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On Real International Holdings Limited
安悅國際控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8245

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

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

This announcement, for which the directors (the "Directors") of On Real International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and be posted on the website of the Company at www.on-real.com

FINANCIAL HIGHLIGHTS

- Revenue of the Company for the year ended 31 March 2016 amounted to approximately HK$261.8 million, representing a decrease of approximately 24.4% as compared with that of approximately HK$346.2 million for the year ended 31 March 2015.
- Loss attributable to owners of the Company for the year ended 31 March 2016 amounted to approximately HK$14.9 million, as compared with profit of approximately HK$10.5 million for the year ended 31 March 2015.
- Basic and diluted loss per share for the year ended 31 March 2016 amounted to approximately HK cents 3.5 (basic and diluted earnings per share for the year ended 31 March 2015: HK cents 3.5).
- The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2016.

ANNUAL RESULTS

The Board of Directors (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2016 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Note	**2016** **HK$'000**	2015 HK$'000
Revenue	3	**261,844**	346,191
Cost of sales	6	**(227,807)**	(285,165)
Gross profit		**34,037**	61,026
Other income	4	**571**	4,454
Other gains — net	5	**1,520**	1,775
Selling and distribution expenses	6	**(4,569)**	(3,710)
Administrative expenses	6	**(48,444)**	(48,079)
Operating (loss)/profit		**(16,885)**	15,466
Finance income		**1,662**	604
Finance costs		**(1,239)**	(1,152)
Finance income/(costs) — net		**423**	(548)
(Loss)/profit before income tax		**(16,462)**	14,918
Income tax credit/(expense)	7	**1,612**	(4,382)
(Loss)/profit for the year attributable to owners of the Company		**(14,850)**	10,536
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Currency translation differences		**492**	(413)
Recycle of currency translation differences upon disposal of a subsidiary		**—**	(1,552)
Total comprehensive (loss)/income for the year attributable to owners of the Company		**(14,358)**	8,571
(Loss)/earnings per share attributable to owners of the Company for the year — Basic and diluted (expressed in HK cents per share)	8	**(3.53)**	3.50
Dividends	9	**—**	52,007

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	**2016** **HK$'000**	2015 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**8,992**	9,068
Intangible assets		**6,758**	8,403
Financial asset at fair value through profit or loss		**14,513**	14,458
Prepayments	11	**2,864**	3,000
Deferred income tax assets		**2,275**	635
Total non-current assets		**35,402**	35,564
Current assets			
Inventories	10	**33,712**	28,558
Trade and other receivables	11	**42,443**	52,873
Tax recoverable		**4,048**	—
Restricted cash		**2,251**	5,510
Cash and cash equivalents		**35,050**	28,373
Total current assets		**117,504**	115,314
Total assets		**152,906**	150,878
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	**4,800**	—
Other reserves		**77,599**	22,829
(Accumulated losses)/retained earnings		**(12,355)**	3,431
Total equity		**70,044**	26,260

	Note	2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liability			
Borrowings		**—**	32
Total non-current liability		**—**	32
Current liabilities			
Trade and other payables	13	**57,517**	67,256
Borrowings		**24,983**	49,697
Current income tax liabilities		**362**	7,633
Total current liabilities		**82,862**	124,586
Total liabilities		**82,862**	124,618
Total equity and liabilities		**152,906**	150,878
Net current assets/(liabilities)		**34,642**	(9,272)
Total assets less current liabilities		**70,044**	26,292

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Attributable to owners of the Company						
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	PRC statutory reserve *(Note i)* *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
Balance at 1 April 2014	—	—	(5,402)	1,233	5,328	46,835	47,994
Comprehensive income							
Profit for the year	—	—	—	—	—	10,536	10,536
Other comprehensive loss							
Currency translation differences	—	—	—	16	(429)	—	(413)
Recycle of currency translation differences upon disposal of a subsidiary	—	—	—	—	(1,552)	—	(1,552)
Total other comprehensive loss, net of tax	—	—	—	16	(1,981)	—	(1,965)
Total comprehensive income	—	—	—	16	(1,981)	10,536	8,571
Transactions with owners in their capacity as owners							
Dividend relating to year ended 31 March 2015 *(Note 9)*	—	—	—	—	—	(16,000)	(16,000)
Special dividend *(Note 9)*	—	—	—	—	—	(36,007)	(36,007)
Deemed contribution upon disposal of a subsidiary *(Note 1(b)(iv))*	—	—	7,169	—	—	—	7,169
Issue of shares of On Real *(Note 1(b)(v))*	—	—	11,610	—	—	—	11,610
Shares issued pursuant to the Reorganisation *(Note 1(b)(vi))*	—	22,126	(22,126)	—	—	—	—
Contribution from owners *(Note 15(d))*	—	—	2,923	—	—	—	2,923
Appropriation to PRC statutory reserve	—	—	—	1,933	—	(1,933)	—
Total transactions with owners in their capacity as owners	—	22,126	(424)	1,933	—	(53,940)	(30,305)
Balance at 31 March 2015	—	22,126	(5,826)	3,182	3,347	3,431	26,260

	Attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Capital reserve** *HK$'000*	**PRC statutory reserve** *(Note i)* *HK$'000*	**Exchange reserve** *HK$'000*	**(Accumulated losses)/ retained earnings** *HK$'000*	**Total** *HK$'000*
Balance at 1 April 2015	**—**	**22,126**	**(5,826)**	**3,182**	**3,347**	**3,431**	**26,260**
Comprehensive loss							
Loss for the year	—	—	—	—	—	**(14,850)**	**(14,850)**
Other comprehensive income							
Currency translation differences	—	—	—	**(147)**	**639**	—	**492**
Total other comprehensive income, net of tax	—	—	—	**(147)**	**639**	—	**492**
Total comprehensive loss	—	—	—	**(147)**	**639**	**(14,850)**	**(14,358)**
Transactions with owners in their capacity as owners							
Capitalisation of shares *(Note 1(b)(viii))*	**3,600**	**(3,600)**	—	—	—	—	—
Issue of new shares upon placing, net of share issuing expenses *(Note 12(a))*	**1,200**	**56,942**	—	—	—	—	**58,142**
Appropriation to PRC statutory reserve	—	—	—	**936**	—	**(936)**	—
Total transactions with owners in their capacity as owners	**4,800**	**53,342**	—	**936**	—	**(936)**	**58,142**
Balance at 31 March 2016	**4,800**	**75,468**	**(5,826)**	**3,971**	**3,986**	**(12,355)**	**70,044**

Note:

(i) As required by the People's Republic of China ("PRC") relevant rules and regulation, the PRC subsidiaries of the Group is required to transfer 10% of their profit after tax to statutory reserve until the reserve balance reaches 50% of the registered capital. Appropriations to the reserves were approved by the respective boards of directors and made before distribution of dividend to the shareholders.

For the entities concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 (a) General information

On Real International Holdings Limited ("the Company") was incorporated in the Cayman Islands on 30 June 2014 as an exempted company with limited liability under Companies Law, Cap 22 (Law 3 of 1961 as consolidated and revised), of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is Room 2401–02, 24/F., Jubilee Centre, 46 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries (the "Group") is principally engaged in the trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The controlling shareholders of the Company are Mr. Tam Wing Ki ("Mr. Tam") and Mr. Hsu Wing Sang ("Mr. Hsu") (collectively, the "Controlling Shareholders").

The Company has listed its shares on the Growth Enterprise Market ("GEM Board") of The Stock Exchange of Hong Kong Limited since 30 September 2015.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

(b) Reorganisation

Pursuant to the reorganisation of the Group (the "Reorganisation") as set under the section headed "History, reorganisation and corporate structure" in the prospectus of the Company dated 18 September 2015, the Company became the holding company of the subsidiaries now comprising the Group. The Reorganisation is merely a reorganisation of the Group's business with no change in management of such business and the Controlling Shareholders remain the same. Accordingly, the consolidated financial statements of the Group have been prepared as of the Group had always been in existence throughout the year ended 31 March 2015 or since the respective dates of incorporation or establishment of the Group Companies.

Details of the Reorganisation are as follows:

(i) On 22 May 2014, Xinxing On Time Electronics Limited ("Xinxing On Time"), a wholly-owned subsidiary of On Real Limited ("On Real"), which was owned as to 69.23% and 30.77% by Mr. Tam and Mr. Hsu, respectively, transferred employees, certain assets and its operation to Xinxing Great Success Plastic Limited ("Xinxing Great Success"), a wholly-owned subsidiary of On Real.

(ii) On 30 June 2014, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each. On the same day, one subscriber's share was transferred to Mr. Tam, and 6,922 and 3,077 ordinary shares were allotted and issued at par to Mr. Tam and Mr. Hsu, respectively, representing 69.23% and 30.77% of the issued shares of the Company, respectively.

(iii) On 4 July 2014, On Real (BVI) Limited ("On Real (BVI)") was incorporated in the British Virgin Islands ("BVI").

(iv) On 31 August 2014, On Real disposed of Xinxing On Time to Shine View Development Limited ("Shine View"), which is controlled by the Controlling Shareholders but is not a member of the Group, at a consideration of US$3,200,000 (equivalent to HK$24,960,000). Details of the assets and liabilities disposed are as follows:

	HK$'000
Consideration settled through dividends (Non-cash transaction)	24,960
Less assets and liabilities disposed of:	
Land use rights	5,627
Property, plant and equipment	21,339
Trade and other receivables and prepayments	12,847
Cash and cash equivalents	6,442
Trade payables, accruals and other payables	(28,464)
Net Assets	17,791
Deemed contribution upon disposal of a subsidiary	7,169

(v) On 30 October 2014, On Real and the Controlling Shareholders entered into subscription agreements with two independent investors, namely Solution Smart Holdings Limited ("Solution Smart") and Pacific Able Limited ("Pacific Able") pursuant to which Solution Smart and Pacific Able subscribed for 518,614 and 259,167 new shares of On Real, respectively, at considerations of US$1,000,000 and US$500,000, respectively (equivalent to HK$7,740,000 and HK$3,870,000, respectively), resulting in Mr. Tam, Mr. Hsu, Solution Smart and Pacific Able holding 49.85%, 22.15%, 18.67% and 9.33% of the total issued share capital of On Real, respectively.

(vi) On 31 October 2014, On Real (BVI) acquired 49.85%, 22.15%, 18.67% and 9.33% equity interest in On Real from Mr. Tam, Mr. Hsu, Solution Smart and Pacific Able, respectively, at a consideration to be satisfied by the allotment and issue of 3,047, 1,353, 3,734 and 1,866 shares of the Company to Mr. Tam, Mr. Hsu, Solution Smart and Pacific Able, respectively. In consideration of the Company's allotment and issue of a total of 10,000 consideration shares to Mr. Tam, Mr. Hsu, Solution Smart and Pacific Able, the Company was allotted and issued one share of On Real (BVI).

(vii) On 16 September 2015, the authorised share capital of the Company increased from HK$390,000 to HK$7,800,000 by the creation of an additional 741,000,000 shares of HK$0.01 each.

(viii) On 16 September 2015, the Company capitalised an amount of HK$3,599,800 by crediting to the share premium account of the Company and that the said sum be applied in paying up in full for 359,980,000 shares, representing 99.994% of the enlarged issued share capital of the Company. Such shares are allotted and issued, credited as fully paid, to Mr. Tam, Mr. Hsu, Solution Smart and Pacific Able as to 179,450,030 shares, 79,735,570 shares, 67,208,266 shares and 33,586,134 shares, respectively, in proportion to their then respective shareholdings in the Company of 49.85%, 22.15%, 18.67% and 9.33% respectively.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial asset (including key man insurance) at fair value through profit or loss, which is carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Changes in accounting policy and disclosures

(a) *New standards and amended standards adopted by the Group*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2015. The adoption of these amendments has no material impact on the Group's consolidated financial statements:

HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

(b) *New standards, amendments to existing standards and annual improvements that have been issued but not yet effective and have not been early adopted by the Group*

The following new standards, amendments to existing standards and annual improvements have been published but are not yet effective for the year ended 31 March 2016 and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure Initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants	1 January 2016
HKAS 27 (Amendment)	Equity Method in Separate Financial Statement	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investments Entities: Applying the Consolidation Exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements Project	Annual Improvements 2012–2014 Cycle	1 January 2016

The Group is in the process of making an assessment of what the impact of these new standards and amendments to existing standards would be in the period of initial application, but not yet in a position to state whether they would have a significant impact to the Group's results and financial position.

(c) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year, as a result, there were changes to presentation and disclosures of certain information in the consolidated financial statements.

3 SEGMENT INFORMATION

The Group is principally engaged in the trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The executive directors have been identified as the chief operating decision makers. The executive directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of two-way radios, baby monitors, servicing business and other communication devices based on gross profit arising in the course of the ordinary activities of a recurring nature.

The segment information provided to the executive directors for the years ended 31 March 2016 and 2015 is as follows:

	Two-way radios	Baby monitors	Servicing business	Other products *(Note (i))*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2016					
Total segment revenue (from external customers)	**229,614**	**18,477**	**2,093**	**11,660**	**261,844**
Segment results for the year	**29,682**	**2,321**	**328**	**1,706**	**34,037**
Other segment items:					
Amortisation of intangible assets	**437**	**2,242**	**—**	**—**	**2,679**
Depreciation of property, plant and equipment	**4,011**	**352**	**8**	**202**	**4,573**
Capital expenditures *(Note (ii))*	**5,274**	**463**	**11**	**266**	**6,014**
Provision for inventories	**463**	**41**	**—**	**23**	**527**
For the year ended 31 March 2015					
Total segment revenue (from external customers)	322,619	7,346	1,638	14,588	346,191
Segment results for the year	50,757	1,085	350	3,167	55,359
Other segment items:					
Amortisation of land use rights and intangible assets	765	16	5	48	834
Depreciation of property, plant and equipment	5,496	117	38	343	5,994
Capital expenditures *(Note (ii))*	13,416	206	75	712	14,409
Provision for inventories	72	2	1	4	79

Notes:

(i) Other products include transistors, ICs, plastic casings, rechargeable battery chargers, ultrasonic cleansers, inductive emergency flashlights and accessories such as headsets, belt clips, chargers and power adaptors, etc.

(ii) Capital expenditures represents additions of property, plant and equipment and intangible assets.

Total revenue recognised during the year are as follows:

	2016	2015
	HK$'000	*HK$'000*
Sales of goods	**259,751**	344,553
Sales of service	**2,093**	1,638
	261,844	346,191

The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

A reconciliation of total segment results to the (loss)/profit for the year is provided as follows:

	2016 *HK$'000*	2015 *HK$'000*
Segment results	**34,037**	55,359
Effect of one-off reversal of retirement benefit costs	**—**	5,667
	34,037	61,026
Other income	**571**	4,454
Other gains — net	**1,520**	1,775
Selling, distribution and administrative expenses	**(53,013)**	(51,789)
Operating (loss)/profit	**(16,885)**	15,466
Finance income/(costs) — net	**423**	(548)
(Loss)/profit before income tax	**(16,462)**	14,918

An analysis of revenue by geographic location is set out below:

	2016 *HK$'000*	2015 *HK$'000*
The United States of America	**86,194**	148,606
Germany	**50,183**	18,858
Europe *(Note 1)*	**41,953**	54,857
Asia *(Note 2)*	**29,157**	37,745
The Netherlands	**22,208**	41,675
The United Kingdom ("UK")	**20,909**	23,002
Others *(Note 3)*	**11,240**	21,448
	261,844	346,191

Note 1: Europe includes but is not limited to France, Italy and Belgium but excludes UK, Germany and the Netherlands.

Note 2: Asia includes but is not limited to the PRC and Hong Kong.

Note 3: Others include but is not limited to Brazil, Canada and Russia.

Revenue is allocated based on the shipping destination.

Non-current assets are located in the PRC and Hong Kong.

4 OTHER INCOME

	2016 *HK$'000*	2015 *HK$'000*
Government grant	**364**	—
Gains on disposals of property, plant and equipment	**68**	2,602
Staff quarters rental income	**60**	232
Recycle of currency translation differences upon disposal of a subsidiary	**—**	1,552
Others	**79**	68
	571	4,454

5 OTHER GAINS — NET

	2016	2015
	HK$'000	*HK$'000*
Exchange gains, net	**1,688**	378
Fair value (losses)/gains on financial asset at fair value through profit or loss	**(168)**	2,561
Fair value losses on derivative financial instruments — net losses on forward foreign exchange contracts	**—**	(1,872)
Net exchange gains on forward foreign exchange contracts	**—**	708
	1,520	1,775

6 EXPENSES BY NATURE

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories recognised as expenses *(Note 10)*	**132,195**	182,288
Employee benefit expenses	**69,020**	70,174
Subcontracting fees *(Note i)*	**22,827**	24,032
Auditors' remuneration		
— Audit services	**1,161**	326
— Non-audit services	**250**	—
Amortisation of land use rights	**—**	55
Amortisation of intangible assets	**2,679**	779
Depreciation of property, plant and equipment	**4,573**	5,994
Provision for inventories *(Note 10)*	**527**	79
Operating leases		
— Office premises and staff quarters	**1,860**	1,996
— Factories	**3,329**	3,064
— Property, plant and machinery	**331**	—
Listing expenses	**8,676**	16,943
Consultancy fee	**4,590**	2,945
Fuel and utility expenses	**3,429**	4,929
Transportation and travelling expenses	**3,315**	3,156
Research and development expenses	**892**	580
Other expenses	**21,166**	19,614
	280,820	336,954
Representing:		
Cost of sales	**227,807**	285,165
Selling and distribution expenses	**4,569**	3,710
Administrative expenses	**48,444**	48,079
	280,820	336,954

Note i: Subcontracting fees

The amount represents the fee paid to engage independent subcontractors for manufacturing processes.

7 INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. The PRC enterprise income tax is provided at the rate of 25% (2015: 25%) for Xinxing Great Success for the year. During the year, there was a change in the corporation tax rate of On Real Electronics (Shenzhen) Limited to 15% (2015: 25%), which was effective from 1 April 2015.

The amount of income tax credit/(expense) credited/(charged) to the consolidated statement of comprehensive income represents:

	2016	2015
	HK$'000	*HK$'000*
Current income tax		
— Current income tax	**(2,026)**	(4,192)
— Over-provision in prior years	**1,998**	—
Deferred income tax	**1,640**	503
Withholding tax	**—**	(693)
Income tax credit/(expense)	**1,612**	(4,382)

8 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares, the 14,400 ordinary shares of the Company issued to Mr. Tam and Mr. Hsu during the Reorganisation (Note 1(b)(ii) and Note 1(b)(vi)) and the additional 259,185,600 shares under the proposed capitalisation on 16 September 2015 (Note 1(b)(viii)) were treated as if they had been in issue retrospectively; and 5,600 shares issued to Solution Smart and Pacific Able during the Reorganisation (Note 1 (b)(vi)) and the additional 100,794,400 shares issued under the proposed capitalisation on 16 September 2015 (Note 1(b)(viii)) were treated as if they had been in issue since 30 October 2014.

	2016	2015
	HK$'000	*HK$'000*
(Loss)/profit attributable to owners of the Company *(HK$'000)*	**(14,850)**	10,536
Weighted number of ordinary shares in issue *('000)*	**420,328**	300,900
Basic (loss)/earnings per share (HK cents per share)	**(3.53)**	3.50

(b) Diluted

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share due to the absence of dilutive potential ordinary shares during the years ended 31 March 2016 and 2015.

9 DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends	**—**	52,007

The Board of Directors do not recommend the payment of a final dividend for the year ended 31 March 2016.

During the year ended 31 March 2015, certain subsidiaries of the Group declared interim dividends to their then equity holders amounting to HK$16,000,000.

In addition, for the year ended 31 March 2015, a subsidiary declared (i) a special dividend of HK$24,960,000 for settlement of consideration payable by Shine View in connection with the disposal of the entire equity interest in a subsidiary (Note 1(b)(iv)), (ii) a special dividend of HK$1,047,000 to settle the net balances with the Controlling Shareholders (Note 15(c)) and (iii) cash dividend of HK$10,000,000.

The number of shares ranking for dividends and the dividends per share are not presented as such information is not considered meaningful for the purpose of these consolidated financial statements.

10 INVENTORIES

	2016	2015
	HK$'000	*HK$'000*
Raw materials	**14,043**	16,562
Work in progress	**14,115**	9,548
Finished goods	**6,061**	2,448
	34,219	28,558
Less: Provision for inventories	**(507)**	—
	33,712	28,558
The movement of provision for inventories is as follows:		
At beginning of the year	**—**	4,945
Provision for inventories *(Note 6)*	**527**	79
Write-off of provision for inventories	**—**	(4,963)
Exchange differences	**(20)**	(61)
At end of the year	**507**	—

Note: The cost of inventories recognised as expenses of HK$132,195,000 (2015: HK$182,288,000) for the year ended 31 March 2016 are included in "cost of sales" in the consolidated statement of comprehensive income.

11 TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables *(Note a)*	**29,391**	36,703
Prepayments *(Note b)*	**9,330**	9,694
Value-added tax receivables	**5,586**	8,334
Other receivables and deposits	**705**	1,142
Receivables from a related party *(Note 15(b))*	**295**	—
	45,307	55,873
Less non-current portion: prepayments	**(2,864)**	(3,000)
Current portion	**42,443**	52,873

The carrying amounts of trade and other receivables approximate their fair values.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

(a) Trade receivables

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**29,391**	36,703

The Group normally grants credit terms to its customers ranging from 0 to 90 days. At 31 March 2016 and 2015, the ageing analysis of the trade receivables based on invoice date were as follows:

	2016	2015
	HK$'000	*HK$'000*
1 to 30 days	**13,983**	28,467
31 to 60 days	**4,826**	3,541
61 to 90 days	**8,974**	4,564
91 to 180 days	**1,536**	10
Over 180 days	**72**	121
	29,391	36,703

As of 31 March 2016, trade receivables of HK$4,571,000 (2015: HK$16,036,000) were past due but not impaired. These relate to a number of independent customers, of which HK$3,008,000 (2015: HK$10,234,000) were due from the top five customers for the year ended 31 March 2016, for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables based on due date is as follows:

	2016	2015
	HK$'000	*HK$'000*
Current	**24,820**	20,667
1 to 30 days	**3,986**	15,672
31 to 60 days	**490**	4
61 to 90 days	**—**	235
91 to 180 days	**37**	113
Over 180 days	**58**	12
Amounts past due but not impaired	**4,571**	16,036
	29,391	36,703

(b) Prepayments

The prepayments comprise the following:

	2016	2015
	HK$'000	*HK$'000*
Prepayments for purchase of inventories	**2,992**	3,459
Prepayments for operating leases	**2,862**	—
Prepayments for subcontracting fees	**1,200**	629
Prepayments for property, plant and equipment	**638**	1,026
Prepayments for marketing expenses	**1,084**	—
Prepayments for listing expenses	**—**	2,425
Prepayments for research and development	**—**	1,974
Other prepayments	**554**	181
	9,330	9,694

12 SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Authorised:		
As at 30 June 2014 (date of incorporation) and 31 March 2015 *(Note 1(b)(ii))*	39,000,000	390
Capitalisation of shares *(Note 1(b)(vii))*	741,000,000	7,410
As at 31 March 2016	780,000,000	7,800
Issued and fully paid:		
As at 30 June 2014 (date of incorporation) *(Note 1(b)(ii))*	10,000	—
Issue of shares to Mr. Tam, Mr. Hsu, Solution Smart and Pacific Able on 31 October 2014 *(Note 1(b)(vi))*	10,000	—
As at 31 March 2015	20,000	—
Capitalisation of shares *(Note 1(b)(viii))*	359,980,000	3,600
Issue of new shares pursuant of share offer *(Note (a))*	120,000,000	1,200
As at 31 March 2016	480,000,000	4,800

Note:

(a) In connection with the Company's initial public offering on GEM Board on 30 September 2015, 120,000,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.57 per share for a total cash consideration of HK$68,400,000, with issuance costs amounting to HK$10,258,000. This resulted in share premium of approximately HK$56,942,000.

13 TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**38,752**	42,220
Amount due to a related party *(Note 15(b))*	**98**	—
Advances from customers	**3,236**	574
Other payables and accruals		
— Accruals for staff cost	**9,830**	7,615
— Accruals for retirement benefit costs and housing funds	**2,076**	7,663
— Accrual for listing expenses	**—**	1,700
— Payable for property, plant and equipment	**709**	1,927
— Payable for intangible assets	**—**	1,048
— Other accruals and other payables	**2,816**	4,509
	57,517	67,256

(a) Trade payables

At 31 March 2016 and 2015, the ageing analysis of the trade payables based on invoice date were as follows:

	2016	2015
	HK$'000	*HK$'000*
0 to 30 days	**17,204**	8,762
31 to 60 days	**7,351**	13,044
61 to 90 days	**8,880**	11,510
Over 90 days	**5,317**	8,904
	38,752	42,220

14 COMMITMENTS

(a) Capital commitments

As at 31 March 2016 and 2015, the Group has the following capital commitments:

	2016	2015
	HK$'000	*HK$'000*
Contracted but not provided for		
— Property, plant and equipment	**279**	981
— Intangible assets	**774**	1,460

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	HK$'000	*HK$'000*
Land and buildings		
— No later than 1 year	**915**	3,106
— Later than 1 year and no later than 5 years	**264**	3,445
	1,179	6,551

The Company has no other material commitments as at 31 March 2016 and 2015.

15 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	2016	2015
	HK$'000	*HK$'000*
Sales of goods to a related company		
— On Time (HK) Limited	**—**	4,234
Disposal of a subsidiary to a related company		
— Shine View	**—**	24,960
Rental expenses charged by a related company		
— Xinxing On Time	**(1,221)**	(815)
Consultancy fee paid to a related company		
— Global Leader Enterprises Limited	**—**	(2)

The above related party transactions were carried out in accordance with the terms mutually agreed between the respective parties.

Certain administrative expenses of the Company incurred during the year ended 31 March 2015 were borne by On Real, the subsidiary indirectly held by the Company.

(b) Balances with a related party

	As at 31 March	
	2016	2015
	HK$'000	*HK$'000*
Amount due from a related party		
— Xinxing On Time *(Notes (i) and (ii))*	**295**	—
Amount due to a related party		
— Xinxing On Time *(Note (i))*	**(98)**	—

Notes:

(i) The amounts due from/(to) related parties arise from non-trade transactions. They are unsecured, interest-free and repayable on demand. The carrying amounts approximate their fair value and are denominated in RMB.

(ii) The maximum amount due from a related party outstanding during the year was HK$295,000 (2015: Nil).

(c) As at 30 November 2014, the Group had an amount due from Xinxing On Time of HK$9,464,000 and an amount due to On Time (HK) Limited of HK$8,417,000. Both Xinxing On Time and On Time (HK) Limited are controlled by the Controlling Shareholders. Pursuant to an agreement dated 31 January 2015, the Controlling Shareholders, Xinxing On Time, On Time (HK) Limited and the Group had entered into an assignment agreement where all the balances between the Group, On Time (HK) Limited and Xinxing On Time were assigned to the Controlling Shareholders. During the year ended 31 March 2015, the Company declared a special dividend of HK$1,047,000 (Note 9) to settle the net balances with the Controlling Shareholders.

(d) As at 23 February 2015, the Group had an amount due from On Time (HK) Limited of HK$215,000 and an amount due to Xinxing On Time of HK$3,138,000. Both Xinxing On Time and On Time (HK) Limited are controlled by the Controlling Shareholders. Pursuant to an agreement dated 23 February 2015, the Controlling Shareholders, On Time (HK) Limited, Xinxing On Time and the Group had entered into an assignment agreement where all the balances between the Group, On Time (HK) Limited and Xinxing On Time are assigned to the Controlling Shareholders. During the year ended 31 March 2015, the Controlling Shareholders agreed to forfeit an amount owed by the Group of HK$2,923,000. The forfeiture of the balance was regarded as contribution from owners.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

The economic downturn and financial uncertainty in the United States of America ("US") and European markets and the loss of the consumer two way-radios orders from the largest customer of the Group (the "Customer") has negative impact on the financial results for the year ended 31 March 2016.

The new products pipeline of the Group has competitive power, with new models in all three product categories of consumer two-way radios, commercial two-way radios and baby monitors. During the year, we received 16 new project awards from our customers including digital two-way radio, waterproof high-end two-way radios, high-end digital audio baby monitors with better sound quality and features and high-end digital audio baby monitors with non-invasive movement sensing capability.

Our business objectives are to grow our existing business, diversify the revenue streams and expand our customer base by expanding product offerings and features, improving information technology system and strengthening management and widening sales channel. We are also reviewing our business and manufacturing processes and will implement cost saving measures in operation if appropriate.

Below are the progress of the implementation of our objectives and strategies as disclosed in our prospectus (the "Prospectus") dated 18 September 2015:

i) Strengthen our product portfolio: we are going to develop new high-end two-way radio and baby monitor products with new features and technologies, such as Internet-of-Things ("IoT") connectivity and non-invasive movement sensing. The new waterproof high-end two-way radio has been launched in March 2016. The high-end commercial digital two-way radio and high-end Marine two-way radio will be launched in mid 2016 and late 2016 respectively. A new series of baby monitor products and the new video baby monitor products will be launched in December 2016 and early of 2017 respectively.

ii) Enhance our information management system: we are in the process of evaluating our information management system and will start the enhancement program in November 2016.

iii) Strengthen our marketing efforts: we continue to maintain our market presence and expand our sales channels and strengthen the presence in the US and the People's Republic of China (the "PRC") by introducing our products and services to potential customers. We have started to explore new sales channels to launch new products in North America through participating in a crowd funding activity, in which the first launch of the program will start in July 2017.

iv) Achieve economies of scale and cost saving for the longer term: we are consolidating our manufacturing sites to a single vertically integrated factory campus at Yunfu. The current production facilities and equipment at our Shenzhen factory will be moved to Yunfu factory campus. During the transition period for relocation of certain production facilities and equipments from the factory in Shenzhen to factory in Yunfu, the production efficiency has been affected and will incur one-off extra-ordinary expenses. However, we will reap improved future efficiencies from consolidated operations, and a lower cost structure there.

BUSINESS REVIEW

We are a two-way radio product designer and manufacturer established in 2001. We derive the revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing (the "ODM") basis.

The revenue decreased from approximately HK$346.2 million for the year ended 31 March 2015 to approximately HK$261.8 million for the year ended 31 March 2016, representing a decrease of approximately 24.4%. The decrease was mainly due to (i) the economic downturn and financial uncertainty in the US and European markets which had a material impact on sales of the Group's product in such regions; and (ii) the reformulation and change of sales strategy of the largest Customer (i.e. the Customer).

The revenue of baby monitors increased by 151.5% from approximately HK$7.3 million for the year ended 31 March 2015 to approximately HK$18.5 million for the year ended 31 March 2016. It was mainly due to the increase in demand of our audio baby monitor products and our customers started to launch the product in more retail shops. The revenue of two-way radios decreased by approximately 28.8% from approximately HK$322.6 million for the year ended 31 March 2015 to approximately HK$229.6 million. It was mainly due to the decrease in demand from the Customer for reason mentioned above.

The following table set forth the breakdown of the turnover of the Group by product categories for the years ended 31 March 2016 and 2015:

	For the year ended 31 March					
	2016		2015		Increase (Decrease)	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Two-way radios	**229,614**	**87.7**	322,619	93.2	(93,005)	(28.8)
Baby monitors	**18,477**	**7.1**	7,346	2.1	11,131	151.5
Servicing business	**2,093**	**0.8**	1,638	0.5	455	27.8
Other products	**11,660**	**4.4**	14,588	4.2	(2,928)	(20.1)
	261,844	**100**	346,191	100	(84,347)	(24.4)

Cost of sales and gross profit

The majority of the Group's cost of sales comprised of raw material costs, labour costs and sub-contracting costs. Our cost of sales decreased by approximately 20.1% from approximately HK$285.2 million for the year ended 31 March 2015 to approximately HK$227.8 million for the year ended 31 March 2016. The gross margin decreased from approximately 17.6% for the year ended 31 March 2015 to approximately 13.0% for the year ended 31 March 2016. The decrease in the gross margin was mainly due to (i) decrease in number of production lead to increase the production cost per unit; (ii) duplicated factory overhead for running 2 factories during the transitional period; and (iii) effects of one-off reversal of retirement benefit costs of approximately HK$5.7 million for the year ended 31 March 2015.

Other income

Other income mainly comprised of government grant, gain on disposals of property, plant and equipment and staff quarter rental income. The decrease in other income of approximately HK$3.9 million from approximately HK$4.5 million for the year ended 31 March 2015 to approximately

HK$0.6 million for the year ended 31 March 2016 was due to the fact that for the year ended 31 March 2015, the Group incurred one-off (i) gain on disposals of property, plant and equipment; and (ii) recycle of currency translation differences upon disposal of a subsidiary. Gain on disposals of property, plant and equipment together with recycle of currency translation differences upon disposal of a subsidiary were HK$4.2 million for the year ended 31 March 2015. The same item is only approximately HK$68,000 for the year ended 31 March 2016.

Other gains — net

Other gains comprised of mainly net exchange gains, fair value (losses)/gains on financial asset at fair value through profit or loss and fair value losses on derivative financial instruments net losses on forward foreign exchange contracts. The marginally decrease in other gain from HK$1.8 million for the year ended 31 March 2015 to HK$1.5 million for the year ended 31 March 2016 was due to the change of fair value on financial asset from gains of HK$2.6 million for the year ended 31 March 2015 to losses of HK$0.2 million for the year ended 31 March 2016 and set off with the decrease of fair value losses on derivative financial instruments from HK$1.9 million for the year ended 31 March 2015 to nil for the year ended 31 March 2016.

Selling and distribution expenses

Selling and distribution expenses increased from approximately HK$3.7 million for the year ended 31 March 2015 to approximately HK$4.6 million for the year ended 31 March 2016, which was mainly due to an one-off new sales and distribution networks' set up fee in North America.

Administrative expenses

Administrative expenses marginality increased from approximately HK$48.1 million for the year ended 31 March 2015 to approximately HK$48.4 million for the year ended 31 March 2016, which was mainly due to the decrease in the listing expense; offset by the increase in directors fee and professional fees.

Finance income/(costs) — net

The financial costs turned from costs approximately HK$0.5 million for the year ended 31 March 2015 to income approximately HK$0.4 million for the year ended 31 March 2016, was mainly due to the interest income charged to customers.

Income tax credit/(expense)

Income tax turned from expense approximately HK$4.4 million for the year ended 31 March 2015 to credit approximately HK$1.6 million for the year ended 31 March 2016, was mainly due to loss making in current year and over-provision of income tax in prior years.

(Loss)/profit attributable to owners of the Company

Loss attributable to owners of the Company for the year ended 31 March 2016 amounted to approximately HK$14.9 million, representing a decrease of approximately 241.9% as compared with profit of approximately HK$10.5 million for the year ended 31 March 2015. It was mainly due to the decrease in revenue, gross profit and other income for reasons mentioned above.

Dividends

The Board of Directors do not recommend the payment of a dividend for the year ended 31 March 2016.

Significant investment

There was no specific plan for significant investment as at 31 March 2016.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients and credit review of the Group's loan portfolio. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Charges on group's assets

As at 31 March 2016, the Group did not have any charges on assets.

Employees and remuneration policies

As at 31 March 2016, the Group had a total of 811 staff (2015: 959). Total staff costs (including Directors' emoluments) were approximately RMB69.0 million for the year ended 31 March 2016 (2015: RMB71.8 million). Remuneration is determined with reference to market conditions and the performance, qualifications and experience of individual employee. Year-end bonus will be paid to employees as recognition of and reward for their contributions according to individual performance. Other benefits include share option scheme, contributions to statutory mandatory provident fund schemes and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

The emoluments of the Directors are reviewed by the remuneration committee of the Company, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group, the Group's operating results and comparable market statistics.

Liquidity and financial resources

As at 31 March 2016, the Group's cash and cash equivalents amounted to approximately HK$35.1 million, representing a net increase of approximately HK$6.7 million as compared to that of approximately HK$28.4 million as at 31 March 2015. The Group had used net proceeds from fund raising activities financed its operations, repaid bank borrowings and paid income tax.

Gearing ratio

The gearing ratio of the Group as at 31 March 2016 is 35.7% (2015: 189.4%). The decrease in gearing ratio was due to strengthening of the Group's capital structure through an open offer and a placing of new shares. Gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as total borrowings. Total capital is calculated as total equity as shown in the consolidated statement of financial position.

Contingent liabilities

As at 31 March 2016, the Group had no material contingent liabilities.

Capital structure

Details of the movements in the Company's share capital are set out in note 12 to the consolidated financial statements in this announcement.

Pledge of assets

As at 31 March 2016, certain fixed deposits of approximately HK$2.2 million (as at 31 March 2015: approximately HK$5.5 million) and life insurance of approximately HK$14.5 million (as at 31 March 2015: approximately HK$14.5 million) were pledged to banks to secure banking facilities granted to the Company.

Capital commitments

Save as disclosed in note 14 to this announcement, the Group did not have any significant capital commitments, as at 31 March 2016.

Use of proceeds from the listing

As stated in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group intends to use the proceeds for (i) strengthen our product portfolio; (ii) enhance our information management systems; (iii) strengthen our marketing efforts; and (iv) working capital and other general corporate purposes.

On 31 March 2016, 120,000,000 ordinary shares of the Company were allotted at HK$0.57 per placing share pursuant to the Placing (as defined in the Prospectus). The net proceeds from the Placing received by the Company were approximately HK$30.9 million (after deduction of any related expenses). As at 31 March 2016, the unused proceeds of approximately HK$25.5 million were deposited into licensed banks in Hong Kong. The Company intends to continue to apply the remaining net proceeds in accordance with the proposed applications set out above.

During the year ended 31 March 2016, the net proceeds had been utilised as follows:

	Actual net proceeds allocated	**Amount utilised up to 31 March 2016**	**Balance as at 31 March 2016**
	HK$Million	*HK$Million*	*HK$Million*
Strengthen our product portfolio	21.7	2.7	19.0
Enhance our information management systems	2.4	—	2.4
Strengthen our marketing efforts	4.0	1.7	2.3
Working capital and other general corporate purposes	2.8	1.0	1.8
Total	30.9	5.4	25.5

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this announcement, during the year ended 31 March 2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

DIVIDENDS

The Board of Directors do not recommend the payment of any final dividend for the year ended 31 March 2016.

FUTURE PROSPECTS

The Group will continue to put effort in developing new model of our products which is expected to bring growth potential to the revenue of the Group and provides consistent returns to the shareholders. To reduce the impact of economic recession in the United States of America and Europe, we are going to expand and market our products in the Asian market, especially China. For avoiding the effect of too reliance on single customer, we sold and will continue to sell more products to two other major customers in North America.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2016, the Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules during the year ended 31 March 2016 except the following deviation:

Code Provision A.2.1

The above code provision stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

However, the Board is of the view that although Mr. Tam Wing Ki is the chairman and chief executive officer of the Company, this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Tam and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Group.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

Having been made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard of dealings and its code of conduct concerning securities transactions by the Directors during the year ended 31 March 2016.

SHARE OPTION SCHEME

The share option scheme of the Company ("**Scheme**") was adopted pursuant to a resolution passed by the Company's shareholders on 16 September 2015 ("**Adoption Date**"), the primary purpose of which is to attract, retain and motivate talented Participants, to strive for future developments and expansion of the Group. Eligible participants of the Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The Scheme will remain valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Share Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Share Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarized in the paragraph headed "**Share Option Scheme**" in Appendix IV to the Prospectus. No share options have been granted under the Scheme since its adoption.

INTERESTS OF THE COMPLIANCE ADVISER

As disclosed in the announcement of the Company dated 26 January 2016, the Company and Quam Capital Limited have mutually agreed to terminate the compliance adviser's agreement entered into between the Company and Quam Capital Limited (the "**Termination**"), with effect from 26 January 2016 due to the recent changes in personnel of Quam Capital Limited. The Board confirms that, as at the date of this report, there are no other matters relating to the Termination that need to be drawn to the attention of the Shareholders and the Stock Exchange. The Board further announces that Lego Corporate Finance Limited has been appointed as the new compliance adviser to the Company as required under Rule 6A.27 of the GEM Listing Rules with effect from 26 January 2016 until the date, pursuant to Rule 6A.19 of the GEM Listing Rules, on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results of the Company for the second full financial year commencing after the date of initial listing of the Company, or until the compliance adviser agreement entered into between the Company and Lego Corporate Finance Limited is terminated in accordance with its terms, whichever is earlier.

As confirmed by Quam Capital Limited and Lego Corporate Finance Limited, except for the respective compliance advisers agreements entered into between the Company and each of them and the supplemental sponsorship service agreement entered into between the Company and Quam Capital Limited, none of Quam Capital Limited and Lego Corporate Finance Limited or their directors, employees and associates is materially interested in any contract or arrangement during the year ended 31 March 2016, which is significant in relation to the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Director had a material interest in any transactions, arrangements or contracts 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 2016.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2016 and up to the date of this announcement, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as at the latest practicable date prior to the issue of this announcement as required under the GEM Listing Rules.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investment held as at 31 March 2016. There is no current plan for other material investments or additions of capital assets as at the date of this announcement.

FOREIGN CURRENCY EXPOSURE

The trading of two-way radios and baby monitors are conducted predominantly in United States dollars ("**US dollars**" or "**US$**") while the production costs are mainly denominated in Renminbi ("**RMB**"). The Group manages its foreign currency risk by closely monitoring the movements of foreign currency exchange rates. The management manages foreign currency exposure by entering into foreign exchange forward contracts. The Group does not currently designate any hedging relationship on the foreign exchange forward contracts for the purpose of the hedge accounting.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The Group raised fund of net proceeds of approximately HK$30.9 million from the placing. Up to 31 March 2016, (i) approximately HK$2.7 million of the Proceeds was paid for engaging external technology companies to develop loT connectivity in order to strengthing our product portfolio; (ii) Proceeds for enhancing our information management systems are still not yet used for reason that the enhancement program had been postponed to November 2016; (iii) approximately HK$1.7 million of the Proceeds was spent on strengthing our marketing efforts by exploring new sales channels in North America; and (iv) approximately HK$1.0 million working capital. As at 31 March 2016, the unutilised net proceeds were placed as bank deposits with authorised banks in Hong Kong.

MATERIAL GUARANTEE

During the reporting period, the Group did not provide any material guarantee for its shareholders, its connected persons, subsidiaries and other companies.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on 27 July 2016. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company on 24 June 2016 and dispatched to the shareholders on 24 June 2016.

CLOSURE OF THE REGISTER OF MEMBER

The register of members of the Company will be closed from Monday, 25 July 2016 to Wednesday, 27 July 2016, both dates inclusive, during which period no transfer of shares of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company.

AUDIT COMMITTEE

The Company has established an Audit Committee on 16 September 2015 with written terms of reference that set out the authorities and duties of the Audit Committee. The terms of reference of the Audit Committee are available at the Company's website and on the website of The Stock Exchange of Hong Kong Limited. The Audit Committee performs, amongst others, review financial information of the Group, review relationship with and terms of appointment of the external auditors, determination of the nature and scope of the audit and review the Company's financial reporting system, internal control system and risk management system.

The Audit Committee comprises three members namely Mr. Cheng Yuk Kin (Chairman), Mr. Fan Chun Wah, Andrew, Mr. Wong Ching Wan (appointed on 31 March 2016) and Ms. Reina Lim Yan Xin (resigned on 31 March 2016).

All the members are Independent Non-executive Directors (including one Independent Non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee has reviewed the results of the Group for the year ended 31 March 2016.

By order of the Board
On Real International Holdings Limited
Tam Wing Ki
Chairman and Executive Director

Hong Kong, 14 June 2016

As at the date of this announcement, the executive Directors are Mr. Tam Wing Ki, and Mr. Tao Hong Ming, the non-executive Director is Mr. Chau Wai Hung, Andy and the independent non-executive Directors are Mr. Cheng Yuk Kin, Mr. Fan Chun Wah, Andrew and Mr. Wong Ching Wan.

This announcement will remain on the Stock Exchange website at www.hkexnews.hk on the "Latest Company Announcements" page for at least seven days from the day of its posting and will also published on the website of the Company at www.on-real.com.