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Echo International Holdings Group Limited

毅高(國際)控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8218)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2018**

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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*This announcement, for which the directors (the “**Directors**”) of Echo International Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2018, operating results of the Group were as follows:

- Revenue was approximately HK\$38.32 million, representing a decrease of approximately 8.00% from HK\$41.66 million last year. The decrease in the Group's revenue was mainly attributable to the decrease in revenue generated from the sale of electronic products, especially the decrease in the sales of charger board and fire alarm.
- The Group's gross profit margin decreased from approximately 26.45% for the year ended 31 March 2017 to approximately 25.17% for the year ended 31 March 2018 primarily due to the decrease of purchase orders in the higher margin products, namely fire alarm.
- Loss attributable to the owners of the Company was approximately HK\$14.72 million, whilst the loss attributable to the owners of the Company last year was approximately HK\$13.99 million.
- Basic and diluted loss per share for the year based on weighted average number of ordinary shares were approximately HK1.6 cents (2017: basic and diluted loss per share approximately HK1.7 cents).
- The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: Nil).

RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2018 and the comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	4	38,324	41,657
Cost of sales		<u>(28,679)</u>	<u>(30,639)</u>
Gross profit		9,645	11,018
Other gains or loss	6	1,068	918
Selling and distribution expenses		(1,188)	(1,596)
Administrative and other expenses		(23,491)	(23,130)
Finance costs	7	<u>(720)</u>	<u>(1,203)</u>
Loss before taxation	8	(14,686)	(13,993)
Taxation	9	<u>(30)</u>	<u>–</u>
Loss for the year		<u>(14,716)</u>	<u>(13,993)</u>
Other comprehensive income/(loss), net of tax: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating of foreign operations		<u>997</u>	<u>(1,061)</u>
Other comprehensive income/(loss) for the year, net of income tax		<u>997</u>	<u>(1,061)</u>
Total comprehensive loss for the year		<u>(13,719)</u>	<u>(15,054)</u>
Loss for the year attributable to the owners of the Company		<u>(14,716)</u>	<u>(13,993)</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u>(13,719)</u>	<u>(15,054)</u>
Loss per share			
— Basic and diluted (<i>HK\$ cents</i>)	11	<u>(1.6)</u>	<u>(1.7)</u>

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<u>2,585</u>	<u>1,178</u>
Current assets			
Inventories		13,301	12,986
Trade receivables	12	4,728	4,696
Amount due from a related company		196	75
Deposits, prepayments and other receivables		6,343	3,900
Financial assets at fair value through profit or loss		1,737	–
Pledged time deposits		2,012	2,010
Cash and bank balances		<u>13,340</u>	<u>4,617</u>
		<u>41,657</u>	<u>28,284</u>
Current liabilities			
Bank overdrafts		–	988
Trade payables	13	3,667	2,766
Accruals and other payables		2,571	3,599
Trade deposits received		1,268	700
Debenture		–	8,000
Tax payable		41	–
Obligation under finance leases		<u>96</u>	<u>117</u>
		<u>7,643</u>	<u>16,170</u>
Net current assets		<u>34,014</u>	<u>12,114</u>
Total assets less current liabilities		<u>36,599</u>	<u>13,292</u>
Non-current liabilities			
Obligation under finance leases		399	107
Convertible bonds		7,586	–
Deferred taxation		<u>399</u>	<u>–</u>
		<u>8,384</u>	<u>107</u>
Net assets		<u>28,215</u>	<u>13,185</u>
Capital and reserves			
Share capital	14	2,400	2,000
Reserves		<u>25,815</u>	<u>11,185</u>
Total equity		<u>28,215</u>	<u>13,185</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000 Note 30(a)	Capital reserve HK\$'000 Note 30(b)	Share option reserve HK\$'000 Note 30(c)	Exchange reserve HK\$'000 Note 30(d)	Convertible bonds- equity component reserve HK\$'000 Note 30(e)	Accumulated loss HK\$'000	Total HK\$'000
As at 1 April 2016	2,000	28,840	4,836	(89)	4,769	(153)	-	(12,989)	27,214
Total comprehensive loss for the year	-	-	-	-	-	(1,061)	-	(13,993)	(15,054)
Employee share option benefits (Note 27)	-	-	-	-	1,025	-	-	-	1,025
As at 31 March 2017 and 1 April 2017	2,000	28,840	4,836	(89)	5,794	(1,214)	-	(26,982)	13,185
Total comprehensive income/(loss) for the year	-	-	-	-	-	997	-	(14,716)	(13,719)
Share placing	400	25,680	-	-	-	-	-	-	26,080
Issuance cost on share placing	-	(1,044)	-	-	-	-	-	-	(1,044)
Issuance of convertible bonds	-	-	-	-	-	-	4,242	-	4,242
Issuance cost on convertible bonds	-	-	-	-	-	-	(119)	-	(119)
Deferred tax liability arising from issue of convertible bonds	-	-	-	-	-	-	(410)	-	(410)
As at 31 March 2018	2,400	53,476	4,836	(89)	5,794	(217)	3,713	(41,698)	28,215

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are engaged in the manufacturing and trading of electronic products and accessories and provision of food catering services. The consolidated financial statements are presents in Hong Kong dollars ("**HK\$**"), which is the same as the functional currency of the Company. All values are rounded to nearest thousands ("**HK\$'000**") unless otherwise stated.

2 STATEMENT OF COMPLIANCE

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

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

3 ADOPTION OF NEW HKFRSs

In the current year, the Group has adopted all of the new standards, amendments and interpretations ("**new HKFRSs**") (which included all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are relevant to its operations and effective for annual periods beginning on or after 1 April 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 HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

HKFRS 9	Financial Instruments ¹
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK (IFRIC)-22	Foreign Currency Transactions and Advance Consideration ¹
HK (IFRIC)-23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRS Standards 2014–2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2015–2017 Cycle ²

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

² Effective for annual periods beginning on or after 1 January 2019

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

⁴ Effective for annual periods beginning on or after 1 January 2021

4 REVENUE

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

	2018	2017
	HK\$'000	HK\$'000
Sale of electronic products	37,609	41,053
Subcontracting income	227	604
Revenue from restaurant operations	488	–
	38,324	41,657

5 SEGMENT INFORMATION

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

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

- indent trading of electronic products;
- manufacturing and trading of electronic products and accessories and subcontracting income; and
- provision of food catering services.

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

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

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

Segment revenues and results

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

For the year ended 31 March 2018

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>3,999</u>	<u>33,837</u>	<u>488</u>	<u>38,324</u>
Segment results	<u>1,488</u>	<u>(8,105)</u>	<u>(878)</u>	(7,495)
Unallocated other revenue and gains				732
Unallocated selling and distribution expenses				(708)
Unallocated administrative and other expenses				<u>(6,495)</u>
Loss from operations				(13,966)
Finance costs				<u>(720)</u>
Loss before taxation				(14,686)
Taxation				<u>(30)</u>
Loss for the year				<u><u>(14,716)</u></u>

For the year ended 31 March 2017

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

Segment assets and liabilities

As at 31 March 2018

	Indent trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	603	17,697	1,425	19,725
Unallocated corporate assets				24,517
Consolidated assets				44,242
Segment liabilities	456	4,479	146	5,081
Unallocated corporate liabilities				10,946
Consolidated liabilities				16,027

As at 31 March 2017

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

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

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

Other segment information

For the year ended 31 March 2018

	Indent trading of electronic Products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results					
Capital expenditure	–	15	1,436	600	2,051
Depreciation of property, plant and equipment	–	306	68	70	444
	<u>–</u>	<u>306</u>	<u>68</u>	<u>70</u>	<u>444</u>

For the year ended 31 March 2017

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

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

For the year ended 31 March 2018

	Indent trading of electronic Products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories and subcontracting income <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	–	1	–	6	7
Finance costs	–	–	–	720	720

For the year ended 31 March 2017

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

Revenue from major products and services

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Security alarm	579	1,480
Hair remover	538	825
Buzzer	5,695	4,525
Massage toner	87	81
Fishing indicator	15,984	11,516
Charger board	540	2,763
Control board	8,526	7,937
Fire alarm	590	3,827
Communicator	546	69
Others	525	5,402
	<hr/>	<hr/>
Manufacture and trading of electronic products	33,610	38,425
Indent trading of electronic products	3,999	2,628
Subcontracting income	227	604
Revenue from restaurant operation	488	–
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	38,324	41,657
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Geographical information

The Group operates in two principal geographical areas — manufacturing in the PRC and trading and food catering services business in Hong Kong.

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

	Revenue from external customers	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	4,200	2,172
Asian Countries, other than Hong Kong (<i>Note a</i>)	5,089	4,098
European Countries (<i>Note b</i>)	22,711	25,654
North and South American Countries (<i>Note c</i>)	5,766	9,150
Others	558	583
	<hr/>	<hr/>
	38,324	41,657
	<hr/> <hr/>	<hr/> <hr/>

Notes:

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

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

	Additions to Non-current assets		Non-current assets	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Hong Kong	2,051	272	2,528	1,023
PRC	–	–	57	155
	<u>2,051</u>	<u>272</u>	<u>2,585</u>	<u>1,178</u>

Information about major customers

For the year ended 31 March 2018, the Group's customer base includes two customers (2017: three customers) with whom transactions have individually exceeded 10% of the Group's revenue. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2018 and 2017.

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

	Revenue from external customers	
	2018 HK\$'000	2017 HK\$'000
Customer A	15,996	11,516
Customer B	3,860	4,531
Customer C (<i>Note (a)</i>)	–	5,170
	<u>19,856</u>	<u>21,217</u>

Notes:

- (a) No information on revenue for the current year is disclosed for this customer since it did not contribute 10% or more to the Group's revenue for the year ended 31 March 2018.

6 OTHER GAINS OR LOSS

	2018 HK\$'000	2017 HK\$'000
Bank interest income	7	9
Net foreign exchange gain	136	–
PRC government subsidiaries (<i>Note</i>)	–	57
Sundry income	1,009	852
Gain on disposal of fixed assets	210	–
Change in fair value of derivative financial asset component of convertible bonds	(294)	–
	<u>1,068</u>	<u>918</u>

Note: Various governments grant have been received in relation to employee social benefit. There are no unfulfilled conditions or contingencies related to these subsidies.

7 FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on:		
— Debenture wholly repayable within one year	483	1,192
— Convertible bonds wholly repayable within five years	200	—
— Bank overdrafts wholly repayable within five years	4	—
— Obligation under finance leases	33	11
	<u>720</u>	<u>1,203</u>

8 LOSS BEFORE TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss before taxation is arrive after charging/(crediting):		
Staff costs including directors' remuneration	19,698	16,213
Contribution to retirement schemes	850	866
Share based payment expenses	—	1,025
	<u>20,548</u>	<u>18,104</u>
Total staff costs		
Depreciation of property, plant and equipment	444	503
Auditors' remuneration		
— Audit services	450	450
— Non-audit services	7	19
Cost of inventories sold	28,679	30,277
Inventories write down (<i>Note (a)</i>)	832	808
Impairment loss of trade receivables (<i>Note 12</i>)	690	—
Operating lease rental expenses	3,518	3,838
Net foreign exchange (gain)/loss	(136)	60
(Gain)/loss on disposal of property, plant and equipment	(210)	36

Note:

(a) The amount is included in administrative expenses.

9 TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax		
— Hong Kong	41	—
Deferred taxation	(11)	—
	<hr/>	<hr/>
	30	—
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the year ended 31 March 2017 and 2018.

PRC subsidiary is subject to PRC Enterprise Income Tax at 25%. No provision the PRC Enterprise Income Tax has been made as the subsidiary incorporated in the PRC had no assessable profits arising in the PRC for the year ended 31 March 2018 and 2017.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the year ended 31 March 2018 and 2017.

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

The Group has tax losses of approximately HK\$3,762,000 (2017: HK\$3,744,000) which are available indefinitely for affecting against future taxable profits of the companies in which the losses arose and deferred tax assets have not been recognised in respect of these losses because in the opinion of the Directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

10 DIVIDENDS

The board of directors did not recommend the payment of any dividend for the year ended 31 March 2018 (2017: Nil).

11 LOSS PER SHARE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic loss per share	<u>(14,716)</u>	<u>(13,993)</u>
	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>912,219,178</u>	<u>800,000,000</u>
Loss per share		
— Basic and diluted (<i>HK\$ cents</i>)	<u>(1.6)</u>	<u>(1.7)</u>

The diluted loss per share is the same as the basic loss per share for the year ended 31 March 2018 and 2017 because the Company's share options outstanding and convertible bonds, during these years were anti-dilutive.

12 TRADE RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	5,418	4,696
Less: allowances for doubtful debts	<u>(690)</u>	<u>—</u>
	<u>4,728</u>	<u>4,696</u>

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	2,813	4,116
31 to 60 days	1,528	92
61 to 90 days	322	—
91 to 180 days	65	13
Over 180 days	<u>—</u>	<u>475</u>
	<u>4,728</u>	<u>4,696</u>

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

The movement in the allowances for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At 1 April	–	–
Impairment loss recognised	<u>690</u>	<u>–</u>
At 31 March	<u><u>690</u></u>	<u><u>–</u></u>

Trade receivables disclosed below include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables because there was no significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	507	563
31 to 60 days	229	629
61 to 90 days	34	–
91 to 180 days	31	91
Over 180 days	<u>–</u>	<u>503</u>
	<u><u>801</u></u>	<u><u>1,786</u></u>

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

13 TRADE PAYABLES

Details of the aging analysis base on invoice date are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	1,688	1,600
31 to 60 days	984	804
61 to 90 days	360	241
91 to 180 days	305	50
Over 180 days	<u>330</u>	<u>71</u>
	<u><u>3,667</u></u>	<u><u>2,766</u></u>

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

14 SHARE CAPITAL

	Number of shares ('000)	<i>HK\$'000</i>
Issued and fully paid:		
As at 1 April 2016, 31 March 2017 and 1 April 2017	800,000	2,000
Issue of share capital under placing (<i>Note</i>)	<u>160,000</u>	<u>400</u>
As at 31 March 2018	<u>960,000</u>	<u>2,400</u>

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

Note: On 18 July 2017, the Company placed 160,000,000 new shares to not less than six places at the placing price of HK\$0.163 per placing share with total gross proceeds of HK\$26,080,000 and the related issue expenses were HK\$1,044,000.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW

BUSINESS REVIEW

Revenue for the year ended 31 March 2018 was approximately HK\$38.32 million, representing a decrease of approximately 8.00% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2018 was approximately HK\$14.72 million whilst the loss attributable to owners of the Company last year was approximately HK\$13.99 million.

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

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

Sales of Electronic Products

Revenue from this segment during the year ended 31 March 2018 was approximately HK\$37.61 million, representing a decrease of approximately 8.39% when compared with last year. Decrease in sales of electronics products was mainly due to the decrease in sales of charger board and fire alarm.

Subcontracting Income

Revenue from this segment during the year ended 31 March 2018 was approximately HK\$0.23 million, representing a decrease of approximately 62.42% when compared with last year. The decrease was mainly due to decrease in orders from providing subcontracting services in the PRC.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK\$14.72 million for the financial year ended 31 March 2018 as compared with the loss of approximately HK\$13.99 million for the financial year ended 31 March 2017. The increase in the loss is mainly due to the recognition of expense in relation to the increase in impairment loss of trade receivables expenses.

The Group's revenue for the year ended 31 March 2018 was approximately HK\$38.32 million (approximately HK\$41.66 million for last year), representing a decrease of approximately 8.00% when compared with last year. Such decrease was mainly due to the decrease in the revenue from manufacturing and trading of electronic products by 13.30% when compared with last year.

Moreover, the revenue attributable to the top five customers for the year ended 31 March 2018 was approximately HK\$25.13 million, which decreased from approximately HK\$27.91 million for the year ended 31 March 2017, representing a decrease of approximately 11.06%. The revenue attributable to the second largest customer for the year ended 31 March 2018 was approximately HK\$3.86 million, which decreased from approximately HK\$4.53 million for the year ended 31 March 2017, representing a decrease of approximately 14.81%.

The second largest customer mainly ordered Freefly VR and its orders attributable to the purchase of Freefly VR during the year ended 31 March 2017 was approximately HK\$5.17 million, representing a significant drop when compared with the figure for the year ended 31 March 2018. Such decrease in the purchases of Freefly VR was mainly due to the reason that such products reach the decline stage of product life cycle.

Throughout the year ended 31 March 2018, some factory fixed costs and indirect costs, such as salaries and rents, have been reduced at the same time. Therefore, the production cost attributable to each product manufactured by the Group decreased. However, the result from the operation of provision of food catering service was loss making since the business started in early 2018.

The overall gross profit margin of the Group decreased from approximately 26.45% for the year ended 31 March 2017 to approximately 25.17% for the year ended 31 March 2018 primarily due to the decrease of purchase orders in the higher margin products, namely fire alarm.

Selling and distribution expense for the year ended 31 March 2018 amounted to approximately HK\$1.19 million (approximately HK\$1.60 million for the year ended 31 March 2017), representing a decrease of approximately 25.56%. Such decrease was mainly due to the decrease of commission paid amounting to HK\$0.22 million for the year ended 31 March 2018 (approximately HK\$0.36 million for the year ended 31 March 2017).

Administrative and other expenses for the year ended 31 March 2018 amounted to approximately HK\$23.49 million (approximately HK\$23.13 million for the year ended 31 March 2017), representing an increase of approximately 1.56%. Such increase was mainly due to there was expenses recognised in the impairment loss of trade receivables for the year ended 31 March 2018 (2017: HK\$Nil).

Loss attributable to the owners of the Company amounted to approximately HK\$14.72 million for the year ended 31 March 2018 (approximately HK\$13.99 million for the year ended 31 March 2017). Loss per share attributable to owners of the Company was approximately HK\$1.6 cents for the year ended 31 March 2018 (approximately HK\$1.7 cents for the year ended 31 March 2017).

To cope with the loss for the financial year ended 31 March 2018, the Board intends to develop on its recurring business in providing EMS to international customers while targeting further expansion in its established market, particularly to explore the EMS for consumer electronic products in the PRC market where the Directors consider to have a promising potential. However, the European countries and the United States will still be the principal markets of the Group in the near future.

The Group's strategies are to increase its market share and to develop new customers to enlarge its client base through increasing its promotional, marketing activities and new products. The Group is going to launch two to three new tracker, charger board and fishing related products to the market in 2018 and the Group will attend and participate in more exhibitions and trade fairs in Hong Kong, the PRC and overseas to promote EMS and buzzer, and to attract potential customers. Moreover, investment in catering business, the Group is going to launch one to two restaurants.

Liquidity, Financial Resources and Capital Structure

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

As at 31 March 2018, the Group had net current assets of approximately HK\$34.01 million (2017: approximately HK\$12.11 million) including cash and bank balances of approximately HK\$13.34 million (2017: approximately HK\$4.62 million) and pledged time deposits of approximately HK\$2.01 million (2017: approximately HK\$2.01 million).

The Group's equity capital and borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 March 2018 was 5.45 (2017: 1.75).

There has been no change in the capital structure of the Group during the year ended 31 March 2018 up to the date of This announcement. The capital of the Group mainly comprises ordinary shares and capital reserves.

Significant Investment

The Group did not have any significant investment as at 31 March 2017 and 31 March 2018.

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2017 and 2018.

Charges over assets

The Group had pledged approximately HK\$2.01 million time deposits on Industrial and Commercial Bank of China (Asia) Limited as at 31 March 2018 (2017: HK\$2.01 million). The group property, plant and equipment approximately HK\$0.5 million was held under finance lease as at 31 March 2018 (2017: HK\$0.1 million).

Capital commitment

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

Foreign Currency Exposure

As at 31 March 2018, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2018, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2018, the Group employed a total of 163 employees (2017: 172 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK\$20.55 million for the year ended 31 March 2018 (2017: HK\$18.10 million).

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

IPO PROCEEDS AND USE OF THE IPO PROCEEDS

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

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

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

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

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

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

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

funding for other general corporate purposes”, whereby an amount of HK\$0.8 million will be used for the relocation of the Group’s production facilities and plants to the new factory premises, an amount of HK\$0.3 million will be used for the refurbishment of accommodation, and an amount of HK\$0.2 million will be used for rental for surface mounting technology facility.

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

New intended use	As at		As at the date of this announcement	
	Original allocation of the unutilised Proceeds <i>HK\$ million</i> (approximately)	New allocation of the unutilised Proceeds <i>HK\$ million</i> (approximately)	Utilised amount <i>HK\$ million</i> (approximately)	Unutilised amount <i>HK\$ million</i> (approximately)
Setting up production facilities for plastic parts	1.00	–	–	–
Strengthening the Group’s position in its established markets and expanding its customer base	2.79	2.49	0.10	2.39
Working capital and funding for other general corporate purposes	–	1.30	1.30	–
Total	<u>3.79</u>	<u>3.79</u>	<u>1.40</u>	<u>2.39</u>

OTHER FUND RAISING ACTIVITIES DURING THE YEAR

(1) Issue of 160,000,000 Shares under general mandate

On 27 June 2017, the Company entered into a placing agreement with a placing agent in relation to placing of up to 160,000,000 Shares to independent investors at placing price of HK\$0.163 (net placing price of HK\$0.1563) under general mandate for fund raising purpose. The placing price HK\$0.163 represented a discount of about 18.91% to the closing price of HK\$0.201 on 27 June 2017. On 18 July 2017, the Company completed the placing of 160,000,000 Shares. The gross proceeds and net proceeds from the placing amounted to about HK\$26 million and HK\$25 million respectively. The net proceeds have been fully utilized in accordance with the intended use as announced on 5 January 2018: (i) HK\$8 million used for the repayment of the debenture, (ii) HK\$16 million used for working capital, and (iii) HK\$1 million used for investment in catering business.

(2) Issue of HK\$10,000,000 convertible bonds under general mandate

On 5 January 2018, the Company entered into a placing agreement with a placing agent in relation to placing of up to HK\$10,000,000 convertible bonds to independent investors under general mandate for fund raising purpose. The initial conversion price of the convertible bonds was HK\$0.197 represented a discount of about 9.63% to the closing price of HK\$0.218 on 5 January 2018. On 23 January 2018, the Company completed the placing of HK\$10,000,000 convertible bonds. The convertible bonds is convertible into 50,761,421 Shares based on the initial conversion price. The gross proceeds and net proceeds from the placing amounted to about HK\$10 million and HK\$9.63 million respectively. The net proceeds are intended to be used in investment in catering business and as at the date of this announcement, funds of about HK\$3.85 million have been utilized for such purpose and funds of about HK\$5.78 million remain unutilized.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

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

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

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

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

Major deficiencies

- Monthly autopay statements and bank receipts are signed by the director before proceeding but no signature for the salaries breakdown.
- No evidence of appropriate, sufficient and relevant training (internal or external) in the domain of financial reporting and listing rules has been arranged to staff of finance department.
- No evidence that the Group has explicit procedures for the selection of its service providers

Company's actions

- The Company existing payroll is standardised and no significant changes in these years, so the Company only signed on internal breakdown when there was renewal in salaries.
- The Management will sign on bank slip and internal breakdown before proceeding.
- The Company provided the trainings of Corporate Governance and Regulatory were prepared for the directors. There were seminars held and certificate of attendance issued.
- Also, training for MPF and accounting standard renewal were prepared for staffs.
- The Company has compared the price, quality and reputation from different service providers for selection.
- Three quotations from different providers will be gained before decision.

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

SHARE OPTIONS SCHEMES

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

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 27 September 2013 under which the Company has granted options to certain Directors of the Group to subscribe for an aggregate of 80,000,000 shares of the Company with an exercise price of HK\$0.15, which is equal to the placing price as defined in the Prospectus.

As at 31 March 2018, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Directors	Outstanding as at 31 March 2017				Outstanding as at 31 March 2018		Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
	Exercised	Lapsed	Reclassified					
Mr. Lo Yan Yee	22,800,000	–	–	–	22,800,000	11 October 2016– 11 October 2023	2.59%	
Ms. Cheng Yeuk Hung	22,800,000	–	–	–	22,800,000	11 October 2016– 11 October 2023	2.59%	
Mr. Lo Ding To (<i>note</i>)	12,000,000	–	–	(12,000,000)	–		–	
Employees	57,600,000	–	–	–	45,600,000		5.18%	
	22,400,000	–	–	12,000,000	34,400,000	11 October 2016– 11 October 2023	3.91%	
	<u>80,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>80,000,000</u>		<u>9.09%</u>	

Note:

Mr. Lo Ding To resigned as a Director on 1 November 2017 but he remains to be an employee of the Group. As such, 12,000,000 share options granted to him were reclassified under the category of “Employees” in the above table.

Share Option Scheme

During the year ended 31 March 2018, no option was granted, exercised or lapsed under the Share Option Scheme.

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

As at 31 March 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (“SFO”) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such

provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

(i) Long positions in the shares of the Company

Name of Director	Capacity	Number of Shares	Approximate percentage of interest
Ms. Cheng Yeuk Hung	Personal interest	169,560,000	17.66%
Mr. Lo Yan Yee	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 (<i>executive Director</i>)	Personal interest	Options	22,800,000
	Interest of spouse	Options	<u>22,800,000</u>
			45,600,000
Ms. Cheng Yeuk Hung (<i>executive Director</i>)	Personal interest	Options	22,800,000
	Interest of spouse	Options	<u>22,800,000</u>
			45,600,000
Mr. Cheng Kwing Sang, Raymond (<i>chief executive officer</i>)	Personal interest	Options	22,400,000

Save as disclosed above, as at 31 March 2018, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

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

As at 31 March 2018, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity and nature of interest	Number of shares	Percentage of the Company's issued share capital	Long/Short position/ Lending Pool
Adamas Asset Management (HK) Limited	Investment manager	66,338,000	6.91%	Long position

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any other persons (other than a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the standard set out in the Model Code throughout the year ended 31 March 2018.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The principles adopted by the Company emphasize a quality board, transparency and accountability to shareholders. Pursuant to code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Leung Kwok Kuen, Jacob (a non-executive Director) and Mr. Cheung Chin Wa, Angus (an independent non-executive Director) were unable to attend the annual general meeting of the Company held on 28 July 2017 due to their other prior engagements. Save as disclosed above, the Company has complied with the Code during the year ended 31 March 2018.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

None of the Directors nor the controlling shareholder of the Company (i.e. Ms. Cheng Yeuk Hung) had any material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 March 2018.

COMPETING BUSINESS

For the year ended 31 March 2018, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company has set up an audit committee (the “**Committee**”) with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Lam Wai Yuen, Mr. Cheung Chin Wa, Angus and Ms. Zhou Ying. The audited condensed consolidated results of the Group for the year ended 31 March 2018 have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

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

Hong Kong, 21 June 2018

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

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