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Echo International Holdings Group Limited

毅高（國際）控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8218)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement 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 announcement misleading.*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2014, operating results of the Group were as follows:

- Revenue of approximately HK$51.33 million, representing a decrease of approximately 28.42% from HK$71.71 million in last year. The decrease in the Group's revenue was mainly attributable to the decrease in revenue generated from the sale of electronic products, especially the decrease in the sales of massage toner, control board and hair remover.

- The Group's gross profit margin 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.

- Loss attributable to the owners of the Company of approximately HK$8.72 million, whilst for last year, the profit attributable to the owners of the Company was approximately HK$9.35 million.

- Basic and diluted loss per share for the year based on weighted average number of ordinary shares were HK(5.2) cents.

- 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.

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2014 and the comparative audited figures for the preceding financial year, as follows:

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	5	**51,328**	71,707
Cost of sales		**(35,602)**	(44,712)
Gross profit		**15,726**	26,995
Other revenue and gains	7	**278**	118
Selling and distribution expenses		**(1,162)**	(708)
Administrative and other expenses		**(22,920)**	(13,683)
Finance costs	8	**(72)**	(35)
(Loss)/profit before taxation	9	**(8,150)**	12,687
Taxation	10	**(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)*	12	**(5.2) cents**	6.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,444**	1,125
Current assets			
Inventories		**18,498**	15,252
Trade receivables	13	**8,961**	14,664
Amount due from a related company		**36**	113
Deposits, prepayments and other receivables		**7,100**	7,449
Cash and bank balances		**20,840**	1,215
		55,435	38,693
Current liabilities			
Trade payables	14	**1,616**	3,604
Accrued charges		**1,957**	2,033
Trade deposit received		**157**	1,133
Amount due to a director		—	6,065
Bank borrowings		**1,920**	2,144
Obligations under finance leases		**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		**459**	388
Net assets		**50,490**	22,434
Capital and reserves			
Share capital	15	**2,000**	100
Reserves		**48,490**	22,334
Total equity		**50,490**	22,434

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*
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	—	—	—	—	909	—	—	909
At 31 March 2014	**2,000**	**28,840**	**4,836**	**(89)**	**909**	**613**	**13,381**	**50,490**

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares have been listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 October 2013 (the "**Listing Date**") (the "**Listing**").

The principal activities of the Company is investment holding and the principal activities of its subsidiaries (collectively referred to as the "**Group**") are engaged in the manufacturing and trading of electronic products and accessories.

2 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.

3 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.

4 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

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).

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	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 permited
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.

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.

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.

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.

5 REVENUE

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

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

6 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	2013
	HK$'000	*HK$'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

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

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

7 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

8 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

9 (LOSS)/PROFIT BEFORE TAXATION

	2014	2013
	HK$'000	*HK$'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

10 TAXATION

	2014	2013
	HK$'000	*HK$'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 DIVIDENDS

Prior to the Reorganisation, Gold Treasure BVI 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.

12 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

Note:

(a) 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.

(b) 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.

13 TRADE RECEIVABLES

Details of the ageing analysis are as follows:

	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.

14 TRADE PAYABLES

Details of the ageing analysis are as follows:

	2014	2013
	HK$'000	*HK$'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.

15 SHARE CAPITAL

	2014		2013	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'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

16 COMMITMENTS

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

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

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

17 CONTINGENT LIABILITIES

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

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 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, which are still the Group's principle markets.

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

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.

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. The decrease in the Group's gross profit margin for the year ended 31 March 2014 was 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).

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).

Liquidity, Financial Resources and Capital Structure

The Group continued 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 9.34 (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 Company since the Listing Date. The capital of the Company 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.

Prospects

Looking forward, the Group will focus in 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 reduced 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.

COMPARISON BETWEEN BUSINESS PLAN 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 cover 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.

Business objectives for the period from the LPD to 31 March 2014	Actual business progress from the LPD up to 31 March 2014
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 announcement, 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 announcement, 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 announcement have been placed with licensed bank in Hong Kong.

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%
Madam 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.

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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with its code of conduct regarding securities transactions by Directors since the Listing Date up to 31 March 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "**Code**") as set out in Appendix 15 of the GEM Listing Rules. The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. Under the provision A.1.8 of the Code, the Company should arrange appropriate insurance coverage in respect of legal action against its Director. 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. Save as disclosed above, the Company has complied with the Code since the Listing Date up to 31 March 2014.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors 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 ended 31 March 2014.

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's agreement with effect from 9 June 2014 due to the personnel changes of the Compliance Adviser.

As at the date of this announcement, the Company has not engaged any compliance adviser and the Company is in the process of identifying a replacement compliance adviser to fill the vacancy as soon as possible but in any event within three months from 9 June 2014, the effective date of the termination of the compliance adviser's agreement, pursuant to Rule 6A.27 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has set up an audit committee (the "**Committee**") with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises four independent non-executive directors of the Company, namely Mr. Lam Wai Yuen, Mr. Ang Chuk Pai, Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha. The audited condensed consolidated results of the Group for the year ended 31 March 2014 have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2014 have been agreed by the Group's auditor, HLB Hodgson Impey Cheng, to the amounts set out in the Group's audited consolidated financial statements for the year.

By Order of the Board
Echo International Holdings Group Limited
Cheng Yeuk Hung
Executive Director

Hong Kong, 20 June 2014

As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Cheng Kwing Sang, Raymond, and Mr. Lo Ding To, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Ang Chuk Pai, Mr. Cheung Chin Wa, Angus and Ms. Kwok Ni Ha.

This announcement will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.echogroup.com.hk.