



ECHO INTERNATIONAL HOLDINGS GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8218

Third Quarterly Report 2014

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

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

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*This report, for which the directors (the “**Directors**”) of Echo International Holdings Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.*

FINANCIAL HIGHLIGHTS

- Recorded an unaudited revenue of approximately HK\$31.75 million for the nine months ended 31 December 2014, representing a decrease of approximately 18.47% over the corresponding period of the previous year.
- Recorded an unaudited loss attributable to the owners of the Company of approximately HK\$7.81 million for the nine months ended 31 December 2014 (2013: HK\$4.47 million).
- Basic and diluted loss per share for the nine months ended 31 December 2014 were HK3.9 cents (2013: HK2.8 cents) and HK3.9 cents (2013: HK2.8 cents) respectively.
- The Board does not recommend the payment of third quarterly dividend for the nine months ended 31 December 2014 (2013: Nil).

UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the nine months ended 31 December 2014 and the comparative unaudited figures for the corresponding period in 2013 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2014

	Notes	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	11,579	12,480	31,754	38,948
Cost of sales		(8,618)	(9,963)	(24,590)	(27,458)
Gross profit		2,961	2,517	7,164	11,490
Other revenue and gains	4	29	115	195	172
Selling and distribution expenses		(967)	(376)	(1,685)	(707)
Administrative and other expenses		(4,315)	(5,951)	(13,444)	(15,387)
Finance costs		(9)	(6)	(42)	(42)
Loss before taxation	5	(2,301)	(3,701)	(7,812)	(4,474)
Taxation	6	—	318	—	—
Loss for the period		(2,301)	(3,383)	(7,812)	(4,474)
Other comprehensive (loss)/income for the period, net of tax, Items may be reclassified subsequently to profit or loss Exchange differences on translation of foreign operations		(636)	28	(1,236)	102
Total comprehensive loss for the period		(2,937)	(3,355)	(9,048)	(4,372)
Loss for the period attributable to owners of the Company		(2,301)	(3,383)	(7,812)	(4,474)
Total comprehensive loss for the period attributable to owners of the Company		(2,937)	(3,355)	(9,048)	(4,372)
Loss per share — Basic and diluted (HK cents)	8	(1.2) cents	(1.7) cents	(3.9) cents	(2.8) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014 (Unaudited)

	Share capital	Share premium	Contribution reserve	Capital reserve	Share option reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014, audited	2,000	28,840	4,836	(89)	909	613	13,381	50,490
Loss for the period	—	—	—	—	—	—	(7,812)	(7,812)
Other comprehensive loss for the period	—	—	—	—	—	(1,236)	—	(1,236)
Total comprehensive loss	—	—	—	—	—	(1,236)	(7,812)	(9,048)
Employee share option benefits	—	—	—	—	1,454	—	—	1,454
At 31 December 2014, unaudited	2,000	28,840	4,836	(89)	2,363	(623)	5,569	42,896

For the nine months ended 31 December 2013 (Unaudited)

	Share capital	Share premium	Contribution reserve	Capital reserve	Share option reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013, audited	100	—	—	(89)	—	321	22,102	22,434
Loss for the period	—	—	—	—	—	—	(4,474)	(4,474)
Other comprehensive income for the period	—	—	—	—	—	102	—	102
Total comprehensive income/(loss) for the period	—	—	—	—	—	102	(4,474)	(4,372)
Capitalisation issue	1,300	(1,300)	—	—	—	—	—	—
Special contribution by Shareholder	—	—	4,836	—	—	—	—	4,836
Placing of new shares	600	30,451	—	—	—	—	—	31,051
Employee share option benefits	—	—	—	—	349	—	—	349
At 31 December 2013, unaudited	2,000	29,151	4,836	(89)	349	423	17,628	54,298

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares have been listed on the GEM since 11 October 2013 (the "Listing Date") (the "Listing").

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is same as the functional currency of the Company.

The principal activities of the Group are engaged in the manufacturing and trading of electronic products and accessories.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Pursuant to the group's reorganisation (the "Reorganisation") to rationalize the structure of the Group in preparation for the Listing, the Company became the holding company of the Group on 14 March 2013, the details of which are as set out in the prospectus issued by the Company dated 30 September 2013 (the "Prospectus").

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The unaudited condensed consolidated third quarter financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Chapter 18 of the GEM Listing Rules. The unaudited condensed consolidated financial statements have been prepared under historical cost basis except for certain financial assets and financial liabilities, which are measured at fair values.

The accounting policies and method of computation used in preparing the unaudited condensed consolidated results are consistent with those used in the audited financial statements for the year ended 31 March 2014 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements. The unaudited condensed consolidated results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

The Group has not early adopted any new Hong Kong Financial Reporting Standards ("HKFRS") that have been issued but are not yet effective.

3 SEGMENT INFORMATION

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

The Group currently operates in two business segments which are (i) the manufacturing and trading of electronic products and accessories; and (ii) the providing of subcontracting services on PCB assemblies and manufacture of electronic products. A single management team reports to the chief operating decision makers, the directors, who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segment.

An analysis of the Group's revenue of each significant category for the period is as follows:

	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Sales of electronic products	11,397	12,295	31,317	38,117
Subcontracting income	182	185	437	831
	11,579	12,480	31,754	38,948

Geographical information

	Revenue from external customers			
	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	3,080	1,312	6,912	3,429
Asian countries, other than Hong Kong (Note 1)	1,373	853	2,633	2,678
European countries (Note 2)	4,361	8,430	14,319	27,422
United States	2,125	1,158	6,264	4,076
Others	640	727	1,626	1,343
	11,579	12,480	31,754	38,948

Notes:

1. Asian countries include the People's Republic of China (the "PRC"), Malaysia, Singapore and Taiwan.
2. European countries include Argentina, Belgium, Bulgaria, Denmark, Finland, France, Germany, Italy, Russia, Spain, Netherlands, Poland, Sweden, Switzerland and United Kingdom.

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

	Unaudited 31 December 2014 HK\$'000	Audited 31 March 2014 HK\$'000
Hong Kong	637	768
PRC	506	676
	1,143	1,444

4 OTHER REVENUE AND GAINS

	Unaudited three months ended 31 December 2014		Unaudited nine months ended 31 December 2014	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	21	6	23	8
Sundry income	8	109	172	164
	29	115	195	172

5 LOSS BEFORE TAXATION

	Unaudited three months ended 31 December 2014		Unaudited nine months ended 31 December 2014	
	2013 HK\$'000	2013 HK\$'000	2013 HK\$'000	2013 HK\$'000
Loss before taxation is arrived after charging:				
Finance costs				
Interest on:				
Bank borrowings wholly repayable within five years	7	6	34	33
Obligation under finance leases	2	—	8	9
	9	6	42	42
Other items				
Depreciation of property, plant and equipments	74	382	334	632
Costs of inventories sold	8,595	9,928	24,347	27,249
Listing expenses	—	3,097	91	5,202

6 TAXATION

	Unaudited three months ended 31 December 2014		Unaudited nine months ended 31 December 2014	
	2013 HK\$'000	2013 HK\$'000	2013 HK\$'000	2013 HK\$'000
Current tax				
— Hong Kong	—	(318)	—	—
— PRC	—	—	—	—
	—	(318)	—	—

Hong Kong Profits Tax is calculated at 16.5% of the estimate assessable profits arising in Hong Kong for the nine months ended 31 December 2014 and 2013.

PRC subsidiary is subjected to PRC enterprise income tax at 25%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands for the nine months ended 31 December 2014 and 2013.

7 DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2014 (2013: Nil).

8 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company and the weighted average number of the Company's ordinary shares in issue during the period.

	Unaudited three months ended 31 December 2014		Unaudited nine months ended 31 December 2014	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Loss for the period attributable to owners of the Company	(2,301)	(3,383)	(7,812)	(4,474)

	Unaudited three months ended 31 December 2014		Unaudited nine months ended 31 December 2014	
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares in issue during the period	(a) 200,000,000	193,478,621	200,000,000	157,890,909
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the period	(b) 200,000,000	193,478,621	200,000,000	157,890,909

Note:

- (a) For the purpose of this report, the calculation of the basic loss per share attributable to owners of the Company for the nine months ended 31 December 2013 is based on the weighted average number of shares (comprising 10,000,000 shares in issue and 130,000,000 shares to be issued under the capitalization issue as described in Appendix V "Statutory and General Information" to the Prospectus) as if these 140,000,000 shares were outstanding throughout the periods. On 11 October 2013, the Company newly issued 60,000,000 shares as the result of the Listing.
- (b) The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the nine months ended 31 December 2014 and 2013 because the Company's share options outstanding during those periods were either anti-dilutive or have no potential dilutive effects.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Revenue for the nine months ended 31 December 2014 (“**Nine-Month Period**”) was approximately HK\$31.75 million, representing a decrease of approximately 18.47% when compared with the corresponding period in 2013. Loss attributable to owners of the Company for the Nine-Month Period was approximately HK\$7.81 million whilst for the corresponding period in 2013, the loss attributable to owners of the Company was approximately HK\$4.47 million.

Notwithstanding the challenging market conditions during the Nine-Month Period, the electronics products and the subcontracting services on PCB assemblies and manufacture of electronic products were still provided to the customers in the Group’s principle markets, i.e. the U.S.A. and the European countries including Argentina, Belgium, Bulgaria, Denmark, Finland, France, Germany, Italy, Russia, Spain, Sweden, Switzerland and United Kingdom.

Moving forward, the Group will continue to focus on its core business of the sales of electronic products. The Group will also increase its market share and lure new customers to enlarge its client base through conducting more promotional and marketing activities.

Sales of Electronic Products

Revenue from this segment during the Nine-Month Period was approximately HK\$31.32 million, representing a decrease of approximately 17.84% when compared with the corresponding period in 2013. The decrease in sales of electronics products was mainly due to the decrease in sales of fishing indicator, security alarm and hair remover.

Subcontracting income

Revenue from this segment during the Nine-Month Period was approximately HK\$0.44 million, representing a decrease of approximately 47.41% when compared with the corresponding period in 2013. The said decrease was mainly due to the decrease in orders from providing subcontracting services in the PRC.

Financial review

The Group's revenue for the Nine-Month Period was approximately HK\$31.75 million, representing a decrease of approximately 18.47% from approximately HK\$38.95 million of the corresponding period in 2013. Such decrease was mainly due to the decrease in sales of fishing indicator, hair remover and security alarm by 83.67%, 34.06% and 74.26% respectively compared to the corresponding period in 2013. The decrease in sales of fishing indicator was mainly due to the decrease in volume of such product sold to a customer which had a promotional campaign in the same period in 2013. As at the date of this report, the Company received purchase order of approximately HK\$4.74 million for fishing indicator from such customer in the first half of the year 2015. The decrease in sales of hair remover was mainly due to the fact that one customer was in the process of developing a new model for hair remover. As at the date of this report, the production of hair remover for such customer had commenced and the Company received from such customer purchase orders of approximately HK\$2.90 million for hair remover in the first half of the year 2015. The decrease in security alarm was mainly due to the decrease in volume sold to a customer which was in the process of updating the model of security alarm to suit the use in different countries, and the production had not yet commenced. Therefore the purchase orders from such customer have been reduced for the Nine-Month Period. It is expected that such customer will resume its purchase of security alarm in the second half of 2015.

The overall gross profit margin of the Group decreased from approximately 29.50% for the nine months ended 31 December 2013 to 22.56% for the nine months ended 31 December 2014. The decrease in the Group's gross profit margin for the nine months ended 31 December 2014 was primarily due to the decrease in sales of higher margin products, namely massage toner, communicator and security alarm.

Selling and distribution expenses for the nine months ended 31 December 2014 were approximately HK\$1.69 million (approximately HK\$0.71 million for the nine months ended 31 December 2013), representing an increase of approximately 138.03%. Such increase was mainly due to the product design fee, advertising and promotional fee amounting to HK\$1.24 million for the nine months ended 31 December 2014 (approximately HK\$0.34 million for the nine months ended 31 December 2013).

Administrative expenses for the nine months ended 31 December 2014 were approximately HK\$13.44 million (approximately HK\$15.39 million for the nine months ended 31 December 2013), representing an decrease of approximately 12.67%. Such decrease was mainly due to the listing expenses of approximately HK\$0.09 million recognised for the nine months ended 31 December 2014 (approximately HK\$5.20 million for the nine months ended 31 December 2013), which is partially offset by the recognition of expense of approximately HK\$1.45 million for the nine months ended 31 December 2014 in relation to the share options issued under the Pre-IPO Share Option Scheme (as defined hereunder) (approximately HK\$0.35 million for the nine months ended 31 December 2013) and the increase in staff salaries to approximately HK\$5.49 million for the nine months ended 31 December 2014 (approximately HK\$3.42 million for the nine months ended 31 December 2013).

Loss attributable to the owners of the Company amounted to approximately HK\$7.81 million for the nine months ended 31 December 2014 (approximately HK\$4.47 million of loss attributable to owners of the Company for the nine months ended 31 December 2013). Loss per share attributable to owners of the Company was approximately HK3.9 cents for the nine months ended 31 December 2014 (approximately HK2.8 cents loss per share attributable to owners of the Company for the nine months ended 31 December 2013).

SHARE OPTIONS SCHEMES

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

Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 27 September 2013 under which the Company has granted options to certain Directors and the chief executive officer of the Company (“**CEO**”) to subscribe for an aggregate of 20,000,000 shares of the Company with an exercise price of HK\$0.60, which is equal to the placing price as defined in the Prospectus.

As at 31 December 2014, details of the options granted under the Pre-IPO Share Option Scheme are as follows:

Directors and CEO	Outstanding as at 31 March 2014			Outstanding as at 31 December 2014		Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
	Exercised	Lapsed	Cancelled				
Mr. Lo Yan Yee	—	—	—	5,700,000	11 October 2016– 11 October 2023	2.59%	
Ms. Cheng Yeuk Hung	—	—	—	5,700,000	11 October 2016– 11 October 2023	2.59%	
Mr. Cheng Kwing Sang, Raymond	—	—	—	5,600,000	11 October 2016– 11 October 2023	2.55%	
Mr. Lo Ding To	—	—	—	3,000,000	11 October 2016– 11 October 2023	1.36%	
	20,000,000	—	—	20,000,000		9.09%	

Share Option Scheme

During the nine months period ended 31 December 2014, no option was granted, exercised or lapsed under the Share Option Scheme.

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

As at 31 December 2014, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

(i) Long positions in the shares of the Company

Name of Director	Company/associated corporation	Capacity	Number of Shares	Approximate percentage of interest
Ms. Cheng Yeuk Hung	Company	Personal interest	110,020,000	55.01%
Mr. Lo Yan Yee	Company	Interest of spouse	110,020,000	55.01%

Note: Mr. Lo Yan Yee is the executive Director and the spouse of Ms. Cheng Yeuk Hung, and is deemed under the SFO to be interested in those 110,020,000 shares in which Ms. Cheng Yeuk Hung is interested.

(ii) Long position in underlying shares of the Company

Name	Capacity	Description of equity derivatives	Number of underlying shares
Mr. Lo Yan Yee (executive Director)	Personal interest	Options	5,700,000
	Interest of spouse	Options	5,700,000
			<hr/> 11,400,000
Madam Cheng (executive Director)	Personal interest	Options	5,700,000
	Interest of spouse	Options	5,700,000
			<hr/> 11,400,000
Mr. Cheng Kwing Sang, Raymond (CEO)	Personal interest	Options	5,600,000
Mr. Lo Ding To (executive Director)	Personal interest	Options	3,000,000

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

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

As at 31 December 2014, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity and nature of interest	Long/Short position	Number of shares	Percentage of the Company's issued share capital
Adamas Asset Management (HK) Limited	Investment manager	Long position	24,840,000	12.42
Citigroup Inc.	Security interest	Long position	25,692,000	12.85
Hui Chau Yuet	Beneficial owner	Long position	13,780,000	6.89

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2014.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standards of dealings and its code of conduct regarding securities transactions by Directors since the Listing Date up to 31 December 2014.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "**Code**") as set out in Appendix 15 of the GEM Listing Rules. The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. The Company has complied with the Code during the nine months ended 31 December 2014.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had any material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the nine months ended 31 December 2014.

COMPETING BUSINESS

For the nine months ended 31 December 2014, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, RaffAello Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 8 August 2014, none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interests in the Group (including options or rights to subscribe for such securities) as at 31 December 2014 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has set up an audit committee (the “**Committee**”) with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Lam Wai Yuen, Mr. Ang Chuk Pai and Mr. Cheung Chin Wa, Angus. The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2014 have been reviewed by the Committee, and the Committee was of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

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

Hong Kong, 13 February 2015

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

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