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Echo International Holdings Group Limited

毅高(國際)控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8218)

**(1) DELAY IN PUBLICATION OF AUDITED
CONSOLIDATED ANNUAL RESULTS ANNOUNCEMENT AND
ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022;
(2) POSTPONEMENT OF BOARD MEETING;
AND
(3) PUBLICATION OF UNAUDITED CONSOLIDATED
ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

This announcement is made by Echo International Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE

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

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

DELAY IN PUBLICATION OF AUDITED CONSOLIDATED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

Under Rules 18.03, 18.48A and 18.49 of the GEM Listing Rules, the Company is required to publish the announcement in relation to the preliminary audited annual results of the Group for the year ended 31 March 2022 (the “**2022 Audited Annual Results**”) and despatch its annual report (the “**2022 Annual Report**”) to the shareholders of the Company (the “**Shareholders**”) on a date no later than three months after the end of the financial year of the Company, i.e. on or before 30 June 2022. According to the “Frequently asked questions on the Joint Statement in relation to Results Announcement in light of Travel Restrictions related to the Severe Respiratory Disease associated with a Novel Infectious Agent (Joint Statement) and Holdings of General Meetings” (“**FAQ**”) issued by the Securities and Futures Commission of Hong Kong and the Stock Exchange and last updated on 8 April 2022, a waiver application is not required where an issuer publishes a preliminary results announcement that does not fully comply with the requirements Rule 18.49 of the GEM Listing Rules.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the Shareholders and potential investors of the Company that the publication of 2022 Audited Annual Results will be delayed as additional time required for the completion of audit work in respect of the financial information of the Group for the 2022 Audited Annual Results. In particular, certain staff (including an accounting officer) of the associate of the Company, Bluemount Financial Group Limited (the “**Associate**”) or its subsidiaries were or has been subject to quarantine arrangements as they were close contact of persons infected with COVID-19 and thus they were unable to access, gather and deliver the necessary documents and information required for audit on a timely basis.

In view of the above, the Board wishes to inform the Shareholders and potential investors of the Company that the Company will not be able to publish the 2022 Audited Annual Results and despatch the 2022 Annual Report on or before 30 June 2022 in accordance with the GEM Listing Rules. Notwithstanding this, the Board wishes to emphasize that the operation of the Group remains normal and that it will continue to work with the Auditor closely to publish the 2022 Annual Results and dispatch of 2022 Annual Report to the Shareholders. The 2022 Annual Results and 2022 Annual Report are expected to be published by 14 July 2022.

POSTPONEMENT OF BOARD MEETING

Reference is made to the announcement of Echo International Holdings Group Limited (the “**Company**”) dated 24 June 2022 in relation to the change of date of meeting of the Board proposed to be held on Thursday, 30 June 2022 for the purpose of, among other matters, considering and approving the 2022 Audited Annual Result.

In light of the reason stated under the paragraph headed “Delay in Publication of Audited Consolidated Annual Results Announcement and Annual Report for the year ended 31 March 2022”, the Board meeting for the purpose of, among other things, approving the publication of the 2022 Audited Annual Results, is postponed. The Company will make further announcement to inform the Shareholders of the date of the Board meeting approving the 2022 Audited Annual Results.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

The Board wishes to set forth below the unaudited consolidated financial information extracted from the management accounts of the Group for the year ended 31 March 2022. The Directors confirm that the following unaudited consolidated financial information is prepared on the same basis as used in the audited financial statements of the Group for the year ended and as of 31 March 2021.

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

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Revenue	4	80,338	49,352
Cost of sales		<u>(67,895)</u>	<u>(40,274)</u>
Gross profit		12,443	9,078
Other income and other gains or loss, net	6	2,654	2,325
Selling and distribution expenses		(1,882)	(1,198)
Administrative and other expenses		(25,404)	(27,165)
Impairment of non-financial assets		(7,961)	(9,043)
Allowance for expected credit loss recognised in respect of financial assets at amortised cost, net		(96)	(6)
Finance costs	7	(5,623)	(4,693)
Share of result of associates		<u>3,349</u>	<u>3,358</u>
Loss before taxation	8	(22,520)	(27,344)
Tax credit	9	240	664
Loss for the year		<u>(22,280)</u>	<u>(26,680)</u>
Other comprehensive income, net of tax: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating of foreign operations		<u>98</u>	<u>408</u>
Other comprehensive income for the year, net of income tax		<u>98</u>	<u>408</u>
Total comprehensive loss for the year		<u>(22,182)</u>	<u>(26,272)</u>
Loss for the year attributable to the owners of the Company		<u>(22,280)</u>	<u>(26,680)</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u>(22,182)</u>	<u>(26,272)</u>
Loss per share			
— Basic and diluted (in HK cents)	11	<u>(15.46)</u>	<u>(49.84)</u>

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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
Non-current assets			
Property, plant and equipment		4,256	14,465
Right-of-use assets		2,721	6,025
Interests in associates		23,197	19,848
Deferred tax assets		14	4
		<u>30,188</u>	<u>40,342</u>
Current assets			
Inventories		13,330	11,799
Trade receivables	12	12,253	3,714
Deposits, prepayments and other receivables		12,586	11,859
Financial assets at fair value through profit or loss		110	561
Amount due from a related company		8	–
Pledged time deposits		2,001	2,094
Cash and cash equivalents		4,038	3,553
		<u>44,326</u>	<u>33,580</u>
Current liabilities			
Trade payables	13	3,382	3,059
Accruals and other payables		4,537	19,530
Amount due to a related company		62	29
Contract liabilities		619	858
Tax payables		219	316
Bank and other borrowings		17,814	157
Lease liabilities		5,536	4,018
Convertible bonds		9,482	–
		<u>41,651</u>	<u>27,967</u>
Net current assets		<u>2,675</u>	<u>5,613</u>
Total assets less current liabilities		<u>32,863</u>	<u>45,955</u>

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current liabilities		
Bank and other borrowings	–	5,614
Lease liabilities	7,818	11,474
Convertible bonds	20,248	27,848
Deferred tax liabilities	547	858
Provision for reinstatement costs	400	–
	<u>29,013</u>	<u>45,794</u>
Net assets	<u>3,850</u>	<u>161</u>
Capital and reserves		
Share capital	7,891	3,491
Reserves	(4,041)	(3,330)
	<u>3,850</u>	<u>161</u>
Total equity	<u>3,850</u>	<u>161</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Echo International Holdings Group Limited (the “**Company**”) was incorporated as an exempted company with limited liability in Cayman Islands on 21 December 2010 under the Companies Law of the Cayman Islands. The addresses of the registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business of the Company is Room 3207A, 32/F, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, Hong Kong. The shares of the Company are listed on the GEM of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). Its ultimate controlling shareholder is Ms. Zheng Zeli.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in sale of electronic products, catering business and trading of timepieces. The consolidated financial statements included the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”). The consolidated financial statements are presents in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company. All values are rounded to nearest thousands (HK\$’000) unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD (“**HKFRSs**”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “**Committee**”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practise Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Asset and liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

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

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period.

4. REVENUE

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

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Recognition at a point in time:		
— Sale of electronic products and accessories	47,277	36,431
— Revenue from restaurant operations	24,556	12,921
— Trading of timepieces	8,505	—
	<u>80,338</u>	<u>49,352</u>
Revenue from contract with customers	<u>80,338</u>	<u>49,352</u>

5. SEGMENT INFORMATION

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

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

- trading of electronic products;
- manufacturing and trading of electronic products and accessories;
- provision of food catering services; and
- trading of timepieces

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

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

Segment result represents the profit/(loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, share of result of associates, 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 separations by reportable and operating segments:

For the year ended 31 March 2022

	Trading of electronic products <i>HK\$'000</i> (Unaudited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Unaudited)	Provision of food catering services <i>HK\$'000</i> (Unaudited)	Trading of timepieces <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Revenue	<u>1,706</u>	<u>45,571</u>	<u>24,556</u>	<u>8,505</u>	<u>80,338</u>
Segment results	<u>576</u>	<u>847</u>	<u>(16,253)</u>	<u>605</u>	<u>(14,225)</u>
Unallocated other gains or loss, net					(480)
Unallocated administrative and other expenses					(6,613)
Unallocated finance costs					<u>(4,455)</u>
Loss from operations					(25,773)
Allowance for ECL recognised in respect of financial assets at amortised cost					(96)
Share of result of associates					<u>3,349</u>
Loss before taxation					(22,520)
Taxation					<u>240</u>
Loss for the year					<u>(22,280)</u>

For the year ended 31 March 2021

	Trading of electronic products <i>HK\$'000</i> (Audited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Audited)	Provision of food catering services <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Revenue	<u>1,283</u>	<u>35,148</u>	<u>12,921</u>	<u>49,352</u>
Segment results	<u>441</u>	<u>(11,408)</u>	<u>(6,481)</u>	(17,448)
Unallocated other gains or loss, net				(239)
Unallocated administrative and other expenses				(8,622)
Unallocated finance costs				<u>(4,334)</u>
Loss from operations				(30,643)
Allowance for ECL recognised in respect of financial assets at amortised cost				(59)
Share of result of associates				<u>3,358</u>
Loss before taxation				(27,344)
Taxation				<u>664</u>
Loss for the year				<u><u>(26,680)</u></u>

Segment assets and liabilities

As at 31 March 2022

	Trading of electronic products <i>HK\$'000</i> (Unaudited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Unaudited)	Provision of food catering services <i>HK\$'000</i> (Unaudited)	Trading of timepieces <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets	127	19,056	12,841	8,451	40,475
Unallocated corporate assets					<u>34,039</u>
Consolidated assets					<u><u>74,514</u></u>
Segment liabilities	297	13,840	9,678	-	23,815
Unallocated corporate liabilities					<u>46,849</u>
Consolidated liabilities					<u><u>70,664</u></u>

As at 31 March 2021

	Trading of electronic products <i>HK\$'000</i> (Audited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Audited)	Provision of food catering services <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets	281	15,726	27,994	44,001
Unallocated corporate assets				<u>29,921</u>
Consolidated assets				<u><u>73,922</u></u>
Segment liabilities	192	14,377	25,454	40,023
Unallocated corporate liabilities				<u>33,738</u>
Consolidated liabilities				<u><u>73,761</u></u>

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

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of property, plant and equipment and right-of-use assets, interests in associates, certain deposits, prepayments and other receivables, financial assets at fair value through profit or loss, pledged time deposits and certain cash and cash equivalents); and

- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising amount due to a related company, tax payables, certain bank and other borrowings, certain lease liabilities, convertible bonds, provision for reinstatement costs, deferred tax liabilities and certain accruals and other payables).

Other segment information

For the year ended 31 March 2022

	Trading of electronic products <i>HK\$'000</i> (Unaudited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Unaudited)	Provision of food catering services <i>HK\$'000</i> (Unaudited)	Trading of timepieces <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Amount included in the measure of segment results						
Capital expenditure	26	111	3,178	-	-	3,315
Depreciation of property, plant and equipment	29	11	5,119	-	-	5,159
Depreciation of right-for-use assets	-	-	3,599	-	109	3,708
Impairment of property, plant and equipment	-	-	5,763	-	-	5,763
Impairment of right-of-use assets	-	-	2,198	-	-	2,198
Provision for reinstatement costs	-	-	400	-	-	400

For the year ended 31 March 2021

	Trading of electronic products <i>HK\$'000</i> (Audited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Audited)	Provision of food catering services <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Amount included in the measure of segment results					
Capital expenditure	-	146	14,063	-	14,209
Depreciation of property, plant and equipment	-	11	1,257	28	1,296
Depreciation of right-for-use assets	-	156	2,691	112	2,959
Impairment of property, plant and equipment	-	-	131	-	131
Impairment of right-of-use assets	-	-	8,912	-	8,912

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

For the year ended 31 March 2022

	Trading of electronic products <i>HK\$'000</i> (Unaudited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Unaudited)	Provision of food catering services <i>HK\$'000</i> (Unaudited)	Trading of timepieces <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Interest income	1	-	-	-	1	2
Finance costs	37	578	590	-	4,418	5,623

For the year ended 31 March 2021

	Trading of electronic products <i>HK\$'000</i> (Audited)	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i> (Audited)	Provision of food catering services <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Interest income	-	1	-	10	11
Finance costs	-	61	298	4,334	4,693

Revenue from major products and services

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

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Security alarm	852	956
Indications board	-	144
Buzzer	6,283	4,475
Timer	-	81
Fishing indicator	25,020	20,651
Control board	6,770	4,288
Fire alarm	3,497	2,356
LED lamp assembly	1,677	1,669
Switch	114	163
Printed circuit board (PCB)	698	73
Printed circuit board assembly (PCBA)	190	-
Others	470	292
Manufacturing and trading of electronic products and accessories	45,571	35,148
Trading of electronic products	1,706	1,283
Trading of timepieces	8,505	-
Revenue from restaurant operation	24,556	12,921
	80,338	49,352

Geographical information

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

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

	Revenue from external customers	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Hong Kong	34,373	14,284
Asian countries, other than Hong Kong (<i>Note a</i>)	1,487	1,352
European countries (<i>Note b</i>)	33,188	25,728
North and South American countries (<i>Note c</i>)	8,903	5,805
Australia	2,224	2,120
Others	163	63
	80,338	49,352

Notes:

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

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

	Additions to non-current assets		Non-current assets	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Hong Kong	3,204	20,381	6,876	20,490
PRC	111	9,210	101	—
	3,315	29,591	6,977	20,490

Note: Non-current assets excluded interests in associates and deferred tax assets.

Information about major customers

For the year ended 31 March 2022, the Group's customer base includes 2 customers relate to manufacturing and trading of electronic products and accessories operating segment and trading of timepieces segment (2021: one customer relate to manufacturing and trading of electronic products segments) with whom transactions have individually exceeded 10% of the Group's revenue. No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2022 and 2021.

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

	Revenue from external customers	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Customer A	25,020	20,651
Customer B	8,505	–

6. OTHER INCOME AND OTHER GAINS OR LOSS, NET

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Bank interest income	2	11
Interest income on dividends receivable	354	346
Net foreign exchange loss	(325)	(465)
Government subsidies (<i>Note (a)</i>)	162	2,556
Rent concession income	278	805
Compensation on factory relocation (<i>Note (b)</i>)	1,633	573
Change in fair value of derivative financial asset component of convertible bonds	(451)	(2,542)
Services charges	799	795
Sundry income	202	246
	<u>2,654</u>	<u>2,325</u>

Notes:

- (a) During the year ended 31 March 2022, the Group recognised government subsidies of approximately HK\$162,000 (2021: HK\$2,556,000) in respect of (i) Covid-19 related subsidies, of which approximately HK\$Nil (2021: HK\$1,006,000) related to Employment Support Scheme, (ii) approximately HK\$150,000 (2021: HK\$1,550,000) related to Food Licence Holders Subsidy Scheme, and (iii) training allowance approximately HK\$12,000 (2021: HK\$Nil) provided by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.
- (b) During the year ended 31 March 2022, the Group received compensation on factory relocation from landlord, which was amounted to approximately HK\$1,633,000 (2021: HK\$573,000).

7. FINANCE COSTS

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Interest on:		
— Convertible bonds wholly repayable within five years	4,196	4,292
— Bank and other borrowings	399	37
— Other payable	—	34
— Lease liabilities	1,028	330
	<u>5,623</u>	<u>4,693</u>

8. LOSS BEFORE TAXATION

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Loss before taxation is arrive after charging:		
Staff costs including directors' remuneration	25,298	20,642
Contribution to retirement schemes	1,375	872
	<u>26,673</u>	<u>21,514</u>
Total staff costs (<i>Note (a)</i>)		
Allowance for/(reversal of) ECL recognised in respect of trade receivables, net	107	(55)
(Reversal of)/allowance for ECL recognised in respect of deposits and other receivables, net	(11)	61
	<u>96</u>	<u>6</u>
Allowance for expected loss recognised in respect of financial assets at amortised cost, net		
Depreciation of property, plant and equipment	5,159	1,296
Depreciation of right-of-use assets	3,708	2,959
Impairment of property, plant and equipment	5,763	131
Impairment of right-of-use assets	2,198	8,912
Auditors' remuneration		
— Audit services	600	530
— Non-audit services	70	200
Cost of inventories sold	68,260	39,656
(Reversal)/provision of obsolete and slow-moving inventories (<i>Note (b)</i>)	(512)	346
Expenses relating to short-term leases	676	915

Notes:

- (a) There are approximately HK\$13,915,000 (2021: HK\$9,976,000) related to cost of sales.
- (b) The amount is included in cost of sales.

9. TAX CREDIT

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Current tax		
— Hong Kong	81	—
Deferred taxation	<u>(321)</u>	<u>(664)</u>
	<u>(240)</u>	<u>(664)</u>

10. DIVIDENDS

The board of directors did not recommend the payment of any dividend for the year ended 31 March 2022 (2021: Nil).

11. LOSS PER SHARE

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Basic loss per share		
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(22,280)</u>	<u>(26,680)</u>
	2022 (Unaudited)	2021 (Audited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	144,080,373	53,526,902
Loss per share		
— Basic and diluted (in HK cents)	<u>(15.46)</u>	<u>(49.84)</u>

Note: The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 March 2022 have been adjusted for the effect of share placing on 27 May 2021 (2021: adjusted for the effect of conversion of convertible bonds and share consolidation completed on 10 February 2021 and 30 July 2020 respectively).

Basic loss per share for the years ended 31 March 2022 and 2021 are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of shares in issue during the year.

For the years ended 31 March 2022 and 2021, the computation of diluted loss per share does not assume that the conversion of the outstanding convertible bonds, since their conversion would result in a decrease in loss per share.

12. TRADE RECEIVABLES

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Trade receivables	12,374	3,728
Less: allowances for ECL	<u>(121)</u>	<u>(14)</u>
	<u><u>12,253</u></u>	<u><u>3,714</u></u>

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

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
0 to 30 days	11,194	3,466
31 to 60 days	338	247
61 to 90 days	691	–
91 to 180 days	10	1
Over 180 days	<u>20</u>	<u>–</u>
	<u><u>12,253</u></u>	<u><u>3,714</u></u>

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

The trade receivables are denominated in HK\$, United States Dollars (“US\$”) and RMB.

13. TRADE PAYABLES

Details of the ageing analysis based on invoice date are as follows:

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Within 30 days	2,905	1,983
31 to 60 days	275	547
61 to 90 days	39	294
91 to 180 days	125	213
Over 180 days	<u>38</u>	<u>22</u>
	<u><u>3,382</u></u>	<u><u>3,059</u></u>

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

BUSINESS REVIEW

Revenue for the year ended 31 March 2022 was approximately HK\$80.34 million, representing an increase of approximately 62.80% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2022, was approximately HK\$22.28 million whilst the loss attributable to owners of the Company last year was approximately HK\$26.68 million.

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

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

Sales of Electronic Products

Revenue from this segment during the year ended 31 March 2022 was approximately HK\$47.28 million, representing an increase of approximately 29.77% when compared with last year. The increase in sales of electronics products was mainly due to the increase in sales of the fishing indicator and control board.

Food Catering Services

During the year ended 31 March 2022, the Company developed and has been operating two e-commerce platforms, one (<https://echkmall.com/>) selling watches, jewelry, health care, skin care, food and beverage and another one (<https://www.yukcuisine.com/shop>) selling food and beverage, such as Chinese tea, mooncakes and abalone dishes.

Revenue from this segment during the year ended 31 March 2022 was approximately HK\$24.56 million, representing a increase of approximately 90.05% when compared with last year. Such increase was mainly due to the renewed the tenancy agreement for an existing restaurant serving Chiu Chow cuisine in March 2021 and the operation of a new restaurant serving fusion cuisine since February 2021.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK\$22.28 million for the financial year ended 31 March 2022 as compared with the loss of approximately HK\$26.68 million for the financial year ended 31 March 2021. The decrease in the loss is mainly due to the impairment of right-of-use assets.

The Group's revenue for the year ended 31 March 2022 was approximately HK\$80.34 million (approximately HK\$49.35 million for last year), representing an increase of approximately 62.80% when compared with last year. Such increase was mainly due to the increase in the revenue from provision of food catering services and manufacturing and trading of electronic products by 90.05% and 29.65% when compared with last year respectively.

Moreover, the revenue attributable to the top five customers for the year ended 31 March 2022 was approximately HK\$46.21 million, which increased from approximately HK\$30.36 million for the year ended 31 March 2021, representing an increase of approximately 52.21%.

Throughout the year ended 31 March 2022, some factory fixed costs and indirect costs, such as salaries and rents, have been reduced at the same time. Therefore, the production cost attributable to each product manufactured by the Group decreased.

The overall gross profit margin of the Group decreased from approximately 18.39% for the year ended 31 March 2021 to approximately 15.49% for the year ended 31 March 2022 primarily due to the decrease in sales of the higher margin dishes of the Group's food catering business, namely abalone and shark fin.

Selling and distribution expenses for the year ended 31 March 2022 amounted to approximately HK\$1.88 million (approximately HK\$1.20 million for the year ended 31 March 2021), representing an increase of approximately 57.10%. Such increase was mainly due to the increase in commission expenses amounting to HK\$0.35 million (2021: HK\$0.14 million) for the year ended 31 March 2022, and the increase in freight charges and transportation to approximately HK\$0.57 million for the year ended 31 March 2022 (approximately HK\$0.41 million for the year ended 31 March 2021) respectively.

Administrative and other expenses for the year ended 31 March 2022 amounted to approximately HK\$25.40 million (approximately HK\$27.17 million for the year ended 31 March 2021), representing a decrease of approximately 6.48%. Such decrease was mainly due to the reversal of obsolete and slow-moving inventories approximately HK\$0.51 million (2021: HK\$0.35 million provision of obsolete and slow-moving inventories) for the year ended 31 March 2022.

Loss attributable to the owners of the Company amounted to approximately HK\$22.28 million for the year ended 31 March 2022 (approximately HK\$26.68 million for the year ended 31 March 2021). Basic and diluted loss per share attributable to owners of the Company was also approximately HK15.46 cents for the year ended 31 March 2022 (basic and diluted loss per share was approximately HK49.84 cents for the year ended 31 March 2021).

To turnaround the loss for the financial year ended 31 March 2022, the Board intends to develop on its recurring business in providing EMS to international customers while targeting further expansion in its established market, particularly to explore the EMS for consumer electronic products in the PRC market where the Directors consider to have a promising potential. However, the European countries and the United States will still be the principal markets of the Group in the near future.

The Group's strategies are to increase its market share and to enlarge its client base through increasing its marketing activities and introducing new products. The Group is going to launch four to five light security system controller, power management board, illuminated bobbin, multi LED ring and related products to the market in 2022 and the Group will attend and participate in more exhibitions and trade fairs in Hong Kong, the PRC and overseas to promote EMS and buzzer, to attract potential customers. Moreover, in relation to the Group's food catering business, the Group is going to develop more abundant and diversified products on the current e-commerce platform in 2022.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the financial year ended 31 March 2022.

Liquidity, Financial Resources and Capital Structure

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

As at 31 March 2022, the Group had net current assets of approximately HK\$2.68 million (2021: approximately HK\$5.61 million) including cash and cash equivalents of approximately HK\$4.04 million (2021: approximately HK\$3.55 million) and pledged time deposits of approximately HK\$2.00 million (2021: approximately HK\$2.09 million).

The Group's equity capital and borrowings have been applied to fund its working capital and other operational needs. The Group's current ratio as at 31 March 2022 was 1.06 (2021: 1.20).

Save as disclosed below, there has been no material change in the capital structure of the Group during the year ended 31 March 2022. The capital of the Group mainly comprises ordinary shares and capital reserves.

Significant Investment

The Group did not have any significant investment as at 31 March 2022 (2021: Nil).

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2022 (2021: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2022 (2021: Nil).

Charges over assets

The Group had pledged approximately HK\$2.00 million time deposits on DBS Bank (Hong Kong) Limited as at 31 March 2022 (2021: HK\$2.09 million time deposit on Industrial and Commercial Bank of China (Asia) Limited).

Capital commitment

The Group did not have any significant capital commitments as at 31 March 2022 (2021: Nil).

Foreign Currency Exposure

As at 31 March 2022, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2022, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2022, the Group employed a total of 158 employees (2021: 155 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK\$26.67 million for the year ended 31 March 2022 (2021: HK\$21.51 million).

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

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the “**Code**”) as set out in Appendix 15 to the GEM Listing Rules. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also enhancing corporate performance and accountability.

The Company has complied with the code provisions of the Code throughout the year ended 31 March 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2022.

EVENT AFTER THE REPORTING PERIOD

(a) Issue of new shares for loan capitalisation and issue of unlisted warrants under specific mandate

On 25 March 2022, the Company and its certain subsidiaries entered into a loan capitalisation agreement with each of three creditors in relation to (i) allotment and issue of an aggregate of 102,804,213 new ordinary shares (the “**Loan Capitalisation Shares**”) under specific mandate at the price of HK\$0.13 per share; and (ii) subject to the fulfillment of the relevant conditions precedent, the Company shall create, and issue to the creditors, the warrants entitling the holders thereof to subscribe up to 16,225,482 ordinary shares at nil consideration. The subscription amount payable by the creditors under the loan capitalisation agreements shall be satisfied by capitalising the respective indebted sums due from the Group. The loan capitalisation and issue of warrants are condition upon, among other things, the Stock Exchange having granted the listing of, and permission to deal in, the placing shares and the warrant shares. An extraordinary general meeting was held on 21 June 2022 (“**EGM**”), and ordinary resolutions were passed to approve the aforesaid transactions and the completion of such transactions took place on 28 June 2022. For details, please refer to the Company's announcements dated 25 March 2022, 21 June 2022 and 28 June 2022, and the Company's circular dated 6 June 2022.

(b) Placing of new shares and issue of unlisted warrants under specific mandate

On 25 March 2022, the Company entered into a placing agreement with a placing agent in relation to (i) placing of up to 97,188,000 new ordinary shares (the “**Placing Shares**”) at the placing price of HK\$0.13 per placing share on a best effort basis to not less than six independent investors (the “**Placee(s)**”) under specific mandate for fund raising purpose, and (ii) subject to the fulfillment of the relevant conditions precedent, the Company shall create, and issue to the Placees, the warrants entitling the holders thereof to subscribe up to 15,339,080 ordinary shares at nil consideration. The placing and issue of warrants are condition upon, among other things, the Stock Exchange having granted the listing of, and permission to deal in, the placing shares and the warrant shares. Ordinary resolutions were passed at the EGM to approve the aforesaid transactions and the completion of such transactions took place on 28 June 2022. For details, please refer to the Company’s announcements dated 25 March 2022, 21 June 2022 and 28 June 2022, and the Company’s circular dated 6 June 2022.

(c) Increase in authorised share capital

In order to facilitate the issue of the Loan Capitalisation Shares, the Placing Shares and the warrant shares, accommodate the future expansion and growth of the Group and provide the Company with greater flexibility for future expansion in the share capital of the Company, the Board proposes that the authorised share capital of the Company be increased to HK\$50,000,000 divided into 1,000,000,000 shares of HK\$0.05 each (“**Increase in Authorised Share Capital**”). The Increase in Authorised Share Capital has become effective upon the passing of ordinary resolution at the EGM. For details, please refer to the Company’s announcements dated 25 March 2022, 21 June 2022 and 28 June 2022, and the Company’s circular dated 6 June 2022.

AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Company has reviewed together with the management the accounting principles and policies and the auditing, internal controls and financial reporting matters of the Group, which includes that review of the unaudited consolidated financial statements of the Group for the year ended 31 March 2022. The Audit Committee is of the opinion that the financial statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the 2022 Audited Annual Results has not been completed as at the date of this announcement due to the outbreak of COVID-19. The unaudited consolidated results of the Group for the year ended 31 March 2022 contained herein have been reviewed by the Audit Committee but have not been agreed by the Auditor as required under Rule 18.49 of the GEM Listing Rules. An announcement relating to the 2022 Audited Annual Results will be published when the auditing process has been completed in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

FURTHER ANNOUNCEMENT(S)

The delay in publication of the 2022 Audited Annual Results constitutes non-compliance of Rule 18.49 of the GEM Listing Rules, and the delay in despatch the 2022 Annual Report constitutes non-compliance of Rule 18.48A of the GEM Listing Rules. Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the 2022 Audited Annual Results and the material differences (if any) as compared with the unaudited consolidated financial information contained in this announcement. In addition, the Company will issue further announcement(s) as and when necessary if there are any other material developments in the completion of the auditing process once it can be ascertained.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Echo International Holdings Group Limited
Chan Wan Shan, Sandra
Executive Director

Hong Kong, 30 June 2022

As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Tansri Saridju Benui and Ms. Chan Wan Shan Sandra, and the independent non-executive Directors are Mr. Leung Yu Tung Stanley, Mr. Chow Yun Cheung and Mr. Lam Kwok Leung Roy.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquires, 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 be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.echogroup.com.hk.