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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 2017**

**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 higher 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 2017, operating results of the Group were as follows:

- Revenue was approximately HK\$41.66 million, representing an increase of approximately 28.60% from HK\$58.35 million 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 control board and fire alarm.
- The Group's gross profit margin increased from approximately 19.43% for the year ended 31 March 2016 to approximately 26.45% for the year ended 31 March 2017 primarily due to the increase of purchase orders in the higher margin products, namely charger board and security alarm.
- Loss attributable to the owners of the Company was approximately HK\$13.99 million, whilst the loss attributable to the owners of the Company last year was approximately HK\$13.74 million.
- Basic and diluted loss per share for the year based on weighted average number of ordinary shares were approximately HK1.7 cents (2016: basic and diluted loss per share approximately HK1.7 cents).
- The Board does not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

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 2017 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 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	4	41,657	58,345
Cost of sales		<u>(30,639)</u>	<u>(47,007)</u>
Gross profit		11,018	11,338
Other revenue and gains	6	918	822
Selling and distribution expenses		(1,596)	(1,826)
Administrative and other expenses		(23,130)	(23,494)
Finance costs	7	<u>(1,203)</u>	<u>(720)</u>
Loss before taxation	8	(13,993)	(13,880)
Taxation	9	<u>–</u>	<u>141</u>
Loss for the year		<u>(13,993)</u>	<u>(13,739)</u>
Other comprehensive loss, net of tax: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating of foreign operations		<u>(1,061)</u>	<u>(903)</u>
Other comprehensive loss for the year, net of income tax		<u>(1,061)</u>	<u>(903)</u>
Total comprehensive loss for the year		<u>(15,054)</u>	<u>(14,642)</u>
Loss for the year attributable to the owners of the Company		<u>(13,993)</u>	<u>(13,739)</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u>(15,054)</u>	<u>(14,642)</u>
Loss per share			
— Basic and diluted (<i>HK cents</i>)	11	<u>(1.7)</u>	<u>(1.7)</u>

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 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<u>1,178</u>	<u>1,523</u>
Current assets			
Inventories		12,986	17,883
Trade receivables	12	4,696	7,433
Amount due from a related company		75	136
Deposits, prepayments and other receivables		3,900	5,687
Pledged time deposits		2,010	2,003
Cash and bank balances		<u>4,617</u>	<u>9,718</u>
		<u>28,284</u>	<u>42,860</u>
Current liabilities			
Trade payables	13	2,766	2,654
Accruals and other payables		3,599	3,239
Bank overdrafts		988	–
Trade deposits received		700	935
Borrowings	15	8,000	10,000
Obligation under finance leases		<u>117</u>	<u>117</u>
		<u>16,170</u>	<u>16,945</u>
Net current assets		<u>12,114</u>	<u>25,915</u>
Total assets less current liabilities		<u>13,292</u>	<u>27,438</u>
Non-current liabilities			
Obligation under finance leases		<u>107</u>	<u>224</u>
Net assets		<u>13,185</u>	<u>27,214</u>
Capital and reserves			
Share capital	14	2,000	2,000
Reserves		<u>11,185</u>	<u>25,214</u>
Total equity		<u>13,185</u>	<u>27,214</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contribution reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2015	2,000	28,840	4,836	(89)	2,839	750	750	39,926
Total Comprehensive loss for the year	-	-	-	-	-	(903)	(13,739)	(14,642)
Employee share option benefits	-	-	-	-	1,930	-	-	1,930
As at 31 March 2016 and 1 April 2016	2,000	28,840	4,836	(89)	4,769	(153)	(12,989)	27,214
Total Comprehensive loss for the year	-	-	-	-	-	(1,061)	(13,993)	(15,054)
Employee share option benefits	-	-	-	-	1,025	-	-	1,025
As at 31 March 2017	2,000	28,840	4,836	(89)	5,794	(1,214)	(26,982)	13,185

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 (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 October 2013.

The principal activity 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. The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to nearest thousands (HK\$'000) unless otherwise stated.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs (which also include Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Companies Ordinance ("CO") and the applicable disclosure provisions of The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

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

3 ADOPTION OF NEW HKFRSs

In the current year, the Group has adopted all of the new standards, amendments and interpretations ("new HKFRSs") (which included all HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016.

A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

In the opinion of directors, the application of the new HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not applied the following new HKFRSs that have been issued but are not yet effective in the consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of deferred Tax Assets for Unrealised Losses ¹
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ²

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

4 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Sale of electronic products	41,053	57,983
Subcontracting income	604	362
	41,657	58,345

5 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.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- indent trading of electronic products.
- manufacturing and trading of electronic products and accessories and subcontracting income.

The Group reportable segments are strategic business units that operate different activities. They are managed separately because each business has different market and requires different marketing strategies.

Segment revenues reported below represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment result represents the profit/(loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, share based payment, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment revenues and results

The following is an analysis of the Group's turnover and results from continuing separations by reportable and operating segments:

For the year ended 31 March 2017

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>2,628</u>	<u>39,029</u>	<u>41,657</u>
Segment results	<u>915</u>	<u>(6,655)</u>	<u>(5,740)</u>
Unallocated other revenue and gains			514
Unallocated selling and distribution expenses			(902)
Unallocated administrative and other expenses			<u>(6,662)</u>
Loss from operations			<u>(12,790)</u>
Finance costs			<u>(1,203)</u>
Loss before taxation			<u>(13,993)</u>
Taxation			<u>-</u>
Loss for the year			<u><u>(13,993)</u></u>

For the year ended 31 March 2016

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>15,224</u>	<u>43,121</u>	<u>58,345</u>
Segment results	<u>394</u>	<u>(7,241)</u>	<u>(6,847)</u>
Unallocated other revenue and gains			573
Unallocated selling and distribution expenses			(906)
Unallocated administrative and other expenses			<u>(5,980)</u>
Loss from operations			<u>(13,160)</u>
Finance costs			<u>(720)</u>
Loss before taxation			<u>(13,880)</u>
Taxation			<u>141</u>
Loss for the year			<u><u>(13,739)</u></u>

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities from continuing operations by reportable segment:

As at 31 March 2017

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	281	17,538	17,819
Unallocated corporate assets			<u>11,643</u>
Consolidated assets			<u>29,462</u>
Segment liabilities	171	3,296	3,467
Unallocated corporate liabilities			<u>12,810</u>
Consolidated liabilities			<u>16,277</u>

As at 31 March 2016

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	416	24,956	25,372
Unallocated corporate assets			<u>19,011</u>
Consolidated assets			<u>44,383</u>
Segment liabilities	720	2,869	3,589
Unallocated corporate liabilities			<u>13,580</u>
Consolidated liabilities			<u>17,169</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of amount due from a related party, deposits, payments and other receivables); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising certain of borrowings, bank overdrafts, obligations under finance leases, accruals and other payables).

Other segment information

For the year ended 31 March 2017

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results				
Capital expenditure	–	272	–	272
Depreciation of property, plant and equipment	–	307	196	503
	<u>–</u>	<u>307</u>	<u>196</u>	<u>503</u>

For the year ended 31 March 2016

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results				
Capital expenditure	–	969	–	969
Depreciation of property, plant and equipment	–	189	239	428
	<u>–</u>	<u>189</u>	<u>239</u>	<u>428</u>

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results of segments assets:

For the year ended 31 March 2017

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	–	2	7	9
Finance costs	–	–	1,203	1,203

For the year ended 31 March 2016

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	–	1	41	42
Finance costs	–	1	719	720

Revenue from major products and services

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Security alarm	1,480	681
Hair remover	825	1,810
Buzzer	4,525	5,340
Massage toner	81	540
Fishing indicator	11,516	11,410
Charger board	2,763	1,587
Control board	7,937	11,146
Fire alarm	3,827	6,910
Communicator	69	1,009
Others	8,634	17,550
	41,657	58,345

Geographical information

The Group operates in two principal geographical areas — manufacturing in the 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	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	2,172	16,078
Asian Countries, other than Hong Kong (<i>Note a</i>)	4,098	3,353
European Countries (<i>Note b</i>)	25,654	27,849
North and South American Countries (<i>Note c</i>)	9,150	10,573
Others	583	492
	<u>41,657</u>	<u>58,345</u>

Notes:

- (a) Asian countries include the PRC, India, Malaysia, Singapore, and Taiwan.
- (b) European countries include Belgium, Bulgaria, Denmark, Estonia, Finland, Germany, Italy, Poland, Portugal, Russia, Slovakia, Spain, Sweden, Switzerland and United Kingdom.
- (c) North and South American countries include Argentina, Brasil, Canada, Columbia and the United States.

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	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	272	932	1,023	1,243
PRC	—	37	155	280
	<u>272</u>	<u>969</u>	<u>1,178</u>	<u>1,523</u>

Information about major customers

For the year ended 31 March 2017, the Group's customer base includes three customers (2016: four customers) with whom transactions have individually exceeded 10% of the Group's revenue. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2017 and 2016.

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

	Revenue from external customers	
	2017 HK\$'000	2016 HK\$'000
Customer A	11,516	11,411
Customer B (Note (a))	–	11,926
Customer C	4,531	7,351
Customer D (Note (b))	5,170	–
Customer E (Note (a))	–	6,894
	<u>21,217</u>	<u>37,582</u>

Notes:

- (a) No information on revenue for the current year is disclosed for these customers since they did not contribute 10% or more to the Group's revenue for the year ended 31 March 2017.
- (b) No information on revenue for the last year is disclosed for these customers since none of them contributed 10% or more to the Group's revenue for the year ended 31 March 2016.

6 OTHER REVENUE AND GAINS

	2017 HK\$'000	2016 HK\$'000
Bank interest income	9	42
Net foreign exchange gain	–	144
PRC government subsidies	57	–
Sundry income	852	636
	<u>918</u>	<u>822</u>

7 FINANCE COSTS

	2017 HK\$'000	2016 HK\$'000
Interests on:		
— Debenture wholly repayable within one year	1,192	677
— Bank borrowings wholly repayable within five years	–	1
— Bank overdrafts wholly repayable within five years	–	31
— Obligation under finance leases	11	11
	<u>1,203</u>	<u>720</u>

8 LOSS BEFORE TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss before taxation is arrived after charging:		
Staff costs including directors' remuneration	16,213	16,675
Contribution to retirement schemes	866	897
Share based payment expenses	1,025	1,930
	<u>18,104</u>	<u>19,502</u>
Total staff costs		
Depreciation of property, plant and equipment	503	428
Auditors' remuneration		
— Audit services	450	450
— Non-audit services	19	50
Cost of inventories sold	30,277	46,446
Inventories write down (<i>Note (a)</i>)	808	587
Operating lease rental expenses	3,838	3,539
Loss on disposal of property, plant and equipment	36	—
	<u>36</u>	<u>—</u>

Note:

(a) The amount is included in administrative expenses.

9 TAXATION

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax		
— Hong Kong	—	—
— PRC	—	—
Overprovision of Hong Kong Profits Tax for prior year	—	(141)
	<u>—</u>	<u>(141)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the year ended 31 March 2017 and 2016. No provision of Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

PRC subsidiary is subject to PRC Enterprise Income Tax at 25%. No provision the PRC Enterprise Income Tax has been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC for the year ended 31 March 2017 and 2016.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the year ended 31 March 2017 and 2016.

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.

No deferred tax liabilities was provided in respect of the tax that would be payable on the distribution of the retained profits as the Group determined that the retained profits as at 31 March 2017 would not be distributed in the foreseeable future.

The Group has tax losses of approximately HK\$3,744,000 (2016: HK\$3,735,000) which are available indefinitely for affecting against future taxable profits of the companies in which the losses arose and deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

10 DIVIDENDS

The board of directors did not recommend the payment of any dividend for the year ended 31 March 2017 (2016: Nil).

11 LOSS PER SHARE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(13,993)</u>	<u>(13,739)</u>
	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>800,000,000</u>	<u>800,000,000</u>
Loss per share		
— Basic and diluted (<i>HK cents</i>)	<u>(1.7)</u>	<u>(1.7)</u>

The diluted loss per share is the same as the basic loss per share for the year ended 31 March 2017 and 2016 because the Company's share options outstanding during these years were anti-dilutive.

12 TRADE RECEIVABLES

	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
Trade receivables	<u>4,696</u>	<u>7,433</u>

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:

	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
0 to 30 days	4,116	5,215
31 to 60 days	92	1,195
61 to 90 days	–	368
91 to 180 days	13	189
Over 180 days	475	466
	<u>4,696</u>	<u>7,433</u>

The average credit period on sales of goods ranges 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 was no 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.

Aging of trade receivables that are past due but not impaired.

	As at 31 March 2017 HK\$'000	As at 31 March 2016 HK\$'000
Overdue by:		
0 to 30 days	563	1,082
31 to 60 days	629	998
61 to 90 days	–	681
91 to 180 days	91	192
Over 180 days	503	347
	<u>1,786</u>	<u>3,300</u>

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 was no significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

13 TRADE PAYABLES

Details of the aging analysis are as follows:

	As at 31 March 2017 HK\$'000	As at 31 March 2016 HK\$'000
Within 30 days	1,600	1,834
31 to 60 days	804	493
61 to 90 days	241	216
91 to 180 days	50	52
Over 180 days	71	59
	<u>2,766</u>	<u>2,654</u>

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

14 SHARE CAPITAL

	Par value <i>HK\$</i>	Number of shares <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorised:			
As at 1 April 2015	0.01	1,000,000	10,000
Share subdivision (Note)	–	<u>3,000,000</u>	<u>–</u>
As at 31 March 2016, 1 April 2016 and 31 March 2017	0.0025	<u>4,000,000</u>	<u>10,000</u>
Issued and fully paid:			
As at 1 April 2015	0.01	200,000	2,000
Share subdivision (Note)	–	<u>600,000</u>	<u>–</u>
As at 31 March 2016, 1 April 2016 and 31 March 2017	0.0025	<u>800,000</u>	<u>2,000</u>

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 regarding the Company's residual assets.

Note: On 15 July 2015, the Company implemented share subdivision on the basis that every 1 issued and unissued share of each was divided to 4 shares of HK\$0.0025 each.

15 BORROWINGS

	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
Debenture — due within one year	<u>8,000</u>	<u>10,000</u>

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

	As at 31 March 2017 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>
At fixed rate	<u>8,000</u>	<u>10,000</u>

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

	As at 31 March 2017 HK\$'000	As at 31 March 2016 HK\$'000
Debenture	<u>14.4%</u>	<u>12%</u>

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

On 7 September 2015, debenture with total principal amount of HK\$10,000,000 bearing fixed interest rate at 12% per annum (the “**Debenture 2016**”) was issued by the Company, the mature date of the Debenture 2016 was 6 September 2016. The Company repaid the Debenture 2016 on 6 September 2016.

On 1 September 2016, the Company issued debenture with total principal amount of HK\$8,000,000 bearing fixed interest rate at 14.4% per annum (the “**Debenture 2017**”), the mature date of the Debenture 2017 was 28 February 2017. On 1 March 2017, the mature date of the Debenture 2017 was further extended to 31 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

Revenue for the year ended 31 March 2017 was approximately HK\$41.66 million, representing a decrease of approximately 28.60% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2017 was approximately HK\$13.99 million whilst the loss attributable to owners of the Company last year was approximately HK\$13.74 million.

Notwithstanding the challenging market conditions encountered during the year, the Group continues to provide electronics products and subcontracting services on PCB assemblies and manufacturing of electronic products to customers in its principal markets, i.e. the U.S.A. and the European countries including Belgium, Bulgaria, Denmark, Estonia, Finland, Germany, Italy, Poland, Portugal, Russia, Slovakia, Spain, Sweden, Switzerland and United Kingdom.

In view of the challenging market conditions as mentioned above, while the Group will continue to focus on its core business of the sales of electronic products, it will explore new business opportunities with an aim of broadening its source of income and maximising profit and return for the Group and the Shareholders of the Company in the long run. The Group will also endeavour to increase its market share and attract new customers to enlarge its client base through conducting more promotional and marketing activities and designing and developing new electronic products.

Sales of Electronic Products

Revenue from this segment during the year ended 31 March 2017 was approximately HK\$41.05 million, representing a decrease of approximately 29.20% when compared with last year. Decrease in sales of electronics products was mainly due to the decrease in sales of control board and fire alarm.

Subcontracting Income

Revenue from this segment during the year ended 31 March 2017 was approximately HK\$0.60 million, representing an increase of approximately 66.85% when compared with last year. The increase was mainly due to increase in orders from providing subcontracting services in the PRC.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK\$13.99 million for the financial year ended 31 March 2017 as compared with the loss of approximately HK\$13.74 million for the financial year ended 31 March 2016. The increase in the loss is mainly due to the recognition of expense in relation to the increase in debenture interest, rental expenses and the increase in the Hong Kong staff salaries of the Group.

The Group's revenue for the year ended 31 March 2017 was approximately HK\$41.66 million (approximately HK\$58.35 million for last year), representing a decrease of approximately 28.60% when compared with last year. Such decrease was mainly due to the decrease in the revenue from indent trading of electronic products by 82.73% when compared with last year.

Moreover, the revenue attributable to the top five customers for the year ended 31 March 2017 was approximately HK\$27.91 million, which decreased from approximately HK\$40.26 million for the year ended 31 March 2016, representing a decrease of approximately 30.68%. The revenue attributable to the second largest customer for the year ended 31 March 2017 was approximately HK\$5.17 million, which decreased from approximately HK\$11.41 million for the year ended 31 March 2016, representing a decrease of approximately 54.69%.

The second largest customer mainly ordered Freefly VR and its orders attributable to the purchase of Freefly VR during the year ended 31 March 2017 was approximately HK\$5.17 million, representing an increase of approximately 122.84% when compared with the figure in last year (i.e. approximately HK\$2.32 million). Such increase in the purchases of Freefly VR was mainly due to the reason that such customer is satisfied with our quality of products and after-sales service, with Freefly VR upgraded to Freefly VR Beyond.

Throughout the year ended 31 March 2017, 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.

The overall gross profit margin of the Group increased from approximately 19.43% for the year ended 31 March 2016 to approximately 26.45% for the year ended 31 March 2017 primarily due to the increase of purchase orders in the higher margin products, namely charger board and security alarm.

Selling and distribution expense for the year ended 31 March 2017 amounted to approximately HK\$1.60 million (approximately HK\$1.83 million for the year ended 31 March 2016), representing a decrease of approximately 12.60%. Such decrease was mainly due to the decrease of commission paid amounting to HK\$0.36 million for the year ended 31 March 2017 (approximately HK\$0.66 million for the year ended 31 March 2016).

Administrative and other expenses for the year ended 31 March 2017 amounted to approximately HK\$23.13 million (approximately HK\$23.49 million for the year ended 31 March 2016), representing a decrease of approximately 1.55%. Such decrease was mainly due to the decrease in the share options issued under the Pre-IPO Share Option Scheme (as defined hereunder) of approximately HK\$1.03 million for the year ended 31 March 2017 (approximately HK\$1.93 million for the year ended 31 March 2016), which is partially offset by the recognition of increase in rental expenses by approximately HK\$0.30 million.

Loss attributable to the owners of the Company amounted to approximately HK\$13.99 million for the year ended 31 March 2017 (approximately HK\$13.74 million for the year ended 31 March 2016). Loss per share attributable to owners of the Company was approximately HK1.7 cents for the year ended 31 March 2017 (approximately HK1.7 cents for the year ended 31 March 2016).

To cope with the loss for the financial year ended 31 March 2017, 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 to have 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 two to three new, Freefly VR and fishing related products to the market in 2017 and the Group will attend and participate in more exhibitions and trade fairs in Hong Kong, the PRC and overseas to promote EMS and buzzer, and to attract potential customers.

Liquidity, Financial Resources and Capital Structure

The Group continues to adopt a prudent financial management, funding and treasury policy and has a healthy financial position.

As at 31 March 2017, the Group had net current assets of approximately HK\$12.11 million (2016: approximately HK\$25.92 million) including cash and bank balances of approximately HK\$4.62 million (2016: approximately HK\$9.72 million) and pledged time deposits of approximately HK\$2.01 million (2016: approximately HK\$2.00 million).

The Group's equity capital and borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 March 2017 was 1.75 (2016: 2.53).

On 11 June 2015, the Board proposes that each of the existing issued and unissued shares of HK\$0.01 each in the share capital of the Company be subdivided into four subdivided shares of HK\$0.0025 each (the "**Share Subdivision**"). The Share Subdivision took effect from 15 July 2015.

Save as disclosed above, there has been no change in the capital structure of the Group during the year ended 31 March 2017 up to the date of this announcement. 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 2016 and 2017.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2017 (2016: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2016 and 2017.

Charges over assets

The Group had pledged approximately HK\$2.01 million time deposits on Industrial and Commercial Bank of China (Asia) Limited as at 31 March 2017 (2016: HK\$2.00 million).

Capital commitment

The Group did not have any significant capital commitments as at 31 March 2016 and 2017.

Foreign Currency Exposure

As at 31 March 2017, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2017, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2017, the Group employed a total of 172 employees (2016: 189 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK\$18.10 million for the year ended 31 March 2017 (2016: HK\$19.50 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.

IPO PROCEEDS AND USE OF THE IPO PROCEEDS

The Company received IPO net proceeds of approximately HK\$25.12 million (the “Proceeds”).

The details of the utilisation of the Proceeds during the period from 13 August 2015 up to 31 March 2017 and as at 12 May 2017, the change in use of proceeds announcement are as follows:

Intended use disclosed in the Announcement	As at	During the period from						Revised	The remaining
	13 August	13 August 2015 to			1 October 2016 to			of net	balance of
	2015	31 March 2016			31 March 2017			Proceeds	allocation of
	New allocation	of the	As at 30 September 2016		As at 30 September 2016		of net	net Proceeds	
of the	utilisation	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	of net	allocation	
Proceeds	Proceeds	(approximately)	(approximately)	(approximately)	(approximately)	(approximately)	Proceeds	as at	
								12 May 2017	
Expansion and upgrade of the production facilities	-	-	-	-	-	-	-	-	-
Setting up production facilities for plastic parts	1.00	-	1.00	-	1.00	-	1.00	-	-
Strengthening the Group’s position in its established markets and expanding its customer base	2.94	0.06	2.88	0.05	2.83	0.04	2.79	2.49	2.49
Repayment of bank overdraft	10.00	10.00	-	-	-	-	-	-	-
Working capital and funding for other general corporate purposes	5.00	5.00	-	-	-	-	-	1.30	1.30
Total	18.94	15.06	3.88	0.05	3.83	0.04	3.79	3.79	3.79

As at 31 March 2017 and 12 May 2017, the Company utilised the Proceeds in the sum of approximately HK\$21.33 million and the unutilised Proceeds amounted to approximately HK\$3.79 million.

During the period from 1 April 2016 up to 31 March 2017, the Company only applied a total of approximately HK\$0.09 million out of the Proceeds to strengthen the Group’s position in its established markets and expand its customer base.

As disclosed in the announcement of the Company published on 12 May 2017, the Group’s management does not anticipate any substantial increase in purchase orders from its customers for the manufacture and trading of its electronics products and will not expect the demand for the Group’s electronics products to exceed the Group’s current level of productivity in the coming year(s). Therefore, the Board has decided to dispense with its plans for setting up production facilities for plastic parts and relocate the relevant funding to other uses.

In this respect, as the current lease of the existing factory building wherein the Group conducts its production is due to expire on 30 June 2017, the Group will relocate its production facilities and plants to a new factory premises with a lower monthly rental. The relocation of the Group's production facilities and plants to the new factory premises requires expenditure. Hence, the Group has reallocated the amount of HK\$1 million from "Setting up production facilities for plastic parts" and the amount of HK\$0.3 million from "Strengthening the Group's position in its established markets and expanding its customer base" to "Working capital and funding for other general corporate purposes", whereby an amount of HK\$0.8 million will be used for the relocation of the Group's production facilities and plants to the new factory premises, an amount of HK\$0.3 million will be used for the refurbishment of accommodation, and an amount of HK\$0.2 million will be used for rental for surface mounting technology facility.

The Company decided to change the intended use of unutilised Proceeds as follows:

New intended use	Original allocation of the unutilised Proceeds <i>HK\$ million</i> (approximately)	New allocation of the unutilised Proceeds <i>HK\$ million</i> (approximately)
Setting up production facilities for plastic parts	1.00	–
Strengthening the Group's position in its established markets and expanding its customer base	2.79	2.49
Working capital and funding for other general corporate purposes	–	1.30
Total	<u>3.79</u>	<u>3.79</u>

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for reviewing the effectiveness of the internal control system of the Group. The scope of the review is determined and recommended by the Audit Committee and approved by the Board annually. The review covers:

- (1) all material controls, including but not limited to financial, operational and compliance controls;
- (2) risks management functions; and
- (3) the adequacy of resources, qualifications and experience of staff in connection with the accounting and financial reporting function of the Group and their training programmes and relevant budget.

The Company has engaged the Independent Internal Control Consultant to review and improve the effectiveness of the Group's internal control system. The Internal Control Consultant has issued an internal control review report to the Company, which has identified a number of internal control issues and deficiencies of the Group. The Board has reviewed the said report and conducted a review of the Group's internal control system, and it has taken and/or will take necessary actions and steps to address the internal control issues and deficiencies found in the internal control review.

The Audit Committee is satisfied with the Group's internal control system. The system is designed in consideration of the nature of business and the organisation structure. The system is designed to manage rather than eliminate the risk of failure in operational system and to provide reasonable, but not absolute, assurance against material misstatement or loss. The system is designed further to safeguard the Group's assets, maintain appropriate accounting records and financial reporting, achieve efficiency of operations and ensure compliance with the GEM Listing Rules and all other applicable laws and regulations.

The Group will continue to engage external independent professionals to review its internal control system and further enhance its internal control as appropriate.

There is currently no internal audit function within the Group. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group as the need arises. Nevertheless, the Board will continue to review the need for an internal audit function annually.

Set out below are (i) the major deficiencies identified by the Internal Control Consultant and the Board; and (ii) the Company's actions.

Major deficiencies

No clear and explicit guideline and policy of the ongoing assessment and monitoring of customers' background and creditability. Continuous credit reviews are needed under the new requirement of "expected credit loss" model of the new HKFRS 9 to be effective from the accounting period commencing from 1st January, 2018 as well as to support the decision of pricing and determination and review of credit term.

Company's actions

The Company will implement a new credit risk management policy to categorise their customers into 3 groups namely A, B and C based on the historical repayment history annually.

Major deficiencies

No formal system of control for the Group to assess whether the existing or potential customers are related parties or companies controlled by related parties under Hong Kong Accounting Standard (“HKAS”) No. 24 (Revised) ”Related Party Disclosures” or the “Connected parties” as defined in the GEM Board Listing Rules.

The Company has guideline that reallocates the inventories that are stored for over 4 years from the date of purchase to the obsolete inventory. However, as per the staff in PRC factory, obsolete inventories are still being used if some parts of raw materials are needed.

After the review of the Group’s internal control system, the Directors are of the view that the effectiveness of the Group’s internal control system has been improved.

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 80,000,000 shares of the Company with an exercise price of HK\$0.15, which is equal to the placing price as defined in the Prospectus.

Company’s actions

The Company will perform “Company search” for all new Hong Kong based customers and make necessary enquires to the board of directors whether there is any related party relationship existed during the “New clients’ acceptance procedure”.

The Company has existing policy to ascertain the list of obsoleted inventories around the year end and to compare the list of obsoleted inventories for the current year with the previous year which are sufficient to determine an accurate and updated list of obsoleted inventories for control purpose.

As at 31 March 2017, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Outstanding as at 31 March 2016	Exercised	Lapsed	Cancelled	Outstanding as at 31 March 2017	Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
Directors							
Mr. Lo Yan Yee	22,800,000	-	-	-	22,800,000	11 October 2016– 11 October 2023	2.59%
Ms. Cheng Yeuk Hung	22,800,000	-	-	-	22,800,000	11 October 2016– 11 October 2023	2.59%
Mr. Lo Ding To	12,000,000	-	-	-	12,000,000	11 October 2016– 11 October 2023	1.36%
	<u>57,600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,600,000</u>		<u>6.54%</u>
Employee	22,400,000	-	-	-	22,400,000	11 October 2016– 11 October 2023	2.55%
	<u>80,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000,000</u>		<u>9.09%</u>

Share Option Scheme

During the year ended 31 March 2017, 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 2017, 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	232,560,000	29.07%
Mr. Lo Yan Yee	Interest of spouse	232,560,000	29.07%

Note: Mr. Lo Yan Yee is the executive Director and the spouse of Ms. Cheng Yeuk Hung, and is deemed under the SFO to be interested in those 232,560,000 shares in which Ms. Cheng Yeuk Hung 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 (<i>executive Director</i>)	Personal interest	Options	22,800,000
	Interest of spouse	Options	22,800,000
			45,600,000
Ms. Cheng Yeuk Hung (<i>executive Director</i>)	Personal interest	Options	22,800,000
	Interest of spouse	Options	22,800,000
			45,600,000
Mr. Cheng Kwing Sang, Raymond (<i>chief executive officer</i>)	Personal interest	Options	22,400,000
Mr. Lo Ding To (<i>executive Director</i>)	Personal interest	Options	12,000,000

Save as disclosed above, as at 31 March 2017, 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 2017, 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	Long/Short position/ Lending Pool
Adamas Asset Management (HK) Limited	Investment manager	66,338,000	8.29%	Long position

Save as disclosed above, as at 31 March 2017, the Directors are not aware of any other persons (other than a director or chief executive of the Company) 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 2017.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the standard set out in the Model Code throughout the year ended 31 March 2017.

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 emphasize a quality board, transparency and accountability to shareholders. Pursuant to code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Ang Chuk Pai (an independent non-executive Director) and Mr. Cheung Chin Wa, Angus (an independent non-executive Director) were unable to attend the annual general meeting of the Company held on 29 July 2016 due to their other prior engagements. Save as disclosed above, the Company has complied with the Code during the year ended 31 March 2017.

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 2017.

COMPETING BUSINESS

For the year ended 31 March 2017, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close 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.

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 three independent non-executive directors of the Company, namely Mr. Lam Wai Yuen, Mr. Ang Chuk Pai and Mr. Cheung Chin Wa, Angus. The audited condensed consolidated results of the Group for the year ended 31 March 2017 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 Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 21 June 2017

As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Lo Ding To, and Ms. Zhou Jia Lin, the non-executive Directors are Mr. Chan Chun Kit and Mr. Leung Kwok Kuen, Jacob, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Ang Chuk Pai and Mr. Cheung Chin Wa, Angus.

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.