



Echo International Holdings Group Limited

毅高(國際)控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8218)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2017**

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

FINANCIAL HIGHLIGHTS

- Recorded an unaudited revenue of approximately HK\$27.62 million for the nine months ended 31 December 2017, representing a decrease of approximately 14.81% over the corresponding period of the previous year.
- Recorded an unaudited loss attributable to the owners of the Company of approximately HK\$8.92 million for the nine months ended 31 December 2017 (2016: HK\$9.09 million).
- Basic and diluted loss per share for the nine months ended 31 December 2017 were HK0.99 cents (2016: basic and diluted loss per share HK1.14 cents).
- The Board does not recommend the payment of third quarterly dividend for the nine months ended 31 December 2017 (2016: 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 2017 and the comparative unaudited figures for the corresponding period in 2016 as follows:

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

For the three and nine months ended 31 December 2017

| | Notes | Unaudited three months ended 31 December | | Unaudited nine months ended 31 December | |
|--|-------|--|------------------|---|------------------|
| | | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| Revenue | 3 | 7,273 | 10,862 | 27,617 | 32,418 |
| Cost of sales | | (6,305) | (8,909) | (20,819) | (23,637) |
| Gross profit | | 968 | 1,953 | 6,798 | 8,781 |
| Other revenue and gains | 4 | 171 | 302 | 502 | 590 |
| Selling and distribution expenses | | (192) | (384) | (809) | (1,111) |
| Administrative and other expenses | | (4,782) | (5,215) | (14,913) | (16,437) |
| Finance costs | | (9) | (293) | (501) | (916) |
| Loss before taxation | 5 | (3,844) | (3,637) | (8,923) | (9,093) |
| Taxation | 6 | – | – | – | – |
| Loss for the period | | (3,844) | (3,637) | (8,923) | (9,093) |
| Other comprehensive loss for the period, net of tax, Items may be reclassified subsequently to profit or loss Exchange differences on translation of foreign operations | | (949) | (434) | (407) | (1,120) |
| Total comprehensive loss for the period | | (4,793) | (4,071) | (9,330) | (10,213) |
| Loss for the period attributable to owners of the Company | | (3,844) | (3,637) | (8,923) | (9,093) |
| Total comprehensive loss for the period attributable to owners of the Company | | (4,793) | (4,071) | (9,330) | (10,213) |
| Loss per share — Basic and diluted (HK cents) | 8 | (0.40) cents | (0.46) cents | (0.99) cents | (1.14) cents |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017 (Unaudited)

| | Share capital HK\$'000 | Share premium HK\$'000 | Contribution reserve HK\$'000 | Capital reserve HK\$'000 | Share option reserve HK\$'000 | Exchange reserve HK\$'000 | Retained earnings/ (accumulated losses) HK\$'000 | Total HK\$'000 |
|---|---------------------------|---------------------------|----------------------------------|-----------------------------|----------------------------------|------------------------------|--|-------------------|
| At 1 April 2017, audited | 2,000 | 28,840 | 4,836 | (89) | 5,794 | (1,214) | (26,982) | 13,185 |
| Total comprehensive loss for the period | - | - | - | - | - | 407 | (8,923) | (8,516) |
| Share placing | 400 | 24,636 | - | - | - | - | - | 25,036 |
| At 31 December 2017, unaudited | <u>2,400</u> | <u>53,476</u> | <u>4,836</u> | <u>(89)</u> | <u>5,794</u> | <u>(807)</u> | <u>(35,905)</u> | <u>29,705</u> |

For the nine months ended 31 December 2016 (Unaudited)

| | Share capital HK\$'000 | Share premium HK\$'000 | Contribution reserve HK\$'000 | Capital reserve HK\$'000 | Share option reserve HK\$'000 | Exchange reserve HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|---|---------------------------|---------------------------|----------------------------------|-----------------------------|----------------------------------|------------------------------|--------------------------------|-------------------|
| At 1 April 2016, audited | 2,000 | 28,840 | 4,836 | (89) | 4,769 | (153) | (12,989) | 27,214 |
| Total comprehensive loss for the period | - | - | - | - | - | (1,120) | (9,093) | (10,213) |
| Employee share option benefits | - | - | - | - | 1,025 | - | - | 1,025 |
| At 31 December 2016, unaudited | <u>2,000</u> | <u>28,840</u> | <u>4,836</u> | <u>(89)</u> | <u>5,794</u> | <u>(1,273)</u> | <u>(22,082)</u> | <u>18,026</u> |

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 (the "Listing") since 11 October 2013 (the "Listing Date").

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

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

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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 2017 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.

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 | |
|------------------------------|--|------------------|---|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| Sales of electronic products | 7,270 | 10,716 | 27,390 | 32,066 |
| Subcontracting income | 3 | 146 | 227 | 352 |
| | <u>7,273</u> | <u>10,862</u> | <u>27,617</u> | <u>32,418</u> |

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

- indent trading of electronic products.
- manufacturing and trading of electronic products and accessories.

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

Segment revenues reported below represents revenue generated from external customers. There were no inter-segment sale for both period.

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

Segment revenues and results

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

For the nine months ended 31 December 2017 (Unaudited)

| | Indent trading of electronic products <i>HK\$'000</i> | Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|---|----------------------------------|
| Revenue | <u>1,841</u> | <u>25,776</u> | <u>27,617</u> |
| Segment results | <u>739</u> | <u>(4,748)</u> | <u>(4,009)</u> |
| Unallocated other revenue and gains | | | 448 |
| Unallocated selling and distribution expenses | | | (472) |
| Unallocated administrative and other expenses | | | <u>(4,388)</u> |
| Loss from operations | | | (8,421) |
| Finance costs | | | <u>(502)</u> |
| Loss before taxation | | | (8,923) |
| Taxation | | | <u>-</u> |
| Loss for the period | | | <u><u>(8,923)</u></u> |

For the nine months ended 31 December 2016 (Unaudited)

| | Indent trading of electronic products <i>HK\$'000</i> | Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|---|--------------------------|
| Revenue | 2,172 | 30,246 | 32,418 |
| Segment results | 630 | (3,552) | (2,922) |
| Unallocated other revenue and gains | | | 353 |
| Unallocated selling and distribution expenses | | | (609) |
| Unallocated administrative and other expenses | | | (4,999) |
| Loss from operations | | | (8,177) |
| Finance costs | | | (916) |
| Loss before taxation | | | (9,093) |
| Taxation | | | – |
| Loss for the period | | | (9,093) |

Geographical information

| | Revenue from external customers | | | |
|---|--|-------------------------|---|-------------------------|
| | Unaudited three months ended 31 December | | Unaudited nine months ended 31 December | |
| | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> | 2016 <i>HK\$'000</i> |
| Hong Kong | 557 | 603 | 1,836 | 1,910 |
| Asian countries, other than Hong Kong (Note 1) | 436 | 904 | 3,825 | 3,330 |
| European countries (Note 2) | 5,060 | 6,406 | 16,987 | 18,978 |
| North and South American Countries (Note 3) | 1,211 | 2,810 | 4,552 | 7,712 |
| Others | 9 | 139 | 417 | 488 |
| | <u>7,273</u> | <u>10,862</u> | <u>27,617</u> | <u>32,418</u> |

Notes:

1. Asian countries include the People's Republic of China (the "PRC"), India, Malaysia, Taiwan and Thailand.
2. European countries include Belgium, Bulgaria, Denmark, Finland, Germany, Italy, Poland, Portugal, Russia, Slovakia, Spain, Sweden, Switzerland and United Kingdom.
3. North and South American Countries include Argentina, Brasil, Canada and the United States.

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

| | Unaudited As at 31 December 2017 <i>HK\$'000</i> | Audited As at 31 March 2017 <i>HK\$'000</i> |
|-----------|--|---|
| Hong Kong | 2,333 | 1,023 |
| PRC | <u>74</u> | <u>155</u> |
| | <u>2,407</u> | <u>1,178</u> |

4 OTHER REVENUE AND GAINS

| | Unaudited three months ended 31 December 2017 2016 <i>HK\$'000</i> <i>HK\$'000</i> | | Unaudited nine months ended 31 December 2017 2016 <i>HK\$'000</i> <i>HK\$'000</i> | |
|----------------------|---|-------------------|--|-------------------|
| Bank interest income | 1 | 2 | 2 | 7 |
| Sundry income | <u>170</u> | <u>300</u> | <u>500</u> | <u>583</u> |
| | <u>171</u> | <u>302</u> | <u>502</u> | <u>590</u> |

5 LOSS BEFORE TAXATION

| | Unaudited three months ended 31 December 2017 2016 <i>HK\$'000</i> <i>HK\$'000</i> | | Unaudited nine months ended 31 December 2017 2016 <i>HK\$'000</i> <i>HK\$'000</i> | |
|--|---|-------------------|--|-------------------|
| Loss before taxation is arrived after charging: | | | | |
| Finance costs | | | | |
| Interest on: | | | | |
| Bank overdrafts wholly repayable within five years | – | – | 4 | – |
| Debenture interest | – | 290 | 483 | 908 |
| Obligation under finance leases | <u>9</u> | <u>3</u> | <u>14</u> | <u>8</u> |
| | <u>9</u> | <u>293</u> | <u>501</u> | <u>916</u> |
| Other items | | | | |
| Depreciation of property, plant and equipments | 136 | 136 | 362 | 369 |
| Costs of inventories sold | 6,222 | 8,850 | 20,413 | 23,365 |
| Loss on disposal of fixed assets | <u>–</u> | <u>–</u> | <u>216</u> | <u>36</u> |
| | <u>–</u> | <u>–</u> | <u>216</u> | <u>36</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Unaudited revenue for the nine months ended 31 December 2017 (the “**Nine-Month Period**”) was approximately HK\$27.62 million, representing a decrease of approximately 14.81% when compared with the corresponding period in 2016. Loss attributable to owners of the Company for the Nine-Month Period was approximately HK\$8.92 million whilst for the corresponding period in 2016, the loss attributable to owners of the Company was approximately HK\$9.09 million.

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

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

Sales of Electronic Products

Revenue from this segment during the Nine-Month Period was approximately HK\$27.39 million, representing a decrease of approximately 14.58% when compared with the corresponding period in 2016. The decrease in sales of electronic products was mainly due to the decrease in the revenue from indent trading of electronic products and manufacturing and trading of electronic products and accessories by approximately HK\$0.33 million and HK\$4.47 million respectively as compared with the corresponding period in 2016. The decrease in the revenue from indent trading of electronic products is mainly attributable to the decrease in purchase orders from customers. Such decrease was mainly due to the decrease in sales of fire alarm and charger board for the Nine-Month Period by approximately HK\$4.59 million as compared with the corresponding period in 2016. Decrease in the sale of fire alarm and charger board was a result of decrease in volume sold, which mainly led to the decrease in the revenue from manufacturing and trading of electronic products and accessories for the Nine-Month Period.

Subcontracting income

Revenue from this segment during the Nine-Month Period was approximately HK\$0.23 million, representing an decrease of approximately 35.51% when compared with the corresponding period in 2016. The decrease was mainly due to the decrease in orders of subcontracting services in the PRC.

Financial review

The Group's revenue for the Nine-Month Period was approximately HK\$27.62 million, representing a decrease of approximately 14.81% from approximately HK\$32.42 million of the corresponding period in 2016. Such decrease was mainly due to the decrease in sales of electronic products by approximately HK\$4.68 million.

The overall gross profit margin of the Group decreased from approximately 27.09% for the nine months ended 31 December 2016 to 24.62% for the nine months ended 31 December 2017. The decrease in the Group's gross profit margin for the nine months ended 31 December 2017 was primarily due to the decrease in sales of products with higher gross profit margin, namely fire alarm.

Selling and distribution expenses for the nine months ended 31 December 2017 were approximately HK\$0.81 million (approximately HK\$1.11 million for the nine months ended 31 December 2016), representing a decrease of approximately 27.18%. Such decrease was mainly due to the freight charges amounting to HK\$0.13 million for the nine months ended 31 December 2017 (approximately HK\$0.26 million for the nine months ended 31 December 2016), and the decrease in commission paid to approximately HK\$0.14 million for the nine months ended 31 December 2017 (approximately HK\$0.24 million for the nine months ended 31 December 2016).

Administrative and other expenses for the nine months ended 31 December 2017 were approximately HK\$14.91 million (approximately HK\$16.44 million for the nine months ended 31 December 2016), representing a decrease of approximately 9.27%. Such decrease was mainly due to the decrease in professional fee of approximately HK\$1.02 million recognised for the nine months ended 31 December 2017 (approximately HK\$2.56 million for the nine months ended 31 December 2016).

Loss attributable to the owners of the Company amounted to approximately HK\$8.92 million for the nine months ended 31 December 2017 (approximately HK\$9.09 million of loss attributable to owners of the Company for the nine months ended 31 December 2016). Loss per share attributable to owners of the Company was approximately HK0.99 cents for the nine months ended 31 December 2017 (a loss of approximately HK1.14 cents per share attributable to owners of the Company for the nine months ended 31 December 2016).

SHARE OPTION 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 employee of the Group to subscribe for an aggregate of 80,000,000 shares of the Company (the “**Shares**”) with an exercise price of HK\$0.15, which is equal to the placing price as defined in the Prospectus.

As at 31 December 2017, details of the options granted under the Pre-IPO Share Option Scheme are as follows:

| | Outstanding as at 31 March 2017 | Exercised | Lapsed | Cancelled | Outstanding as at 31 December 2017 | Exercise period | Approximate percentage of issued capital of the Company upon exercise of all the options |
|---------------------|--|-------------|-------------|-------------|---|-------------------------------------|---|
| Directors | | | | | | | |
| Mr. Lo Yan Yee | 22,800,000 | - | - | - | 22,800,000 | 11 October 2016– 11 October 2023 | 2.59% |
| Ms. Cheng Yeuk Hung | 22,800,000 | - | - | - | 22,800,000 | 11 October 2016– 11 October 2023 | 2.59% |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | | |
| | 45,600,000 | - | - | - | 45,600,000 | | 3.91% |
| Employees | 34,400,000 | - | - | - | 34,400,000 | 11 October 2016– 11 October 2023 | |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | | |
| | 80,000,000 | - | - | - | 80,000,000 | | 9.09% |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | | |

Share Option Scheme

As at the nine months period ended 31 December 2017, 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 2017, 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, the Laws of Hong Kong) (the "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 | 169,560,000 | 17.66% |
| Mr. Lo Yan Yee | Company | Interest of spouse | 169,560,000 | 17.66% |

Note: Mr. Lo Yan Yee is the executive Director and the spouse of Ms. Cheng Yeuk Hung, and is deemed under the SFO to be interested in those 169,560,000 shares in which Ms. Cheng Yeuk Hung is interested.

(ii) Long position in underlying shares of the Company

| Name | Capacity | Description of equity derivatives | Number of underlying shares |
|--|--------------------|--|--|
| Mr. Lo Yan Yee (executive Director) | Personal interest | Options | 22,800,000 |
| | Interest of spouse | Options | <u>22,800,000</u> |
| | | | 45,600,000 |
| Ms. Cheng Yeuk Hung (executive Director) | Personal interest | Options | 22,800,000 |
| | Interest of spouse | Options | <u>22,800,000</u> |
| | | | 45,600,000 |
| Mr. Cheng Kwing Sang, Raymond (chief executive officer) | Personal interest | Options | 22,400,000 |
| Mr. Lo Ding To (production manager) | Personal interest | Options | 12,000,000 |

Save as disclosed above, as at 31 December 2017, 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 2017, so far as is known to the Directors, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO:

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

Save as disclosed above, as at 31 December 2017, 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 2017.

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 with 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 any of the Directors during the nine months ended 31 December 2017.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions (the "Code") as set out in Appendix 15 of the GEM Listing Rules. The principles adopted by the Company emphasize a quality board, transparency and accountability to shareholders. The Company has complied with the Code during the nine months ended 31 December 2017.

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 2017.

COMPETING BUSINESS

For the nine months ended 31 December 2017, 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, directly or indirectly with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

The Company has set up an audit committee (the “**Committee**”) with written terms of reference in compliance with the GEM Listing Rules, for the purpose of reviewing and providing supervision over the financial reporting process and internal control of the Group. The Committee comprises three independent non-executive directors of the Company, namely Mr. Lam Wai Yuen, Mr. Cheung Chin Wa, Angus and Ms. Zhou Ying. The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2017 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, 12 February 2018

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

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