THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Echo International Holdings Group Limited** (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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)

(1) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 30% OF EQUITY INTERESTS IN THE TARGET COMPANY; (2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

國元融資(香港)有限公司
GUOYUAN CAPITAL (HONG KONG) LTD

A letter from the Board is set out on pages 5 to 23 of this circular.

A notice convening the EGM of the Company to be held at Room 3207A, 32/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong on Tuesday, 23 October 2018 at 11:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the EGM (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM (or any adjourned meeting) if you so wish.

Hong Kong, 28 September 2018

CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENT

Page

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

"Board"	the board of Directors of the Company from time to time
"Business Day"	any day(s) (excluding Saturday, Sunday or public or statutory holidays in Hong Kong and any day(s) on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"Cash Consideration"	cash of HK$200,000 being part of the Consideration
"Company" or the "Purchaser"	Echo International Holdings Group Limited, a limited company incorporated in the Cayman Islands whose shares are listed on the GEM of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares
"Completion Date"	within five Business Days after all the Conditions have been fulfilled or waived (or such other date as the Vendor and the Company may agree in writing prior to Completion) and on such date that the Completion will take place
"Consideration"	the total consideration in amount of HK$11,000,000 payable by the Company for the acquisition of the Sale Shares pursuant to the SPA
"Consideration Share(s)"	60,000,000 Shares to be allotted and issued by the Company under the Specific Mandate to the Vendor at the Issue Price in satisfaction of part of the Consideration payable by the Company to the Vendor under the SPA
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the SPA and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate
"Enlarged Group"	the Group as enlarged by the Target Group after completion of the acquisition of the Sale Shares

"Extended Long Stop Date"	31 October 2018 (or such other date as may be agreed by the Vendor and the Company in writing)
"GEM"	the GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the group of companies consisting of the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	third party(ies) not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the GEM Listing Rules
"Issue Price"	HK$0.18 per Consideration Share
"Latest Practicable Date"	21 September 2018, the latest practicable date for the identification of certain information in this circular prior to the despatch of this circular
"Long Stop Date"	30 June 2018 (or such other date as may be agreed by the Vendor and the Company in writing)
"NAV" or "Net Asset Value"	the difference between the total assets and total liabilities of the Target Group, based on the accounts of the Target Group
"Responsible Officer(s)"	has the meaning ascribed to it under the SFO
"Roma"	Roma Appraisals Limited, a subsidiary of Roma Group Limited (stock code: 8072.HK), is a professional valuation and consultancy firm in Hong Kong. Roma has relevant qualifications and extensive experiences in business valuation for various listed companies of the Stock Exchange which are principally engaged in the similar business sectors with the Target Group in the financial services industry
"Sale Shares"	a total of 6,903,090 share of the Target Company, which represents 30% of the issued share capital of the Target Company

"SFC"	the Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"SPA"	the conditional sale and purchase agreement dated 12 December 2017 entered into between the Company and the Vendor in respect of the Target Company, as varied by the supplemental agreements entered into by the parties on 28 June 2018 and 12 September 2018
"Specific Mandate"	the specific mandate required to be granted to the Directors by the Shareholders at EGM for the allotment and issue of Consideration Shares
"Stock Connect"	includes: (i) Shanghai Connect, which is a securities trading and clearing links programme developed by Stock Exchange, Shanghai Stock Exchange, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between Hong Kong and Shanghai; and (ii) Shenzhen Connect, which is a securities trading and clearing links programme developed by Stock Exchange, Shenzhen Stock Exchange, Hong Kong Securities Clearing Company Limited and China Securities Depository and Clearing Corporation Limited for the establishment of mutual market access between Hong Kong and Shenzhen
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Bluemount Financial Group Limited 藍山金融集團有限公司, a company incorporated under the laws of Hong Kong and is principally engaged in investment holding
"Target Group"	Target Company and its five Hong Kong subsidiaries, namely, Bluemount Asset Management Limited (藍山資產管理有限公司), Bluemount Securities Limited (藍山證券有限公司), Bluemount Credit Limited (藍山信貸有限公司), Bluemount Commodities Limited (藍山商品有限公司) and Bluemount Capital Limited (藍山融資有限公司)
"Transaction"	transactions contemplated under the SPA

“Vendor”	Mr. Li Hok Yin, the sole shareholder and director of the Target Company
“%”	per cent

* *For identification purpose only*

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)

Executive Directors:
Mr. Lo Yan Yee *(Chairman)*
Ms. Cheng Yeuk Hung
Mr. Leung Kwok Kuen, Jacob
Mr. Tansri Saridju Benui

Non-executive Director:
Mr. Chan Chun Kit

Independent non-executive Directors:
Mr. Lam Wai Yuen
Mr. Cheung Chin Wa, Angus
Ms. Zhou Ying

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 3207A, 32/F
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

28 September 2018

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF 30% OF EQUITY INTERESTS IN THE TARGET COMPANY; (2) ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE TRANSACTION

References are made to the announcements of the Company dated 12 December 2017, 15 December 2017, 31 January 2018, 28 March 2018, 27 April 2018, 28 June 2018, 27 July 2018 and 12 September 2018 in relation to the major transaction regarding the acquisition of the Target Company.

The purpose of this circular is to provide you with, among others, (i) further information on the Target Company, the SPA and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Group; (iv) further details of the proposed grant of the Specific Mandate; (v) the notice convening the EGM; and (vi) other information as required to be disclosed, in accordance with the requirements under the GEM Listing Rules.

THE SPA

The principal terms of the SPA are set out below:

Date: 12 December 2017

Parties: The Company

The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor (including his associates) is an Independent Third Party as at the Latest Practicable Date.

Assets to be acquired

Pursuant to the SPA and subject to the conditions therein, the Vendor has agreed to sell and the Company has agreed to purchase the Sale Shares, representing 30% of the total issued share capital of the Target Company. Further information about the Target Group is set out in the section headed "Information of the Target Company and the Target Group" in this circular.

Consideration

The consideration for the Sale Shares shall be HK$11,000,000 (the "**Consideration**"), which the Company shall pay the Consideration to the Vendor in the following manner:

(a) HK$200,000 (representing the amount of the Cash Consideration), already paid by the Company to the Vendor by cash as refundable deposit within five Business Days after execution of the SPA; and

(b) HK$10,800,000 (representing the value of the Consideration Shares), to be satisfied by the issuance by the Company to the Vendor (or its designated nominee(s)) the Consideration Shares as soon as possible after Completion.

Basis of Consideration

The Consideration was determined on an arm's length basis and normal commercial terms with reference to, among others,

(i) The unaudited Net Asset Value amounted to approximately HK$20.39 million as at 30 November 2017 immediately upon completion of the loan capitalization agreement dated 22 November 2017 entered into between the Target Company and the Vendor in relation to a loan outstanding of HK$23,010,200;

(ii) The valuation conducted by Roma. The market value of the Target Group amounted to approximately HK$54.93 million (on 100% basis before marketability discount); and HK$11 million (on 30% basis with marketability discount) as at 31 May 2018.

The valuation was based on an asset-based approach, which stated the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). The market value of the Target Group of approximately HK$54.93 million was derived from the aggregate of the Net Asset Value of approximately HK$30.97 million and the intangible asset value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) of approximately HK$23.96 million.

The market value of the intangible assets, being the SFC licenses (i.e. Type 1, Type 4 and Type 9) held by the Target Group was based on market-based approach by Roma. Below is a table setting out the comparable transactions:

Comparable 1

Acquirer	:	Gold Castle Group Limited, a wholly owned subsidiary of China Environmental Energy Investment Limited (Stock Code: 986.HK)
Target	:	STI Securities & Wealth Management Limited
SFC licenses held by target	:	Type 1, Type 4 & Type 9
Announcement date	:	16 November 2015
Completion date	:	9 August 2016
Consideration	:	HK$16,914,035 for 100% equity interest
Adjusted consideration[2]	:	HK$20,111,813 for 100% equity interest
Net asset value of target (HK$)	:	HK$3,914,035
Adjusted premium above net asset value (100% basis)	:	HK$16,197,778

Comparable 2

Acquirer	:	Cloud Investment Holdings Limited (Stock Code: 8129.HK) (formerly known as China Bio Cassava Holdings Limited at the announcement date)
Target	:	Master Ace Group Corporation
SFC licenses held by target	:	Type 1, Type 4 & Type 9
Announcement date	:	11 April 2017
Completion date	:	26 April 2017
Consideration	:	HK$7,500,000 for 30% equity interest
Adjusted consideration [1, 2, 3]	:	HK$37,455,410 for 100% equity interest
Net asset value of target	:	HK$5,726,000
Adjusted premium above net asset value (100% basis)	:	HK$31,729,410

Notes:

1. Adjustment A: The consideration in Comparable Transaction 2 was for acquiring 30% equity interest only. The consideration was then divided by 30%, which was the equity interest of the target company acquired in the Comparable Transaction 2 to arrive at the consideration on 100% basis.

2. Adjustment B: The target companies in both comparable transactions were private companies and the considerations were determined in respect of non-marketable nature. The considerations were then divided by (1 — marketability discount) to reverse the marketability discount. The marketability discount aforementioned refers to a discount of 15.90%, with references to the Stout Restricted Stock Study published by Stout Risius Ross, LLC. in May 2018.

3. Adjustment C: As the acquisition in Comparable Transaction 2 only accounted for a minority interest (30%) of the target company, the result after adjustment A and adjustment B was then multiplied by (1 + control premium) as equity interest of the consideration is on a non-controlling basis. The control premium aforementioned refers to a premium of 26.00%, with reference to the Mergerstat Control Premium Study (4th Quarter 2017), which has been widely adopted to reflect the higher marketability of a controlling interest.

The market value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) held by the Target Group is derived on the basis of taking the average of the adjusted premiums of the two aforesaid comparables. Roma added that a marketability discount of approximately 15.90% (based on the Stout Restricted Stock Study, published by Stout Risius Ross, LLC in May 2018) has to be adopted on the evaluation of market value of the Target Group because the value of a private company is necessarily less than that of a listed company. Roma further added a control premium of approximately 26.00% (based on the Mergerstat Control Premium Study (4th Quarter 2017) to reflect the higher marketability of controlling interest for comparable 2; and

(iii) the future business prospects of the Target Group and details of which is disclosed in the section headed "Information of the Target Company and the Target Group" in this circular.

In view of the above, the Directors are of the view that the Consideration is fair and reasonable and on normal commercial terms and in the interests of the Company and the shareholders as a whole.

Board Assessment

A copy of the valuation report (the "**Valuation Report**"), including details of the major assumptions, basis and methodology of the valuation, has been included in Appendix V in this circular. The Directors have analysed the Valuation Report and reviewed Roma's scope of work, major assumptions, valuation methodologies and qualifications.

The Board understands from Roma that in the course of identifying the comparables, Roma has selected 2 comparable transactions based on the following criteria:

- The comparables were primarily engaged in carrying out Type 1, Type 4 and Type 9 regulated activities under the SFO, which is similar to the principal business of the Target Group;
- The comparables were loss making as at the announcement of the transaction;
- The comparable transactions were completed in recent years during the period from November 2015 to May 2018; and
- The financial information of the comparable transactions were available to the public.

Taking into account that (i) there are no direct comparable transactions where the financial information are publicly available; (ii) the comparable transactions satisfied all the above criteria; (iii) the comparable transactions are in line with the business of the Target Group where they are principally engaged in the provision of financial services; and (iv) the fact that Roma have attempted to perform additional research and extend the selection period of comparable transactions from the Date of Valuation to the Latest Practicable Date. The Directors concur with Roma that the selection is thorough, and the comparable transactions identified are fair and representative for comparison and in accordance with relevant market practice.

The Board also understands that a marketability discount of 15.90% was adopted in arriving at the market value of the Target Group. The Board, having made all reasonable enquires with Roma, was satisfied that this limitation is reasonable as the value of a share in a private company is usually less than an otherwise comparable share in a public company and the discount rate is derived from the Stout Restricted Stock Study published by Stout Risius Ross, LLC. in May 2018. Further, the Board understands that a control premium of 26.00% was adopted in arriving at the adjusted premium of comparable 2. The Board, having made all reasonable enquires with Roma, was satisfied that this limitation is reasonable to reflect the higher marketability of controlling interest and the premium is derived from the Mergerstat Control Premium Study (4th Quarter 2017).

The Board understands that in deriving the market value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) of the Target Group, Roma assumed that the consideration paid above the net asset value of the loss-making companies was mainly for the SFC licenses (i.e. Type 1, Type 4 and Type 9) of the Comparable Transactions. The Board, having made all enquires with Roma and to the best knowledge of the Directors, considers that such assumption is fair and reasonable as it is common in the market that there is a premium for the SFC licenses (i.e. Type 1, Type 4 and Type 9).

With reference to the two comparables set out in the valuation report, the premium over net asset value is calculated ranging from approximately HK$13 million to about HK$19.27 million for 100% equity interest. The Board noticed that the premium over net asset value of the Target Company for 100% equity interest are approximately HK$16.28 million and HK$7.59 million as compared to the net asset value of the Target Company of approximately HK$20.39 million and HK$29.08 million as at 30 November 2017 and 31 March 2018 respectively. As at 31 March 2018, the premium over net asset value is lower than that of the two comparables in the market. Accordingly, the premium over net asset value of the Target Company for 30% equity interest under the proposed Transaction are approximately HK$4.88 million and HK$2.28 million as compared to the net asset value of the Target Company as at 30 November 2017 and 31 March 2018 respectively. Nevertheless, the Board understood the above calculations have not been accounted for the adjustments adopted in the Valuation Report in the analysis.

Despite of the limited number of the comparables selected, the Board considers that the two comparables are meaningful benchmarks as they are carrying on similar regulated activities as the Target Company which is carrying on Type 1, Type 4 and Type 9 regulated activities under the SFO.

Conditions Precedent

Completion shall be subject to and conditional upon the fulfilment (or waiver, if applicable) of the following conditions (the "**Condition(s)**"):

(a) the passing by the shareholders of the Company of ordinary resolution in the EGM approving the SPA and the transactions contemplated hereunder, including without limitation the acquisition of the Sale Shares and issue of the Consideration Shares;

(b) the Company having completed the due diligence exercise as stated in the SPA and having notified the Vendor in writing that the Company is fully or substantially satisfied with the result of the due diligence; provided that such notification shall not prejudice in any manner whatsoever any of the Company's right in respect of a claim pursuant to the warranties and the undertakings given by the Vendor under the SPA;

(c) the Company having obtained the approval granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares;

(d) the consolidated Net Asset Value being not less than HK$20,000,000 as at the end of the last month before Completion Date;

(e) all warranties of the SPA remaining true and accurate as at Completion and the Vendor having performed or complied, in all material respects, with its covenants and agreements contained therein and required to be performed or complied with by the Vendor at or prior to the Completion Date;

(f) (if necessary) all other relevant approvals, consents of the relevant parties and authorities and all necessary procedures for the transactions contemplated hereunder having been obtained or completed; and

(g) no material adverse change having occurred to the business, assets, financial position and performance of the Target Group.

The Company may at any time waive in writing any Conditions (other than Conditions (a), (c) and (f)) and any waiver so granted may be made subject to such terms and conditions as may be determined by the Purchaser. Save as so waived, the parties shall use their respective best endeavours to ensure that the Conditions shall be fulfilled as soon as possible after execution of the SPA, and in any event no later than the Long Stop Date (or it applicable, the Extended Long Stop Date). The waiver of certain Conditions is sought for the purpose that the Transaction will not fall through as a result of insignificant divergence from such Conditions. The waiver of any applicable Conditions will be determined after considering the interest of the Company and the Shareholders as a whole, and in any event, would not waive such Conditions to the extent that the substance of the Transaction would be affected. At the Latest Practicable Date, the Company did not have any intention to waive any Conditions.

As at the Latest Practicable Date, save for conditions (b) and (g), none of the other conditions precedent have been fulfilled.

Completion

Completion shall take place within five Business Days after all Conditions have been fulfilled or (if applicable) waived (or such other date as the Company and the Vendor may agree in writing prior to the Completion).

THE CONSIDERATION SHARES AND ISSUE PRICE

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid, in the manner as set out in the sub-section headed "Consideration" in this circular.

The Consideration Shares represent (i) approximately 6.25% of the existing issued share capital of the Company as at the date of this circular; and (ii) approximately 5.88% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. Based on the closing price of the Shares of HK$0.093 per Share on the Latest Practicable Date, the Consideration Shares have a market value of HK$5,580,000.

The Consideration Shares will to be issued under the Specific Mandate and are subject to approval by the Shareholders at the EGM.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares, including the right to all dividends, distributions and other payments made or to be made on the record date which falls on or after the date of such allotment and issue.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Issue Price of HK$0.18 per Consideration Share represents:

(a) a discount of approximately 3.74% to the closing price of HK$0.187 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately prior to the date of the SPA;

(b) a discount of approximately 4.86% to the average closing price of HK$0.1892 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the SPA;

(c) a discount of approximately 6.39% over the average closing price of HK$0.1923 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the SPA; and

(d) a premium of approximately 93.55% to the closing price of HK$0.093 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The issue price was determined by the Board after arm's length negotiation between the parties with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider the issue price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE TARGET COMPANY AND THE TARGET GROUP

The Target Company

The Target Company was incorporated in Hong Kong and is principally engaged in investment holding and beneficially owns 100% of the entire issued share capital of five subsidiaries which are incorporated with limited liability in Hong Kong, out of which three have commenced business and two have not commenced business.

The Target Company is an investment holding company and its major assets are investments in (i) Bluemount Asset Management Limited; (ii) Bluemount Securities Limited; (iii) Bluemount Credit Limited; (iv) Bluemount Commodities Limited; and (v) Bluemount Capital Limited.

*(i) Bluemount Asset Management Limited ("**BAML**")*

BAML is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. BAML is a licensed corporation to carry type 9 (asset management) regulated activity under the SFO. BAML provides portfolio and investment management service to professional investors.

*(ii) Bluemount Securities Limited ("**BSL**")*

BSL is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. BSL is a licensed corporation to carry Type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO as well as an exchange participant of the Stock Exchange. BSL is a securities broker and provides a range of brokerage services which include dealing in securities, margin financing, initial public offering underwriting and secondary market placement.

*(iii) Bluemount Credit Limited ("**BCrL**")*

BCrl is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. BCrL was granted the money lender license (licence no. 1410/2017) on 2 November 2017. BCrL commenced its business on January 2018 in providing stocks collateral loans to clients. As at 31 March 2018 BCrL has about 20 clients and loan amount has reached over HK$14,000,000.

*(iv) Bluemount Commodities Limited ("**BCoL**")*

BCoL is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. As at the Latest Practicable Date, BCoL has not commenced any business yet.

*(v) Bluemount Capital Limited ("**BCaL**")*

BCaL is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company. As at the Latest Practicable Date, BCaL has not commenced any business yet.

As at the Latest Practicable Date, the directors of BAML, BSL and BCrL confirmed that they have not committed any material non-compliance in respect of the applicable laws and regulations in Hong Kong.

Financial Information of the Target Group

Set out below is the financial information of the Target Group extracted from its audited accounts set out in Appendix II to this circular:

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
	(Audited)	(Audited)
Revenue	5	19,406
Profit/(loss) from operation	(3,246)	10,952
Net profit/(loss)	(3,295)	9,367
	As at 31 March 2017	**As at 31 March 2018**
Total assets	16,476	64,460
Net (liabilities)/assets	(3,295)	29,082

The net liabilities of the Target Group amounted to approximately HK$3,236,000 as at 31 October 2017. Pursuant to the loan capitalisation agreement dated 22 November 2017, it was agreed between the Target Company and the Vendor that a loan in an aggregate outstanding amount of HK$23,010,200 which was owed by the Target Company to the Vendor was settled in full by means of issuing and allotting an aggregate of 23,010,200 new shares of the Target Company to the Vendor. Immediately upon completion of the loan capitalisation, the unaudited Net Asset Value as at 30 November 2017 was approximately HK$20.39 million. As at 31 March 2018, the Net Asset Value amounted to approximately HK$29.08 million.

Upon completion of the Transaction, the Company will own 30% of the entire issued share capital of the Target Company and the investment in the Target Company will be accounted for in the financial statements of the Group as investment in an associate using the equity method of accounting.

Management of the Target Group

The biographies of the Responsible Officers and the existing senior management of the Target Group are as follows:

Mr. Li Hok Yin was the sole shareholder and director of the Target Company and he was appointed as the director of the BAML, BCrL and BSL since June 2016, January 2017 and August 2017, respectively. Mr. Li Hok Yin holds a Bachelor Degree in Engineering of the Chinese University of Hong Kong. Mr. Li Hok Yin was appointed as a Chief Executive Officer, Executive Director and chairman in Taung Gold International Limited ("**Taung Gold International**", Stock Code: 621.HK) since January 2010. Mr. Li Hok Yin has accumulated extensive experiences in the fields of business management, investment research, portfolio management and the coal mining industry for approximately 11 years. Mr. Li Hok Yin is the younger brother of Mr. Li Hok Lai.

Mr. Li Hok Lai was appointed as director of BSL since August 2017 and has accumulated over 20 years operation experiences of securities and finance industry both in Hong Kong and the global. Mr. Li Hok Lai worked in Central Wealth Securities Investment Limited, Tokai Tokyo Securities (Asia) Limited and Huarong International Securities Limited. Mr. Li Hok Lai is currently licensed with SFC as a Responsible Officer of BSL for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities since 16 March 2016 and a representative of BAML for Type 9 (asset management) regulated activities since 9 August 2017. Mr. Li Hok Lai is the elder brother of Mr. Li Hok Yin.

Mr. Chan Chun Ming ("**Mr. Chan**") was appointed as director of BAML since August 2017. He has accumulated over 15 years management experiences in securities and asset management. Prior to joining the Target Company, he was a Responsible Officer in Tai Shing Stock Investment Co. Limited from 2003 to 2017. Mr. Chan is currently licensed with SFC as a Responsible Officer of BSL for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities and a Responsible Officer of BAML for Type 9 (asset management) regulated activities since 12 September 2017.

Mr. Leung Man Tat is currently the investment director of BAML and had been acting as the Responsible Officer of BAML for Type 9 (asset management) regulated activities since 16 April 2018. He has accumulated over 14 years management experience of securities and asset management. Mr. Leung Man Tat worked in Beijing Securities Limited, Taiwan Concord Capital Securities (Hong Kong) Limited, Future Land Resources Asset Management Limited, PC Securities Limited, AIF Asset Management Limited, Mayfair & Ayers Financial Group Limited, Kim Eng Futures (Hong Kong) Limited, Fuhwa Securities (Hong Kong) Co., Limited and Huarong International Securities Limited. Mr. Leung Man Tat is also currently licensed with SFC as a representative of BSL for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities since 16 April 2018.

Business Strategy of Target Group

(i) Securities dealing and brokerage services

BSL offered securities dealing and brokerage services principally for equity securities in Hong Kong. Each of its customers has to maintain a securities trading account with it before he/she could place any trading orders. Trading orders are usually placed through phone or online trading platform. BSL intends to continue to maintain and expand its client base and grow its revenue by providing quality services.

(ii) Placing and underwriting services

BSL primarily focused on small-to-medium sized offerings and participated in various fund raising exercises by acting as joint bookrunner, joint lead manager, co-lead manager, underwriter or sub-underwriter and placing agent or sub-placing agent. Those fund raising exercises included placing shares of newly-listed companies, placing of new shares of listed companies under general mandate or specific mandate and placing of convertible bonds by listed companies.

As at 31 March 2018, BSL had completed 12 underwriting and placing transactions. In order to further strengthen its underwriting and placing services, BSL intends to expand its Equity Capital Market ("**ECM**") team, the ECM team will continue to utilise their strong business network in the financial market of Hong Kong to identify potential securities issuers. Designated marketing team headed by senior management will be established. They will also attend various industry events organized by different trade unions, as well as corporate presentations and road shows of listed issuers or potential listing applicants to further promote its services.

(iii) Securities margin financing services

To enhance the margin finance business, BSL will continue to identify potential clients who need capital for their investments and strengthen its capital so it has sufficient funding ready when client request for margin financing services.

(iv) Portfolio and investment management service

BAML intends to raise and manage two open ended investment funds for professional investors. The two funds namely: (i) Bluemount Investment Fund SP, which primarily focuses on options & futures and (ii) Tracker Royal SP, which primarily focuses on Pre-IPO market are intended to be launched in the fourth quarter of 2018 and managed by BAML.

(v) Money lending services

BCrL primarily focused on money lending services and provides stocks collateral loans to clients. BCrL intends to focus on providing a range of mortgage products including first mortgage, second mortgage and mortgage loan transfers. BCrL also intends to continue to maintain and expand its client base and in order to increase its revenue.

(vi) Futures dealing and brokerage services

As at the Latest Practicable Date, BCoL has not commenced any business yet. BCoL intends to build an experienced team and apply for a license to carry out Type 2 (dealing in future contracts) regulated activity. BCoL also intends to provide services in respect of trading on Hang Seng Index Futures, index options, stock options, food and agricultural products, oils, bullion and global futures.

(vii) Advisory and capital raising services

As at the Latest Practicable Date, BCaL has not commenced any business yet. BCaL intends to build an experienced team and apply for a license to carry out Type 6 (advising on corporate finance) regulated activity. BCaL also intends to provide financial advisory and capital raising services to private and listed companies.

INFORMATION OF THE VENDOR

The Vendor is the founder of the Target Company. As at the date of the SPA, the Target Company has 23,010,300 shares in issue, all of which are owned by the Vendor.

The Vendor, a merchant, is an Independent Third Party. The Vendor is the sole shareholder and director of the Target Company. The Vendor is currently the co-chairman and an executive director of Taung Gold International Limited.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the manufacture and trading of electronic products and accessories. The Group principally operates two segments, including (i) indent trading of electronic products; and (ii) manufacturing and trading of electronic products and accessories and subcontracting income. The main products of the Company include starters, security alarms, hair removers, buzzers, massage toners, fishing indicators, charger boards, control boards, fire alarms and communicators, among others. The Group also operates catering business.

As disclosed in the annual report, for the year ended 31 March 2018, market for the Group's core business of sales of electronic products continued to be challenging. Revenue for the year ended 31 March 2018 was approximately HK$38.32 million, representing a decrease of approximately 8.02% from approximately HK$41.66 million of the same period in 2017. Such decrease was mainly due to the decline in sales of electronic products by approximately HK$3.44 million. The Group recorded net loss for the year ended 31 March 2018.

While the Group will continue to focus on its core business of the sales of electronic products, it has been exploring new business opportunities to broaden its source of income and maximize profit and return for the Group and the shareholders of the Company in view of the challenging market conditions.

The reasons for the Transaction are to diversify the Group's current business by providing securities, asset management and lending related businesses as well as to reduce the Group's exposure to risks and uncertainties associated with our current business.

Hong Kong's Securities and Derivative Markets

Hong Kong has been one of the leading and most active securities markets in the world. According to the "Table A — Market capitalisation of the world's top stock exchanges" published on the SFC's website under the section headed "Global ranking of stock exchanges by market capitalization". The Stock Exchange was ranked the seventh largest stock exchange in the world and the third largest stock exchange in Asia in terms of market capitalization. For more details, please refer to http://www.sfc.hk/web/EN/files/SOM/MarketStatistics/a01.pdf

Over the past years, Hong Kong has developed into an international financial hub and attracted financial institutions from PRC and the rest of the world. The year of 2017 was an active and vibrant year for Hong Kong's securities and derivatives markets. According to the Stock Exchange's website, the turnover of securities market was maintained at a high level of over HK$100 billion for 30 consecutive days as at 15 December 2017, which was the longest streak since March 2015. Market capitalisation also reached a record of the HK$33,646.4 billion on 22 November 2017. In the derivatives market, total options trading reached 133,250,347 records, with an increase of 14.5% on the full-year record compared with 116,362,151 contracts in 2015. Further, trade volume in Stock Connect grew significantly with total northbound turnover reached RMB2,182 billion by 15 December 2017, an increase of 195.7% year-on-year; while southbound turnover reached HK$2,157 billion, an increase of 173.7% year-on-year.

The Directors are optimistic on the growth opportunities in the financial services industry given the increasing demand for financial services in Hong Kong with the increasing cooperation between the stock markets in Hong Kong and PRC.

Directors' experience in the financial services industry

Our executive Director, Mr. Leung Kwok Kuen Jacob ("**Mr. Leung**"), has developed exposures in the financial industry over the past years. From 2003 to April 2016, he assisted the incorporation of Eternal Pearl Securities Limited ("**Eternal Pearl**") in Hong Kong, a licensed corporation to conduct Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO. Since the incorporation of Eternal Pearl, Mr. Leung has been its administrative manager and responsible for overseeing its support operations, planning, organizing and implementing its administrative systems. Mr. Leung is a non-executive director of Eternal Pearl for a number of years.

Our non-executive Director, Mr. Chan Chun Kit, is a shareholder and a director of Vistreasure Asset Management Limited which is licensed to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and he is a Responsible Officer of the said Type 4 regulated activity. In view of the above, the Company believed that the Board's relevant experiences in financial services would be adequate in overseeing the proposed passive investment in the Target Group.

BENEFITS OF THE TRANSACTION

Upon Completion, the Group will only acquire 30% of the total issued share capital of the Target Group. Although the Group do not possess control over the daily operations of the Target Group and the Target Group has only been in operation for a short period of time, the Board considers the proposed Transaction provides a good opportunity for the Group as a first step to tap into the financial services market of Hong Kong in view of the growing financial services industry in Hong Kong as a result of the following factors:

— As at 31 March 2018, the audited Net Asset Value was increased substantially to approximately HK$29.08 million as compared to a net liabilities of approximately HK$3.30 million as at 31 March 2017 during the Target Company at the start-up stage.

— Acquisition of 30% interest will involve limited cash resources to be provided by the Group (HK$200,000 cash payment and the remaining to be settled by issuance of the Consideration Shares).

— Acquisition of 30% interest is not subject to the approval of the licensing department of the SFC as the Company will not be regarded as a substantial shareholder of a licensed corporation carrying out regulated activities under section 132 of the SFO. According to (i) the Circular to Licensed Corporations on Responsible Officers and Substantial Shareholders published on SFC's website on June 2017, the assessment and vetting process for a new substantial shareholder application is no less stringent than a new licensed corporation application; and (ii) pursuant to the performance pledge of SFC, the time required to approve a new corporate licence application takes about 15 weeks, therefore the Company could tap into the financial services market of Hong Kong through the Transaction without going through the lengthy application process.

— Pursuant to the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong), a licensed corporation has to maintain at all times a paid-up share capital not less than the specified amounts depending on the type(s) of regulated activity it operates. For instance, the minimum paid-up share capital for Type 1 regulated activities (dealing in securities) is at least HK$5,000,000; while such requirement is not applicable to Type 4 regulated activities (advising on securities) and Type 9 regulated activities (asset management), provided that the corporation is subject to the licensing condition that it shall not hold client assets. If the licensed corporation operates more than one type of regulated activity, the minimum paid-up share capital shall be the highest amount required amongst those regulated activities.

— The revenue and the net profit of the Target Group for the year ended 31 March 2018 has grew in a fast pace as compared with its start-up stage. The management of the Company has discussed the business strategy of the Target Group with the management of the Target Company and reviewed the recent business volume of the Target Group which is on a growing trend. As such, the Board is optimistic about the business development of the Target Group.

— It is easier for the Group to negotiate with the Vendor who is at its initial stage of operation for a more favourable term to the Group as compared with a company which has an established business network and track record period.

The Board considers that the Transaction, if materialized, will allow the Company to diversify its business to the financial services industry and broaden the income sources of the Group with the potential dividend income distributed from the Target Company. Further, the Directors consider that the proposed Transaction, being passive investment in the Target Group, would be the first step to gain further knowledge in the financial fields with less capital input nor stringent procedures to go through. The Directors are also of the view that the proposed Transaction would save time and cost in setting up a licensed corporation under the SFO and there is a risk that the Group is unable to recruit the required personnel or fulfill the relevant requirements by the SFC for the setting up of a licensed corporation.

Nevertheless, the Company currently intends to continue its existing business and there is no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any disposal, termination or scaling down of the Company's existing business or assets up to the Latest Practicable Date.

As such, the Directors consider that the terms of the SPA have been entered into on normal commercial terms, and that such terms are fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION OF THE SALE SHARES

Following the Completion, the Company will own 30% of the entire issued share capital of the Target Company and the investment in the Target Company will be accounted for in the financial statements of the Group as investment in an associate using the equity method of accounting.

Earnings

The audited net loss after tax of the Group for the financial year ended 31 March 2018, as extracted from the annual report of the Company for the year ended 31 March 2018, were approximately HK$14.72 million.

As set out in the accountants' report of the Target Group in Appendix II to this circular, the Target Company recorded an audited net profit of approximately HK$9.4 million for the year ended 31 March 2018.

Following the Completion, the investment of the Group in the Target Company will be accounted for as interests in an associate in the consolidated financial statements of the Group using equity method and a proportionate share of future profit or loss will be recorded by the Group. With reference to the recent financial performance of the Target Company, the Acquisition would have a positive impact on the financial performance of the Group. As stated in the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, there would be a downward effect of approximately HK$1.26 million arising from the transaction costs to be incurred for the Transaction.

Assets and liabilities

Referring to the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, the net assets of the Enlarged Group would increase from approximately HK$28.22 million to HK$38.18 million as a result of the Transaction.

Upon Completion, the Enlarged Group's non-current asset would increase from approximately HK$2.59 million to HK$13.81 million, reflecting the investment cost in the Target Company. The Enlarged Group's current assets would decrease from approximately HK$41.66 million to HK$40.40 million as a result of the transaction costs to be incurred for the Transaction.

The details of the financial effect of the Transaction on the financial position of the Group together with the bases and assumptions taken into account in preparing the unaudited pro-forma financial information are set out, for illustrative purpose only, in Appendix III to this circular.

INFORMATION ABOUT A FORMER DIRECTOR

Reference is made to the announcement of the Company dated 8 May 2017 about the redesignation of Ms. Zhou Jia Lin ("**Ms. Zhou**") from a non-executive Director to an executive Director. In that announcement, it is disclosed that she was the sole director of Blue Ocean Securities Limited. As at the Latest Practicable Date, Blue Ocean Securities Limited has not commenced business since its incorporation. Reference is made to the announcement of the Company dated 7 September 2018, Ms. Zhou resigned from her post as an executive Director from 7 September 2018 due to her other career commitments.

ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

The Consideration Shares will be allotted and issued under the Specific Mandate to be granted by the Shareholders at the EGM, and shall rank pari passu with, and carry the same rights in all respect as, the Shares in issue on the date of such allotment and issuance, including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issue. The allotment and issue of Consideration Shares will not result in a change of control of the Company.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the Consideration Shares having been issued, assuming in all cases that there are no other changes in the share capital of the Company from the Latest Practicable Date up to the issue of the Consideration Shares.

Shareholders	Shareholding as at the Latest Practicable Date		Shareholding immediately after the Consideration Shares having been issued (assuming there will be no other changes in the share capital of the Company from the Latest Practicable Date up to the issue of the Consideration Shares)	
	Number of Shares	*%*	*Number of Shares*	*%*
Ms. Cheng Yeuk Hung *(Note)*	169,560,000	17.66	169,560,000	16.62
Adamas Asset Management (HK) Limited	66,338,000	6.91	66,338,000	6.50
Vendor	—	—	60,000,000	5.88
Public Shareholders	724,102,000	75.43	724,102,000	71.00
Total	**960,000,000**	**100.00**	**1,020,000,000**	**100.00**

Note: Mr. Lo Yan Yee ("**Mr. Lo**") is an executive Director and the spouse of Ms. Cheng Yeuk Hung ("**Ms. Cheng**"). Therefore, Mr. Lo is deemed to be interested in 169,560,000 Shares directly held by Ms. Cheng.

GEM LISTING RULES IMPLICATIONS

As the highest percentage applicable ratio (as defined under the GEM Listing Rules) in respect of the Transaction exceeds 25% but is less than 100%, the Transaction constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the GEM Listing Rules.

EGM

The EGM will be held at Room 3207A, 32/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong at 11:00 a.m. on Tuesday, 23 October 2018 for the purpose of considering and, if thought fit, approving the ordinary resolutions in respect of the SPA, and the transactions contemplated thereunder, including the issue of the Consideration Shares under the Specific Mandate.

The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed in this circular. Whether or not you are able to attend the EGM and/or vote at the EGM in person, you are requested to complete and return the enclosed form of proxy to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the EGM (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM (or any adjourned meeting) if you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the SPA and the transactions contemplated thereunder, including the proposed grant of the Specific Mandate to issue the Consideration Shares and accordingly no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the EGM.

RECOMMENDATION

One the basis of the information set out in this circular, the Board considers that the acquisition of the Sale Shares, and the issuance of Consideration Shares under Special Mandate are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the resolution as set out in the notice of EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
By order of the Board
Echo International Holdings Group Limited
Cheng Yeuk Hung
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2018 have been set out in the Company's 2018 Annual Report published on 26 June 2018.

The audited consolidated financial statements of the Group for the year ended 31 March 2017 have been set out in the Company's 2017 Annual Report published on 26 June 2017.

The audited consolidated financial statements of the Group for the year ended 31 March 2016 have been set out in the Company's 2016 Annual Report published on 24 June 2016.

The aforesaid annual reports of the Company have been published on the websites of the Stock Exchange and (http://www.hkex.com.hk) and of the Company (http://www.echo.com.hk/).

The auditors' reports for the consolidated financial statements of the Group for three years ended 31 March 2016, 2017 and 2018 are unqualified reports.

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 July 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Enlarged Group had outstanding (i) obligations under finance lease at carrying amount of approximately HK$1,100,000; (ii) convertible bonds principals of HK$10,000,000; and (iii) loan from a director principal of HK$19,000,000.

The obligation under finance lease was secured by motor vehicle at carrying amount of HK$1,197,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 31 July 2018 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position or prospects of the Group since 31 March 2018, being the date to which the latest audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

The directors of the Company are of the opinion that, in the absence of unforeseen circumstances such as political or economic upheavals or material change in the laws or regulations which might cause significant market downturn and after taking into account the financial resources available to the Enlarged Group including internal resources available and available banking facilities, the Enlarged Group has sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the manufacture and trading of electronic products and accessories. The factories of the Group in China faced escalating manufacturing costs and keen competition both domestically and from overseas. As a result, the business of the Group was adversely affected for the financial year ended 31 March 2018. Looking forward, the Group will focus on the business of low risk and higher gross margin with relatively lower inventory level. The Group expects that the business operation for the coming years will be more cost effective with reducing working capital requirement and more in-depth management concentration. Accordingly, the Group could better capture the opportunity of growth.

On 23 January 2018 and 20 August 2018, the Company issued two convertible bonds and the net total proceeds amounted to about HK$22.22 million which are intended to be utilized in investment in catering business in Hong Kong.

The Directors are optimistic on the growth opportunities in the financial services industry. The Board considers that the Transaction enables the Enlarged Group to diversify its business into the financial services industry and broaden the income sources of the Group with the dividend income distributed from the Target Company. The Group will continue to seek for opportunities for diversification that will benefit the Group's long-term development and maximize shareholder value.

The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

28 September 2018

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ECHO INTERNATIONAL HOLDINGS GROUP LIMITED

Introduction

We report on the historical financial information of Bluemount Financial Group Limited (the "**Target Company**") and its subsidiaries (collectively referred as the "**Target Group**") set out on pages II-5 to II-43, which comprises the consolidated statements of financial position of the Target Group as at 31 March 2017 and 31 March 2018 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the period from 3 June 2016 (date of incorporation) to 31 March 2017 and for the year ended 31 March 2018 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (the "**Historical Financial Information of the Target Group**"). The Historical Financial Information of the Target Group set out on pages II-5 to II-43 forms an integral part of this report, which has been prepared for inclusion in the investment circular of Echo International Holdings Group Limited (the "**Company**") dated 28 September 2018 (the "**Investment Circular**") in connection with the propose acquisition of 30% issued share capital of the Target Company (the "**Acquisition**").

Directors' responsibility for the Historical Financial Information of the Target Group

The directors of the Company are responsible for the Preparation of Historical Financial Information of the Target Group that gives a true and fair view in accordance with the basis of preparation set out in Note 3(a) to the Historical Financial Information of the Target Group, and for such internal control as the directors of the Company determine is necessary to enable the Preparation of Historical Financial Information of the Target Group that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information of the Target Group and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars' issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information of the Target Group is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information of the Target Group. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information of the Target Group, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the directors' preparation of the Historical Financial Information of the Target Group that gives a true and fair view in accordance with the basis of preparation set out in Note 3(a) to the Historical Financial Information of the Target Group in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information of the Target Group.

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

Opinion

In our opinion, the Historical Financial Information of the Target Group gives, for the purpose of the accountants' report, a true and fair view of the Target Group's financial position as at 31 March 2017 and 31 March 2018 and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3(a) to the Historical Financial Information of the Target Group.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information of the Target Group, no adjustments to the Historical Financial Information of the Target Group for the Track Record Period have been made.

Dividend

We refer to Note 12 to the Historical Financial Information of the Target Group which stated that no dividend have been paid by the Target Company in respect of the Track Record Period.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate Number: P05895
Hong Kong 28 September 2018

A. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information of the Target Group which forms an integral part of this accountants' report.

The Historical Financial Information of the Target Group in this report was prepared by the directors of the Company based on the previously issued consolidated financial statements for the period from 3 June 2016 (date of incorporation) to 31 March 2017 and year ended 31 March 2018 of the Target Group. The previously issued consolidated financial statements were prepare under HKFRSs issued by HKICPA and audited by H. H. Liu & Co. in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information of the Target Group is presented in Hong Kong Dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	From 3 June 2016 (date of incorporation) to 31 March 2017 HK$'000	For the year ended 31 March 2018 HK$'000
Revenue	7	5	19,408
Administrative expenses		(3,251)	(8,456)
(Loss)/profit from operation activities		(3,246)	10,952
Finance cost	8	—	(288)
(Loss)/profit before taxation	9	(3,246)	10,664
Taxation	11	(49)	(1,297)
(Loss)/profit for the period/year		(3,295)	9,367
Other comprehensive income for the period/year, net of tax		—	—
Total comprehensive (loss)/income for the period/year		(3,295)	9,367
(Loss)/profit for the period/year attributable to owners of the Target Company		(3,295)	9,367
Total comprehensive(loss)/income for the period/year attributable to owners of the Target Company		(3,295)	9,367

The accompanying notes form an integral part of the Historical Financial Information of the Target Group.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2017 HK$'000	As at 31 March 2018 HK$'000
Non-current assets			
Property, plant and equipment	*14*	1,212	1,965
Other assets	*15*	105	105
		1,317	2,070
Current assets			
Trade receivables	*16*	951	8,769
Loans and advances to money lending customers	*17*	—	14,336
Prepayments, deposits paid and other receivables	*18*	1,216	1,547
Amount due from a director	*22*	—	9,108
Cash and bank balances	*19*	13,192	28,630
		15,359	62,390
Current liabilities			
Trade payables	*20*	2,692	14,434
Accruals and other payables	*21*	305	598
Amount due to a director	*22*	16,925	—
Tax payable		—	1,257
		19,922	16,289
Net current (liabilities)/assets		(4,563)	46,101
Total assets less current liabilities		(3,246)	48,171
Non-current liabilities			
Deferred tax liabilities	*23*	49	89
Loan from a director	*22*	—	19,000
		49	19,089
Net (liabilities)/assets		(3,295)	29,082
Capital and reserves attributable to owners of the Target Company			
Share capital	*24*	—*	23,010
Reserves		(3,295)	6,072
Total equity		(3,295)	29,082

* *The amounts are rounded to the nearest thousand and presented zero.*

The accompanying notes form an integral part of the Historical Financial Information of the Target Group.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	**(Accumulated losses)/ retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
As at 3 June 2016 (date of incorporation)	—	—	—
Issue of shares	—*	—	—*
Loss for the period	—	(3,295)	(3,295)
Total comprehensive loss for the period	—	(3,295)	(3,295)
As at 31 March 2017 and 1 April 2017	—	(3,295)	(3,295)
Issue of shares *(Note 24(a))*	23,010	—	23,010
Profit for the year	—	9,367	9,367
Total comprehensive income for the year	—	9,367	9,367
As at 31 March 2018	23,010	6,072	29,082

* *The amount of issued share capital is HK$100, it is to the nearest thousand and presented zero.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
Cash flows from operating activities		
(Loss)/profit before taxation	(3,246)	10,664
Adjustments for:		
Depreciation of property, plant and equipment	50	442
Interest expenses	—	288
Interest income	(1)	(1,292)
Operating cash flows before movements in working capital	(3,197)	10,102
Increase in trade receivables	(951)	(7,818)
Increase in prepayments, deposits paid and other receivables	(1,216)	(331)
Increase in loan and advances to money lending customers	—	(14,336)
Increase in trade payable	2,692	11,742
Increase in accruals and other payables	305	293
Cash used in operations	(2,367)	(348)
Interest received	1	1,292
Interest paid	—	(41)
Net cash (used in)/generated from operating activities	(2,366)	903

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
Cash flows from investing activities		
Increase in other assets	(105)	—
Purchase of property, plant and equipment	(1,262)	(1,195)
Net cash used in investing activities	(1,367)	(1,195)
Cash flows from financing activities		
Increase in amount due from a director	—	(9,108)
Increase in loan from a director	—	19,000
Increase in amount due to a director	16,925	5,838
Net cash generated from financing activities	16,925	15,730
Net increase in cash and cash equivalents	13,192	15,438
Cash and cash equivalents at the beginning of the period	—	13,192
Cash and cash equivalents at the end of the period	13,192	28,630
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	13,192	28,630

B. NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

Bluemount Financial Group Limited (the "**Target Company**") was incorporated in Hong Kong on 3 June 2016 with limited liability. The address of the registered office is local at Room 2403–05, Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong. The principal activity is investment holding. As at the date of this report, the directors of the Target Company (the "**Directors**") consider that Mr. Li Hok Yin was the ultimate owner of the Target Company.

The Historical Financial Information of the Target Group for the period from 3 June 2016 (date of incorporation) to 31 March 2017, and for the year ended 31 March 2018 are presented in thousands of units of Hong Kong dollars ("**HK**$") rounded to the nearest thousand (HK$'000) except when otherwise indicated and the functional currency of the Target Company is HK$. For the purpose of this report, the directors of the Company consider that choosing HK$ as the presentation currency.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (THE "HKFRSs")

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

The current year, the Group has adopted all of the new standards, amendments and interpretations ("**new and revised HKFRSs**") (which included all the HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 7 Disclosure Initiative

The Target Group has applied the amendments to HKAS 7 Disclosure Initiative for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note to the financial statements. Consistent with the transition provisions of the amendments, the Target Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note to the financial statements, the application of these amendments has had no impact on the Target Group's consolidated financial statements.

Except as described above, the application of the other new and revised HKFRSs in the current year has had no material impact on the Target Group's financial performance and position for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

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

2.2 New and revised HKFRSs in issue but not yet effective

As at the date of this report, the Target Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle except amendments to HKFRS 12[1]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

2 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted

3 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 — Financial Instruments

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 are 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 accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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' (FVTPL), 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 attributable to the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components.

Impairment

In general, the Directors also anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Target Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Target Group. However, the Directors do not anticipate that the application of the expected credit loss model of HKFRS 9 will have material impact to the opening accumulated losses at 1 April 2018.

Except for abovementioned, the Directors anticipate that the adoption of HKFRS 9 in the future will not have other significant impact on amounts reported in respect of the Target Group's financial assets and financial liabilities based on an analysis of the Target Group's financial instruments as at 31 March 2018.

HKFRS 15 — Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

— Step 1: Identify the contract(s) with a customer

— Step 2: Identify the performance obligations in the contract

— Step 3: Determine the transaction price

— Step 4: Allocate the transaction price to the performance obligations in the contract

— Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Based on the Directors' assessment on the adoption of HKFRS 15, the Target Group expects the effects of applying HKFRS 15 on the Target Group's consolidated financial statements to be insignificant.

HKFRS 16 — Leases

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC) — Int 4 "Determining whether an Arrangement contain a Lease", HK(SIC)-Int 15 "Operating Lease — Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17 "Leases". Under HKFRS 16, leases are recorded on the combined statements of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised the amount of lease liability plus certain other amounts) either being disclosed separately in the combined statements of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. lease of 12 months or less, including the effect of any extension options) and (b) leases of low value assets (for example, a lease of a personal computer).

HKFRS 16 substantially carries forward the lessor's accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows: (a) if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be reclassified as an operating lease; (b) otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

Application of HKFRS 16 will result in the Target Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Target Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed to the financial information. As set out in Note 26 to the consolidated financial statements, total operating lease commitment of the Target Group in respect of office premises at 1 April 2018 amounted to approximately HK$4,410,000. The Directors do not expect the application of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Target Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Historical Financial Information of the Target Group has been prepared in accordance with the HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the relevant accounting periods, together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information of the Target Group for the purposes of presenting financial information.

The Historical Financial Information of the Target Group has been prepared under the cost convention. The Historical Financial Information of the Target Group is presented in Hong Kong dollars and all values are rounded to the nearest thousand HK$'000 except when otherwise indicated.

The Historical Financial Information of the Target Group has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Historical Financial Information of the Target Group has been prepared in accordance with the HKFRSs issued by the HKICPA, and accounting principles generally accepted in Hong Kong, which are consistent with the accounting policies adopted by the Target Company and its subsidiaries. In addition, the Historical Financial Information of the Target Group includes applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, 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, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Target Company and entities (including structured entities) controlled by the Target Company and its subsidiaries. Control is achieved when the Target Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Target Group obtains control over the subsidiary and ceases when the Target Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Target Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

Commission and brokerage income is recognized when the right to receive commission and brokerage has been established.

Underwriting fee and commission for securities listed in The Stock Exchange of Hong Kong Limited is recognised when services are rendered.

Handling fee income is recognised when services are rendered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(d) Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of property, plant and equipment less their residual values over their useful lives, using the straight-line method at the following rates per annum:

Office equipment	20%
Computer	20%
Leasehold improvements	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(e) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at "fair value through profit or loss" ("**FVTPL**") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, ''held-to-maturity'' investments, ''available-for-sale'' (''**AFS**'') financial assets and ''loans and receivables''. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Target Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. Fair value is determined in the manner described in note 5(c).

Loans and receivables

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

Interest income is recognised by applying the effective interest rate, except for short- term receivables where the recognition of interest would be immaterial.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Target Group has the positive intent and ability to hold to maturity Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Target Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity investments are recognised in profit or loss when the Target Group's right to receive the dividends is established. The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

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

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

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as a default or delinquency in interest or principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Repurchase of the Target Group equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Target Group own equity instruments.

Other financial liabilities

Other financial liabilities (including trade payables, accruals and other payables, amounts due to a director and provision of tax payables) are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is those designated at FVTPL on initial recognition.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Target Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to receive cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Target Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Taxation

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

Current tax

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(g) Impairment of assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the tangible assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(h) Cash and cash equivalents

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

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

(i) Foreign currency

In preparing the financial statements of entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

— exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

— exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

— exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(j) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows where the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(k) Employee benefit

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

(l) Contingent liabilities and contingent assets

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

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

(o) Operating leases

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

The Target Group as lessee

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

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

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

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

(p) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the Historical Financial Information of the Target Group provided regularly to the Target Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

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

(q) Related parties

A related party is a person or entity that is related to the Target Group that is preparing its financial statements as follows:

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or a parent of the Target Group.

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

(i) the entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in Note 3, management of the Target Group (the "**Management**") required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

In accordance with HKAS 16, the Target Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Target Group also perform annual reviews on whether the assumptions made on useful lives continue to be valid.

Estimated provision for current and deferred taxation

The Target Group is subject to taxation in Hong Kong. Significant judgement is required in determining the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liabilities in the period in which such determination is made.

Impairment of loan and advances to margin financing finance customers and other customers

The Target Group reviews its loan to margin financing finance customers and other customers to assess impairment on a periodic basis. In determining whether an impairment loss should be recognised in profit or loss, the Target Group makes judgments as to whether there is any observable data indicating that there is an objective evidence of impairment that will have a measurable decrease in the estimated future cash flows from a portfolio of loan and advances to margin financing finance customers and other customers. Moreover, the Target Group also reviews the value of the securities collateral received from the customers in determining the impairment. The Target Group reviewed the methodology and assumptions used for estimating both the amount and timing of future cash flows regularly to reduce any differences between loss estimates and actual loss experience. Details of loan to margin clients and other advances to customers are set out in Note 16. Details of loan and advances to money lending customers are set out in Note 17.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Financial assets		
Loan and receivables (including cash and bank balances)		
— Trade receivables	951	8,769
— Other receivables	218	777
— Loans and advances to finance customers	—	14,336
— Cash and bank balances	13,192	28,630
— Amount due from a director	—	9,108
	14,361	61,620
Financial liabilities		
Amortised cost		
— Trade payables	2,692	14,434
— Loan from a director	—	19,000
— Accruals and other payables	296	598
— Amount due to a director	16,925	—
	19,913	34,032

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, cash and bank balances, trade payable, accruals and other payables, loans and advances to finance customers, loan from a director, amount due from director and amount due to a director. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Target Group's risk exposure in respect of financial instruments or the manner in which it manages and measures the risks.

The Target Group is principally exposed to interest rate risks, credit risks, liquidity risks and foreign currency risks. The Directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency. Target Group has no significant exposure to foreign currency risk as substantially all of the Target Group transactions are denominated in its functional currency, HK$.

Interest rate risks

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Target Group's interest rate risk principal arises from interest bearing bank deposits, loan to margin clients.

Target Group has cash at bank. Details of which are disclosed in note 19. Target Group currently does not have any interest rate hedging policy and will consider enter into interest rate hedging should the need arise. Target Group ensures that it borrows at competitive interest rates under favourable terms and conditions.

The sensitivity analysis below has been determined based on Target Group's exposure to interest rates for the stipulated changes taking place at the beginning of each reporting period and held constant throughout the financial period in the case of financial instruments that bear interest at floating rates. 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the effect from reasonably possible change in interest rates.

If the interest rates have been higher or lower and all other variables were held constant, Target Group's profit/loss for the Track Record Period would decrease or increase/increase or decrease accordingly. This is mainly attributable to Target Group's exposure to interest rates on its floating rate bank balances which are not hedged. The following analysis shows Target Group's sensitivity to interest rates exposure.

Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit from 3 June 2016 (date of incorporation) to 31 March 2017	**Sensitivity of net profit for the year ended 31 March 2018**
	HK$'000	*HK$'000*
Change in basis points:		
Increase 100 basis points	—	6
Decrease 100 basis points	—	6

Credit risk

As at 31 March 2017 and 31 March 2018, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of trading limits, trading approvals and other monitoring procedures to ensure that follow-up action is taken to recover outstanding balances. In addition, the Target Group reviews the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Margin calls are made when the outstanding balances due from clients exceed their respective limits with consideration of the quality, liquidity and price volatility of individual stock, and the transaction history and credibility of the clients. Failure to meet margin calls may result in the prohibition of further purchase of securities or liquidation of the client's positions on a case-by-case basis. In this regard, the management consider that the Target Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Target Group does not have any other significant concentration of credit risk.

Collateral held as security and other credit enhancements

The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

As at 31 March 2017 and 31 March 2018, the Target Group manages liquidity risk by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and intended credit lines of funding from major financial institutions to meet the Target Group's liquidity requirements in the short and long term. The liquidity risk is under continuous monitoring by the management of the Target Group. The directors will raise or refinance bank borrowings whenever necessary.

At the end of the reporting period, the Target Group did not have significant exposure to liquidity risk.

The following tables detail the remaining contractual maturity at the end of the reporting period of the Target Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates) and the earliest date the Target Group can be required to pay:

	Weighted average effective interest rate	**On demand less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Total carrying amounts**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017						
Non-derivative instruments						
Trade payables	—	2,692	—	—	2,692	2,692
Accruals and other payable	—	296	—	—	296	296
Amount due to a director	—	16,925	—	—	16,925	16,925
		19,913	—	—	19,913	19,913

	Weighted average effective interest rate	**On demand less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual undiscounted cash flows**	**Total carrying amounts**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2018						
Non-derivative instruments						
Trade payables	—	14,434	—	—	14,434	14,434
Loan from a director	—	19,000	—	—	19,000	19,000
Accruals and other payable	—	598	—	—	598	598
		34,032	—	—	34,032	34,032

(c) Fair value measurement

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

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively.

(ii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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

The carrying amounts of the Target Group's financial instruments carried at cost or amortised cost, are not materially different from their fair values as at 30 April 2017 and 2016.

During the period from 3 June 2016 (date of incorporation) to 31 March 2017 and the year ended 31 March 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Target Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

6. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Target Group manages its capital to ensure it will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balances.

The capital structure of the Target Group consists of equity attributable shareholders of the Target Group, comprising issued share capital and retained earnings. The directors of the Target Group review the capital structure on a continuous basis. Based on recommendations of the Target Group, the Target Group will balance overall structure through issuance of new shares of the Target Group as well as raising of new borrowings.

7. REVENUE AND SEGMENT INFORMATION

(a) Revenue

	From 3 June 2016 (date of incorporation) to 31 March 2017 *HK$'000*	For the year ended 31 March 2018 *HK$'000*
Brokerage commission from securities dealing	1	650
Placing and underwriting commission	—	16,426
Service fee Income	—	38
Interest income	1	1,292
Other income	3	1,002
	5	19,408

During the Track Record Period, revenue from certain corporate customer amounted to 10% or more of the Target Group's revenue for the respective period. The revenue of these customers during the Track Record Period are summarized below:

	From 3 June 2016 (date of incorporation) to 31 March 2017 *HK$'000*	For the year ended 31 March 2018 *HK$'000*
Revenue from customer 1 *(Note)*	—	3,452
Revenue from customer 2 *(Note)*	—	2,598
Revenue from customer 3 *(Note)*	—	2,458
Revenue from customer 4 *(Note)*	—	2,278
Revenue from customer 5 *(Note)*	—	2,250

Note: Revenue arising from placing and underwriting commission.

(b) Segment information

The Target Group's revenue is solely derived from the securities brokerage and dealing during the Track Record Period. For the purpose of resources allocation and performance assessment, the Target Group's management focuses on the operating results of the Target Group as a whole as the Target Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, the Target Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

No geographical segment information is presented as the Target Group's revenue are all derived from Hong Kong based on the location of services and all of its non-current assets are also located in Hong Kong.

8. FINANCE COST

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
Loan interest	—	288

9. (LOSS)/PROFIT BEFORE TAXATION

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
(Loss)/profit for the period/year has been arrived at after charging		
Total staff costs including directors' remuneration *(Note 10)*		
— Salaries and other benefits	2,189	2,619
— Retirement benefits scheme contributions	29	85
Total staff costs	2,218	2,704
Auditors' remuneration	41	145
Depreciation of property, plant and equipment	50	442
Operating lease rental expenses	157	2,843

10. DIRECTORS', SENIOR MANAGEMENTS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

During the Track Record Period, the remuneration paid or payable to the Directors was as follows:

From 3 June 2016 (date of incorporation) to 31 March 2017:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Li Hok Yin *(Note (i))*	300	880	—	—	1,180
Ms. Lau Kit Tin *(Note (ii))*	—	—	—	—	—
Total	300	880	—	—	1,180

For the year ended 31 March 2018:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Share-based payment expenses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Li Hok Yin *(Note (i))*	—	—	—	—	—
Ms. Lau Kit Tin *(Note (ii))*	—	—	—	—	—
Total	—	—	—	—	—

During the Track Record Period, no emoluments were paid by the Target Group to the directors or chief executive officer as an inducement to join or upon joining the Target Group or as compensation for loss of office. None of the directors or chief executive officer has waived or has agreed to waive any emoluments for the Track Record Period.

Notes:

(i) Mr. Li Hok Yin was appointed as a director with effect from 3 June 2016.

(ii) Ms. Lau Kit Tin was appointed as a director with effect from 13 June 2016.

(b) Senior management's emoluments and five highest paid employees

For the period from 3 June 2016 (date of incorporation) to 31 March 2017, the Target Group only have four employees (including one director).

The aggregate amounts of emoluments of the remaining three and five highest paid individuals excluding directors for the period from 3 June 2016 (date of incorporation) to 31 March 2017 and for the year ended 31 March 2018, respectively of the Target Group are as follows:

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
Salaries and other allowances	1,009	2,036
Retirement benefits scheme contributions	29	59
	1,038	2,095

Their emoluments were within the following bands:

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
HK$Nil to HK$1,000,000	4	5

None of the senior management or the five highest paid individuals has waived or has agreed to waive any emoluments for the Track Record Period.

11. TAXATION

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
The Hong Kong Profits Tax	—	1,257
Deferred tax: *(Note 23)*	49	40
	49	1,297

The Hong Kong Profits Tax

The Target Group was established in the Hong Kong and is subject to the Hong Kong Profits Tax, which is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the period from 3 June 2016 (date of incorporation) to 31 March 2017 and the year ended 31 March 2018. No provision of Hong Kong Profits Tax has been made during period ended 31 March 2017 as the Target Group had no assessable profits arising in Hong Kong during that Period.

Reconciliation between tax expenses and accounting (loss)/profit at applicable tax rates

A reconciliation of the tax expenses applicable to (loss)/profit before tax at the applicable rates for the countries in which the Target Group are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	From 3 June 2016 (date of incorporation) to 31 March 2017 *HK$'000*	**For the year ended 31 March 2018** *HK$'000*
(Loss)/profit before taxation	(3,246)	10,664
Tax calculated at the Hong Kong Profits Tax rate 16.5%	(535)	1,760
Tax effect of income not taxable for tax purpose	—	40
Tax effect of deductible temporary difference not recognised	1	40
Utilisation of tax loss	—	96
Tax losses not recognised	583	(579)
Tax reduction	—	(60)
Tax expenses for the period/year	49	1,297

12. DIVIDEND

The Directors do not recommend any payment of dividend during the Track Record Period.

13. (LOSS)/PROFIT EARNINGS PER SHARE

No (loss)/earnings per share information is presented as it is not considered as meaningful for the purpose of this report.

14. PROPERTY, PLANT AND EQUIPMENT

	Office equipment *HK$'000*	Computer equipment *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
Cost:				
As at 3 June 2016 (date of incorporation)	—	—	—	—
Additions	64	286	912	1,262
As at 31 March 2017 and 1 April 2017	64	286	912	1,262
Additions	213	471	511	1,195
As at 31 March 2018	277	757	1,423	2,457
Depreciation:				
As at 3 June 2016 (date of incorporation)	—	—	—	—
Charge for the period	3	12	35	50
As at 31 March 2017 and 1 April 2017	3	12	35	50
Charge for the year	45	141	256	442
As at 31 March 2018	48	153	291	492
Carrying amounts:				
As at 31 March 2017	61	274	877	1,212
As at 31 March 2018	229	604	1,132	1,965

15. OTHER ASSETS

	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Fund deposits in HKSCC for trading right	100	100
Stamp duty deposit	5	5
	105	105

16. TRADE RECEIVABLES

	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Cash clients	366	344
Margin clients		
— Directors and key management personnel	136	2,565
— Others	83	5,691
Clearing house	366	169
	951	8,769

	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Loans to margin clients *(Note)*	219	8,256
Other advances to customers	366	344
	585	8,600

Note:

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Target Group.

The majority of the loans to margin clients which are secured by the underlying pledged securities are interest bearing. The Target Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call which the customers have to make up the shortfall.

Loans to margin clients as at 31 March 2017 and 31 March 2018 were secured by the customers' securities to the Target Group as collateral with undiscounted market value of approximately HK$162,000 and HK$51,788,000, respectively.

As at 31 March 2017 and 31 March 2018, included in the Target Group's accounts payable to brokerage clients were approximately HK$1,960,000 and HK$10,290,000 cash collateral received from clients for securities lending and margin financing arrangement.

The Target Group determines the provision for impairment based on the evaluation of collectability and aging analysis of accounts and on management's judgment including the assessment of change in credit quality, collateral and the past collection history of each client. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Target Group evaluates the collectability of receivables from margin clients based on management's assessment on the credit rating, collateral value and the past collection history of each margin clients. The settlement terms of trade receivables are two days after trade date.

The Directors are of the opinion that the ageing analysis on margin client does not give additional value in view of the nature of the business. As a result, no ageing analysis is disclosed.

The ageing analysis of the trade receivables arising from cash clients and clearing house which are past due but not impaired, are as follows:

	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Past due but not impaired:		
Less than 1 month	732	513

As at 31 March 2017, amount approximately HK$136,000 was receivable from Mr. Li Hok Yin, the director and controlling shareholder of the Target Group. The amount was unsecured, interest free and recoverable on demand.

As at 31 March 2018, amount approximately HK$2,565,000 was receivable from Mr. Li Hok Yin, the director and controlling shareholder of the Target Group. The amount was unsecured, interest free and recoverable on demand.

17. LOANS AND ADVANCES TO MONEY LENDING CUSTOMERS

	From 3 June 2016 (date of incorporation) to 31 March 2017 *HK$'000*	For the year ended 31 March 2018 *HK$'000*
Loans advances during the period/year and balance at the end of the period/year	—	14,336

The loans bear interest rate ranging from 24% to 30% per annum and are repayable according to the respective loan agreements which usually cover periods not more than half year.

(a) Maturity profile

	2017 *HK$'000*	2018 *HK$'000*
Due within 1 year or on demand — secured	—	14,336

(b) Loans and advances to money lending customers that are not considered to be impaired are as follows:

	As at 31 March 2017 *HK$'000*	As at 31 March 2018 *HK$'000*
Neither past due nor impaired — secured	—	14,336

The above amount was secured by personal guarantee by an independent third party.

18. PREPAYMENTS, DEPOSITS PAID AND OTHER RECEIVABLES

	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*
Prepayments	227	—
Deposits paid	771	770
Interest receivables	—	648
Other receivables	218	129
	1,216	1,547

The fair value of the Target Group's prepayments, deposits paid and other receivables at the reporting date approximates to the corresponding carrying amount. None of the above assets is either past due or impaired.

19. CASH AND BANK BALANCES

As at 31 March 2017 and 31 March 2018, the cash and bank balances of the Target Group denominated in HK$ amounted to approximately HK$13,192,000 and HK$28,630,000 respectively.

Bank balances are deposits with credit worthy banks with no recent history of default.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*
General accounts	11,231	16,063
Segregated accounts *(Note)*	1,961	12,567
	13,192	28,630

Note: The Target Company maintains segregated accounts with an authorised institution to hold clients' monies arising from its normal course of business of the regulated activities. The Target Company has classified the bank balances — segregated accounts under current assets in the statement of financial position and recognised the corresponding trade payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Target Company is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

20. TRADE PAYABLES

	As at 31 March 2017 HK$'000	As at 31 March 2018 HK$'000
Cash clients	366	3,446
Margin clients	1,960	10,290
Clearing house and others	366	698
	2,692	14,434

Only the excess amounts over the required margin deposits stipulated are repayable on demand. The settlement terms of trade payables are two days after trade date.

No ageing analysis is disclosed as in the opinion of the directors of the Target Group, the ageing analysis does not give additional value in view of the nature of these businesses.

21. ACCRUALS AND OTHER PAYABLES

	As at 31 March 2017 HK$'000	As at 31 March 2018 HK$'000
Accruals and other payables	305	598

22. AMOUNT DUE (FROM)/TO A DIRECTOR/LOAN FROM A DIRECTOR

	As at 31 March 2017 HK$'000	As at 31 March 2018 HK$'000
Amount due from a director *(Note 1 and 2)*	—	(9,108)
Amount due to a director *(Note 1)*	16,925	—
Loan from a director *(Note 3)*	—	19,000
	16,925	9,892

Note:

1. The amount is unsecured, interest free and repayment/recoverable on demand.

2. Details regarding the amount due from a director are as follows:

Name of the director	**As at 31 March 2017** *HK$'000*	**As at 31 March 2018** *HK$'000*
Mr. Li Hok Yin	—	(9,108)

	From 3 June 2016 (date of incorporation) to 31 March 2017 *HK$'000*	**For the year ended 31 March 2018** *HK$'000*
Maximum balance outstanding during the period/year — Mr. Li Hok Yin	—	(9,108)

3. The amount is unsecured, carried at 6% per annum and repayable after 2 years.

23. DEFERRED TAXATION

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5%.

	Accelerated tax depreciation *HK$'000*
As at 3 June 2016 (date of incorporation)	—
Debited to the consolidated statement of profit or loss and other comprehensive loss for the period	49
As at 31 March 2017 and 1 April 2017	49
Credited to the consolidated statement of profit or loss and other comprehensive income for the year	40
As at 31 March 2018	89

The Target Group has unused tax losses of approximately HK$3,509,000 and HK$Nil available for offsetting against future taxable profits as at 31 March 2017 and 31 March 2018 respectively. Deferred tax assets have not been recognised for such losses at end of reporting dates due to the unpredictability of future profit streams in relevant subsidiary.

24. SHARE CAPITAL

	Number of shares in issue	Share capital *HK$*
As at 3 June 2016 (date of incorporation)	—	—
Issue of shares	100	100
As at 31 March 2017 and 1 April 2017	100	100
Issue of shares *(Note (a))*	23,010,200	23,010,200
As at 31 March 2018	23,010,300	23,010,300

Note (a):

Pursuant to contract dated on 22 November 2017, amount due to director of HK$23,010,200 was settled by issuing 23,010,200 shares.

25. PARTICULAR OF SUBSIDIARIES

Particulars of the Target Company's principal subsidiaries as at 31 March 2018 is set out below:

Name	Place of incorporation/ registration and operations	Nominal value of registered capital *HK$*	Percentage of equity attributable to the Target Company Direct *%*	Indirect *%*	Principle activity
Bluemount Securities Limited	Hong Kong	18,000,000	100	—	Brokerage services
Bluemount Asset Management Limited	Hong Kong	5,000,000	100	—	Portfolio and investment management service
Bluemount Credit Limited	Hong Kong	100	100	—	Money lending
Bluemount Capital Limited (incorporated on 6 June 2017)	Hong Kong	10,000	100	—	Dormant
Bluemount Commodities Limited	Hong Kong	100	100	—	Dormant

Particulars of the Target Company's principal subsidiaries as at 31 March 2017 is set out below:

Name	Place of incorporation/ registration and operations	Nominal value of registered capital *HK$*	Percentage of equity attributable to the Target Company Direct *%*	Indirect *%*	Principle activity
Bluemount Securities Limited	Hong Kong	12,000,000	100	—	Brokerage services
Bluemount Asset Management Limited	Hong Kong	5,000,000	100	—	Portfolio and investment management service
Bluemount Credit Limited	Hong Kong	100	100	—	Money lending
Bluemount Commodities Limited	Hong Kong	100	100	—	Dormant

26. COMMITMENTS

(a) Capital commitments

The Target Group and the Target Company did not have significant capital commitments as at 31 March 2017 and 31 March 2018.

(b) Operating lease commitments

The Target Group as lessee

At the end of each reporting period, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	As at 31 March 2017	As at 31 March 2018
	HK$'000	*HK$'000*
Within one year	2,425	2,449
In the second to fifth year inclusive	4,236	1,961
	6,661	4,410

Operating lease payments represent rentals payable by the Target Group for its office properties with lease terms renewed annually.

27. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information of the Target Group, the Target Group has entered into the following material transactions with related parties, which in the opinion of the Directors, were conducted under commercial terms and in the normal course of the Target Group's business.

(a) Balance with related parties:

Details of balance with related parties at the end of each reporting period is set out in Notes 16 and 22.

(b) Key management personnel

Remuneration for key personnel management, including amounts paid to the Directors and certain of the highest paid employees were disclosed in Note 10 to the Financial Information.

(c) Brokerage income

	From 3 June 2016 (date of incorporation) to 31 March 2017	For the year ended 31 March 2018
	HK$'000	*HK$'000*
Li Hok Yin	—	9
Chan Chun Ming	—	18
	—	27

28. EVENTS AFTER THE REPORTING PERIOD

There is no subsequent event after the Track Record Period which has material impact to the financial statements of the Target Group.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Target Group in respect of any period subsequent to 31 March 2018 and no dividends or other distributions have been declared by the Target Group in respect of any period subsequent to 31 March 2018.

The information sets out in this Appendix does not form part of the Accountants' Report prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix II to this circular, and is included herein for information purpose only.

The unaudited pro forma financial information should be read in conjunction with the Accountants' Report set out in Appendix II to this circular.

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the "**Statement**") has been prepared to illustrate the effect of the proposed acquisition (the "**Acquisition**") of 30% equity interest in Bluemount Financial Group Limited (the "**Target Company**"), assuming the transaction had been completed as at 31 March 2018, might have affected the financial position of the Group.

The Statement is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2018 as extracted from the annual report of the Group for the year ended 31 March 2018 after making certain pro forma adjustments resulting from the Acquisition.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 March 2018. Furthermore, the Statement does not purport to predict the Group's future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix II of the circular issued by the Company on 28 September 2018 (the "**Circular**") and other financial information included elsewhere in the Circular.

Unaudited Pro Forma Statement of Assets and Liabilities of Enlarged Group

	The Group as at 31 March 2018 *HK$'000* (Audited) *(Note 1)*	*Note*	Pro forma adjustment for the Acquisition *HK$'000*	Pro forma Enlarged Group after the Acquisition *HK$'000* (Unaudited)
Non-current assets				
Property-plant and equipment	2,585			2,585
Interest in an associate	—	*2*	11,060	11,060
	2,585			13,645
Current assets				
Inventories	13,301			13,301
Trade receivables	4,728			4,728
Amount due from a related company	196			196
Deposits, prepayments and other receivables	6,343	*2*	(200)	6,143
Financial assets at fair value through profit or loss	1,737			1,737
Pledged time deposits	2,012			2,012
Cash and bank balances	13,340	*3*	(1,256)	12,084
	41,657			40,201
Current liabilities				
Trade payables	3,667			3,667
Accruals and other payables	2,571			2,571
Trade deposit received	1,268			1,268
Tax payable	41			41
Obligations under finance lease	96			96
	7,643			7,643
Net current assets	34,014			32,558
Total assets less current liabilities	36,599			46,203
Non-current liabilities				
Obligations under finance lease	399			399
Convertible bonds	7,586			7,586
Deferred taxation	399			399
	8,384			8,384
Net assets	28,215			37,819

Note to the Unaudited Pro Forma Statement of Assets and Liabilities of the Enlarged Group

1. The balances have been extracted from the audited annual report of the Group for the year ended 31 March 2018.

2. The adjustment represents the Acquisition of 30% of the entire issued capital of the Target Company (the "**Equity Interest**") amounting to HK$11,060,000, which is satisfied by issuance of 60,000,000 consideration shares at the market price of HK$0.181 each and deposit paid of HK$200,000. The market price represented the closing price at 31 March 2018. The directors of the Company consider the closing price at 31 March 2018 is more appropriate to illustrate the effect of the Acquisition.

   The Equity Interest will be classified as interest in an associate.

   According to the Group's accounting policy, the carrying amount of the interest in an associate is tested for impairment at the end of each reporting period when there is objective evidence that the associate is impaired. If the recoverable amount of an associate is estimated to be less than its carrying amount, the carrying amount of the interest in an associate is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

   In the opinion of the directors of the Company, no impairment loss on interest in an associate should be recognised in the Statement as the recoverable amount of the associate is higher than its carrying amount. The recoverable amount of the interest in an associate is reference to the valuation report prepared by an independent professional valuer.

3. The adjustment represents the transaction costs of the Acquisition incurred by the Group including expenses charged by professional parties. The total amount is estimated at HK$1,256,0000.

4. No other adjustment has been made to the Statement to reflect any trading results or other transaction of the Group and the Target Company entered into subsequent to 31 March 2018.

B. REPORT ON THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

The following is the text of a report received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Circular, in connection with the unaudited pro forma financial information.

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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

28 September 2018

The Board of Directors
Echo International Holdings Group Limited

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT CIRCULAR

We have completed our assurance engagement to report on the compilation of pro forma financial information of Echo International Holdings Group Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 March 2018, and related notes as set out on pages III-1 to III-3 of the investment circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in pages III-1 to III-3 to the circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed acquisition of 30% of the entire issued share capital of the Bluemount Financial Group Limited (the "**Target Company**") on the Group's assets and liabilities as at 31 March 2018 as if the event or transaction had taken place at 31 March 2018. As part of this process, information about the Group's assets and liabilities, has been extracted by the directors of the Company from the Group's audited financial statements for the year ended 31 March 2018, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**GEM Rules**") and with reference to Accounting Guideline ("**AG**") 7, 'Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars' issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued but the HKICPA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus', issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Yours faithfully
HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Shek Lui
Practising Certificate Number: P05895
Hong Kong 28 September 2018

Set out below is the management discussion and analysis on the Target Group for the period from 3 June 2016 (date of incorporation) to 31 March 2017 and the year ended 31 March 2018. The following financial information is based on the audited financial information of the Target Group as set out in Appendix II to this circular.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP FOR THE PERIOD FROM 3 JUNE 2016 (DATE OF INCORPORATION) TO 31 MARCH 2017 AND THE YEAR ENDED 31 MARCH 2018

BUSINESS OVERVIEW

The Target Company, a company incorporated in Hong Kong with limited liability on 3 June 2016 (''**Date of Incorporation**'') and is principally engaged in investment holding and beneficially owns 100% of the entire issued share capital of five subsidiaries which are incorporated with limited liability in Hong Kong, out of which three have commenced business and two, as at Latest Practicable Date, have not commenced business, together known as the Target Group.

The Target Company is an investment holding company and its major assets are investments in (i) BAML; (ii) BSL; (iii) BCrL; (iv) BCoL; and (v) BCaL. For details on the subsidiaries of the Target Company, please refer to the section headed ''Information of the Target Company and the Target Group'' in the Letter from the Board to this circular.

Segment Information

The management of the Target Group has determined that it has a single operating segment, which is the provision of securities brokerage and dealing. The Target Group currently provides a mixture of financial services including the (i) provision of portfolio and investment management service to professional investors; (ii) securities dealing, margin financing, initial public offering underwriting and secondary market placement; and (iii) provision of stock collateral loans.

Revenue

The Target Group recorded revenue for the period from the Date of Incorporation to 31 March 2017 of approximately HK$5,000 and for the year ended 31 March 2018 of approximately HK$19,408,000, which mainly represented placing and underwriting commission from securities on recognised stock market in Hong Kong.

The revenue for the year ended 31 March 2018 increased by approximately HK$19,403,000 or over 3,881 times as compared to the period from the Date of Incorporation to 31 March 2017, primarily due to an increase in placing and underwriting commission for the year ended 31 March 2018. As at 31 March 2018, BSL had completed 12 underwriting and placing transactions.

Administrative expenses

The administrative expenses incurred by the Target Group for the period from the Date of Incorporation to 31 March 2017 of approximately HK$3,251,000 and for the year ended 31 March 2018 of approximately HK$8,456,000 mainly comprised of directors' remuneration, licensing fee, staff costs, auditors' remuneration, professional fees, office supplies, impairment loss, management fee expenses (which includes rental expenses and management fees and rate) and other expenses.

Administrative expenses for the year ended 31 March 2018 increased by approximately HK$5,205,000 or 160.1% as compared to the period from the Date of Incorporation to 31 March 2017, primarily due to an increase in office supplies, staff costs, impairment loss and management fee expenses as a result of the full year operation for the year ended 31 March 2018.

(Loss)/profit for the period/year

The Target Group recorded loss for the period from the Date of Incorporation to 31 March 2017 of approximately HK$3,295,000. The Target Group subsequently recorded profit for the year ended 31 March 2018 of approximately HK$9,367,000.

The profit for the year ended 31 March 2018 amounted to approximately HK$9,367,000 which represented an improvement of approximately HK$12,662,000 as compared to the loss recorded for the period from the Date of Incorporation to 31 March 2017 of approximately HK$3,295,000. The improvement in profit for the year ended 31 March 2018 was primarily due to the increase in revenue recorded for the year ended 31 March 2018 as compared to the period from the Date of Incorporation to 31 March 2017 due to the aforesaid reason.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2017 and 31 March 2018, the Target Group had net current liabilities and net current assets of approximately HK$4,563,000 and HK$46,101,000 respectively. The current ratio (being current assets over current liabilities as at 31 March 2017 and 31 March 2018 were approximately 0.8 times and 3.8 times, respectively. The increase in the current ratio as at 31 March 2018 as compared to 31 March 2017 was mainly due to the increase in loans and advances to money lending customers and cash and bank balances which were generally in line with the increase in revenue recorded for the year ended 31 March 2018 due to the aforesaid reason. The effect was partially offsetted by the increase in trade payables for the same period. Total assets mainly comprised of property, plant and equipment, trade receivables, loans and advances to money lending customers, amount due from a director and cash and bank balances. Total liabilities mainly comprised of trade payables and loan from a director.

As at 31 March 2017 and 31 March 2018, the Target Group had net liabilities and net assets of approximately HK$3,295,000 and HK$29,082,000 respectively. The gearing ratio (being total liabilities over total assets) as at 31 March 2017 and 31 March 2018 were approximately 119.8% and 54.9%, respectively. The decrease in the gearing ratio as at 31

March 2018 as compared to 31 March 2017 was mainly due to the fact that loans and advances to money lending customers, amount due from a director and cash and bank balances increased at a faster rate than the increase in trade payables and loan from a director. The effect was partially offsetted by the decrease in amount due to a director.

As at 31 March 2017 and 31 March 2018, the loans and advances to money lending customers amounted to approximately nil and HK$14,336,000, respectively. These amounts mainly comprised of outstanding balance of stocks collateral loan provided by BCrL to its clients.

As at 31 March 2017 and 31 March 2018, the cash and bank balances of the Target Group amounted to approximately HK$13,192,000 and HK$28,630,000, respectively, which are primarily denominated in HK$. These amounts mainly comprised of client monies that are maintained in segregated bank accounts, which arise from money deposited by clients when the Target Group carries out regulated activities in its ordinary course of business.

As at 31 March 2017 and 31 March 2018, the outstanding amount due to a director amounted to approximately HK$16,925,000 and nil, respectively. Pursuant to the loan capitalisation agreement dated 22 November 2017, it was agreed by the Target Company and the Vendor that a loan in an aggregate outstanding amount of HK$23,010,200 was owed by the Target Company to the Vendor was settled in full by means of issuing and allotting an aggregate of 23,010,200 news shares of the Target Company to the Vendor. The agreement aforesaid was completed by 31 March 2018 and as at the Latest Practicable Date, the amount due from a director amounted to approximately HK$9,108,000.

As at 31 March 2017 and 31 March 2018, loan from a director amounted to approximately nil and HK$19,000,000, respectively. The amount was unsecured, carried at 6% per annum and repayable after 2 years.

Capital Structure

As at 31 March 2017 and 31 March 2018, the capital structure of the Target Group mainly consisted of trade payables, loan from a director, accruals and other payables, amount due to a director, and capital and reserves attributable to owners of the Target Company. The directors of the Target Group review the capital structure regularly. As part of the review, the directors consider the cost of capital and the risk associated with each class of capital.

As at 31 March 2018, the issued and paid up capital of the Target Company amounted to HK$23,010,300. Movements in the share capital of the Target Company are reflected in note 24 to the financial statements of the Target Group in Appendix II to this circular.

Treasury and Funding Policies

During the reported period, the Target Group usually financed its working capital through internal funds. To manage liquidity risk, the management of the Target Group closely monitors the liquidity position to ensure that the liquidity structure of the Target Group's assets, liabilities and commitments can meet its funding requirements. Furthermore, management monitors the Target Group's liquid capital on a daily basis to ensure it will meet the minimum liquid capital requirement in accordance with the Hong Kong Securities and Futures (Financial Resources) Rules adopted by the SFC. The required information is filed with the SFC on a monthly basis.

Credit Risk

The Target Group's credit risk is primarily attributable to trade receivables and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. As at 31 March 2017 and 31 March 2018, the Target Group's trade receivables were approximately HK$951,000 and HK$8,769,000 respectively.

The trade receivables as at 31 March 2018 increased by approximately 7,818,000 or 822.1% compared to 31 March 2017. The increase in trade receivables was primarily due to an increase in the amount advanced to the Target Group's margin clients.

In order to minimise credit risk, the Target Group's management has a well-established credit risk management process, which are governed by credit policies and procedures approved by the Board of Directors. These processes involve the delegation of credit approval authorities, reviewing and establishing limits for each type of credit exposure for each client and counterparty and obtaining pledged securities in the margin financing businesses. The Target Group manages its exposure to credit risk arising from cash and cash equivalents by dealing with reputable companies, such as financial institutions which are governed by regulatory institutions. The risk of default in repayment is considered to be minimal. As at 31 March 2017 and 31 March 2018, cash and bank balances were deposited in reputable large commercial banks with high credit ratings.

Interest Rate Exposure

The Target Group's exposure to interest rate risk primarily relates to the interest income generated by cash, which is mostly held in interest-bearing bank deposits. The Target Group has not been exposed to material interest rate risk due to the changes in interest rates. The Target Group currently does not have an interest rate hedging policy. The management of the Target Group closely monitors the interest rate exposure of the Target Group and would consider hedging significant interest rate exposure should the need arise.

FOREIGN EXCHANGE EXPOSURE

The cash and bank balances of the Target Group were mainly denominated in HK$. The business operation of the Target Group had been primarily conducted in HK$.

As at 31 March 2017 and 31 March 2018, the Target Group had no material exposure to foreign exchange risk as majority of the company's assets were denominated in its functional currency of HK$. Foreign exchange risk arising from the normal course of operations is considered minimal. As such, no hedging against foreign currency exposure has been carried out by the Target Group, and the Target Group does not have a foreign currency hedging policy. Management will closely monitor the fluctuation in the currency and take appropriate actions when conditions arises.

EMPLOYEE AND REMUNERATION POLICY

There were 3 and 5 staffs employed by the Target Group as at 31 March 2017 and 31 March 2018, respectively. The total staff costs amounted to approximately HK$2,218,000 and HK$2,704,000 for the period from the Date of Incorporation to 31 March 2017 and the year ended 31 March 2018, respectively.

The Target Group reviews staffs remuneration once a year, or as its management considers appropriate. Changes in remuneration are based on a range of factors including the Target Group's performance, the competitiveness of remuneration with the external market and individual employee's performance. The Target Group's employees were paid a remuneration with discretionary bonus and benefits of medical insurance, mandatory provident fund contributions and necessary training.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

In the past, capital expenditures of the Target Group were principally incurred to purchase computers, other office equipment and for leasehold improvements. As the Target Group's business expands, it may purchase new computers and other equipment in the future. Apart from the aforementioned, there were no material acquisitions and disposals of subsidiaries and associated companies of the Target Group and no significant investments made during the period from the Date of Incorporation to 31 March 2017 and the year ended 31 March 2018. The Target Group has no future plans for material investments or capital assets.

CAPITAL COMMITMENTS

As at 31 March 2017 and 31 March 2018, the Target Group did not have any material capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2017 and 31 March 2018, the Target Group did not have material contingent liabilities.

PLEDGE OF ASSETS

No assets of the Target Group were pledged as at 31 March 2017 and 31 March 2018.

The following is the text of letter and valuation report prepared for the purpose of incorporation in this circular, received from Roma Appraisals Limited, an independent professional valuer, in connection with their valuation as at 31 May 2018 of the market value of 30% equity interest in Bluemount Financial Group Limited.

22/F., China Overseas Building,
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

Echo International Holdings Group Limited
Room 3207A, 32/F, Cable TV Tower,
9 Hoi Shing Road, Tsuen Wan,
New Territories, Hong Kong

28 September 2018

Dear Sir/Madam,

Re: Valuation of the Market Value of 30% Equity Interest in Bluemount Financial Group Limited

In accordance with the instructions from Echo International Holdings Group Limited (hereinafter referred to as the "**Company**") to us to conduct a business valuation on the market value of 30% equity interest in Bluemount Financial Group Limited (hereinafter referred to as the "**Target Company**") and its subsidiaries (together referred to as the "**Target Group**"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 May 2018 (hereinafter referred to as the "**Date of Valuation**").

This report states the purpose of valuation, scope of work, an overview of the Target Group, economic overview, industry overview, basis of valuation, investigation and analysis, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "**Roma**") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, the management of the Target Group and/or their representative(s) (together referred to as the "**Management**").

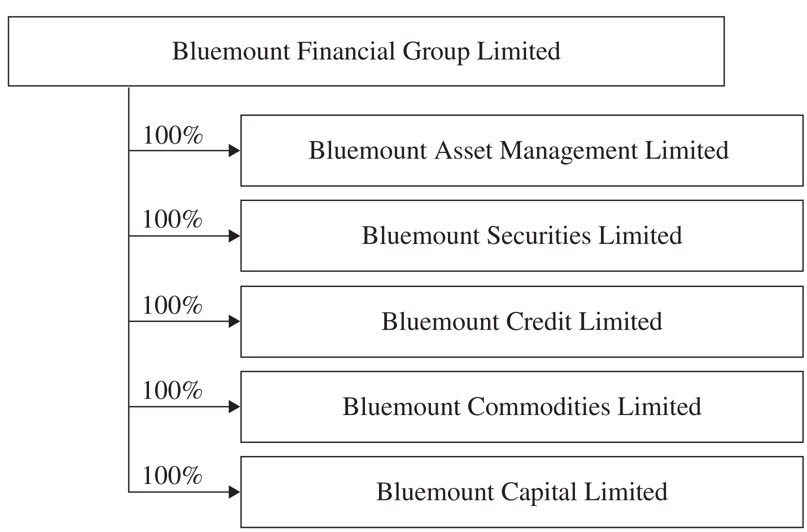
In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Target Group. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Target Group provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

3. THE TARGET GROUP

The Target Company was incorporated in Hong Kong and is principally engaged in investment holding.

The group chart for the Target Group is as follows:



3.1 Bluemount Asset Management Limited

Bluemount Asset Management Limited is a licensed corporation to conduct type 9 (asset management) regulated activity under the Securities and Futures Ordinance ("**SFO**"). The company provides portfolio and investment management service to professional investors.

3.2 Bluemount Securities Limited

Bluemount Securities Limited is a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO as well as an exchange participant of the Stock Exchange. The company is a securities broker and provides a range of brokerage services which include dealing in securities, margin financing, Initial Public Offering underwriting and secondary market placement.

3.3 Bluemount Credit Limited

Bluemount Credit Limited was granted the money lender license (licence no.1410/2017) on 2 November 2017. The company has started its business on January 2018 in providing stocks collateral loans to clients. As at 31 March 2018, the company has about 20 clients and loan amount has reached over HK$14,000,000. The company also plans to focus on providing a range of mortgage products including first mortgage loan, second mortgage and mortgage loan transfers.

3.4 Bluemount Commodities Limited

Bluemount Commodities Limited plans to apply for a license to carry out type 2 (dealing in future contracts) regulated activity and focuses on providing services in respect of trading on Heng Seng Index futures, index options, stocks options, food and agricultural products, oils, bullion and global futures. As at the Date of Valuation, the company has not commenced business yet.

3.5 Bluemount Capital Limited

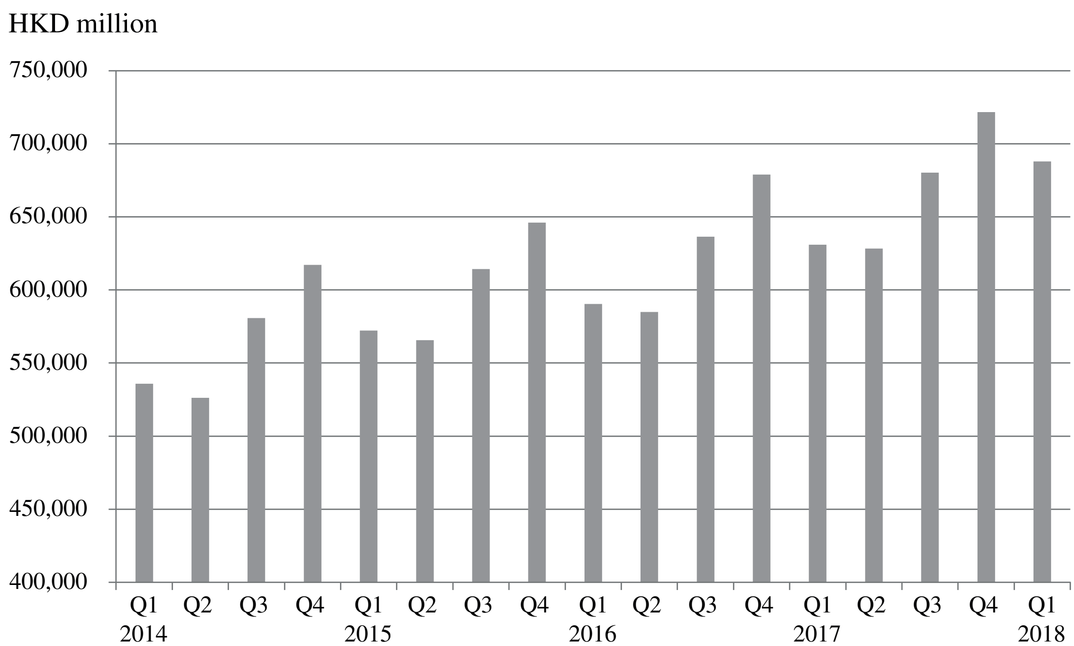
Bluemount Capital Limited plans to apply for a license to carry out type 6 (advising on corporate finance) regulated activity and aims to provide advisory and capital raising services, for instance, public listing, financial advisory, capital raising, mergers and acquisitions and continuing sponsorship services, to private and listed companies. As at the Date of Valuation, the company has not commenced business yet.

4. ECONOMIC OVERVIEW

4.1 Overview of the Economy in Hong Kong

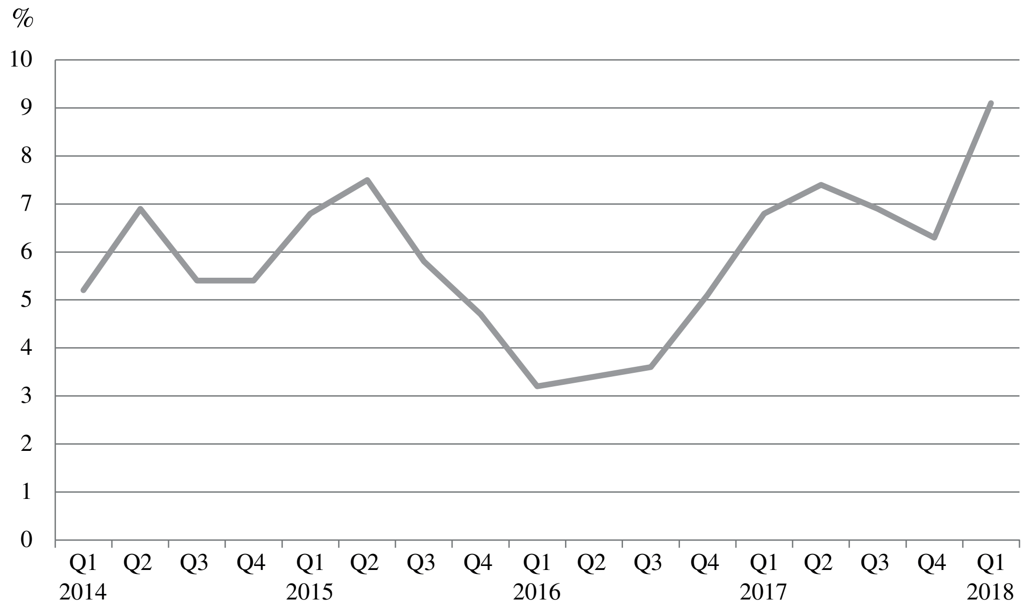
Hong Kong has long been a free market economy highly dependent on international trade and finance. For this reason, it was heavily exposed to the global economic turmoil which began in 2008 and resulted in a sharp drop of the nominal gross domestic product ("GDP") of Hong Kong in the first quarter of 2009. Since then, the economy of Hong Kong has been recovering. The GDP of Hong Kong in the first quarter of 2018 was HKD687,966 million, a 9.05% increase over the same quarter of 2017. Figure 1 and figure 2 illustrate the trend of Hong Kong's nominal GDP over the past few quarters.

Figure 1 — Hong Kong's Quarterly Nominal Gross Domestic Product from the First Quarter of 2014 to the First Quarter of 2018



Source: Bloomberg

Figure 2 — Year Over Year Percentage Change of Hong Kong's Quarterly Nominal Gross Domestic Product from the First Quarter of 2014 to the First Quarter of 2018

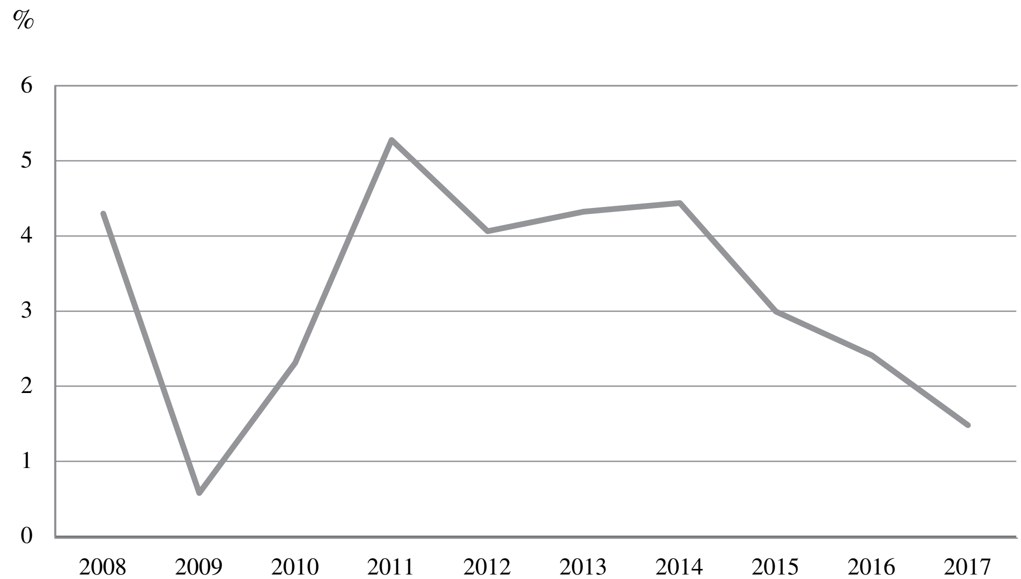


Source: Bloomberg

4.2 Inflation in Hong Kong

The inflation rate in Hong Kong was volatile in the past ten years. According to the International Monetary Fund ("IMF"), the average inflation rate in Hong Kong was negative in 2004. Since then the inflation rate was on an uptrend and reached 4.3% in 2008. Due to the global financial crisis, the inflation rate dropped in 2009. The inflation rate rebounded strongly both in 2010 and 2011, mainly caused by a sharp rise in the commodity prices in China. The inflation rate started to fall in 2014 and reached 1.5% in 2017. The IMF forecasted that the inflation rate in Hong Kong would be 2.2% in 2018, and then increase gradually from 2019 to 2023. Figure 3 shows the historical trend of Hong Kong's average inflation rate from 2008 to 2017.

Figure 3 — Hong Kong's Average Inflation Rate from 2008 to 2017



Source: International Monetary Fund

5. INDUSTRY OVERVIEW

We understand the Target Group is principally engaging in carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activity under the SFO.

As discussed with the Management, the major business of the Target Group focuses on type 1 and type 4 regulated activities. Given the business operation is largely related to trading in the Hong Kong stock market, we have obtained information related to the Hong Kong stock market to provide insight of the industry the Target Group is participating in.

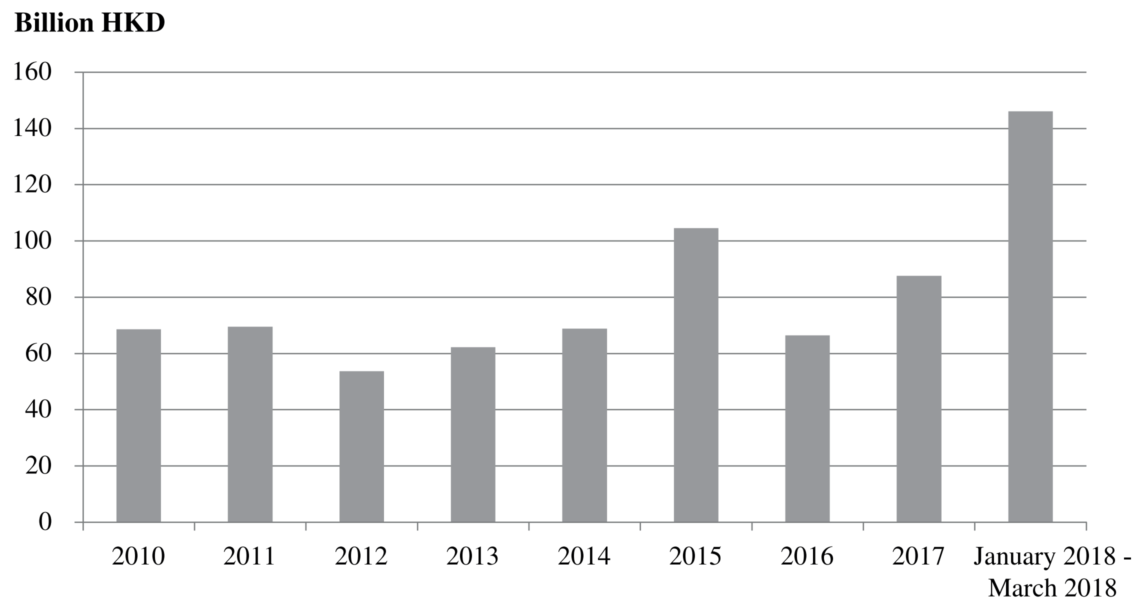
During the three-month period ended 31 March 2018, the Hong Kong stock market has been growing with a steady upward trend. The Hang Seng Index closed at 30,093 points on the last trading day of March 2018, representing a 24.8% growth as compared to March 2017.

According to the HKEX Fact Book 2017, HKEX Monthly Market Highlights (February 2018) and HKEX Monthly Market Highlights (March 2018) issued by the Stock Exchange, the average daily turnover values of Hong Kong stock market has been around HKD60 billion over the recent years. The turnover value reached its peak in 2015 when, averagely, shares worth more than HKD100 billion to be transacted every day in the year. As for the first three months of 2018, the average daily turnover value was HKD146.1 billion, representing an increase of 97.7% when compared with HKD73.9 billion for the same period last year. For more details, please refer to https://www.hkex.com.hk/-/media/HKEX-Market/Market-Data/Statistics/Consolidated-Reports/HKEX-Fact-Book/HKEX-Fact-Book-2017/FB_2017.pdf?la=en; https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-

Highlights?sc_lang=en&select={42F1D2CF-355D-45C9-BACE-FBD72EAEA7AC} and https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc_lang=en&select={A6DAF5DC-8335–46E6–8D38-EBFB8BBEF0E0}.

Figure 4 illustrates the average daily turnover values of Hong Kong stock market from 2010 to March 2018.

Figure 4 — Average Daily Turnover Values of Hong Kong Stock Market from 2010 to March 2018



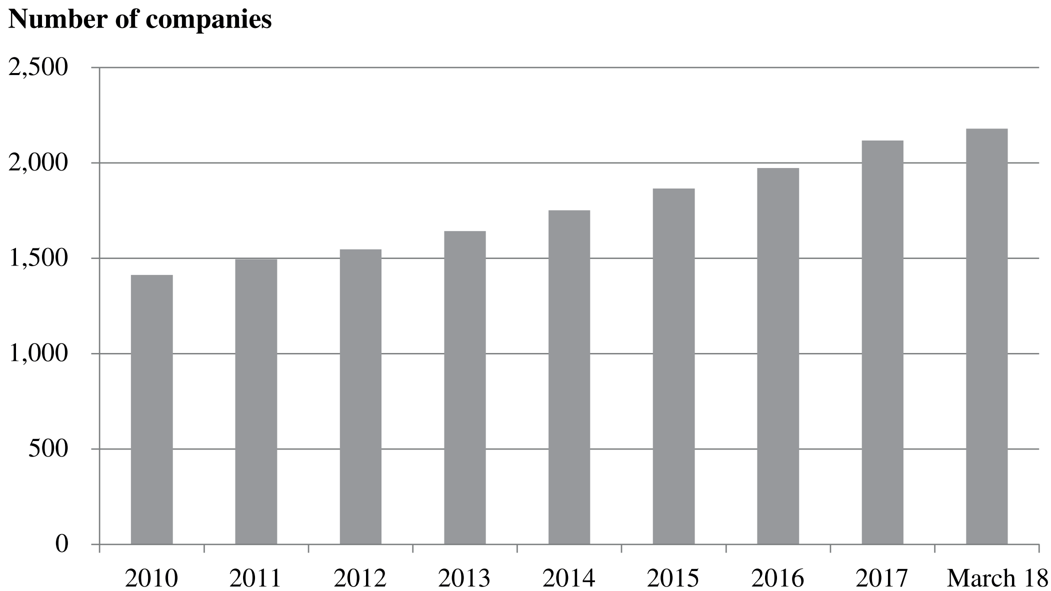
Source: Stock Exchange

Back in 2010, there were about 1,400 listed companies in Hong Kong stock market.

A stable increase has been observed in the recent years, as more and more businesses choose to be listed in Hong Kong. Thanks to the enhanced stock connection with Mainland China and its innate advantages, the total number of listed companies in Hong Kong stock market is boosted to more than 2,000 as at March 2018.

Figure 5 presents the numbers of listed companies in Hong Kong stock market from 2010 to March 2018.

Figure 5 — Number of Listed Companies in Hong Kong Stock Market from 2010 to March 2018



Source: Stock Exchange

6. BASIS OF VALUATION

Our valuation is conducted on market value basis defined as follows. According to the International Valuation Standards established by the International Valuation Standards Council in 2017, **market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Target Group. In addition, we have made relevant enquiries and obtained further information and statistical figures regarding the economy of Hong Kong as we considered necessary for the purpose of the valuation. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Target Group provided to us by the Management and have considered such information and data as attainable and reasonable.

The valuation of the Target Group requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Target Group;
- The financial condition of the Target Group;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risks of the Target Group such as the ability in maintaining competent technical and professional personnel; and
- Investment returns and market transactions of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Target Group, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long term debt**"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("**equity**") and investors who lend money to the business entity ("**debt**"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

8.4 Business Valuation

In the process of valuing the Target Group, we have taken into account of the Target Group's operation and the industry it is participating. Also, we have considered the accessibility to available data and relevant market transactions in choosing among the valuation approaches.

The Income-Based Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. We have considered the adoption of the Asset-Based Approach in arriving at the market value of the Target Group as a whole. Whereas in relation to the intangible asset value of the Securities and Futures Commission ("**SFC**") licenses (i.e. Type 1, Type 4 and Type 9) held by the Target Group, we have adopted the Market-Based Approach.

The Asset-Based Approach is based on the economic principle of substitution; it essentially measures the assets and liabilities' net value of the Target Group as at the Date of Valuation. The market values of the assets and liabilities held by the Target Group and intangible assets identified were determined with respective methodologies as described as follows, after considering their nature.

8.4.1 Property, plant and equipment

Since the breakdown of the property, plant and equipment was not readily available, book value was adopted after discussion with the Management about the nature of the properties, plant and equipment.

8.4.2 Licenses of regulated activities

In the process of valuing the SFC licenses (i.e. Type 1, Type 4 and Type 9) held by the Target Group ("**Licenses**"), we have considered the adoption of the Market-Based Approach in arriving at the market value.

Since the intangible asset value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) has yet to be reflected in neither the book value nor the financial statements of the licensed corporation, it is a common practice to evaluate the value of the SFC licenses of a licensed corporation based on premium above the net asset value.

Nevertheless, the premium above the net asset value is dependent on a range of factors, for example, business operation and performance, financial condition and prospect.

For transactions that involve profit-making licensed corporations, the premium over net asset value might also account for other potential intangible assets such as it's customer base and/or its trademark. Since information available to public is limited, such premium over net asset value cannot be further broken down into standalone values of each of these potential intangible assets and there is no objective basis for us to form a prudent estimation. As such, value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) cannot be reasonably derived out of the total transaction consideration for profit-making licensed corporations.

Whereas for transactions that involve loss-making licensed corporations, the premium over net asset value would largely represents the intangible asset value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) because other potential intangible assets should have none or of minimal value due to their loss-making nature. Thus, in the selection of comparable transactions, only loss-making licensed corporations were adopted to avoid overstating the valuation.

We have searched for relevant market transactions comparable to the Licenses from November 2015 to May 2018. After reviewing the comparable transactions available, we shortlisted the most relevant transactions (hereinafter referred to as the "**Comparable Transactions**") and we believe, to our best knowledge, that the selection is exhaustive.

The Comparable Transactions were selected based on the following criteria:

- The comparables were primarily engaged in carrying out Type 1, Type 4 and Type 9 regulated activities under the SFO, which is similar to the principal business of the Target Group;
- The comparables were loss making as at the announcement of the transaction;
- The Comparable Transactions were completed in recent years during the period from November 2015 to May 2018; and
- The financial information of the Comparable Transactions were available to the public.

As explained in section 8.4.2, a reasonable starting point in deriving the market value of the Licenses is the comparable transaction of loss-making licensed corporations. Further, for the purpose of valuation, the value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) should be a discrete absolute value. The value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) should be independent from other external factors including but not limited to the profitability, operating history, reason on loss making, or the amount of net asset value held by the licensed corporation. As the value of the SFC licenses (i.e. Type 1, Type 4 and Type 9) is only meaningful when viewed as a discrete absolute value alone, the percentage of premium out of consideration above net asset value may constitute a misleading indicator as it will be significantly affected by the absolute amount of net asset value which is case specific.

In view of the above, for the purpose of valuation, the absolute amount of the premium over net asset value was considered to be a reasonable estimate of the market value of the Licenses. The market value of the Licenses was then added to the net asset value of the Target Group to obtain the market value of the Target Group as at the Date of Valuation.

Transactions that do not satisfy all of the above criteria would not be considered comparable to the Comparable Transactions and would not be considered a representative reference for the Target Group.

Details of the Comparable Transactions were listed as below:

Comparable 1

Acquirer company	:	Gold Castle Group Limited, a wholly owned subsidiary of China Environmental Energy Investment Limited (stock code: 986.HK)

Target company	:	STI Securities & Wealth Management Limited
SFC licenses held by target company	:	Type 1, Type 4 and Type 9
Announcement date	:	16 November 2015
Completion date	:	9 August 2016
Consideration (HK$)	:	16,914,035 for 100% Equity Interest
Adjusted consideration[2] (HK$)	:	20,111,813 for 100% Equity Interest
Net asset value of target company (HK$)	:	3,914,035
Adjusted premium above net asset value (HK$) (100% basis)	:	16,197,778

Comparable 2

Acquirer company	:	Cloud Investment Holdings Limited (Stock Code: 8129.HK) (formerly known as China Bio Cassava Holdings Limited at the announcement date)
Target company	:	Master Ace Group Corporation
SFC licenses held by target company	:	Type 1, Type 4 and Type 9
Announcement date	:	11 April 2017
Completion date	:	26 April 2017
Consideration (HK$)	:	7,500,000 for 30% Equity Interest
Adjusted consideration[1,2,3] (HK$)	:	37,455,410 for 100% Equity Interests
Net asset value of target company (HK$)	:	5,726,000
Adjusted premium above net asset value (HK$) (100% basis)	:	31,729,410

Source: Announcements

Notes:

1. Adjustment A: The consideration in Comparable Transaction 2 was for acquiring 30% equity interest only. The consideration was then divided by 30%, which was the equity interest of the target company acquired in the Comparable Transaction 2 to arrive at the consideration on 100% basis.

2. Adjustment B: The target companies in both comparable transactions were private companies and the considerations were determined in respect of non-marketable nature. The considerations were then divided by (1 - marketability discount) to reverse the marketability discount. The marketability discount aforementioned refers to a discount of 15.90%, with references to the Stout Restricted Stock Study published by Stout Risius Ross, LLC. in May 2018.

3. Adjustment C: As the acquisition in Comparable Transaction 2 only accounted for a minority interest (30%) of the target company, the result after adjustment A and adjustment B was then multiplied by (1 + control premium) as equity interest of the consideration is on a non-controlling basis. The control premium aforementioned refers to a premium of 26.00%, with reference to the Mergerstat Control Premium Study (4th Quarter 2017), which has been widely adopted to reflect the higher marketability of a controlling interest.

With the information of the Comparable Transactions, we have adopted the average of the adjusted premiums in arriving at the market value of the Licenses of HK$23,963,594 (100% basis) held by the Target Group as at the Date of Valuation.

8.4.3 Cash at bank

We have adopted the book value as the market value as at the Date of Valuation as confirmed with the Management.

8.4.4 Trade receivables, loan receivable, deposits and prepayments, other receivables and amount due from director

It is suggested to use the present values of the amounts to be received, determined at appropriate current interest rates, less allowance for uncollectibility and collection costs, if necessary, in valuing beneficial contracts and other identifiable assets. However, discounting is not required for short-term receivables, beneficial contracts and other identifiable assets when the difference between the nominal and discounted amounts is not material.

8.4.5 Trade payables, tax payable, loan payable, accruals and other payables

The present value of amounts to be disbursed was adopted in settling the liabilities determined at appropriate current interest rates. However, discounting is not required for short-term liabilities when the difference between the nominal and discounted amounts is not material.

8.4.6Deferred tax liabilities

After discussion with the Management, we have adopted the book value as the market value of the deferred tax liabilities as at the Date of Valuation.

8.4.7Net asset value

Based on the investigation and analysis stated above and on the valuation method employed, the market values of the assets and liabilities of the Target Group as at the Date of Valuation, in our opinion, were reasonably stated as follows:

Market Values of the Assets and Liabilities as at 31 May 2018

	Market Value
	HK$
Non-Current Assets	
Property, Plant and Equipment	1,883,443
Sub-Total Non-Current Assets	1,883,443
Intangible Assets	
SFC License Type 1, 4, 9	23,963,594
Sub-Total Intangible Assets	23,963,594
Current Assets	
Trade Receivables	9,451,004
Loan Receivable	14,336,360
Deposits and Prepayments	874,997
Other Receivables	1,254,509
Cash at Bank	29,752,952
Amount due from Director	9,138,560
Sub-Total Current Assets[1]	64,808,383
Total Assets	90,655,420

	Market Value
	HK$
Non-Current Liabilities	
Loan Payable	19,000,000
Deferred Tax Liabilities	88,833
Sub-Total Non-Current Liabilities	19,088,833
Current Liabilities	
Trade Payables	14,763,737
Accruals and Other Payables	607,852
Tax Payable	1,257,062
Sub-Total Current Liabilities	16,628,651
Total Liabilities	35,717,484
Net Assets Value (Before Applying Marketability Discount and Minority Discount)[1]	54,937,935
Net Assets Value (After Applying Marketability Discount and Minority Discount)[2]	36,671,165
Market Value of 30% Equity Interest of the Target Group	11,001,350

Notes:

1. The totals may not sum due to rounding.

2. Since the Target Group is a private company and the acquisition of 30% equity interest in the Target Group by the Company is on minority basis, the net asset value (before applying marketability discount and minority discount) was then multiplied by (1 — marketability discount) to adjust for the lack of marketability and multiplied by (1 — discount on lack of control) to adjust for the lack of control.

   The marketability discount aforementioned refers to a discount of 15.90%, with references to the Stout Restricted Stock Study published by Stout Risius Ross, LLC. in May 2018.

   The discount on lack of control refers to a discount of 20.63%, which is calculated from [1–1/(1+ control premium)]. The control premium aforementioned refers to a premium of 26.00%, with reference to the Mergerstat Control Premium Study (4th Quarter 2017), which has been widely adopted to reflect the higher marketability of a controlling interest.

8.4.8Marketability discount

Compared to similar interest in public companies, ownership interest is not readily marketable for privately held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a public company. With reference to Stout Restricted Stock Study (formerly known as FMV Restricted Stock Study) that has been widely adopted as a study on discounts for lack of marketability and based on a database built upon the empirical data of more than 780 transactions of non-listed shares carried out from the 1980s to 2017 and published by Stout Risius Ross, LLC in May 2018, a marketability discount of 15.90% was adopted in arriving at the market value of the Target Group as at the Date of Valuation.

8.4.9Control Premium

As we are considering the value of the target companies in the comparable transactions from the perspective of controlling interest, a control premium of 26.00% has been adopted in adjusting the consideration in the Comparable 2 to reflect the higher marketability of a controlling interest compared to a minority interest. We have made reference to the Mergerstat Control Premium Study (4th Quarter 2017), which was published by FactSet Mergerstat, LLC in 2017.

9. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- Given the target companies in the Comparable Transactions were loss making, it was assumed that consideration paid above the net asset values was mainly for the premium on the SFC licenses (i.e. Type 1, Type 4 and Type 9) of the target companies and can reasonably reflect the market value of the SFC licenses (i.e. Type 1, Type 4 and Type 9);

- The unaudited management accounts of the Target Group as at 31 May 2018 can reasonably represent its financial position as at the Date of Valuation since an audited financial account was not available;

- As discussed with the Management, the book value can reasonably represent the market value of the financial assets at fair value through profit or loss as at the Date of Valuation;

- The Target Group has appointed sufficient and licensed responsible officers for carrying out the regulated activities under the SFO;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be sufficient supply of technical staff (including responsible officer) in the industry in which the Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- The financial information in respect of the assets and liabilities on the management accounts of the Target Group has been prepared on a reasonable basis, which reflects estimates that have been arrived at after due and careful consideration by the Management;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; and

- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Target Group. The factors considered included, but were not necessarily limited to, the following:

- Unaudited management accounts of the Target Group as at the Date of Valuation;

- General descriptions in relation to the Target Group;

- Market-derived investment returns of entities engaged in similar assets and liabilities; and

- Economic outlook in Hong Kong.

We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as company background and business nature of the Target Group provided to us.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Target Group was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the net asset value of the Target Group.

We have not investigated the title to or any legal liabilities of the Target Group and have assumed no responsibility for the title to the Target Group appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in HK$.

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Group and their associated companies, or the values reported herein.

13. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of 30% equity interest in the Target Group as at the Date of Valuation, in our opinion, was reasonably stated as **HKD11,000,000 (HONG KONG DOLLARS ELEVEN MILLION ONLY).**

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date and following the Completion were and are expected to be as follows:

		HK$
Authorised:		
4,000,000,000	Shares	10,000,000.00
Issued and fully paid:		
960,000,000	Shares as at the Latest Practicable Date	2,400,000.00
60,000,000	Consideration Shares to be issued upon Completion	150,000.00
1,020,000,000	Total	2,550,000.00

All the Shares in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Consideration Shares, including the right to all dividends, distributions and other payments made or to be made on the record date which falls on or after the date of such allotment and issue. The Shares and the Consideration Shares in issue and to be issued are or will be listed on GEM.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short position in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, 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

Name of Director	Company/ associated corporation	Capacity	Number of Shares	Approximate percentage of interest
Ms. Cheng Yeuk Hung	Company	Personal interest	169,560,000	17.66%
Mr. Lo Yan Yee	Company	Interest of spouse	169,560,000	17.66%

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 169,560,000 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	Personal	Options	22,800,000
(executive Director)	Interest of spouse	Options	22,800,000
			45,600,000
Ms. Cheng Yeuk Hung	Personal	Options	22,800,000
(executive Director)	Interest of spouse	Options	22,800,000
			45,600,000
Mr. Cheng Kwing Sang, Raymond (chief executive officer)	Personal	Options	22,400,000
Mr. Lo Ding To (production manager)	Personal	Options	12,000,000

Save as disclosed above, as at the Latest Practicable Date, 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 the 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.

(b) Substantial shareholders' and other persons' interests and short positions in shares and underlying shares of the Company

As at the Latest Practicable Date, 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:

Long positions in the Shares and underlying Shares

Name	Capacity and nature of interest	Number of shares	Percentage of the Company's issued share capital
Adamas Asset Management (HK) Limited	Investment Manager	66,338,000	6.91%

Name	Capacity and nature of interest	Number of shares	Number of underlying shares	Total	Percentage of the Company's issued share capital
Yeung Tong Seng Terry	Beneficiary of a trust (other than discretionary interest)	—	73,584,905		
	Beneficiary owner	39,000,000 39,000,000	10,444,401 84,029,306 *(note 1)*	123,029,306	12.82%

Note:

1. These underlying Shares are Shares to be issued to a holder or holders of the convertible bonds issued by the Company.

Save as disclosed above, as at the Latest Practicable Date, 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service agreement with any members of the Group, excluding contracts expiring or determinable by the Group within one year without payment of any compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 31 March 2018 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date, in which any of the Directors were materially interested and which was significant to the business of the Group.

6. DIRECTORS' COMPETING BUSINESS

As at the Latest Practicable Date, 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.

7. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any other litigation or claims of material importance known to the Directors to be pending or threatened against the Group.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the issue of this circular and are or may be material:

(a) The SPA;

(b) A placing agreement entered into between the Company and Bluemount Securities Limited dated 27 June 2017 for the placement of up to an aggregate of 160,000,000 placing shares of HK$0.163 per placing share on behalf of the Company under the general mandate;

(c) A placing agreement entered into between the Company and Bluemount Securities Limited dated 5 January 2018 for the placement of convertible bonds of principal up to HK$10,000,000 on behalf of the Company with conversion shares to be issued under the general mandate;

(d) A placing agreement entered into between the Company and Bluemount Securities Limited dated 23 July 2018 for the placement of convertible bonds of principal up to HK$13,000,000 on behalf of the Company with conversion shares to be issued under the general mandate ("Former Placing Agreement") and the Former Placing Agreement was subsequently terminated on 24 July 2018; and

(e) A placing agreement entered into between the Company and Bluemount Securities Limited dated 24 July 2018 for the placement of convertible bonds of principal up to HK$13,000,000 on behalf of the Company with conversion shares to be issued under the general mandate and the termination of Former Placing Agreement under item (d) above.

Save as disclosed above, there were no material contracts (not being contracts entered into in the ordinary course of business carried on by the Group) being entered into by any member of the Group within the two (2) years immediately preceding the Latest Practicable Date.

9. EXPERT AND CONSENT

The qualifications of the experts who have given opinions and advice in this circular are as follows:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants, being the reporting accountant for the unaudited pro forma financial information of the Enlarged Group and the financial information of the Target Group
Roma Appraisals Limited	Independent Professional Valuer, being the valuer for the valuation of the Target Group

As at the Latest Practicable Date, the experts identified above had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 March 2018, being the date to which the latest published audited accounts of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the experts identified above has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice and/or references to its name, in the form and context in which they respectively appear.

10. AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") and the current members of the Audit Committee are Mr. Lam Wai Yuen (Chairman of the Audit Committee), Mr. Cheung Chin Wa, Angus and Ms. Zhou Ying. The major roles and functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Company and to provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditor as well as their terms of appointment. The biography of the members of the Audit Committee are set out below:

(i) Mr. Lam Wai Yuen, aged 51, was appointed as an independent non-executive Director on 27 September 2013. He has over 29 years of experience in the fields of assurance, corporate restructuring and internal control review. He is the managing partner of Eric W.Y. Lam & Company.

(ii) Mr. Cheung Chin Wa, Angus, aged 40, was appointed as an independent non-executive Director on 17 March 2014. He is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Cheung holds a Master Degree of Professional Accounting, a Master Degree of Corporate Governance, a Bachelor Degree of Laws and a

Bachelor Degree of Arts in Translation. Mr. Cheung has extensive experience on corporate governance and company secretarial matters. He has been working in the company secretarial field for more than 9 years and is currently the company secretary of China Agri-Products Exchange Limited (Stock Code: 149) and Easy One Financial Group Limited (Stock Code: 221).

(iii) Ms. Zhou Ying, aged 35, was appointed as an independent non-executive Director on 29 August 2017. She graduated from the South Western University of Finance and Economics with a Bachelor Degree in Accounting in 2005 and obtained a Master's Degree in Accounting and Finance in Manchester Business School in 2009. Ms. Zhou has worked in the investment banking department of Haitong Securities Co., Ltd. from June 2009 to April 2014 and is currently a vice president in Lilly Asia Ventures.

11. GENERAL

(a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The principal place of business in Hong Kong of the Company is Room 3207A, 32/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong.

(c) The company secretary of the Company is Ms. Lui Wing Shan, a fellow member of the Hong Kong Institute of Certified Public Accountants.

(d) The compliance officer of the Company is Mr. Leung Kwok Kuen, Jacob who has been a non-executive non-independent director of Vashion Group Limited whose shares are listed on the Singapore Stock Exchange, since November 2015. Mr. Leung was redesignated as independent non-executive chairman of the board of Vashion Group Limited in March 2018. He is the Chairman of Remuneration and Nomination Committees of the group.

(e) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(f) The English text of this circular and the accompany form of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for the period of 14 days from the date of this circular:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for each of the two financial years ended 31 March 2017 and 2018;

(c) the report issued by HLB Hodgson Impey Cheng Limited in relation to the financial information on the Target Group, the text of which is set out in Appendix II to this circular;

(d) the report issued by HLB Hodgson Impey Cheng Limited on unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(e) the report issued by Roma Appraisals Limited in relation to the valuation of the Target Group, the text of which is set out in Appendix V to this circular;

(f) the material contracts referred to under the paragraph ''Material Contracts'' in this appendix;

(g) the written consent from expert referred in the paragraph headed ''Experts and Consent'' in this appendix; and

(h) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Echo International Holdings Group Limited (the "**Company**") will be held at Room 3207A, 32/F., Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong on Tuesday, 23 October 2018 at 11:00 a.m., Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional sale and purchase agreement entered into between Mr. Li Hok Yin (as vendor) ("**Vendor**") and the Company (as purchaser) dated 12 December 2017, as varied by two supplemental agreements entered into by the parties on 28 June 2018 and 12 September 2018, (the "**Sale and Purchase Agreement**") in relation to the acquisition of 30% of the issued share capital of Bluemount Financial Group Limited at a consideration of HK$11,000,000, which shall be satisfied by cash amounted to HK$200,000 and the Company issuing consideration shares in the sum of HK$10,800,000 to the Vendor, be and are hereby approved, confirmed and ratified (a copy of the Sale and Purchase Agreement, together with two supplemental agreements, has been tabled at the Meeting and marked "A" and initialled by the chairman of the Meeting for the purpose of identification);

(b) the grant of specific mandate (the "**Specific Mandate**") to the directors (the "**Directors**") of the Company to allot and issue the Consideration Shares (as defined in the circular dated 28 September 2018 (the "**Circular**")) to the Vendor pursuant to the Sale and Purchase Agreement be and is hereby approved; the Specific Mandate is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution (a copy of the Circular has been tabled at the Meeting and marked "B" and initialled by the chairman of the Meeting for the purpose of identification); and

(c) any one of the directors of the Company be and is hereby authorised to do all such further acts and things and sign, agree, ratify and/or execute all such further documents or instrument under hand (or where required, under the common seal of the Company together with such other Director or person authorised by the board of Directors) and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Sale and Purchase Agreement and any of the transactions contemplated thereunder."

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

Hong Kong, 28 September 2018

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 3207A, 32/F
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan
New Territories
Hong Kong

Notes:

1. A form of proxy for use at the EGM or any adjournment thereof is enclosed.

2. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

3. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the EGM (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM (or any adjourned meeting) if you so wish.

4. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Thursday, 18 October 2018 to Tuesday, 23 October 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 16 October 2018.

5. In case of joint holders of any share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, then one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.