



Echo International Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8218



THIRD QUARTERLY REPORT
2022

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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\$42.89 million for the nine months ended 31 December 2022, representing a decrease of approximately 30.34% over the corresponding period of the previous year.
- Recorded an unaudited loss attributable to the owners of the Company of approximately HK\$3.78 million for the nine months ended 31 December 2022 (2021: unaudited profit attributable to the owners of the Company of approximately HK\$0.87 million).
- Basic and diluted loss per share for the nine months ended 31 December 2022 were HK0.75 cents (2021: basic and diluted earnings per share was HK0.62 cents).
- The Board does not recommend the payment of third quarterly dividend for the nine months ended 31 December 2022 (2021: 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 2022 and the comparative unaudited figures for the corresponding period in 2021 as follows:

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

For the three and nine months ended 31 December 2022

	Notes	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
		2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	3	13,941	21,303	42,885	61,566
Cost of sales		(11,839)	(18,052)	(36,749)	(49,706)
Gross profit		2,102	3,251	6,136	11,860
Other gains or loss	4	529	2,302	2,979	4,676
Selling and distribution expenses		(687)	(497)	(1,338)	(1,660)
Administrative and other expenses		(5,953)	(5,034)	(18,601)	(17,255)
Change in fair value of derivative financial assets component of convertible bonds		3,890	–	3,837	202
Allowance for expected credit loss recognised in respect of financial assets at amortised cost, net		(177)	(26)	(163)	(45)
Finance costs		(268)	(875)	(2,218)	(2,471)
Share of results of associates		4,888	1,485	5,037	5,552
Profit/(Loss) before taxation	5	4,324	606	(4,331)	859
Taxation	6	547	4	547	7
Profit/(Loss) for the period		4,871	610	(3,784)	866
Other comprehensive income/(loss) for the period, net of tax Items may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		471	(2,217)	988	(2,196)
Total comprehensive income/(loss) for the period		5,342	(1,607)	(2,796)	(1,330)
Profit/(Loss) for the period attributable to owners of the Company		4,871	610	(3,784)	866
Total comprehensive income/(loss) for the period attributable to owners of the Company		5,342	(1,607)	(2,796)	(1,330)
Earnings/(Loss) per share					
— Basic and diluted (HK cents)	8	2.57 cents	0.42 cents	(0.75) cents	0.62 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2022 (Unaudited)

	Share capital	Share premium	Contribution reserve	Capital reserve	Share option reserve	Exchange reserve	Convertible bonds-equity component reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022, audited	7,891	86,879	4,836	(89)	5,794	(2,609)	11,657	(110,081)	4,278
Total comprehensive income/(loss) for the period	-	-	-	-	-	988	-	(3,784)	(2,796)
Share placing	4,860	7,775	-	-	-	-	-	-	12,635
Issuance cost of share placing	-	(505)	-	-	-	-	-	-	(505)
Loan capitalisation shares	5,140	8,224	-	-	-	-	-	-	13,364
Issue of ordinary shares upon conversion of convertible bonds	11,852	23,705	-	-	-	-	(11,657)	-	23,900
At 31 December 2022, unaudited	<u>29,743</u>	<u>126,078</u>	<u>4,836</u>	<u>(89)</u>	<u>5,794</u>	<u>(1,621)</u>	<u>-</u>	<u>(113,865)</u>	<u>50,876</u>

For the nine months ended 31 December 2021 (Unaudited)

	Share capital	Share premium	Contribution reserve	Capital reserve	Share option reserve	Exchange reserve	Convertible bonds-equity component reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021, audited	3,491	65,408	4,836	(89)	5,794	(2,707)	11,657	(88,229)	161
Total comprehensive (loss)/income for the period	-	-	-	-	-	(2,196)	-	866	(1,330)
Share placing	4,400	21,471	-	-	-	-	-	-	25,871
At 31 December 2021, unaudited	<u>7,891</u>	<u>86,879</u>	<u>4,836</u>	<u>(89)</u>	<u>5,794</u>	<u>(4,903)</u>	<u>11,657</u>	<u>(87,363)</u>	<u>24,702</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. All values are rounded to the nearest thousands (HK'000) except when otherwise indicated.

The principal activities of the Group are the manufacturing and trading of electronic products and accessories. The Group also operates catering business in Hong Kong.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated third quarter financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") 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 2022 except in relation to the new and revised standards, amendments and interpretations ("**new and amendments to 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 amendments to 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 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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Sales of electronic products	6,265	12,685	22,483	37,688
Revenue from restaurant operations	7,676	8,618	20,402	23,878
	<u>13,941</u>	<u>21,303</u>	<u>42,885</u>	<u>61,566</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.
- provision of food catering services.

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, corporate 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.

3 SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

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

For the nine months ended 31 December 2022 (Unaudited)

	Indent trading of electronic products HK\$'000	Manufacturing and trading of electronic products and accessories HK\$'000	Provision of food catering services HK\$'000	Total HK\$'000
Revenue	<u>1,618</u>	<u>20,865</u>	<u>20,402</u>	<u>42,885</u>
Segment results	<u>1,102</u>	<u>(5,037)</u>	<u>(2,225)</u>	(6,160)
Unallocated other revenue and gains				822
Unallocated selling and distribution expenses				(254)
Unallocated administrative and other expenses				(5,690)
Unallocated finance costs				<u>(1,760)</u>
Loss from operations				(13,042)
Change in fair value of derivative financial assets component of convertible bonds				3,837
Allowance for expected credit loss recognised in respect of trade receivables and amount due from related company				(163)
Share of results of associates				<u>5,037</u>
Loss before taxation				(4,331)
Taxation				<u>547</u>
Loss for the period				<u><u>(3,784)</u></u>

3 SEGMENT INFORMATION (CONTINUED)

For the nine months ended 31 December 2021 (Unaudited)

	Indent trading of electronic products HK\$'000	Manufacturing and trading of electronic products and accessories HK\$'000	Provision of food catering services HK\$'000	Total HK\$'000
Revenue	1,493	36,195	23,878	61,566
Segment results	562	4,524	(2,866)	2,220
Unallocated other revenue and gains				677
Unallocated selling and distribution expenses				(409)
Unallocated administrative and other expenses				(5,545)
Unallocated finance cost				(1,793)
Loss from operations				(4,850)
Allowance for expected credit loss recognised in respect of financial assets at amortised cost, net				(45)
Change in fair value of derivative financial assets component of convertible bonds				202
Share of results of associates				5,552
Profit before taxation				859
Taxation				7
Profit for the period				866

3 SEGMENT INFORMATION (CONTINUED)

Geographical information

	Revenue from external customers			
	Unaudited		Unaudited	
	three months ended		nine months ended	
	31 December		31 December	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	8,189	8,988	21,680	25,012
Asian countries, other than Hong Kong (Note 1)	7	394	1,158	949
European countries (Note 2)	2,447	8,028	12,555	26,000
North and South American Countries (Note 3)	2,805	3,505	6,268	7,581
Australia	487	276	1,123	1,861
Others	6	112	101	163
	<u>13,941</u>	<u>21,303</u>	<u>42,885</u>	<u>61,566</u>

Notes:

1. Asian countries include the People's Republic of China (the "PRC"), India, Korea, Malaysia, Singapore, 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	Audited
	As at	As at
	31 December	31 March
	2022	2022
	HK\$'000	HK\$'000
Hong Kong	1,027	7,414
PRC	<u>209</u>	<u>101</u>
	<u>1,236</u>	<u>7,515</u>

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

4 OTHER GAINS OR LOSS

	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Bank interest income	2	–	4	1
Exchange gain	–	1,998	–	1,998
Government subsidies	234	–	1,918	–
Interest income on dividends receivable	89	89	266	266
Rent concession income	–	–	165	–
Sundry income	204	215	626	2,411
	<u>529</u>	<u>2,302</u>	<u>2,979</u>	<u>4,676</u>

5 PROFIT/(LOSS) BEFORE TAXATION

	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Profit/(Loss) before taxation is arrived after charging/ (crediting):				
Finance costs				
Interest on:				
Bank and other borrowings	–	34	376	157
Bank overdrafts wholly repayable within five years	9	9	31	10
Interest expense on lease liabilities	44	249	436	561
Convertible bonds wholly repayable within five years	215	583	1,375	1,743
	<u>268</u>	<u>875</u>	<u>2,218</u>	<u>2,471</u>
Other items				
Depreciation/(Reversal depreciation) of property, plant and equipments	649	(132)	3,930	(113)
Depreciation of right-of- use assets	(65)	28	1,971	84
Costs of inventories sold	11,735	18,052	36,559	49,672
	<u>11,735</u>	<u>18,052</u>	<u>36,559</u>	<u>49,672</u>

6 TAXATION

	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Current tax				
— Hong Kong	—	—	—	—
— PRC	—	—	—	—
Deferred taxation	547	4	547	7
	<u>547</u>	<u>4</u>	<u>547</u>	<u>7</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the nine months ended 31 December 2022 and 2021.

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 2022 and 2021.

7 DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2022 (2021: Nil).

8 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic (loss)/earnings per share is based on the (loss)/profit 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 nine months ended 31 December	
	Note	2022	2021
		HK\$'000	HK\$'000
(Loss)/Profit for the period attributable to owners of the Company		(3,784)	866
		2022	2021
		No. of shares	No. of shares
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the period	(a), (b), (c)	<u>507,256,510</u>	<u>139,582,839</u>

Notes:

- (a) The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for the nine months ended 31 December 2022 and 2021 because the Company's share options outstanding and convertible bonds during those periods were either anti-dilutive or have no potential dilutive effects.
- (b) The weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share for the nine months ended 31 December 2021 have been adjusted for the effect of the completion the placing of 88,000,000 new shares at HK\$0.30 per placing share under specific mandate on 27 May 2021. For further details, please refer to the announcements of the Company dated 21 January 2021, 10 February 2021, 31 March 2021, 9 April 2021, 12 May 2021 and 27 May 2021 and the circular of the Company dated 26 April 2021.

8 (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (CONTINUED)

- (c) The weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share for the nine months ended 31 December 2022 have been adjusted for the effect of (i) the completion of the loan capitalisation whereby the Company issued 102,804,213 new shares at HK\$0.13 per loan capitalisation share and the placing of 97,188,000 new shares at HK\$0.30 per placing share under specific mandate on 28 June 2022, for further details, please refer to the announcements of the Company dated 25 March 2022 and 28 June 2022, respectively, and the circular of the Company dated 6 June 2022; and (ii) the completion of the debt capitalisation whereby the Company issued 237,045,071 new shares at HK\$0.15 per capitalisation share under specific mandate on 3 November 2022, for further details, please refer to the announcements of the Company dated 29 August 2022, 30 August 2022 and 6 September 2022, respectively, and the circular of the Company dated 12 October 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Unaudited revenue for the nine months ended 31 December 2022 (the “**Nine-Month Period**”) was approximately HK\$42.89 million, representing a decrease of approximately 30.34% when compared with the corresponding period in 2021. Loss attributable to owners of the Company for the Nine-Month Period was approximately HK\$3.78 million whilst for the corresponding period in 2021, the profit attributable to owners of the Company was approximately HK\$0.87 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, Denmark, Finland, Germany, Italy, Portugal, Russia, Spain, Switzerland and United Kingdom. The Group also operates catering business in Hong Kong.

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\$22.48 million, representing a decrease of approximately 40.34% when compared with the corresponding period in 2021. The decrease in sales of electronic products was mainly due to the decrease in the revenue from manufacturing and trading of electronic products and accessories by approximately HK\$15.33 million as compared with the corresponding period in 2021. The decrease in the revenue from manufacturing and trading of electronic products and accessories for the Nine-Month Period was mainly due to the decrease in sales of fishing indicator for the Nine-Month Period by approximately HK\$11.16 million as compared with the corresponding period in 2021. The decrease in the sale of fishing indicator was a result of decrease in volume sold.

Food Catering Services

Revenue from this segment during the Nine-Month Period was approximately HK\$20.40 million, representing a decrease of approximately 14.56% when compared with the corresponding period in 2021.

Such decrease was mainly due to the Group's catering business and the general market condition of the Hong Kong catering industry from the impact of the COVID-19 outbreak.

Financial Review

The Group's revenue for the Nine-Month Period was approximately HK\$42.89 million, representing a decrease of approximately 30.34% from approximately HK\$61.57 million of the corresponding period in 2021. Such decrease was mainly due to the decrease in sales of electronic products by approximately HK\$15.21 million.

The overall gross profit margin of the Group decreased from approximately 19.26% for the nine months ended 31 December 2021 to 14.31% for the nine months ended 31 December 2022. The decrease in the Group's gross profit margin for the nine months ended 31 December 2022 was primarily due to the decrease in sales of higher margin dishes of the Group's electronic products and accessories, namely fishing indicator and buzzer.

Selling and distribution expenses for the nine months ended 31 December 2022 were approximately HK\$1.34 million (approximately HK\$1.67 million for the nine months ended 31 December 2021), representing a decrease of approximately 19.40%. Such decrease was mainly due to the decrease in freight charges and transportation to approximately HK\$0.14 million for the nine months ended 31 December 2022 (approximately HK\$0.52 million for the nine months ended 31 December 2021).

Administrative and other expenses for the nine months ended 31 December 2022 were approximately HK\$18.60 million (approximately HK\$17.26 million for the nine months ended 31 December 2021), representing an increase of approximately 7.80%. Such increase was mainly due to the increase in exchange difference to approximately HK\$1.40 million recognised for the nine months ended 31 December 2022 (exchange gain approximately HK\$2.00 million for the nine months ended 31 December 2021).

Loss attributable to the owners of the Company amounted to approximately HK\$3.78 million for the nine months ended 31 December 2022 (approximately HK\$0.87 million of profit attributable to owners of the Company for the nine months ended 31 December 2021). Loss per share attributable to owners of the Company was approximately HK0.75 cents for the nine months ended 31 December 2022 (a profit of approximately HK0.62 cents per share attributable to owners of the Company for the nine months ended 31 December 2021).

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 of the Group to subscribe for an aggregate of 80,000,000 shares (adjusted to 4,000,000 shares after the share consolidation being effective on 3 August 2020 (the “**Share Consolidation**”)) of the Company with an exercise price of HK\$0.15 (adjusted to HK\$3.00 after the Share Consolidation), which is equal to the placing price as defined in the prospectus of the Company.

As at 31 December 2022, details of the options granted under the Pre-IPO Share Option Scheme are as follows:

Directors	Outstanding as at 31 March 2022				Outstanding as at 31 December 2022		Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
	Outstanding	Exercised	Lapsed	Cancelled	Outstanding	Exercise period		
Mr. Lo Yan Yee	1,140,000	-	-	-	1,140,000	11 October 2016– 11 October 2023	0.19%	
Ms. Cheng Yeuk Hung	1,140,000	-	-	-	1,140,000	11 October 2016– 11 October 2023	0.19%	
	2,280,000	-	-	-	2,280,000		0.38%	
Employees	1,720,000	-	-	-	1,720,000	11 October 2016– 11 October 2023	0.29%	
	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>		0.67%	

Share Option Scheme

During the nine months ended 31 December 2022, 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 2022, 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	4,878,000	0.82%
Mr. Lo Yan Yee	Company	Interest of spouse	4,878,000	0.82%

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 4,878,000 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	1,140,000
	Interest of spouse	Options	1,140,000
			<hr/>
			2,280,000
Ms. Cheng Yeuk Hung (executive Director and chief executive officer)	Personal interest	Options	1,140,000
	Interest of spouse	Options	1,140,000
			<hr/>
			2,280,000

Save as disclosed above, as at 31 December 2022, 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 2022, 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	Number of underlying shares (Note 1)	Total	Percentage of the Company's issued share capital
Siu Yik Tung Jamie	Beneficial owner	103,581,986	3,587,855	107,169,841	17.93%
Lissington Limited	Beneficial owner (Note 2)	79,791,486	11,036,032	90,827,518	15.19%
Zheng Zeli	Interest of a controlled corporation (Note 2)	79,791,486	11,036,032	90,827,518	15.19%
ECGO International Limited (Note 3)	Beneficial owner	76,008,474	11,996,339	88,004,813	14.72%
Yeung Tong Seng Terry	Beneficiary of a trust (other than discretionary interest) (Note 4)	61,009,150	–		
	Beneficial owner	<u>20,148,867</u>			
		81,158,017		81,158,017	13.57%

Name	Capacity and nature of interest	Number of shares	Number of underlying shares (Note 1)	Total	Percentage of the Company's issued share capital
Bluemount investment Fund SPC — Bluemount investment Fund SP	Trustee (other than a bare trustee) (Note 4)	61,009,150		61,009,150	10.20%
Zhou Qilin	Beneficial owner	57,261,564	3,609,104	60,870,668	10.18%
Siu Wa Kei	Interest of a controlled corporation	1,289,800		1,289,800	
	Beneficial owner	<u>46,358,049</u>	971,595	<u>47,329,644</u>	
		47,647,849		48,619,944	8.13%

Notes:

1. These underlying Shares are Shares to be issued to holders of the warrants of the Company.
2. Lissington Limited is a company incorporated in the British Virgin Islands and its entire issued share capital is beneficially owned by Ms. Zheng Zeli.
3. ECGO International Limited is a company incorporated in Hong Kong and is wholly-owned by Industronics Berhad. Industronics Berhad is company listed on Bursa Malaysia Securities Berhad (the stock exchange of Malaysia) (Stock code: 9393).
4. These shares were held by Bluemount investment Fund SPC — Bluemount investment Fund SP as trustee of Mr. Yeung Tong Seng Terry.

Save as disclosed above, as at 31 December 2022, 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 2022.

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 2022.

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 2022.

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 2022.

COMPETING BUSINESS

For the nine months ended 31 December 2022, 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. Leung Yu Tung, Stanley, Mr. Chow Yun Cheung and Mr. Lam Kwok Leung, Roy. The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2022 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, 9 February 2023

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

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.