation for the coming years will be more cost effective with reducing working capital requirement and more in-depth management concentration. This change releases resources of the Group to better identify the opportunity of growth.

The Board is highly alert to any changes in the present uncertain global economy, and remains confident on and committed to the continuation of our mission to maintain our leading position in the market, through dedication, innovation and expansion so as to deliver sustainable growth and profitability to the Group.

APPRECIATION

Finally, I wish to extend, on behalf of the Board, my gratitude to all shareholders and business partners for their trust and support to us, and express my gratitude to the management and staff for their dedicated efforts and contribution.

Echo International Holdings Group Limited
Lo, Yan Yee
Chairman

Hong Kong, 20 June 2014

Management Discussion and Analysis

BUSINESS REVIEW

Revenue for the year ended 31 March 2014 was approximately HK$51.33 million, representing a decrease of approximately 28.42% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2014 was approximately HK$8.72 million whilst for last year, the profit attributable to owners of the Company was approximately HK$9.35 million.

Notwithstanding the challenging market conditions encountered during the year, the electronics products and the subcontracting services on PCB assemblies and manufacture of electronic products were still provided to the customers in the Group's principle markets, i.e. the U.S.A. and the European countries including Argentina, Belgium, Bulgaria, Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Russia, Sweden, Switzerland, Ukraine and United Kingdom.

Moving forward, the Group will continue to focus on its core business of the sales of electronic products. The Group will also increase its market share and lure new customers to enlarge its client base through conducting more promotional and marketing activities.

Sales of Electronic Products

Revenue from this segment during the year ended 31 March 2014 was approximately HK$50.40 million, representing a decrease of approximately 28.47% when compared with last year. Decrease in sales of electronics products was mainly due to the decrease in sales of massage toner, control board and hair remover.

Subcontracting Income

Revenue from this segment during the year ended 31 March 2014 was approximately HK$0.93 million, representing a decrease of approximately 25.70% when compared with last year. The decrease was mainly due to decrease in orders from providing subcontracting services in the PRC.

FINANCIAL REVIEW

Financial review

The Group recorded a loss for the financial year ended 31 March 2014 as compared with the profit for the financial year ended 31 March 2013 which is mainly due to the decrease in customers' orders, the recognition of listing expenses of the Company of approximately HK$5.21 million for the year ended 31 March 2014 and the increase in the Hong Kong staff salaries of the Group.

During the year ended 31 March 2014, due to the weak economic and business environment in electronic products industry, the customers' order has been starting to decrease in the European countries and the United States.

The Group's revenue for the year ended 31 March 2014 was approximately HK$51.33 million (approximately HK$71.71 million for last year), representing a decrease of approximately 28.42% when compared with last year. Such decrease was mainly due to the decrease in sales of massage toner, control board and hair remover by 64.79%, 63.74% and 59.19% respectively when compared with last year. Decrease in massage toner was mainly due to decrease in volume sold to a new customer. Decrease in sales of control board was a result of lower end products of control board engaged to manufacture during the year. Decrease in hair remover was mainly due to the reason that one customer was in the process of developing a new model for hair removers, its production had not yet commenced and it reduced its purchase orders for the year ended 31 March 2014.

Moreover, the revenue attributable to the top five customers was approximately HK$33.24 million for the year ended 31 March 2014, which decreased from approximately HK$43.39 million for the year ended 31 March 2013, representing a decrease of approximately 23.39%. The revenue attributable to the second largest customer was approximately HK$9.54 million for the year ended 31 March 2014, which decreased from approximately HK$19.26 million for the year ended 31 March 2013, representing a decrease of approximately 50.47%.

The second largest customer mainly ordered massage toner and hair remover. The revenue attributable to the purchase of hair remover by this customer during the year ended 31 March 2014 was approximately HK4.72 million, representing a decrease of approximately 59.19% when compared with the figure in last year (i.e. approximately 11.62 million). Such decrease in the purchases of hair remover was mainly due to the reason that software and hardware are still under research and development improvement.

For the second half year, the quantity of products ordered by our customers decreased, but some factory fixed costs and indirect costs, such as salaries and rents, cannot be reduced at the same time. Therefore, the production cost attributable to each product manufactured by the Group increased. Moreover, in order to keep good business relationship with customers under the challenging market conditions, the Group does not mark-up a higher price on its products despite that the cost of production has increased. The Group absorb the cost by generating low gross profit.

The overall gross profit margin of the Group decreased from approximately 37.65% for the year ended 31 March 2013 to approximately 30.64% for the year ended 31 March 2014 primarily due to the decrease of sales orders in the higher margin products, namely massage toner, hair remover and fire alarm.

Administrative expenses for the year ended 31 March 2014 were approximately HK$22.92 million (approximately HK$13.68 million for the year ended 31 March 2013), representing an increase of approximately 67.51%. Such increase was mainly due to the listing expenses amounting to HK$5.21 million for the year ended 31 March 2014 (approximately HK$0.99 million for the year ended 31 March 2013) and staff costs including director's remuneration amounting to HK$10.38 million for the year ended 31 March 2014 (approximately HK$6.92 million for the year ended 31 March 2013).

Loss attributable to the owners of the Company amounted to approximately HK$8.72 million for the year ended 31 March 2014 (approximately HK$9.35 million of profit attributable to owners of the Company for the year ended 31 March 2013). Loss per share attributable to owners of the Company was approximately HK5.2 cents for the year ended 31 March 2014 (approximately HK6.7 cents earnings per share attributable to owners of the Company for the year ended 31 March 2013).

To cope with the loss for the financial year ended 31 March 2014, the Board intends to develop on its recurring business in providing EMS to international customers while targeting further expansion in its established market, particularly to explore the EMS for consumer electronic products in the PRC market where the Directors consider the PRC market has a promising potential. However, the European countries and the United States will still be the principal markets of the Group in the near future.

The Group's strategies are to increase its market share and to develop new customers to enlarge its client base through increasing its promotional, marketing activities and new products. The Group is going to launch three to four new beauty related products to the market in 2014 and the Group will attend and participate more in exhibitions and trade fairs in Hong Kong, the PRC and overseas to promote EMS and buzzer, as well as to place advertisement on electronic magazines and websites such as http://adwords.google.com to attract potential customers.

Liquidity, Financial Resources and Capital Structure
The Group continue to adopt a prudent financial management policy and has a healthy financial position.

As at 31 March 2014, the Group had net current assets of approximately HK$49.5 million (2013: approximately HK$21.7 million) including cash and cash equivalents of approximately HK$20.8 million (2013: approximately HK$1.2 million).

The Group's equity capital and bank borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 March 2014 was 9.35 (2013: 2.27).

As at 31 March 2014, the Group's gearing ratio (defined as the ratio of total debts to total equity) was 4.9% (2013: 38.9%).

There has been no change in the capital structure of the Group since the Listing Date. The capital of the Group mainly comprises ordinary shares and capital reserves.

Significant Investment
The Group did not have any significant investment as at 31 March 2014.

Dividend
The Board does not recommend the payment of final dividend for the year ended 31 March 2014. Prior to the reorganisation, the Group had declared and paid a dividend in the amount of HK$9,000,000 to its then shareholder for the year ended 31 March 2013.

Contingent liabilities
The Group had no material contingent liabilities as at 31 March 2013 and 2014.

Capital commitment
The Group did not have any significant capital commitments as at 31 March 2013 and 2014.

Foreign Currency Exposure
As at 31 March 2014, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2014, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy
As at 31 March 2014, the Group employed a total of 258 employees (2013: 325 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK$17.1 million for the year ended 31 March 2014 (2013: HK$14.2 million).

The Group reviews the emoluments of its directors and staff based on the qualification, experience performance and the market rates so as to maintain the remunerations of its directors and staff at a competitive level.

COMPARISON BETWEEN BUSINESS OBJECTIVE WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the prospectus of the Company dated 30 September 2013 (the "**Prospectus**") for the period from 23 September 2013, being the latest practicable date as defined in the Prospectus (the "**LPD**") to 31 March 2014 with the Group's actual business progress for the period from the LPD to 31 March 2014 is set out below:

Business objectives for the period from the LPD to 31 March 2014	Actual business progress from the LPD up to 31 March 2014
Expand and upgrade the production facilities	
— Renovation of factory building for storing raw materials and installing 2 new surface mounting technology ("**SMT**") machine — Purchase 2 new SMT machines — Finalise location of new dormitory	The Group's existing production capacity is able to satisfy the current demand from its customers. In the short run, the expansion and upgrade of current production facilities is unlikely to make contribution to the Group's revenue under the current market condition. Therefore, the Group has not utilized the IPO proceeds towards expansion and upgrade of current production facilities, and the Group expects to make investments towards expansion and upgrade of current production facilities when the sales ramp up to a level that is financially profitable for the Group to expand and upgrade its production facilities.
Set up production facilities for plastic parts	
— Finalise location of new production facility for plastic parts	The existing production capacity of the plastic parts is sufficient to satisfy the existing demand from the customers. The Group will begin to explore location of new production facility for plastic parts when there is a sign of the increase in demand for the plastic parts.
Strengthen the Group's position in its established markets and expand its customer base	
— Expansion of sales department for plastic products	The Group has not started the recruitment of new sales staff for plastic products as the Group is still in the progress of setting up the plastic division.
— Place advertisements on trading magazines and website	The Group had participated in Hong Kong Electronics Fair (Autumn Edition) organized by The Hong Kong Trade Development Council during the period from 13 October 2013 to 16 October 2013 to promote the Group's business. The Group had also placed advertisements on http://adwords.google.com starting March 2014 to enrich the Group's position in its market.

Working Capital
The working capital has been used as planned.

As of the date of this report, the Directors had no intention to make any changes to the business plan.

Use of Proceeds
As disclosed in the Prospectus, the net proceeds from the placing of the shares of the Company, after deducting the related expenses paid by the Company in connection thereto, were approximately HK$25.12 million.

As at the date of this report, the net proceeds from the placing of the shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the period from the LPD to 31 March 2014 HK$000	Actual use of proceeds during the period from the LPD up to the 31 March 2014 HK$000
Expand and upgrade the production facilities	3,500	330
Set up production facilities for plastic parts	—	—
Strengthen the Group's position in its established markets and expand its customer base	500	171
Working capital	2,170	2,170
	6,170	2,671

Notes:

(a) The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

(b) The unused net proceeds as at the date of this report have been placed with licensed bank in Hong Kong.

EXECUTIVE DIRECTORS

Mr. Lo Yan Yee (勞炘儀), aged 62, is the chairman of the Board as well as the factory general manager of the Group. Mr. Lo Yan Yee was appointed as an executive Director on 27 September 2013. He is the founder of the Group and has approximately 36 years of experience in the electronics industry of which he has spent over 23 years in managing his own business. He is responsible for managing and supervising the production teams and engineering teams in the Group's factory operation to ensure that all the environmental, quality, cost, delivery, budget and administration objectives are well achieved. Mr. Lo Yan Yee is also responsible for providing training to the staffs in the factory to enhance their effectiveness and knowledge so as to maximise production efficiency and utilise the labour force effectively. Mr. Lo Yan Yee commenced the work in the electronics industry in 1978, and prior to establishing Echo Electronics Co ("**Echo Co**"), a partnership formed in Hong Kong focusing on electronics manufacturing services, in 1989, he worked in the production department in various electronics companies in Hong Kong and acquired extensive experience in production and management. Mr. Lo Yan Yee finished Form One in 1966. Mr. Lo Yan Yee is the spouse of Ms. Cheng Yeuk Hung.

Ms. Cheng Yeuk Hung (鄭若雄), aged 57, is an executive Director and the chief operation officer of the Group. Ms. Cheng was appointed as an executive Director on 21 December 2010. She is the founder of the Company and has approximately 35 years of experience in the electronics industry of which she has spent over 23 years in managing her own business. She principally oversees the operation of the Hong Kong office. She also regularly communicates with the senior staffs in the factory as well as the suppliers of the Group to understand the trend of procurement. She is responsible for resource allocation in relation to the customers in different market segments. She is also responsible for product pricing management, marketing and business development to manage the profitability of each product manufactured by the Group. Prior to establishing Echo Co in 1989, she had worked in EDAX Industrial Company Limited from 1979 to 1988 as an operation manager whereby she became skilled at business promotion, procurement of raw materials, and resource management in the electronics industry. She finished her secondary education in 1975. Ms. Cheng is the spouse of Mr. Lo Yan Yee, the sister of Mr. Cheng Kwing Sang, Raymond and the mother of Mr. Lo Ding To.

Mr. Cheng Kwing Sang, Raymond (鄭炯生), aged 64, was appointed as an executive Director on 27 September 2013. Mr. Cheng is currently the chief executive officer as well as the marketing director of the Group. Mr. Cheng is responsible to conduct market research, deliver product development strategies and implement marketing plan of the Group. Mr. Cheng is also responsible for analysing market data, technology trends and competitors' pricing to establish pricing strategies. Mr. Cheng joined the Group in 1993 as the CEO and sales director of Echo Co and has approximately 21 years of experience in the electronics industry. Prior to joining the Group, Mr. Cheng worked as a boarding officer in the operation department of Hong Kong Maritime Company Limited from 1967 to 1978, run two restaurants in Belize, Central America from 1978 to 1984, and run a gas station and a restaurant in Youngstown, Alberta, Canada from 1984 to 1990. Mr. Cheng Kwing Sang finished his secondary education in 1966. Mr. Cheng Kwing Sang is the elder brother of Ms. Cheng.

Mr. Lo Ding To (勞碇淘), aged 27, was appointed as an executive Director on 27 September 2013. Mr. Lo Ding To, a son of Mr. Lo Yan Yee and Ms. Cheng Yeuk Hung, has had ample opportunity and is able to gain first hand knowledge and insight into the management and operation of the Group ever since his childhood through observing how the Group has been and is managed under his parents. While learning from his parents the skill and technique of managing and operating the Group's business operation, he also enjoys the benefit of their guidance and advice. Hence, even before Mr. Lo Ding To joined the Group, he is already well versed in the Group's day-to-day management and business operations. He therefore has an extensive understanding of the Group's overall business needs and compliance requirements. When Mr. Lo Ding To joined the Group in 2009 after his graduation from the University of East Anglia, United Kingdom, on the basis of his early learning and experience as aforesaid, he brought in new ideas about business strategy and operational functions, which help to enhance the production and quality assurance systems of the Group. Mr. Lo Ding To supervised a staff team in the then processing factory and 毅高達電子（深圳）有限公司 (Yi Gao Tech Electronics (Shanzhen) Co., Ltd*) and has been responsible for product development, quality control, production planning, logistics, shipping, warehouse and inventory management, as well as vendor management activities. Mr. Lo Ding To is currently the production manager of the Group and is responsible for overseeing the implementation of the day-to-day manufacturing operations. Mr. Lo Ding To obtained a Bachelor of Science in business management from the University of East Anglia, United Kingdom in 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Wai Yuen (林偉源), aged 48, was appointed as an independent non-executive Director on 27 September 2013. He has over 26 years of experience in the fields of assurance, corporate restructuring and internal control review. In 1986, he commenced to work as an audit assistant to the audit supervisor in the audit department of a medium-sized local accounting firm in Hong Kong. In April 1995, he became a member of Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants). In 1996, Mr. Lam was promoted to the audit manager. In 2010, he set up his own accounting firm "Eric W.Y. Lam & Company" in Hong Kong. Currently, he is the managing partner of Eric W.Y. Lam & Company.

Mr. Ang Chuk Pai (洪竹派), aged 51, was appointed as an independent non-executive Director on 27 September 2013. He has been working as a system and network specialist in CN Group Limited which is an independent local media business based in Carlisle since 2007. He is responsible for (i) supporting the accounting department in both Hong Kong and the PRC office for backup management and file management (ii) procuring the information technology equipment and overseeing the cost on purchasing office equipment and (iii) managing the company server and maintaining the SAP (System Application Programing) system. Prior to joining CN Group Limited, he worked in HKNet Company Limited from March 2000 to January 2007 during which he worked as a system engineer in its technical department for approximately 1 year and as a data centre administrator and a senior engineer in its network operations department for approximately 4 years and 2 years respectively. From 1989 to 2000, he worked in Hutchison Telephone Company Limited, the mobile unit of Hutchison Telecom in Hong Kong, and was promoted from the post of Technician I to that of Engineer II. During such period, he was responsible for overall cell site activities involving coordination, cell site database, configuration & monitoring operation, site performance inspection and defect checking. From 1981 to 1988, he worked for three companies where he was responsible for the maintenance of sound and video equipment, intercom phone, fire system and other electrical appliance. He was awarded a General Course Certificate by Vocational Training Council and a Certificate in Electronics by Vocational Training Council in 1988 and in 1991 respectively. He was awarded a Craft Certificate in Advanced Electronic Servicing by Vocational Training Council in 1985. In 1981, he was awarded a Craft Certificate for Radio Mechanics by the Education Department of Hong Kong. In 1980, he finished his secondary education. Mr. Ang has over 20 years of experience in the electronics industry.

Mr. Cheung Chin Wa, Angus (張展華), aged 36, was appointed as an independent non-executive Director on 17 March 2014. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Cheung holds a Master Degree of Professional Accounting, a Master Degree of Corporate Governance, a Bachelor Degree of Laws and a Bachelor Degree of Arts in Translation. Mr. Cheung has extensive experience on corporate governance and company secretarial matters. He has been working in the company secretarial field for around 8 years and is currently the company secretary of China Agri-Products Limited (Stock Code: 149) and PNG Resources Holdings Limited (Stock Code: 221).

Ms. Kwok Ni Ha (郭妮霞), aged 31, was appointed as an independent non-executive Director on 17 March 2014. She graduated from the Chinese University of Hong Kong with a Bachelor Degree in Business Administration (major in finance engineering and management information system) in 2005 and the Hong Kong Polytechnic University with a Master Degree in Professional Accounting. She is a fellow member of Hong Kong Institute of Certified Public Accountants. She is a consultant of Baker Tilly España, S.L., an international consultancy company in Spain, and a controller of Duet Spa & Sports, S.L., a health and fitness company in Spain. From 2010 to 2011, she worked in PAX Global Technology Limited (Stock code: 327) as its group's financial controller and Hi Sun Technology (China) Limited (Stock code: 818) as its business development and transactions manager, both of which are companies whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Prior to that, Ms. Kwok worked in the auditing department of an international accounting firm as an assistant manager for more than two years.

SENIOR MANAGEMENT

Ms. Lui Wing Shan (雷穎珊), aged 34, is the company secretary and the chief financial officer of the Company and she joined the Group in June 2014. She is responsible for the company secretarial function, the review and supervision of the Group's overall internal control systems and accountancy function. She has more than 7 years of experience in accounting, auditing, tax, and consulting and is specialized in auditing and accounting. Ms. Lui holds a bachelor's degree in Business Commerce with a major in Accounting from Hong Kong Shue Yan University in 2005, and is currently a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Ms. Lui worked for various accounting firms and specialized in auditing and accounting.

Mr. Mo Zhaohe (莫兆和), aged 44, is the factory foreman of the processing factory of the Group. He is responsible for monitoring the factory production process and the plant operations flow and overseeing production and administration of the processing factory. Prior to joining the Group in April 1997, he worked as a workshop director in a company providing integrated manufacturing services from February 1994 to April 1997 and a production manager in a company manufacturing printers from September 1990 to December 1993. He has accumulated over 22 years of experience in factory administration and production management. Mr. Mo obtained the Diploma in Computer Science from the College of Continuing Education, Beijing Normal University in 1996.

Ms. Tai Shan Yu, Yoko (戴珊瑜), aged 38, is the purchasing manager of the Group. She has over 15 years of procurement and material control experience. She joined the Group in 1996 as the procurement and material control executive and was promoted to the purchasing manager of the Group in January 2011. She currently leads a team of staff to coordinate the customer quotation and the sourcing of raw materials. She is responsible for (i) developing strategies for reducing the cost of raw materials; (ii) handling supply chain issues and maintaining good relationship with suppliers; (iii) preparing reports on the trend of cost of raw materials; and (iv) monitoring the trends of EMS industry and keeping abreast of the technology changes. Prior to joining the Group, Ms. Tai had worked as a senior clerk in a company engaged in production of chemical products from 1993 to 1995 and was responsible for the procurement of chemical materials. Ms. Tai finished Form Four in 1992.

Mr. Ng Po Lung (吳寶龍), aged 37, is the logistics manager of the Group. Mr. Ng Po Lung joined the Group as logistics manager assistant of the Group on 13 March 2006. He has assumed the duties of the logistics manager since 12 October 2010 and was promoted to logistics manager of the Group on 1 April 2012. As a logistic manager, Mr. Ng Po Lung is in charge of daily operation of the logistics department, including logistics, transportation and customer service, and is responsible for overseeing the inventory management process and making strategies for appropriate inventory levels. He is also responsible for developing and maintaining transportation system on domestic and international freight, monitoring shipment updates and identifying shipment risk. In addition, he liaises with customers on delivery schedule, and collects feedback from the customers for formulating marketing plans and conducting market research with senior marketing management staff to determine sales cycle and strategy and to provide updated and efficient sales tools. Prior to joining the Group, Mr. Ng Po Lung worked as a contract senior clerk from 1998 to 2004 in Zung Fu Company Limited, which is the exclusive retailer of Mercedes-Benz automobiles in Hong Kong and Macau, whereby he was responsible for the preparation of car sales contract, the application for vehicle licence and the customs contracts for the importation of vehicles. Mr. Ng Po Lung finished his junior secondary education in 1995 and completed a two-year course at Morrison Hill Technical Institute and was awarded an Advance Certificate in Business Management in 1997.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**"). To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also enhancing corporate performance and accountability.

Save as disclosed below, the Company has complied with the code provisions of the Code for the period from the Listing Date (11 October 2013) to 31 March 2014 (the "**Relevant Period**").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealings**"). The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the Required Standard of Dealings throughout the period from the Relevant Period.

BOARD OF DIRECTORS

The Board comprises:

Executive Directors:	Mr. Lo Yan Yee *(Chairman)* Ms. Cheng Yeuk Hung Mr. Cheng Kwing Sang, Raymond Mr. Lo Ding To
Independent Non-executive Directors:	Mr. Lam Wai Yuen Mr. Ang Chuk Pai Mr. Cheung Chin Wa, Angus *(appointed on 17 March 2014)* Ms. Kwok Ni Ha *(appointed on 17 March 2014)* Mr. Chan Chung Yin, Victor *(resigned on 17 March 2014)*

The biographical details of the Directors and other senior management are set out on pages 10 to 13 of this report.

THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with Rules 5.05(2) of the GEM Listing Rules during the Relevant Period relating to at least one of independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise. During the Relevant Period, the Company has complied with Rules 5.05A and 5.05(1) of the GEM Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board. Each independent non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

BOARD MEETING ATTENDANCE

The attendance records of each member of the Board meeting during the Relevant Period are set out as follows:

Name of director	Number of meetings attended/held
Mr. Lo Yan Yee	4/4
Ms. Cheng Yeuk Hung	4/4
Mr. Cheng Kwing Sang, Raymond	4/4
Mr. Lo Ding To	4/4
Mr. Lam Wai Yuen	4/4
Mr. Ang Chuk Pai	4/4
Mr. Cheung Chin Wa, Angus *(appointed on 17 March 2014)*	0/0
Ms. Kwok Ni Ha *(appointed on 17 March 2014)*	0/0
Mr. Chan Chung Yin Victor *(resigned on 17 March 2014)*	2/4

During the Relevant Period, no general meeting has been held.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Company are segregated and performed by Mr. Lo Yan Yee and Mr. Cheng Kwing Sang, Raymond, respectively.

RELATIONSHIP BETWEEN THE DIRECTORS

Ms. Cheng Yeuk Hung and Mr. Lo Yan Yee are couples. Mr. Lo Ding To is a son of Mr. Cheng Yeuk Hung and Mr. Lo Yan Yee. Mr. Cheng Kwing Sang, Raymond is the elder brother of Ms. Cheng Yeuk Hung.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "**Articles**") provide that at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every 3 years.

Each of the executive Directors has entered into a service contract with the Company for an initial term of one year with effect from 11 October 2013 and shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year with effect from (i) 11 October 2013 (in respect of Mr. Lam Wai Yuen and Mr. Ang Chuk Pai); and (ii) 17 March 2014 (in respect of Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha) and shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

Pursuant to the code provision A.1.8 of the Code, the Company should arrange appropriate insurance coverage in respect of legal action against its Directors. The Company has arranged the directors and officers liability insurance for its Directors, but such insurance took effect from 1 January 2014 instead of the Listing Date.

PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. All the Directors, namely Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Cheng Kwing Sang, Raymond, Mr. Lo Ding To, Mr. Lam Wai Yuen, Mr. Ang Chuk Pai, Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha, and Mr. Chan Chung Yin, Victor (the former director of the Company) participated in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board during the year ended 31 March 2014. A record of the training for the respective Directors are kept and updated by the company secretary of the Company.

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 27 September 2013. The major roles and functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Company and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. During the year, the Company adopted a whistleblowing policy in order to allow our employees or other stakeholders (e.g. suppliers and customers) of the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.

The Audit Committee currently consists of four independent non-executive Directors namely Mr. Lam Wai Yuen, Mr. Ang Chuk Pai, Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha. Mr. Lam Wai Yuen is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company's website and on the website of the Stock Exchange.

From the Listing Date to the date of this report, the Audit Committee had reviewed the interim results and report of the Company for the six months ended 30 September 2013, the third quarterly results and report of the Company for the nine months ended 31 December 2013 and the annual results and report of the Company for the year ended 31 March 2014. The Audit Committee also reviewed the Group's internal control system for the year. All issues raised by the Audit Committee are addressed and/or dealt with by the relevant member of the management team and the work, findings and recommendations of the Audit Committee are reported regularly to the Board. During the year ended 31 March 2014, there was no disagreement between the Board and the Audit Committee regarding the external auditor and there was no issue of significant importance requiring disclosure in this report under the GEM Listing Rules. The Group's annual results for the year ended 31 March 2014 had been reviewed by the Audit Committee prior to the submission to the Board for approval. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

The attendance records of each member of the Audit Committee meeting during the Relevant Period are set out as follows:

Name of members of Audit Committee	Number of meetings attended/held
Mr. Lam Wai Yuen	2/2
Mr. Ang Chuk Pai	2/2
Mr. Cheung Chin Wa, Angus *(appointed on 17 March 2014)*	0/0
Ms. Kwok Ni Ha *(appointed on 17 March 2014)*	0/0
Mr. Chan Chung Yin, Victor *(resigned on 17 March 2014)*	2/2

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established on 27 September 2013. The Remuneration Committee currently consists of the four independent non-executive Directors and Ms. Cheng Yeuk Hung. Mr. Ang Chuk Pai is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the website of the Stock Exchange.

The roles and functions of the Remuneration Committee include consulting the Board about the remuneration proposals for all Directors and senior management, making recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management. The Remuneration Committee has adopted the approach under B.1.2(c)(ii) of the code provisions to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The attendance records of each member of the Remuneration Committee during the Relevant Period are set out as follows:

Name of members of Remuneration Committee	Number of meetings attended/held
Ms. Cheng Yeuk Hung	3/3
Mr. Lam Wai Yuen	3/3
Mr. Ang Chuk Pai	3/3
Mr. Cheung Chin Wa, Angus *(appointed on 17 March 2014)*	0/0
Ms. Kwok Ni Ha *(appointed on 17 March 2014)*	0/0
Mr. Chan Chung Yin, Victor *(resigned on 17 March 2014)*	3/3

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established on 27 September 2013. The Nomination Committee currently consists of the four independent non-executive Directors and Mr. Lo Ding To. Mr. Ang Chuk Pai is currently the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the website of the Stock Exchange.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directors, in particular the Chairman and the chief executive officer.

During the Relevant Period, the Board adopted a Board Diversity Policy setting out the approach to diversity of members of the Board. The Company recognises and embraces the benefits of diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All the appointments for the Board members will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members.

Selection and appointment of new directors will be based on a arrange of diversity perspectives, including but not limited to gender, age, cultural, educational background, qualifications, skills, knowledge, business and related experience, commitment, ability to contribute to the Board process and such qualities and attributes that may be required by the Board. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee shall review the Board Diversity Policy established for implementing diversity on the Board periodically.

The attendance records of each member of the Nomination Committee are set out as follows:

Name of members of Nomination Committee	Number of meetings attended/held
Mr. Lo Ding To	1/1
Mr. Lam Wai Yuen	1/1
Mr. Ang Chuk Pai	1/1
Mr. Cheung Chin Wa, Angus *(appointed on 17 March 2014)*	0/0
Ms. Kwok Ni Ha *(appointed on 17 March 2014)*	0/0
Mr. Chan Chung Yin, Victor *(resigned on 17 March 2014)*	1/1

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established by the Company and the Board is responsible for performing the corporate governance duties according to the code provision D.3.1 of the Code, which includes:

(1) developing and reviewing the policies and practices on corporate governance of the Group and making recommendations to the Board;

(2) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(3) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;

(4) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to Directors and employees; and

(5) reviewing the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

During the Relevant Period, the Board reviewed and monitored the training and continuous professional development of the Directors and company secretary of the Company to comply with the Code and the Listing Rules. Further, the Board also reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements. Lastly, the Board reviewed the Company's compliance with the Code and the disclosure of the Corporate Governance Report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by auditor about their reporting responsibility is set out in the Independent Auditor's Report.

Auditors' Remuneration

During the financial year ended 31 March 2014, the fees paid to the Company's auditors is set out as follows:

Services rendered	Fees paid/ payable (HK$'000)
Audit services	450
Non-audit services — as reporting accountant for the Company's Placing	1,700

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming annual general meeting.

COMPANY SECRETARY

Ms. Li Fung Shan was appointed as the company secretary of the Company on 27 September 2013 and she resigned as the company secretary of the Company with effect from 1 June 2014.

Ms. Lui Wing Shan ("**Ms. Lui**") was appointed as the company secretary of the Company on 1 June 2014. The biographical details of Ms. Lui are set out under the section headed "Biographical Details of Directors and Senior Management".

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Pursuant to Article 58 of the Articles, any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Room 2205, 22nd Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified is not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing shareholders to purpose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles for including a resolution at an EGM. The requirements and procedures are set out above.

The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.echogroup.com.hk.

From the Relevant Period, there had been no change in the Company's constitutional documents.

The Directors hereby present their first report and the audited consolidated financial statements for the year ended 31 March 2014.

CORPORATE REORGANISATION AND PLACING

The Company was incorporated as an exempted company with limited liability in Cayman Islands on 21 December 2010 under the Companies Law of the Cayman Islands.

Pursuant to the pre-listing reorganisation of the Group ("**Reorganisation**") to rationalize the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 14 March 2013. Details of the Reorganisation were set out in the paragraph head "the Reorganisation" in the section headed "History and development" in the Prospectus.

Following the capitalisation issue of 130,000,000 Shares and the placing of 60,000,000 Shares at a price of HK$0.60 per Share, the Company was listed in the GEM on 11 October 2013.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacturing and trading of electronic products and accessories. The principal activities of its principal subsidiaries are set out in note 25 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by segments is set out in note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 March 2014 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 31 to 33.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2014.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 81.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 28 to the consolidated financial statements.

INTEREST CAPITALISED

Save for the issue of 130,000,000 Shares on 11 October 2014 to the then sole shareholder of the Company (i.e. Ms. Cheng Yeuk Hung) by capitalising the amount of HK$1,300,000 standing to the credit of the share premium account of the Company, no interest was capitalized by the Group during the year ended 31 March 2014.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2014.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 30 to the consolidated financial statements and the consolidated statement of changes in equity on page 34, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2014, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to HK$23.31 million. The amount of HK$18.47 million represents the Company's share premium, net of accumulated losses, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue for the year ended 31 March 2014 attributable to the Group's major customers and the percentages of purchases for the year ended 31 March 2014 attributable to the Group's major suppliers were as follows:

(1) The aggregate amount of revenue attributable to the Group's five largest clients represented approximately 64.75% of the Group's total revenue. The amount of revenue from the Group's largest client represented approximately 28.58% of the Group's total revenue.

(2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 41.34% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 13.07% of the Group's total purchases.

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest clients and/or five largest suppliers during the year.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Lo Yan Yee *(Chairman)*
Ms. Cheng Yeuk Hung
Mr. Cheng Kwing Sang, Raymond
Mr. Lo Ding To

Independent non-executive Directors

Mr. Lam Wai Yuen
Mr. Ang Chuk Pai
Mr. Cheung Chin Wa, Angus *(appointed on 17 March 2014)*
Ms. Kwok Ni Ha *(appointed on 17 March 2014)*
Mr. Chan Chung Yin, Victor *(resigned on 17 March 2014)*

BIOGRAPHIES OF DIRECTORS AND OTHER SENIOR MANAGEMENT

The biographical Details of the Directors and other senior management are disclosed in the section headed "Biographical Details of Directors and Senior Management" on pages 10 to 13 in this report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of one year with effect from 11 October 2013 and shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of one year with effect from (i) 11 October 2013 (in respect of Mr. Lam Wai Yuen and Mr. Ang Chuk Pai); and (ii) 17 March 2014 (in respect of Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha) and shall be automatically renewed for successive terms of one year until terminated by either party giving not less than three months' written notice to the other party. The appointment of the Directors is subject to the provisions of the Articles in force from time to time including, but not limited to, the removal provisions and provisions on retirement by rotation and re-election.

Pursuant to the Articles, Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha shall hold office until the forthcoming annual general meeting, and Mr. Lo Yan Yee and Ms. Cheng Yeuk Hung shall retire from their offices as Directors. They will offer themselves for re-election as the Directors in the forthcoming annual general meeting.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

None of the Directors and the controlling shareholder of the Company (i.e. Ms. Cheng Yeuk Hung) had any material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

SHARE OPTIONS SCHEMES

The Company has two share option schemes namely, the pre-IPO share option scheme (the "**Pre-IPO Share Option Scheme**") and the share option scheme (the "**Share Option Scheme**") which were both adopted on 27 September 2013.

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 27 September 2013 under which the Company has granted options to certain Directors of the Group to subscribe for an aggregate of 20,000,000 shares of the Company with an exercise price of HK$0.60, which is equal to the placing price as defined in the Prospectus.

As at 31 March 2014, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Directors	As at 27 September 2013 (the grant date)	Exercised	Lapsed	Cancelled	As at 31 March 2014	Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
Mr. Lo Yan Yee	5,700,000	—	—	—	5,700,000	11 October 2016– 11 October 2023	2.59%
Ms. Cheng Yeuk Hung	5,700,000	—	—	—	5,700,000	11 October 2016– 11 October 2023	2.59%
Mr. Cheng Kwing Sang, Raymond	5,600,000	—	—	—	5,600,000	11 October 2016– 11 October 2023	2.55%
Mr. Lo Ding To	3,000,000	—	—	—	3,000,000	11 October 2016– 11 October 2023	1.36%
	20,000,000	—	—	—	20,000,000		9.09%

Share Option Scheme

During the year ended 31 March 2014, no option was granted, exercised or lapsed under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("**SFO**") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

(i) Long positions in the shares of the Company

Name of Director	Capacity	Number of Shares	Approximate percentage of interest
Ms. Cheng Yeuk Hung	Personal interest	140,000,000	70%
Mr. Lo Yan Yee	Interest of spouse	140,000,000	70%

Note: Mr. Lo Yan Yee is the executive Director and the spouse of Madam Cheng, and is deemed under the SFO to be interested in those 140,000,000 shares in which Madam Cheng is interested.

(ii) Long position in underlying shares of the Company

Name	Capacity	Description of equity derivatives	Number of underlying shares
Mr. Lo Yan Yee (executive Director)	Personal interest	Options	5,700,000
	Interest of spouse	Options	5,700,000
			11,400,000
Ms. Cheng Yeuk Hung (executive Director)	Personal interest	Options	5,700,000
	Interest of spouse	Options	5,700,000
			11,400,000
Mr. Cheng Kwing Sang, Raymond (executive Director)	Personal interest	Options	5,600,000
Mr. Lo Ding To (executive Director)	Personal interest	Options	3,000,000

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2014, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity and nature of interest	Number of shares	Percentage of the Company's issued share capital
Citigroup Inc.	Interest of controlled corporation	5,700,000	2.85%
	Security Interest	19,940,000	9.97%
		25,640,000	12.82%
Adamas Asset Management (HK) Limited	Investment manager	24,840,000	12.42%

Save as disclosed above, as at 31 March 2014, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

REMUNERATION OF THE DIRECTORS

Details of the remuneration of the Directors of the Company are set out in note 14 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

CONFIRMATION OF INDEPENDENCE

Each independent non-executive Director has given an annual confirmation of his/her independence to the Company, and the Company considers them to be independent under Rule 5.09 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the public float of the Company has fallen below 25% of the total issued share capital of the Company since 4 December 2013 up to the date of this report.

The Company aims to restore the public float of the Company through the following options (or a combination of them) on or before 18 August 2014:

(a) to place additional new Shares to third parties independent from the Company and its connected persons so as to increase the public float of the Company to over 25% of the issued share capital of the Company; and/or

(b) to request the controlling shareholder of the Company, i.e. Ms. Cheng Yeuk Hung, to dispose of certain Shares so as to restore the public float.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The rental paid to Progress International Holdings Limited, the salary paid to Mr. Lo Ding Kwong and the remuneration to the Directors as disclosed in note 34 to the consolidated financial statements constituted continuing connected transactions, and are exempt from the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. Other than that, the Directors are not aware of any related party transactions as disclosed in note 34 to the consolidated financial statements constituted a connected transaction or a continuing connected transaction of the Group under the GEM Listing Rules.

COMPETING BUSINESS

For the year ended 31 March 2014, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's former compliance adviser, Tanrich Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 27 September 2013, none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interests in the Group (including options or rights to subscribe for such securities) as at 31 March 2014 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

The Company and the Compliance Adviser have mutually agreed to terminate the said compliance adviser agreement with effect from 9 June 2014, due to the personnel changes of the Compliance Adviser. The Company is in the process of identifying a replacement compliance adviser to fill the vacancy as soon as possible and in any event within three months from 9 June 2014.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 14 to 21 of this report.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2014 and up to the date of this report.

AUDITORS

The accounts for the year were audited by HLB Hodgson Impey Cheng whose term of office will expire upon the forthcoming annual general meeting. In March 2012, the practice of HLB Hodgson Impey Cheng was reorganized as HLB Hodgson Impey Cheng Limited. A resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the forthcoming annual general meeting.

Independent Auditors' Report

HLB 國衛會計師事務所
Hodgson Impey Cheng

31/F Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ECHO INTERNATIONAL HOLDINGS GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Echo International Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 80, which comprise the consolidated and company statements of financial position as at 31 March 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Certified Public Accountants

Hong Kong, 20 June 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Revenue	6	**51,328**	71,707
Cost of sales		**(35,602)**	(44,712)
Gross profit		**15,726**	26,995
Other revenue and gains	8	**278**	118
Selling and distribution expenses		**(1,162)**	(708)
Administrative and other expenses		**(22,920)**	(13,683)
Finance costs	9	**(72)**	(35)
(Loss)/profit before taxation	10	**(8,150)**	12,687
Taxation	11	**(571)**	(3,337)
(Loss)/profit for the year		**(8,721)**	9,350
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**292**	177
Total comprehensive (loss)/income for the year, net of tax		**(8,429)**	9,527
(Loss)/profit for the year attributable to owners of the Company		**(8,721)**	9,350
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(8,429)**	9,527
(Loss)/earnings per share attributable to the owners of the Company			
— Basic and diluted (HK cents)	13	**(5.2) cents**	6.7 cents

All of the Group's operations are classed as continuing.

The accompanying notes form an integral part of consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**1,444**	1,125
Current assets			
Inventories	18	**18,498**	15,252
Trade receivables	19	**8,961**	14,664
Amount due from a related company	20	**36**	113
Deposits, prepayments and other receivables	21	**7,100**	7,449
Cash and bank balances	22	**20,840**	1,215
		55,435	38,693
Current liabilities			
Trade payables	23	**1,616**	3,604
Accrued charges		**1,957**	2,033
Trade deposit received		**157**	1,133
Amount due to a director	24	**—**	6,065
Bank borrowings	26	**1,920**	2,144
Obligations under finance leases	27	**117**	126
Current tax liabilities		**163**	1,891
		5,930	16,996
Net current assets		**49,505**	21,697
Total assets less current liabilities		**50,949**	22,822
Non-current liability			
Obligations under finance leases	27	**459**	388
Net assets		**50,490**	22,434
Capital and reserves			
Share capital	28	**2,000**	100
Reserves		**48,490**	22,334
Total equity		**50,490**	22,434

Approved and authorised for issue by the board of directors on 20 June 2014.

Lo, Yan Yee
Director

Cheng, Yeuk Hung
Director

The accompanying notes form an integral part of consolidated financial statements.

Statement of Financial Position

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investments in subsidiaries	25	99	99
Current assets			
Amount due from a director	24	—	1
Amount due from a subsidiary	25	16,000	—
Deposits, prepayments and other receivables	21	5,929	6,390
Cash and bank balance	22	19,771	—
		41,700	6,391
Current liability			
Amounts due to subsidiaries	24	15,581	10,009
Net current assets/(liabilities)		26,119	(3,618)
Net assets/(liabilities)		26,218	(3,519)
Capital and reserves			
Share capital	28	2,000	100
Reserves	30	24,218	(3,619)
Total equity		26,218	(3,519)

Approved and authorised for issue by the board of directors on 20 June 2014.

Lo, Yan Yee
Director

Cheng, Yeuk Hung
Director

The accompanying notes form an integral part of consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Share capital HK$'000	Share premium HK$'000	Contribution reserve HK$'000	Capital reserve HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
			Note 30(a)	Note 30(b)		Note 30(c)		
At 1 April 2012	79	—	—	(68)	—	144	21,752	21,907
Profit for the year	—	—	—	—	—	—	9,350	9,350
Other comprehensive income for the year	—	—	—	—	—	177	—	177
Total comprehensive income for the year	—	—	—	—	—	177	9,350	9,527
Effect of the reorganisation	21	—	—	(21)	—	—	—	—
Dividend paid	—	—	—	—	—	—	(9,000)	(9,000)
At 31 March 2013 and 1 April 2013	100	—	—	(89)	—	321	22,102	22,434
Loss for the year	—	—	—	—	—	—	(8,721)	(8,721)
Other comprehensive income for the year	—	—	—	—	—	292	—	292
Total comprehensive income/ (loss) for the year	—	—	—	—	—	292	(8,721)	(8,429)
Capitalisation issue	1,300	(1,300)	—	—	—	—	—	—
Special contribution by shareholder	—	—	4,836	—	—	—	—	4,836
Placing of new shares (net of issuing loss)	600	30,140	—	—	—	—	—	30,740
Employee share option benefits (Note 30 (c))	—	—	—	—	909	—	—	909
At 31 March 2014	**2,000**	**28,840**	**4,836**	**(89)**	**909**	**613**	**13,381**	**50,490**

The accompanying notes form an integral part of consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Operating activities		
(Loss)/profit before taxation	(8,150)	12,687
Adjustments for:		
Interest income	(20)	(2)
Gain on disposal of property, plant and equipment	(39)	—
Share based payment	909	—
Interest expenses	72	35
Depreciation of property, plant and equipment	456	616
Operating cash flows before changes in working capital	(6,772)	13,336
Decrease/(increase) in trade receivables	5,703	(5,590)
(Increase)/decrease in inventories	(3,246)	3,068
Decrease in deposits, prepayments and other receivables	349	111
Decrease in amount due from a related company	77	—
(Decrease)/increase in accrued charges	(76)	832
(Decrease)/increase in trade deposits received	(976)	962
Decrease in trade payables	(1,988)	(2,501)
Cash (used in)/generated from operations	(6,929)	10,218
Income tax paid	(2,299)	(2,812)
Net cash (used in)/generated from operating activities	(9,228)	7,406
Investing activities		
Interest received	20	2
Purchase of property, plant and equipment	(548)	(129)
Net cash used in investing activities	(528)	(127)
Financing activities		
Proceeds from issue of shares	30,740	—
Decrease in amount due to a director	(1,229)	(9,435)
Proceeds from bank borrowings	2,299	2,595
Repayment of bank borrowings	(2,523)	(1,039)
Interest paid	(72)	(35)
Repayment of obligation under finance leases	(73)	(116)
Net cash generated from/(used in) financing activities	29,142	(8,030)
Net increase/(decrease) in cash and cash equivalents	19,386	(751)
Cash and cash equivalents at the beginning of the year	1,215	1,797
Effect of exchange rates on the balance of cash held in foreign currencies	239	169
Cash and cash equivalents at the end of the year	20,840	1,215

1. GENERAL

Echo International Holdings Group Limited (the "Company") was incorporated as an exempted company with limited liability in Cayman Islands on 21 December 2010 under the Companies Law of the Cayman Islands. The addresses of the registered office is located at Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1–1112, Cayman Islands and its principal place of business of the Company is Room 2205, 22/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong. The shares of the Company are listed on the Growth Enterprise Market ("GEM") of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its ultimate controlling shareholder is Ms. Cheng Yeuk Hung ("Madam Cheng").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are engaged in the manufacturing and trading of electronic products and accessories. The consolidated financial statements are presents in Hong Kong dollars (HK$), which is the same as the functional currency of the Company.

2. REORGANISATION

Pursuant to the pre-listing reorganisation of the Group ("Reorganisation") to rationalize the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 14 March 2013. The Reorganisation was completed by interspersing the Company, Gold Treasure Hung Group Limited ("Gold Treasure"), Echo Electronics Company Limited ("Echo Electronics") between Mr. Lo Yan Yee, Ms. Cheng Yeuk Yu and Madam Cheng and Yi Gao Tech Electronics (Shenzhen) Co. Ltd. ("Yi Gao Tech").

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Details of the Reorganisation were set out in the paragraph head "the Reorganisation" in the section headed "History and development" in the prospectus dated 30 September 2013 (the "Prospectus").

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company has applied, for the first time, the following new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Company's financial year beginning 1 April 2013. A summary of the new HKFRSs are set out as below:

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

Except for the amendments to HKAS 1, the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy on adoption of the amendments to HKAS 1 is described below.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC) Int-12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

HKFRS 13 Fair Value Measurement *(continued)*

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

HKFRS 9	Financial Instruments[5]
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39[5]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount and Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) — Int 21 (Amendments)	Levies[1]
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 14	Regulatory Deferral Accounts[4]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted
2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted
3 Effective for annual periods beginning on or after 1 January 2014, with limited exceptions.
4 Effective for annual periods beginning on or after 1 January 2016.
5 No mandatory effective date yet determined but is available for adoption.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

HKFRS 9 Financial Instruments *(continued)*

Key requirements of HKFRS 9 are described below:

All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

The Directors anticipate that the application of the amendment to HKFRS 9 will have no material impact on the Group's financial performance and positions.

Amendments to HKFRS 7 and HKAS 32 — Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

Amendments to HKFRS 7 and HKAS 32 — Offsetting Financial Assets and Financial Liabilities and the related disclosures *(continued)*

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 — Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted.

The Directors anticipate that the application of these amendments to HKAS 36 will have no material impact on the Group's financial performance and positions.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The Investment Entities amendments apply to a particular class of business that qualify as investment entities. The term 'investment entity' refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The Directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group's financial performance and positions.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

The Directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group's financial performance and positions.

HK(IFRIC) — Int 21 Levies

HK(IFRIC) — Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) — Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

The Directors anticipate that the application of HK(IFRIC) — Int 21 will have no effect on the Group's consolidated financial statements as the Group does not have any levy arrangements.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements has been prepared in accordance with HKFRSs, which collective term includes HKFRSs, Hong Kong Accounting Standards ("HKAS") and related interpretations promulgated by the HKICPA. The consolidated financial statements also complies with the applicable disclosure requirement of the GEM Listing Rule and the disclosure requirement of the Hong Kong Companies Ordinance.

Basis of presentation

The consolidated financial statements is presented in Hong Kong Dollar ("HK$"), rounded to the nearest thousand except when otherwise indicated, which is the presentation currency and the functional currency of the Company.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that certain financial instruments that are stated at fair value. Historical cost is generally based on the fair value of the consideration of given in exchange for assets.

The consolidated financial statements comprises such information of the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence.

All significant intra-group transactions and balances have been eliminated on consolidation.

Merger accounting for common control combination

The consolidated financial statements incorporate the financial statement items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or business are consolidated using the existing book values from the controlling party's perspective. No amount is recognised with respect to goodwill or any excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over its cost at the time of common control combination, to the extent of the contribution of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when combining entities or business first came under common control, where this is a shorter period, regardless of the date of common control combination.

Intra-group transactions, balances and unrealised gains on transactions between the combining entities or business are eliminated. Unrealised losses are eliminated but considered as an impairment indicator of the asset transferred. Accounting policies of combining entities or business have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Merger accounting for common control combination *(continued)*

Transaction costs, including professional fees, registration fees, cost of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions 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 unrealized gains but only to the extent that there is no evidence of impairment.

Revenue recognition

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

(i) *Sales of goods*

Revenue is recognised when goods are recognised on the transfer of risks and rewards of ownership, which generally considers with the time when goods are delivered to customers and title has passed. Revenue is recognised after deduction of any trade discounts.

(ii) *Subcontracting income*

Revenue from the provision of subcontracting service is recognised when the service are provided.

(iii) *Interest income*

Interest income from bank deposits is accrued on a timing basis, by reference to the principal outstanding and at the interest applicable rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

The functional currency of the Company and its Hong Kong subsidiary is Hong Kong dollars ("HK$"). The functional currency of the PRC subsidiary is RMB. The consolidated financial statements is presented in HK$ which is the Group's presentation currency. This is also the currency of the primary economic environment in which the Group operates. 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.

In preparing the consolidated financial statements of each individual Group entities, transactions in currencies other than that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss except for differences arising on the retranslation of non-monetary items in respect of which gain and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the asset and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign translation reserve (attributable to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are 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, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statements of comprehensive income as they become payable in accordance with the rules of the MPF Scheme.

As stipulated by the rules and regulations of the PRC, the Company's subsidiary registered in the PRC are required to contribute to a state-sponsored retirement plan for all its PRC employees at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The costs of employee retirements are recognised as expenses in the consolidated statements of comprehensive income in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible into known amounts of cash and which 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 in integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted to use.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year end. Taxable profit differs from profit as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised in the consolidated statements of financial position so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	5 years
Furniture and fixtures	5 years
Office equipment	3–4 years
Computer equipment	3–4 years
Motor vehicles	3–4 years
Mould	3–4 years
Plant and machinery	3–4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is computed using the weighted average basis and, in the case of work in progress and finished goods, includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price for inventories less the estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in which the reversal occurs.

Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each of reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligations.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on effective basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan and receivables (including trade receivables, amount due from a related company, other receivables and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Financial liabilities and equity instruments

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including trade payables, amount due to a director, bank borrowings and obligation under finance leases) are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expenses are recognised on an effective interest basis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset expire, or when financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are removed from the Group's consolidated statements of financial position when the obligations specified in the relevant contract are discharged cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of assets

(i) Financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimate future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of within 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

(i) Financial assets *(continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Other assets

Internal and external sources of information are reviewed at each reporting date to identify indications that other assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the consolidated statements of comprehensive income in the year in which the reversals are recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties transactions

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

(1) A person or a close member of that person's family is related to the Group if 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.

(2) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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. If the Group is itself such a plan, the sponsoring employees are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified (1)(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).

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's executive directors, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Share based payment arrangements

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. 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.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassesses these estimations at the end of the reporting period to ensure inventories are shown at the lower of cost and net realisable value.

(b) Impairment of trade receivables

The Group estimates impairment losses for bad and doubtful debts resulting from inability of the customers to make the require payments. The estimate is based on the aging of the trade receivable balance, customer credit-worthiness, and historical write-off experience. If the financial conditions of the customers were to deteriorate, actual write-offs would be higher than estimated.

(c) Income taxes

Determining income tax provisions involve judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(d) Share based payment

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

6. REVENUE

The principal activities of the Group are manufacturing and trading of electronic products and accessories. The amount of each significant category of revenue recognised during the year is as follows:

	2014 **HK$'000**	2013 HK$'000
Sales of electronic products	**50,400**	70,458
Subcontracting income	**928**	1,249
	51,328	71,707

7. SEGMENT INFORMATION

Information reported internally to the directors of the Group (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group currently operates in one business segment in the manufacturing and trading of electronic products and accessories. A single management team reports to the chief operating decision makers, the directors, who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segment.

Revenue from major products and services

The Group's revenue from its major products and services are as follows:

	2014 **HK$'000**	2013 HK$'000
Starter	**634**	836
Security alarm	**2,834**	2,992
Hair remover	**4,743**	11,622
Buzzer	**5,323**	5,215
Massage toner	**5,159**	14,653
Fishing indicator	**14,670**	8,880
Charger board	**1,189**	2,019
Control board	**4,272**	11,781
Fire alarm	**3,914**	4,743
Communicator	**1,793**	3,135
Others	**5,869**	4,582
	50,400	70,458
Subcontracting income	**928**	1,249
Total	**51,328**	71,707

7. SEGMENT INFORMATION *(continued)*

Geographical information

The Group operates in two principal geographical areas — manufacturing in the People's Republic of China ("PRC") and trading business in Hong Kong.

The Group's geographical segments are classified according to the location of customers. There are four customer-based geographical segments. Segment revenue from external customers by the location of customer is as follows:

	Revenue from external customers	
	2014	2013
	HK$'000	HK$'000
Hong Kong	**4,060**	12,213
Asian Countries, other than Hong Kong (Note 1)	**3,373**	5,623
European Countries (Note 2)	**34,457**	37,649
United States	**7,651**	13,508
Others	**1,787**	2,714
	51,328	71,707

Notes:

1. Asian Countries include the PRC, Malaysia, Singapore and Taiwan.

2. European Countries include Argentina, Belgium, Bulgaria, Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Russia, Sweden, Switzerland, Ukraine and United Kingdom.

The Group's geographical segments are also classified by the location of assets, information about its non-current assets by geographical location are set out below:

	Additions to non-current assets		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**767**	628	**768**	582
PRC	**333**	131	**676**	543
	1,100	759	**1,444**	1,125

7. SEGMENT INFORMATION *(continued)*

Information about major customers

The Group's customer base includes 2 customers with whom transactions have individually exceeded 10% of the Group's revenue during the years ended 31 March 2013 and 2014. No other single customer contributed 10% or more to the Group's revenue.

Revenue from major customers amounted to 10% or more of the Group's revenue, are set out below:

	Revenue from external customers	
	2014	2013
	HK$'000	HK$'000
Customer A	**9,542**	19,263
Customer B	**14,670**	8,880
	24,212	28,143

8. OTHER REVENUE AND GAINS

	2014	2013
	HK$'000	HK$'000
Bank interest income	**20**	2
Gain on disposal of property, plant & machinery	**39**	—
Sundry income	**219**	116
	278	118

9. FINANCE COSTS

	2014	2013
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**46**	19
Obligation under finance leases	**26**	16
	72	35

10. (LOSS)/PROFIT BEFORE TAXATION

	2014 HK$'000	2013 HK$'000
(Loss)/profit before taxation is arrived after charging:		
Staff costs including director's remuneration	**14,731**	12,684
Contribution to retirement scheme	**1,425**	1,518
Share based payment expenses	**909**	—
Total staff cost	**17,065**	14,202
Depreciation of property, plant and equipments	**456**	616
Auditors remuneration	**450**	250
Costs of inventories sold	**32,764**	32,117
Operating lease rental expenses	**2,982**	2,573
Listing expenses	**5,210**	993

11. TAXATION

	2014 HK$'000	2013 HK$'000
Current tax		
— Hong Kong	**571**	2,419
— PRC	**—**	918
	571	3,337

Hong Kong Profits Tax is calculated at 16.5% of the estimate assessable profits arising in Hong Kong for the year ended 31 March 2014 and 2013.

PRC subsidiary is subjected to PRC enterprise income tax at 25%. Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdiction.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands for the year ended 31 March 2014 and 2013.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

11. TAXATION *(continued)*

The tax charge for the year can be reconciled to the (loss)/profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	2014 HK$'000	2013 HK$'000
(Loss)/profit before taxation	(8,150)	12,687
Tax at the applicable tax rate	(1,345)	2,093
Tax effect of non-deductible expense for tax purpose	183	443
Unrecognised temporary difference	958	741
Tax effect of tax losses not recognised	1,174	—
Effect of different tax rate of group entities operating in jurisdictions other than Hong Kong	(399)	60
	571	3,337

12. DIVIDENDS

Prior to the Reorganisation, Gold Treasure had declared and paid a dividend in the amount of HK$9,000,000 to its then shareholders during the years ended 31 March 2013.

No dividend was declared and paid during the year ended 31 March 2014.

The rate of dividend per share is not presented as it is not indicative of the rate at which future dividends will be declared.

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of the Company's ordinary shares in issue during the year.

	Note	2014 HK$'000	2013 HK$'000
(Loss)/profit attributable to owners of the Company		(8,721)	9,350

		2014 No. of shares	2013 No. of shares
Weighted average number of ordinary shares in issue during the year	(a)	168,273,973	140,000,000
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the year	(b)	168,273,973	140,000,000

13. (LOSS)/EARNINGS PER SHARE *(continued)*

For the purpose of this announcement, the calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the weighted average number of share (comprising 10,000,000 shares in issue and 130,000,000 shares to be issued under the capitalisation issue as described in Appendix V "Statutory and General Information" to the Prospectus) as if theses 140,000,000 shares were outstanding throughout the year. On 11 October 2013, the Company newly issued 60,000,000 shares as the result of the Listing.

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the year ended 31 March 2013 and 2014 because the Company's share options outstanding during those years were either anti-dilutive or have no potential dilutive effect.

14. DIRECTORS' EMOLUMENTS

Pursuant to the GEM Listing Rules and Section 161 of the Hong Kong Companies Ordinance, the aggregate amounts of emoluments paid by the companies now comprising the Group to the directors of the Company during the year are as follows:

	2014 HK$'000	2013 HK$'000
Directors' fees	301	—
Salaries, allowances and benefits in kind	1,197	1,026
Discretionary bonus	—	—
Retirement scheme contributions	52	51
Share based payment expenses	909	—
	2,459	1,077

14. DIRECTORS' EMOLUMENTS *(continued)*

Details for the emoluments of each director of the Company during the year are as follows:

For the year ended 31 March 2014

	Share based payment HK$'000	Directors' fees HK$'000	Salaries, allowance and benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive director:						
Mr. Lo Yan Yee	259	42	260	—	12	573
Madam Cheng	259	42	260	—	13	574
Mr. Cheng Kwing Sang, Raymond	255	42	260	—	12	569
Mr. Lo Ding To	136	42	417	—	15	610
Independent non-executive director:						
Mr. Ang Chuk Pai	—	42	—	—	—	42
Ms. Kwok Ni Ha (Appointed on 17 March 2014)	—	4	—	—	—	4
Mr. Chan Chung Yin, Victor (Resigned on 17 March 2014)	—	40	—	—	—	40
Mr. Cheung Chin Wa, Angus (Appointed on 17 March 2014)	—	4	—	—	—	4
Mr. Lam Wai Yuen	—	43	—	—	—	43
	909	301	1,197	—	52	2,459

14. DIRECTORS' EMOLUMENTS *(continued)*

For the year ended 31 March 2013

	Directors' fees HK$'000	Salaries, allowance and benefits in kind HK$'000	Discretionary bonus HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive director:					
Mr. Lo Yan Yee	—	240	—	12	252
Madam Cheng	—	240	—	12	252
Mr. Cheng Kwing Sang, Raymond	—	240	—	12	252
Mr. Lo Ding To	—	306	—	15	321
Independent non-executive director:					
Mr. Ang Chuk Pai	—	—	—	—	—
Mr. Chan Chung Yin, Victor	—	—	—	—	—
Mr. Lam Wai Yuen	—	—	—	—	—
	—	1,026	—	51	1,077

There were no amounts paid during the year to the directors in connection with their retirement from employment with the Group, or inducement to join (2013: Nil). There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2013: Nil). During the year ended 31 March 2014, none of the directors were granted share options under the share option scheme operated by the Company (2013: Nil).

Mr. Cheng Kwing Sang, Raymond was also the chief executive officer of the Group.

15. SENIOR MANAGEMENT EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group are analysed as follows:

	2014 HK$'000	2013 HK$'000
Director	473	—
Non-directors	2,201	2,080
	2,674	2,080

Details of the remuneration of the above non-director, highest paid employees during the year as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and other benefits	2,141	2,005
Retirement schemes contributions	60	75
	2,201	2,080

The number of these non-directors, highest paid employees whose remuneration fell within the following band is as follows:

	Number of individuals	
	2014	2013
Nil to HK$1,000,000	4	5

The number of the senior management of the Group is within the following band:

	Number of individuals	
	2014	2013
Nil to HK$1,000,000	4	2

During the year, no emoluments were paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived or agreed to waive any emoluments during the year.

16. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 March 2014 includes a loss of approximately HK$6,748,000 (2013: HK$995,000) which has been dealt with in the financial statements of the Company.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture & fixtures HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Mould HK$'000	Plant and machinery HK$'000	Total HK$'000
Cost								
As at 1 April 2012	2,095	205	1,522	725	541	32	4,180	9,300
Additions	—	—	9	6	622	—	122	759
Exchange realignment	—	—	1	—	2	—	8	11
As at 31 March 2013 and 1 April 2013	2,095	205	1,532	731	1,165	32	4,310	10,070
Additions	—	—	—	65	702	—	333	1,100
Written off on disposal	—	—	—	—	(622)	—	—	(622)
Exchange realignment	—	—	3	—	6	—	24	33
As at 31 March 2014	**2,095**	**205**	**1,535**	**796**	**1,251**	**32**	**4,667**	**10,581**
Accumulated depreciation								
As at 1 April 2012	2,095	205	1,368	416	255	32	3,958	8,329
Provided for the year	—	—	50	192	197	—	177	616
As at 31 March 2013 and 1 April 2013	2,095	205	1,418	608	452	32	4,135	8,945
Provided for the year	—	—	43	97	147	—	169	456
Written off on disposal	—	—	—	—	(264)	—	—	(264)
As at 31 March 2014	**2,095**	**205**	**1,461**	**705**	**335**	**32**	**4,304**	**9,137**
Carrying amounts								
As at 31 March 2014	**—**	**—**	**74**	**91**	**916**	**—**	**363**	**1,444**
As at 31 March 2013	—	—	114	123	713	—	175	1,125

Note: The carrying amounts of the Group's property, plant and equipment which was held under finance lease as at 31 March 2013 and 2014 were approximately HK$451,000 and HK$538,000 respectively (Note 27).

18. INVENTORIES

The Group

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Raw materials	8,936	11,572
Work-in-progress	9,278	3,642
Finished goods	284	38
	18,498	15,252

19. TRADE RECEIVEBLES

The Group

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Trade receivables	8,961	14,664

The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below is net of allowance for doubtful debts:

	2014 HK$'000	2013 HK$'000
0 to 30 days	7,641	10,041
31 to 60 days	715	397
61 to 90 days	5	2,946
91 to 180 days	419	1,096
Over 180 days	181	184
	8,961	14,664

The average credit period on sales of goods ranging from 0 to 90 days. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

19. TRADE RECEIVEBLES *(continued)*

The Group *(continued)*

Aging of trade receivables that are post due but not imparied.

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Overdue by:		
0 to 30 days	**456**	3,722
31 to 60 days	**95**	70
61 to 90 days	**419**	60
91 to 180 days	**—**	33
Over 180 days	**180**	184
Total	**1,150**	4,069

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. AMOUNT DUE FROM A RELATED COMPANY

The Group

Name of company	**Maximum outstanding balance during the year HK$'000**	**As at 31 March 2014 HK$'000**	Maximum outstanding balance during the year HK$'000	As at 31 March 2013 HK$'000
Progress International Holdings Limited (Note)	**113**	**36**	113	113

Note: Mr. Lo Yan Yee and Madam Cheng are the directors of the Company who also have controlling interest in the above company.

The amount due from a related company is unsecured, interest free and recoverable on demand.

The amount represents rental deposits paid to Progress International Holdings Limited.

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	The Company		The Group	
	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000	**As at 31 March 2014 HK$'000**	As at 31 March 2013 HK$'000
Prepaid listing expenses	**—**	6,390	**—**	6,390
Deposits, prepayments and other receivables	**5,929**	—	**7,100**	1,059
	5,929	6,390	**7,100**	7,449

In the opinion of directors, the deposits, prepayments and other receivables as at 31 March 2014 are fully recoverable. Subsequent to the end of reporting period, a significant amount of prepayment was settled.

22. CASH AND BANK BALANCE

The Group

Included in the cash and bank balances at the year ended 31 March 2013 and 2014 were amounts of approximately RMB206,000 and RMB109,000 (equivalent to approximately HKD255,000 and HKD137,000 respectively) which were not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

23. TRADE PAYABLES

The Group

Details of the ageing analysis are as follows:

	2014 HK$'000	2013 HK$'000
Within 30 days	**1,446**	2,506
31 to 60 days	**85**	295
61 to 90 days	**46**	690
91 to 180 days	**26**	37
Over 180 days	**13**	76
	1,616	3,604

The average credit period on purchase of certain goods is generally ranging from 30 to 90 days.

24. AMOUNTS DUE (TO)/FROM A DIRECTOR/SUBSIDIARIES

The Group and the Company

The amounts due (to)/from a director and subsidiaries are unsecured, interest free and recoverable/repayable on demand.

25. INVESTMENTS IN SUBSIDIARIES/AMOUNT DUE FROM A SUBSIDIARY

The Company

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Unlisted shares, at cost	**99**	99

The amount due from a subsidiary is unsecured, interest free and repayable on demand.

Details of the Company's principal subsidiaries at the end of the reporting period are set out below:

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company		Proportion of voting power held by the Company	Principal activities
			Direct	Indirect		
Gold Treasure	The British Virgin Islands/ Hong Kong	US$10,000	100%	—	100%	Investment holding
Echo Electronics	Hong Kong/ Hong Kong	Ordinary HK$10,000	—	100%	100%	Trading of electronic products and accessories
Yi Gao Tech	PRC/Hong Kong	HK$4,000,000	—	100%	100%	Manufacture of electronic products and accessories

26. BANK BORROWINGS

The Group

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Bank borrowings — secured	**1,920**	2,144
Less: Amount due within one year shown under current liabilities	**(1,920)**	(2,144)
Amount due after one year	**—**	—

An analysis of the carrying amounts of the total borrowings by the type and currency is as follows:

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
At fixed interest rate (Hong Kong dollar)	**—**	2,144
At floating interest rate (Hong Kong dollar)	**1,920**	—
	1,920	2,144

The contractual interest rates per annum in respect of bank borrowings were as follows:

	As at 31 March 2014	As at 31 March 2013
Bank borrowings	**2.95%**	3.25%

The fair values of the short-term borrowings approximate their carrying amounts.

Bank borrowing with total principal amounts approximately HK$1,920,000 bearing floating interest rate at 2.3% p.a. below Hong Kong Dollar Best Lending Rate as determined by bank from time to time, subject to amendments at any time at the bank discretion.

The borrowing is secured by corporate guarantees to the extent of approximately HK$7,310,000 given by the Group. (2013: The bank borrowing was secured by unlimited personal guarantee provided by Madam Cheng.)

27. OBLIGATION UNDER FINANCE LEASES

The Group

The Group leased certain of its plant and machinery under finance lease. Interest rates underlying all obligations under finance leases are fixed at respective contract rates at 1.85% and 3.75% per annum for the years ended 31 March 2014 and 2013 respectively.

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Minimum lease payments under finance leases		
— within one year	**136**	143
— in more than one year and not more than five years	**492**	442
	628	585

	As at 31 March 2014 HK$'000	As at 31 March 2013 HK$'000
Present value of minimum lease payments under finance leases		
— within one year	**117**	126
— in more than one year and not more than five years	**459**	388
	576	514
Less: amount due within one year shown under current liabilities	**(117)**	(126)
	459	388

The Group's obligations under finance leases are secured by the lessor's title to the leased assets, which have a carrying amount of HK$451,000 and HK$538,000 as at 31 March 2013 and 2014 respectively (Note 17).

28. SHARE CAPITAL

	2014		2013	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**1,000,000**	**10,000**	1,000,000	10,000
Issued and fully paid:				
At beginning of the year	**10,000**	**100**	7,900	79
Issue of shares upon reorganisation	**—**	**—**	2,100	21
Issue of shares by capitalisation issue	**130,000**	**1,300**	—	—
Issue of shares by placing	**60,000**	**600**	—	—
At end of the year	**200,000**	**2,000**	10,000	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regard to the Company's residual assets.

29. PRE-IPO SHARE OPTION SCHEME/SHARE OPTION SCHEME

The Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme on 27 September 2013.

As at the date of 30 September 2013, options to subscribe for 20,000,000 shares under the Pre-IPO Share Option Scheme have been granted to the Directors except for the independent non-executive Directors.

The Company has also adopted the Share Option Scheme. No option has been granted under the Share Option Scheme. The Share Option Scheme will be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

The eligible persons of the Share Option Scheme include directors, consultants or advisers and any other person has contributed to the Group (the "Eligible Persons").

The subscription price of the share options shall be a price determined by the board of directors and shall be at least the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the offer date; (ii) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; or (iii) the nominal value of the share.

An offer shall remain open for acceptance by the Eligible Person concerned for such period as determined by the board of directors, being a date not later than ten business days after the offer date by which the Eligible Person must accept the offer or be deemed to have declined it, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other Share Option Schemes shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the Share Option Scheme. The Company may grant options to specified participant(s) beyond the 10% limit provided that the options granted in excess of such limit are specifically approved by the shareholders in general meeting and the participants are specifically identified by the Company before such approval is sought. In seeking such approval, a circular must be sent to the shareholders containing the required details in accordance with Chapter 23 of the GEM Listing Rules.

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company in issue shall not exceed 30% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of Shares in issue from time to time.

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of the Company. Where any further grant of options to an Eligible Person would result in excess of such limit shall be subject to the approval of the shareholders at general meeting with such Eligible Person and his associates abstaining from voting.

29. PRE-IPO SHARE OPTION SCHEME/SHARE OPTION SCHEME *(continued)*

To quantify the effect of the options granted under the Pre-IPO Share Option Scheme, the Company has engaged an independent external valuer, to compute the fair value of the granted options.

The fair value of the options granted under the Pre-IPO Share Options Scheme is determined using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on the Directors' best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavior consideration. Expected volatility is based on the average historical volatilities of the comparable over the expected option periods of 6.5 years. Risk free rate is based on the period average yields of the Exchange Fund Notes of comparable terms issued by the Hong Kong Monetary assumptions.

The variables and assumptions used in computation of the fair value of Pre-IPO Share Options Scheme are based on the Directors' best estimate. The value of an option varies with different variables of certain objective assumption.

Inputs into the valuation model	
Grant date share price	HK$0.555
Exercise price	HK$0.600
Expected volatility	54.806%
Expected option period	6.542 years
Risk free rate	1.53%
Expected dividend yield	0.00%

Movements in the share options granted to the former directors, directors, employees of the Company and other eligible participants during the year were as follows:

	Date of grant	Exercise price HK$	Number of share options outstanding at 1 April '000	Granted during the year '000	Exercised during the year '000	Lapsed/ cancelled during the year '000	Reclass-ification during the year '000	Number of share options outstanding at 31 March '000
2014								
Directors	27 September 2013	0.60	—	20,000	—	—	—	20,000

Details of specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price
27 September 2013	11 October 2013–10 October 2016	11 October 2016–11 October 2023	HK$0.60

During the year ended 31 March 2013, 20,000,000 share options were granted. The options outstanding at the end of the year have a weighted average remaining contractual life of 9.54 years.

30. RESERVES

The Company

	Share premium HK$'000	Contribution reserve HK$'000	Share option reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
As at 31 March 2012 and 1 April 2012	—	—	—	(2,624)	(2,624)
Total comprehensive loss for the year	—	—	—	(995)	(995)
As at 31 March 2013 and 1 April 2013	—	—	—	(3,619)	(3,619)
Total comprehensive loss for the year	—	—	—	(6,748)	(6,748)
Share based payment	—	—	909	—	909
Issue of shares by capitalisation Issue	(1,300)	—	—	—	(1,300)
Special contribution by shareholder	—	4,836	—	—	4,836
Issue of share by placing (note d)	30,140	—	—	—	30,140
As at 31 March 2014	28,840	4,836	909	(10,367)	24,218

The Group

The movement of reserves of the Group during the year was shown in the consolidated statement of changes in equity on page 34.

(a) *Contribution reserve*

Pursuant to the deed of mutual set-off dated 27 September 2013 entered into between Madam Cheng (an executive director, the controlling shareholder and a founder of the Company) and the Company, Madam Cheng agreed to bear the expenses incurred by the Company in connection with the listing to the extent of HK$5.77 million by setting off against the debt of the Company owing to Madam Cheng. According to Conceptual Framework for Financial Reporting 2010 and Hong Kong Accounting Standards 1 (Revised) Presentation of Financial Statements, this represents a transaction between the Company and the controlling shareholder, and the amount will recognised in equity rather than consolidated statements of comprehensive income prior to the listing.

(b) *Capital reserve*

The capital reserve of the Group represents the capital contributions by Madam Cheng, a director and controlling shareholder of the Company, to the subsidiaries directly held by Madam Cheng before the Reorganisation. The additions during the year represent the injection of additional paid-up capital by the equity holders of the subsidiaries to the respective companies by the owners of the subsidiaries, which were consolidated from the effective date of acquisition.

(c) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside Hong Kong.

(d) *Issue of share by placing*

The Company's shares were listed on the GEM Board of the Hong Kong Stock Exchange on 11 October 2013. 60,000,000 shares were issued at HK$0.60 per share. The Company received net proceeds of approximately HK$30,740,000 from the issuance of shares, of which paid up share capital was HK$600,000 and share premium was approximately HK$30,140,000 (net of share issue cost).

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of bank borrowings, obligation under finance leases and equity attributable to owners of the Company (comprising issued share capital and reserves).

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost and the risks associates with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as raising and repayment of bank borrowings.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated by dividing the total borrowings with total equity. The Group's overall strategy remains unchanged during the year. The gearing ratio at 31 March 2013 and 2014 were as follows:

	2014 HK$'000	2013 HK$'000
Total borrowings (Note 1)	2,496	8,723
Total equity	50,490	22,434
Gearing ratio (%)	4.94%	38.88%

Note:

1. Total borrowings include amount due to a director (Note 24), bank borrowings (Note 26) and obligation under finance leases (Note 27).

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	2014 HK$'000	2013 HK$'000
Financial assets		
Loan and receivables (including cash and bank balances)		
— Trade receivables	8,961	14,664
— Amount due from a related company	36	113
— Other receivables	5,854	—
— Cash and bank balances	20,840	1,215
Financial liabilities		
Amortised costs		
— Trade payables	1,616	3,604
— Amount due to a director	—	6,065
— Bank borrowings	1,920	2,144
— Obligation under finance leases	576	514

The Company

	2014 HK$'000	2013 HK$'000
Financial assets		
Loan and receivables (including cash and bank balances)		
— Amount due from a director	—	1
— Amount due from a subsidiary	16,000	—
— Other receivable	5,854	—
— Cash and bank balances	19,771	—
Financial liabilities		
Amortised costs		
— Amounts due to subsidiaries	15,581	10,009

(b) Financial risk management objectives and policies

The directors of the Company monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group's major financial instruments include trade receivables, trade payables, other receivables, amount due from a related company, cash and bank balances, bank borrowings and obligation under finance leases. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

32. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Company has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Company reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

The credit risk on bank balances is limited because the counter parties are banks with high credit ratings. The Group has no significant concentration of credit risks, with exposure spread over a number of counter parties.

Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 March 2013 and 2014.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

32. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Fair value measurements *(continued)*

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

Interest rate risk

The cash flow interest rate risk relates primarily to variable-rate borrowings. It is the Company's policy to keep its borrowings at fixed rates of interests so as minimise the fair value interest rate risk.

The Company has no significant interest-bearing assets except for bank borrowings and obligation under finance leases, details of which have been disclosed in Notes 26 and 27.

The Company has no significant interest rate risk during the year.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar ("HKD"), United Stated dollars ("USD") and Renminbi ("RMB"). HKD are pegged to the USD and the foreign exchange exposures between them are considered limited, therefore, the Group is mainly exposed to the effects of fluctuation in RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposures should the need arise.

No sensitivity analysis on foreign currency risk is performed since the Group's has no material foreign currency denominated monetary assets and liabilities at the end of the reporting period.

Liquidity risk

The Group has laid down an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity management requirements, which is reviewed regularly by the Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and maintains a conservative level of long-term funding to finance its short-term financial assets.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the contractual maturities of the undiscounted financial liabilities including interest that will accrue to those liabilities except where the Group are entitled and intends to repay the liability before its maturity.

32. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The Group

As at 31 March 2014

	Weighted average interest rate	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	—	1,616	—	—	1,616	1,616
Bank borrowings	2.95%	1,947	—	—	1,947	1,920
Obligation under finance leases	1.85%	128	128	372	628	576
		3,691	128	372	4,191	4,112

As at 31 March 2013

	Weighted average interest rate	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Trade payables	—	3,604	—	—	3,604	3,604
Amount due to a director	—	6,065	—	—	6,065	6,065
Bank borrowings	3.25%	2,179	—	—	2,179	2,144
Obligation under finance leases	2.75%	143	143	299	585	514
		11,991	143	299	12,433	12,327

32. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

The Company

As at 31 March 2014

	Weighted average interest rate	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Amounts due to subsidiaries	—	15,581	—	—	15,581	15,581

As at 31 March 2013

	Weighted average interest rate	On demand or within one year HK$'000	More than one year but less than two years HK$'000	More than two years but less than five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Amount due to subsidiaries	—	10,009	—	—	10,009	10,009

33. NON-CASH TRANSACTIONS

During the years ended 31 March 2013, the declared dividend of HK$9,000,000 was settled and offset by the directors'/shareholder's current account.

During the year ended 31 March 2013 and 31 March 2014, the Group acquired HK$630,000 and HK$552,000 motor vehicle under finance lease respectively.

The gain on disposal of property, plant and machinery of approximately HK$39,000 is arrived at after offsetting the outstanding amount of the obligation under finance leases of approximately HK$451,000 and the carrying amount of disposed asset of approximately HK$358,000 and cash payment of approximately of HK$54,000.

34. MATERIAL RELATED PARTY TRANSACTIONS

The Group had entered into transactions with related parties which, in the opinion of the directors, were carried out on normal commercial terms and in the ordinary course of the Group's business, as shown below:

(a) Significant related party transactions

Particulars of significant related party transactions during the year, the Group entered into the following transactions with related parties:

Nature of related party transactions

	2014 HK$'000	2013 HK$'000
Rental paid to Progress International Holdings Limited (Note 1)	240	236
Salary paid to Mr. Lo Ding Kwong (Note 2)	284	—

Note 1: In the opinion of the Directors, the above transaction is entered into the term agreed by the company with reference to the terms for the similar transactions in the market are carried out in the ordinary course of the Group's business.

Note 2: Mr. Lo Ding Kwong is the son of Madam Cheng.

(b) Key management personnel remuneration

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees, as disclosed in Notes 14 and 15 to the consolidated financial statements, is as follows:

	2014 HK$'000	2013 HK$'000
Salaries and allowances (including directors' fees)	1,987	1,026
Retirement scheme contribution	83	51
Share based payment expense	909	—
	2,979	1,077

35. OPERATING LEASE ARRANGEMENTS

The Group as leasee

The Group leases its office properties and factory under operating lease arrangements. Leases for the properties are negotiated for terms of two years.

At the end of reporting period, the Group had total future minimum lease payables under non-cancellable operating leases falling due as follows:

	2014 HK$'000	2013 HK$'000
Within one year	2,475	814
In the second to fifth years inclusive	7,498	40
	9,973	854

36. CAPITAL COMMITMENT

The Group and the Company did not have any significant capital commitment as at 31 March 2013 and 2014.

37. CONTINGENT LIABILITIES

The Group and the Company had no material contingent liabilities as at 31 March 2013 and 2014.

38. CORPORATE GUARANTEES

At the end of the reporting period, the Company had given corporate guarantees to the extent of approximately HK$7,310,000 to bank to secure bank borrowings granted to subsidiary.

39. EVENT AFTER THE REPORTING PERIOD

There were no significant events that have occurred subsequent to the end of the reporting period.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 20 June 2014.

Financial Summary

	Year ended 31 March			
	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Revenue	**51,328**	71,707	60,990	82,498
(Loss)/profit before taxation	**(8,150)**	12,687	14,527	12,365
Income tax expense	**(571)**	(3,337)	(2,243)	(1,140)
(Loss)/profit for the year	**(8,721)**	9,350	12,284	11,225
Attributable to:				
Owners of the Company	**(8,721)**	9,350	12,284	11,225

	As at 31 March			
	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities				
Total assets	**56,879**	39,818	37,835	36,086
Total liabilities	**(6,389)**	(17,384)	(15,928)	(19,608)
	50,490	22,434	21,907	16,478
Attributable to:				
Owners of the Company	**50,490**	22,434	21,907	16,478