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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 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 Group for the year ended 31 March 2018 amounted to approximately HK$297.1 million, representing a decrease of approximately 9.3% as compared with that of approximately HK$327.6 million for the year ended 31 March 2017.
- Profit attributable to owners of the Company for the year ended 31 March 2018 amounted to approximately HK$0.9 million, as compared with profit of approximately HK$4.3 million for the year ended 31 March 2017.
- Basic and diluted earnings per share for the year ended 31 March 2018 amounted to approximately HK cents 0.02 (basic and diluted earnings per share for the year ended 31 March 2017: HK cents 0.11).
- The Directors do not recommend the payment of any dividend in respect of the year ended 31 March 2018.

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 2018 together with 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	3	**297,131**	327,637
Cost of sales		**(266,817)**	(279,133)
Gross profit		**30,314**	48,504
Other income	4	**8,060**	1,988
Other gains and losses	5	**2,350**	748
Selling and distribution expenses		**(3,940)**	(4,339)
Administrative expenses		**(32,639)**	(38,215)
Finance costs		**(927)**	(1,013)
Profit before tax		**3,218**	7,673
Income tax expense	7	**(2,333)**	(3,390)
Profit for the year	6	**885**	4,283
Profit for the year attributable to:			
Owners of the Company		**890**	4,283
Non-controlling interests		**(5)**	—
		885	4,283
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,448**	(2,683)
Total comprehensive income for the year		**2,333**	1,600
Total comprehensive income for the year attributable to:			
Owners of the Company		**2,338**	—
Non-controlling interests		**(5)**	—
		2,333	1,600
Earnings per share (HK cents)	8		
Basic and diluted		**0.02**	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**6,387**	7,098
Intangible assets		**5,020**	3,325
Financial asset at fair value through profit or loss		**14,132**	13,622
Prepayments		**954**	1,590
Deferred tax assets		**1,194**	1,434
		27,687	27,069
Current assets			
Inventories	10	**46,405**	50,942
Trade and other receivables	11	**94,394**	86,042
Amount due from a related company		**—**	383
Tax recoverable		**1,180**	—
Pledged bank deposits		**2,381**	2,160
Bank balances and cash		**29,734**	36,584
		174,094	176,111
Current liabilities			
Trade and other payables	12	**79,946**	83,586
Amount due to a related company		**387**	2,446
Borrowings		**36,551**	45,164
Bond payables		**839**	—
Income tax payables		**2,147**	340
		119,870	131,536
Net current assets		**54,224**	44,575
Total assets less current liabilities		**81,911**	71,644

	Note	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Bond payables		**7,934**	—
Net assets		**73,977**	71,644
Capital and reserves			
Share capital	13	**4,800**	4,800
Reserves		**69,182**	66,844
Equity attributable to owners of the Company		**73,982**	71,644
Non-controlling interests		**(5)**	—
Total equity		**73,977**	71,644

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Attributable to owners of the Company								
	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	PRC statutory reserve *HK$'000* *(Note)*	Exchange reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 April 2016	4,800	75,468	(5,826)	3,971	3,986	(12,355)	70,044	—	70,044
Profit for the year	—	—	—	—	—	4,283	4,283	—	4,283
Other comprehensive expense for the year:									
Exchange difference arising on translation of foreign operations	—	—	—	—	(2,683)	—	(2,683)	—	(2,683)
Total comprehensive income for the year	—	—	—	—	(2,683)	4,283	1,600	—	1,600
Appropriation to PRC statutory reserve	—	—	—	501	—	(501)	—	—	—
At 31 March 2017	4,800	75,468	(5,826)	4,472	1,303	(8,573)	71,644	—	71,644
Profit for the year	**—**	**—**	**—**	**—**	**—**	**890**	**890**	**(5)**	**885**
Other comprehensive income for the year:									
Exchange difference arising on translation of foreign operations	**—**	**—**	**—**	**—**	**1,448**	**—**	**1,448**	**—**	**1,448**
Total comprehensive income for the year	**—**	**—**	**—**	**—**	**1,448**	**890**	**2,338**	**(5)**	**2,333**
Appropriation to PRC statutory reserve	**—**	**—**	**—**	**718**	**—**	**(718)**	**—**	**—**	**—**
At 31 March 2018	**4,800**	**75,468**	**(5,826)**	**5,190**	**2,751**	**(8,401)**	**73,982**	**(5)**	**73,977**

Note: According to the People's Republic of China (the "PRC") Company Law, companies in the PRC are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital. The statutory reserve is not distributable as cash dividends and must be made before distribution of dividend to equity owners.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

On Real International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company acts as an investment holding company and the principal activities of its subsidiaries are designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is Hong Kong dollars ("HK$"). The consolidated financial statements are presented in Hong Kong dollars as the directors of the Company consider that HK$ is appropriate presentation currency for the users of the Group's consolidated financial statements.

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[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[4]
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 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[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 1 January 2021.
4 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

Key requirements of HKFRS 9 (2014) are described as follows:

— All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

— With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

— In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

— HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purpose.

The directors of the Company has performed a preliminary analysis of the Group's financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs or at fair value through profit or loss. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are sales of goods, provision of services and rental income. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of HKFRS 16. As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$631,000 (2017: HK$899,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitment will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. REVENUE

Revenue represents revenue from sales of two-way radios, sales of baby monitors, servicing business and sales of other products, net of sales related tax where applicable. An analysis of the Group's revenue for the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue comprises:		
Two-way radios	**225,866**	268,581
Baby monitors	**29,356**	43,084
Other products	**34,815**	15,869
Servicing business	**7,094**	103
	297,131	327,637

The Group operates in six (2017: six) principal geographical areas — the United States of America, Germany, Europe, Asia, the Netherlands and the United Kingdom.

All analysis of revenue by geographical location is set below:

	Revenue from external customers	
	2018	2017
	HK$'000	*HK$'000*
The United States of America	**123,922**	130,764
Germany	**47,712**	54,921
Europe *(Note (i))*	**26,666**	31,502
Asia *(Note (ii))*	**44,394**	54,877
The Netherlands	**24,269**	27,472
The United Kingdom ("UK")	**14,608**	21,388
Others *(Note (iii))*	**15,560**	6,713
	297,131	327,637

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

Note (ii): Asia includes but is not limited to the PRC and Hong Kong.

Note (iii): 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.

Information about major customers

Details of the customers accounting for 10% or more of aggregate revenue of the Group during the years are as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A[1]	**112,908**	124,104

[1] Revenue from two-way radios segment.

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**66**	138
Interest income from financial asset at fair value through profit or loss	**370**	361
Interest income charged to customers	**13**	275
Government grants *(Note 1)*	**150**	354
Gain on disposals of property, plant and equipment	**1,559**	266
Gain on early repayment of bond payables *(Note 2)*	**3,121**	—
Service income	**—**	110
Rental income	**643**	322
Repair and maintenance income	**757**	—
Sales of scrap materials	**1,065**	—
Sundry income	**316**	162
	8,060	1,988

Note 1:

Government grants recognised as other income are awarded to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development. The government grants are one-off with no specific condition attached.

Note 2:

Gain on early repayment of bond payables recognised during the year.

5. OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	*HK$'000*
Exchange gains, net	**2,083**	1,868
Fair value gains (losses) on financial asset at fair value through profit or loss	**267**	(1,120)
	2,350	748

6. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**4,421**	4,501
Salaries and allowances (excluding directors' emoluments)	**29,178**	46,716
Retirement benefit scheme contributions (excluding directors)	**5,432**	8,324
Total staff costs	**39,031**	59,541
Auditor's remuneration	**750**	820
Depreciation of property, plant and equipment	**3,534**	4,103
Amortisation of intangible assets (included in cost of sales)	**2,774**	3,396
Allowance for inventories (included in cost of sales)	**146**	899
Cost of inventories recognised as an expense	**178,164**	157,981
Research and development costs recognised as a expense	**336**	1,398
Written off of property, plant and equipment	**—**	1,209
Minimum lease payments in respect of operating lease for office premises, staff quarters and factories	**4,211**	4,256

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax	**2,093**	2,549
Deferred tax	**240**	841
	2,333	3,390

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during each of the year ended 31 March 2018 and 2017.

	2018	2017
Profit for the year attributable to owners of the Company *(HK$'000)*	**890**	4,283
Weighted average number of ordinary shares in issue *('000)*	**3,840,000**	3,840,000
Basic earnings per share *(HK cents per share)*	**0.02**	0.11

(b) Diluted

Diluted earnings per share were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 March 2018 and 2017.

With effective from 15 December 2016, each of the existing issued and non issued ordinary share of par value of HK$0.01 each in the share capital of the Company was subdivided into eight subdivided ordinary shares of HK$0.00125 each. The calculation of basic and diluted earnings per share for the year ended 31 March 2017 have been adjusted as a result of the share subdivision.

9. DIVIDENDS

No dividend has been declared by the Company for the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

10. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Raw materials	**27,925**	20,328
Work in progress	**12,448**	21,701
Finished goods	**6,032**	8,913
	46,405	50,942

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**58,504**	55,448
Prepayments	**8,597**	11,208
Value-added tax receivables	**26,505**	19,078
Deposits *(Note)*	**1,339**	1,365
Other receivables	**403**	533
	36,844	32,184
Total trade and other receivables	**95,348**	87,632
Less: Non-current portion-deposits	**(954)**	(1,590)
Current portion	**94,394**	86,042

The Group does not hold any collateral over these balances.

Note: Included in the balance of deposits, are of approximately HK$954,000 (2017: HK$1,590,000) rental deposits as at 31 March 2018 and are shown as non-current assets.

The Group normally grants credit terms to its customers ranging from 0 to 90 days. At 31 March 2018 and 2017, the ageing analysis of the trade receivables based on invoice date which approximates the respective revenue recognition dates were as follows:

	2018	2017
	HK$'000	*HK$'000*
1 to 30 days	**27,407**	23,488
31 to 60 days	**12,180**	8,262
61 to 90 days	**13,254**	18,967
91 to 180 days	**3,407**	4,656
Over 180 days	**2,256**	75
	58,504	55,448

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. 72% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

As of 31 March 2018, trade receivables of approximately HK$16,514,000 (2017: HK$12,035,000) were past due but not impaired. These relate to a number of independent customers, of which approximately HK$6,239,000 (2017: HK$3,816,000) were due from the top five customers for the year ended 31 March 2018, 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:

	2018	2017
	HK$'000	*HK$'000*
1 to 30 days	**5,616**	10,340
31 to 60 days	**8,076**	1,276
61 to 90 days	**945**	241
91 to 180 days	**710**	125
Over 180 days	**1,167**	53
	16,514	12,035

Trade receivables that were past due but not impaired were related to a number of individual 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 that are still considered fully recoverable.

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of relevant group entities:

	2018	2017
	HK$'000	*HK$'000*
USD	**58,729**	51,338

At 31 March 2018, the carrying amount of the short-term receivables which have been pledged as security for the borrowing, is HK$27,556,000 (2017: HK$32,639,000). The carrying amount of the associated liability is approximately HK$20,879,000 (2017: HK$25,861,000).

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**58,918**	64,688
Other payables and accruals		
Accrued expenses	**12,783**	13,795
Other payables	**3,649**	1,027
Receipt in advance *(Note)*	**4,596**	4,076
	21,028	18,898
Trade and other payables	**79,946**	83,586

Note: Receipt in advance represented advance payments of related sales of goods from customers pursuant to the respective sales contracts.

The following is an aged analysis of trade payables presented based on invoice dates at the end of the reporting period.

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**14,157**	18,169
31 to 60 days	**16,750**	19,853
61 to 90 days	**17,923**	18,304
More than 90 days	**10,088**	8,362
Total	**58,918**	64,688

The credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The Group's trade and other payables that are denominated in currency other than the functional currency of the relevant group entities are set out below:

	2018	2017
	HK$'000	*HK$'000*
RMB	**2,380**	159
USD	**13,341**	8,207

13. SHARE CAPITAL

	Number of shares		**Share capital**	
	2018	2017	**2018**	2017
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.00125 each (2017: HK$0.00125 each)				
Authorised				
At beginning of the financial year	**3,840,000**	780,000	**7,800**	7,800
Increase on 15 December 2016 *(Note (i))*	**—**	3,060,000	**—**	—
At the end of the financial year	**3,840,000**	3,840,000	**7,800**	7,800
Issued and fully paid				
At beginning of the financial year	**3,840,000**	480,000	**4,800**	4,800
Effect of share subdivision *(Note (i))*	**—**	3,360,000	**—**	—
At the end of the financial year	**3,840,000**	3,840,000	**4,800**	4,800

Notes:

(i) With effective from 15 December 2016, each of the existing issued and non issued ordinary share of par value of HK$0.01 each in the share capital of the Company was subdivided into eight subdivided ordinary shares of HK$0.00125 each. The calculation of the basic and diluted earnings per share for the year ended 31 March 2017 have been adjusted as a result of the share subdivision.

All the ordinary shares issued during the year ended 31 March 2018 and 2017 rank pari passu with the then existing shares in all respects.

14. COMMITMENTS

(a) Capital Commitment

	2018	2017
	HK$'000	*HK$'000*
Contracted but not provided for		
— Property, plant and equipment	**1,223**	674
— Intangible assets	**—**	1,703

(b) Operating Lease Commitment

The Group leases certain of its factory premises, offices and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years and rentals are fixed. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2018	2017
	HK$'000	*HK$'000*
Within one year	**455**	679
In the second to fifth year inclusive	**176**	220
	631	899

15. RELATED PARTY TRANSACTIONS

The Group has entered into the following significant transactions with related parties during the year.

(a) Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 March 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Short-term employee benefits	**6,123**	6,245
Post-employment benefits	**214**	119
	6,337	6,364

The remuneration of the directors and key management personnel is determined by the board of directors regarding to the performance of individuals and market trends.

(b) In addition to the balances detailed elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

Name of company	Nature of transactions	Note	2018 HK$'000	2017 HK$'000
Xinxing On Time Electronics Limited	Rental expenses charged	(i)	**1,672**	1,465
	Interest expenses paid	(i)	**14**	14

Note:

(i) Mr. Tam Wing Ki, the director and chairman of the Company, has direct interest in the relevant party.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Our business objectives are to grow our existing business, diversify our revenue streams and expand our customer base by expanding product offerings and features, improving information technology system and strengthening management and widening sales channel.

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

i) Strengthen our product portfolio: we are continuing to develop new high-end two-way radio and baby monitor products with new features and technologies. The high-end commercial two-way radio for European market was launched in third quarter of 2017. A new series of analog radio with new outlook has been launched by the end of 2017. Another high-end marine two-way radio is expected to be launched in the coming year. We are also looking at enhancing our business revenue and profitability by introducing new product categories and/or leverage our research and development capability to provide design engineering service to our customers.

ii) Enhance our information management system: We will keep evaluating our information management system, upon the market condition, we will target to improve our information system and procedure to cope with the communication between our customers and suppliers.

iii) Strengthen our marketing efforts: we continue to maintain our market presence and expand our sales channels with both current and new potential customers globally by introducing new products.

In additional to the objectives and strategies as disclosed in Prospectus, we are proceeding costs migration of our fixed overhead in manufacturing into a variable costs in order to increase the flexibility of operation the business.

BUSINESS REVIEW

The Group is a two-way radio product designer and manufacturer established in 2001. We derive revenue principally from designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis.

The Group's revenue decreased from approximately HK$327.6 million for the year ended 31 March 2017 to approximately HK$297.1 million for the year ended 31 March 2018, representing a decrease of approximately 9.3%. The major reason is the decrease of the Group's revenue of two-way radios and baby monitors for the year ended 31 March 2018. Such decrease was mainly due to the drop of number of purchase orders from two major customers during the year ended 31 March 2018.

The Group's revenue of two-way radios decreased by approximately 15.9% from approximately HK$268.6 million for the year ended 31 March 2017 to approximately HK$225.9 million for the year ended 31 March 2018 mainly due to the decrease in demand from our customers.

The Group's revenue of baby monitor significantly decreased by approximately 31.9% from approximately HK$43.1 million for the year ended 31 March 2017 to approximately HK$29.4 million for the year ended 31 March 2018 mainly due to the decrease in demand of our audio baby monitor products.

The Group's revenue of services business significantly increased by approximately 67.9 times from approximately HK$103 thousand for the year ended 31 March 2017 to approximately HK$7.1 million for the year ended 31 March 2018 mainly due to the increase in the provision of electric manufacturing servicing business.

The Group's revenue of other products significantly increased by approximately 119.4% from approximately HK$15.9 million for the year ended 31 March 2017 to approximately HK$34.8 million for the year ended 31 March 2018 mainly due to the increase in sales of materials and parts to customers in the People's Republic of China (the "**PRC**").

The following table sets forth the breakdown of the revenue of the Group by product/ service categories for each of the year ended 31 March 2018 and 2017:

	For the year ended 31 March					
	2018		2017		Increase (Decrease)	
	HK$'000	**%**	HK$'000	%	HK$'000	%
Two-way radio	**225,866**	**76.0**	268,581	82.0	(42,715)	(15.9)
Baby monitors	**29,356**	**9.9**	43,084	13.1	(13,728)	(31.9)
Service business	**7,094**	**2.4**	103	0.0	6,991	6,787.4
Other products	**34,815**	**11.7**	15,869	4.9	18,946	119.4
Total	**297,131**	**100.0**	327,637	100.0	(30,506)	(9.3)

Cost of Sales and Gross Profit

The majority of the Group's cost of sales comprised of raw material cost, direct labour costs and subcontracting fees. The cost of sales decreased by approximately 4.4% from approximately HK$279.1 million for the year ended 31 March 2017 to approximately HK$266.8 million for the year ended 31 March 2018, which is in line with the decrease in revenue. The gross profit margin decreased from approximately 14.8% for the year ended 31 March 2017 to approximately 10.2% for the year ended 31 March 2018, mainly due to the increase in raw material costs and the increase in sales of lower margin products ("**other products**" in market segment) comparing with other product categories which in turns drag down the entire profit margin of the Group.

Selling and Distribution Expenses

The selling and distribution expenses decreased from approximately HK$4.3 million for the year ended 31 March 2017 to approximately HK$3.9 million for the year ended 31 March 2018, which was mainly due to marketing and promotion expenses for new sales and distribution network's setup fee in North America incurred in the year ended 31 March 2017.

Administrative Expenses

The administrative expenses decreased from approximately HK$38.2 million for the year ended 31 March 2017 to approximately HK$32.6 million for the year ended 31 March 2018, which was mainly due to the costs optimization.

Profit attributable to the owners of the Company

The Group recorded a profit of HK$0.9 million for the year ended 31 March 2018, compared to profit of HK$4.3 million for the year ended 31 March 2017 due primarily to the decrease in Group revenue and gross profit.

Dividends

The Board does not recommend the payment of a dividend for the year ended 31 March 2018.

Significant Investments held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

A proposed disposal as disclosed in this announcement in "Major Corporate Events" and the details were set out in the Company's announcement dated 11 December 2017. Completion of the Disposal is subject to fulfillment or waiver (as the case may be) of the conditions precedent under the Disposal Agreement, therefore the Disposal may or may not proceed. Save for the proposed Disposal, there were neither significant investments held as at 31 March 2018 nor material acquisitions and disposals of subsidiaries during the year ended 31 March 2018. Save for the business plan and the capital commitments as disclosed in this announcement, there is no plan for material investment or capital assets as at 31 March 2018.

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.

Employees and remuneration policies

As at 31 March 2018, the Group had a total of 380 staff (2017: 510). Total staff costs (including Directors' emoluments) were approximately HK$39.0 million for the year ended 31 March 2018 (2017: approximately HK$59.5 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.

Liquidity and financial resources

As at 31 March 2018, the Group's cash and cash equivalents amounted to approximately HK$29.7 million, representing a decrease of approximately HK$6.9 million as compared to that of approximately HK$36.6 million as at 31 March 2017. Historically, the Group has funded the liquidity and capital requirements primarily through operating cash flows and bank borrowings. As of 31 March 2018, we had various bank borrowings and overdrafts of approximately HK$36.6 million, including factoring loan for trade receivables (as at 31 March 2017: approximately HK$45.2 million), representing a decrease of approximately HK$8.6 million as compared to that as at 31 March 2017.

Net current assets increased from approximately HK$44.6 million for the year ended 31 March 2017 to approximately HK$54.2 million for the year ended 31 March 2018, which was in relation to the drop of bank borrowings and trade and other payables.

The Company requires cash primarily for working capital need. As of 31 March 2018, the Company had approximately HK$29.7 million in cash and bank balances (as at 31 March 2017: approximately HK$36.6 million), representing a decrease of approximately HK$6.9 million as compared to that as at 31 March 2017.

Gearing Ratio

As at 31 March 2018, the gearing ratio of the Group was approximately 61.3% (as at 31 March 2017: approximately 63.0%). The gearing ratio is calculated based on the total borrowings divided by the total equity at the end of the period. The decrease of the gearing ratio was mainly attributable to decreasing bank loan, borrowings for bills payable and factoring loan to support the Company's working capital.

Contingent Liabilities

As at 31 March 2018, the Company had no significant contingent liabilities (as at 31 March 2017: Nil).

Pledged of Assets

At the end of the reporting period, the Group's banking facilities were secured by:

(i) certain of the Group's trade receivables with an aggregate amount of approximately HK$27,556,000 (2017: HK$32,639,000);

(ii) pledged bank deposits with an aggregate amount of approximately HK$2,381,000 (2017: HK$2,160,000);

(iii) pledge of key-man insurance with an aggregate amount of approximately HK$14,132,000 (2017: HK$13,622,000); and

(iv) a corporate guarantee from the Company with an aggregate amount of approximately HK$65,000,000 (2017: HK$65,000,000).

Capital Commitments

The Company had capital commitments on acquisition of property, plant and equipment and intangible assets of approximately HK$1.2 million and nil respectively (as at 31 March 2017: HK$0.7 million and HK$1.7 million).

USE OF PROCEEDS FROM THE LISTING

On 30 September 2015, 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 2018, the unused proceeds of approximately HK$9.9 million were deposited into licensed banks in Hong Kong.

From the listing date of the Company to 31 March 2018, the net proceeds had been utilized as follows:

	Actual net proceeds allocated	Amount utilized up to 31 March 2018	Balance as at 31 March 2018
	HK$Million	*HK$Million*	*HK$Million*
Strengthen our product portfolio	21.7	14.3	7.4
Enhance our information management systems	2.4	—	2.4
Strengthen our marketing efforts	4.0	4.0	—
Working capital and other general corporate purposes	2.8	2.7	0.1
	30.9	21.0	9.9

In additional to the objectives and strategies as disclosed in the Prospectus, it is the Company's continuous effort to maintain low overhead costs, and by reducing our own in-house production; and increasing outsourcing to some PRC and overseas subcontractors, the Company is able to enhance its flexibility and maintained a cost control. The Company will assess the feasibility to outsource more production in the future.

MAJOR CORPORATE EVENTS

On 11 December 2017, On Real Limited (as vendor), an indirect wholly-owned subsidiary of the Company, and Smart Tech Development Limited (as purchaser) entered into a disposal agreement (the "**Disposal Agreement**"), pursuant to which On Real Limited has conditionally agreed to sell and Smart Tech Development Limited has conditionally agreed to purchase the entire issued share capital in Onward Technology Development Limited, an indirect wholly-owned subsidiary of the Company, at a total consideration of HK$9.5 million (the "**Disposal**").

The Disposal is a step to achieve the cost restructuring plan of the Group and to reduce the costs of production and contingent liabilities for the labour cost.

Completion of the Disposal is subject to fulfillment or waiver (as the case may be) of the conditions precedent under the Disposal Agreement shall be satisfied on or before 30 June 2018, therefore the Disposal may or may not proceed. Details of the Disposal were set out in the Company's announcement dated 11 December 2017 and the Company will issue announcement for updates on the Disposal.

PROSPECT

Our business objectives are to grow our existing business, diversify our revenue streams and expand our customer base by expanding product offerings and features, improving information technology system and strengthening management and widening sales channel.

In coming year, the Group is expecting to deploy more subcontracting arrangement to enhance the flexibility in terms of fixed cost commitment. The subcontracting arrangement may shift outside the People's Republic of China (the "**PRC**") to diversify the production processes and fulfill the requirement from the customers.

The Group will continue to put effort in developing new models of our products, and aim to streamline the business and improve overall performance of the Group which are expected to bring growth potential for revenue to the Group and returns to the shareholders of the Company. The Group will be looking at enhancing our business revenue and profitability by introducing new product categories and/or leverage our research and development capability to provide design engineering service to our customers.

Our gross margin and the profitability has been impacted by the exchange rate fluctuation and raw material increment in the financial year. To improve the profitability and compensate the exposure, we have been adjusting our pricing strategy to our customers and our material vendors and expecting some improvement in the coming year.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

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 2018 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 2018.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Scheme**") was adopted pursuant to a resolution passed by the Company's shareholders on 16 September 2015 for the primary purpose 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 date on which the Scheme is adopted, after which period no further share options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and share options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue. The principal terms of which were summarised 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is a sufficient public float of at least 25% of the Company's issued shares at the latest practicable date prior to issue of this announcement under the GEM Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

Apart from the transactions disclosed under the heading "Related Party Transactions" as set out in note 15 of this announcement, there were no other contracts of significance in relation to the Group's business to which the Group was a party and which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year and up to the date of this announcement, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Lego Corporate Finance Limited ("**Lego**"), the compliance adviser of the Company, except for the compliance adviser agreement entered into between the Company and Lego dated 26 January 2016, neither Lego nor its directors, employees and associates (as defined under the GEM Listing Rules) is materially interested in any contract or arrangement or had any interest in the securities of the Company for the period from 26 January 2016 to 31 March 2018.

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.

EVENTS AFTER THE REPORTING PERIOD

As of the approval date on these financial statements, the Group had no significant events after the reporting period which need to be disclosed.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting to be held on 25th July 2018 ("**2018 AGM**").

The register of members of the Company will be closed during the periods from 20th July 2018 to 25th July 2018, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2018 AGM. In order to be eligible to attend and vote at the 2018 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on 19th July 2018.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including review and approve the annual results for the year ended 31 March 2018. The Audit Committee has approved the Group's annual results for the year ended 31 March 2018.

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

Hong Kong, 25 June 2018

As at the date of this announcement, the executive Directors are Mr. Tam Wing Ki, Mr. Gao Hong, Mr. Fu Yan Ming and Mr. Kwok Ming Fai and the independent non-executive Directors are Mr. Chan Shiu Man, Mr. Fung Chan Man Alex 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.