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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2024**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

FINANCIAL HIGHLIGHTS

For the year ended 31 March 2024, operating results of the Group were as follows:

- Revenue was approximately HK\$65.48 million, representing an increase of approximately 18.44% from HK\$55.29 million last year. The increase in the Group's revenue was mainly attributable to the increase in revenue generated from the sale of electronic products, especially the increase in the sales of fishing indicator and Buzzer.
- The Group's gross profit margin slightly decreased from approximately 24.03% for the year ended 31 March 2023 to approximately 23.35% for the year ended 31 March 2024 primarily due to the decrease of sales of the higher margin products of the Group's electronic business, namely switch.
- Loss attributable to the owners of the Company was approximately HK\$9.44 million, whilst the loss attributable to the owners of the Company last year was approximately HK\$14.46 million.
- Basic and diluted loss per share for the year based on weighted average number of ordinary shares were approximately HK1.46 cents (2023: basic and diluted loss per share approximately HK3.57 cents).
- The Board does not recommend the payment of final dividend for the year ended 31 March 2024 (2023: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Echo International Holdings Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024 and the comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	65,478	55,285
Cost of sales		(50,192)	(42,002)
Gross profit		15,286	13,283
Other income and other gains or loss, net	6	(2,459)	(1,017)
Selling and distribution expenses		(1,428)	(1,610)
Administrative expenses		(21,996)	(23,168)
Impairment loss on property, plant and equipment		–	(1,892)
Impairment loss on right-of-use assets		(1,180)	(523)
Reversal of impairment loss under expected credit loss model, net		20	64
Finance costs	7	(576)	(3,697)
Share of result of an associate		2,975	3,592
Loss before taxation	8	(9,358)	(14,968)
Taxation	9	(85)	504
Loss for the year		(9,443)	(14,464)
Other comprehensive income for the year: <i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating of foreign operations		2,326	3,561
Total comprehensive expense for the year		(7,117)	(10,903)
Loss per share			
— Basic and diluted (in HK cents)	11	(1.46)	(3.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		253	418
Right-of-use assets		3,510	52
Intangible assets		601	777
Interest in an associate		29,714	26,739
Deferred tax assets		10	4
		34,088	27,990
Current assets			
Inventories		17,657	20,830
Trade receivables	12	4,546	615
Deposits, prepayments and other receivables		13,757	13,506
Pledged time deposits		–	2,008
Cash and cash equivalents		3,863	2,958
		39,823	39,917
Current liabilities			
Trade payables	13	5,052	1,744
Accruals and other payables		4,346	3,461
Amount due to a related company		248	62
Amount due to a director		58	–
Contract liabilities		146	2,494
Other borrowings		2,186	–
Lease liabilities		5,483	3,592
Convertible bonds		–	–
Tax payables		107	110
		17,626	11,463
Net current assets		22,197	28,454
Total assets less current liabilities		56,285	56,444
Non-current liabilities			
Lease liabilities		2,910	3,763
Provision for reinstatement costs		400	400
		3,310	4,163
Net assets		52,975	52,281
Capital and reserves			
Share capital	14	33,321	29,743
Reserves		19,654	22,538
Total equity		52,975	52,281

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Contribution reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Convertible bonds — equity component reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2022	7,891	86,879	4,836	(89)	5,794	(2,609)	11,657	(110,081)	4,278
Total comprehensive income/(expense) for the year	-	-	-	-	-	3,561	-	(14,464)	(10,903)
Loan capitalisation shares	5,140	8,224	-	-	-	-	-	-	13,364
Issue of ordinary shares upon conversion of convertible bonds	11,852	33,217	-	-	-	-	(11,657)	-	33,412
Share placing	4,860	7,775	-	-	-	-	-	-	12,635
Issuance cost of share placing	-	(505)	-	-	-	-	-	-	(505)
As at 31 March 2023 and 1 April 2023	29,743	135,590	4,836	(89)	5,794	952	-	(124,545)	52,281
Total comprehensive income/(expense) for the year	-	-	-	-	-	2,326	-	(9,443)	(7,117)
Share placing	3,578	4,293	-	-	-	-	-	-	7,871
Issuance cost of share placing	-	(60)	-	-	-	-	-	-	(60)
Lapse of share options	-	-	-	-	(5,794)	-	-	5,794	-
As at 31 March 2024	<u>33,321</u>	<u>139,823</u>	<u>4,836</u>	<u>(89)</u>	<u>-</u>	<u>3,278</u>	<u>-</u>	<u>(128,194)</u>	<u>52,975</u>

NOTES

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 (formerly known as "**Growth Enterprise Market**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 October 2013.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are engaged in the manufacturing and trading of electronic products and accessories, provision of food catering services and trading of timepieces. 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. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which also include Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirement of the Hong Kong Companies Ordinance ("**CO**") and the applicable disclosure provisions of The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**").

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. ADOPTION OF NEW HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, 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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements. In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
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	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

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

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Recognition at a point in time:		
— Sale of electronic products and accessories	35,203	26,487
— Revenue from restaurant operations	30,275	28,798
	<u>65,478</u>	<u>55,285</u>
Revenue from contracts with customers	<u>65,478</u>	<u>55,285</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 *Operating Segments* 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 during both years.

Segment result represents the profit (loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, unallocated reversal of impairment loss under ECL model recognised in respect of financial assets at amortised cost, share of result of an associate, certain finance costs and taxation. 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 revenue and results from continuing separations by reportable and operating segments:

For the year ended 31 March 2024

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>4,159</u>	<u>31,044</u>	<u>30,275</u>	<u>65,478</u>
Segment results	<u>1,311</u>	<u>(4,484)</u>	<u>(5,110)</u>	(8,283)
Unallocated other income and other gains or loss, net				(1,930)
Unallocated administrative expenses				(2,134)
Unallocated finance costs				(27)
Unallocated reversal of impairment loss under ECL model, net				41
Share of result of an associate				<u>2,975</u>
Loss before taxation				<u>(9,358)</u>

For the year ended 31 March 2023

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	<u>2,138</u>	<u>24,349</u>	<u>28,798</u>	<u>–</u>	<u>55,285</u>
Segment results	<u>964</u>	<u>(5,127)</u>	<u>(6,495)</u>	<u>14</u>	(10,644)
Unallocated other income and other gains or loss, net					(2,073)
Unallocated administrative expenses					(3,205)
Unallocated finance costs					(2,609)
Unallocated impairment loss under ECL model, net					(29)
Share of result of an associate					<u>3,592</u>
Loss before taxation					<u>(14,968)</u>

Segment assets and liabilities

As at 31 March 2024

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	231	12,485	9,457	12,480	34,653
Unallocated corporate assets					<u>39,258</u>
Consolidated assets					<u><u>73,911</u></u>
Segment liabilities	141	10,157	7,333	–	17,631
Unallocated corporate liabilities					<u>3,305</u>
Consolidated liabilities					<u><u>20,936</u></u>

As at 31 March 2023

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	290	15,555	8,040	8,510	32,395
Unallocated corporate assets					<u>35,512</u>
Consolidated assets					<u><u>67,907</u></u>
Segment liabilities	104	11,316	3,202	–	14,622
Unallocated corporate liabilities					<u>1,004</u>
Consolidated liabilities					<u><u>15,626</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, interest in an associate, certain deposits, prepayments and other receivables, 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, amount due to a director, tax payables, certain other borrowings, certain lease liabilities, and certain accruals and other payables).

Other segment information

For the year ended 31 March 2024

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results						
Capital expenditure	–	8	7,044	–	12	7,064
Depreciation of property, plant and equipment	12	42	154	–	–	208
Depreciation of right-for-use assets	–	–	2,374	–	–	2,374
Impairment of right-of-use assets	–	–	1,180	–	–	1,180
Amortisation of intangible assets	–	–	88	88	–	176
(Reversal of) impairment loss under ECL model, net	–	46	(25)	–	(41)	(20)
Write-down of inventories	–	66	–	–	–	66
	<u>–</u>	<u>114</u>	<u>7,281</u>	<u>88</u>	<u>(29)</u>	<u>7,454</u>

For the year ended 31 March 2023

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results						
Capital expenditure	-	150	167	880	17	1,214
Depreciation of property, plant and equipment	9	33	2,620	-	-	2,662
Depreciation of right-for-use assets	-	-	2,073	-	56	2,129
Impairment of property, plant and equipment	-	-	1,892	-	-	1,892
Impairment of right-of-use assets	-	-	523	-	-	523
Amortisation of intangible assets	-	-	52	51	-	103
(Reversal of) impairment loss under ECL model, net	-	(57)	18	(54)	29	(64)
Write-down of inventories	-	754	-	-	-	754

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

For the year ended 31 March 2024

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	18	1	-	-	-	19
Finance costs	-	300	249	-	27	576

For the year ended 31 March 2023

	Trading of electronic products <i>HK\$'000</i>	Manufacturing and trading of electronic products and accessories <i>HK\$'000</i>	Provision of food catering services <i>HK\$'000</i>	Trading of timepieces <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	8	1	-	-	-	9
Finance costs	38	439	611	-	2,609	3,697

Revenue from major products and services

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Buzzer	4,000	2,740
Control board	5,465	5,866
Fire alarm	3,033	3,766
Fishing indicator	16,654	8,643
LED lamp assembly	1,182	929
Printed circuit board (PCB)	21	42
Printed circuit board assembly (PCBA)	90	1,034
Switch	19	1,089
Timer	–	155
Others	580	85
	<hr/>	<hr/>
Manufacturing and trading of electronic products and accessories	31,044	24,349
Trading of electronic products	4,159	2,138
Revenue from restaurant operation	30,275	28,798
	<hr/>	<hr/>
	65,478	55,285

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 five customer-based geographical segments. Segment revenue from external customers by the location of customer is as follows:

	Revenue from external customers	
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	33,897	30,511
Asian countries, other than Hong Kong (<i>Note a</i>)	119	1,158
European countries (<i>Note b</i>)	22,356	14,437
North and South American countries (<i>Note c</i>)	7,245	7,610
Australia	1,684	1,468
Others	177	101
	<hr/>	<hr/>
	65,478	55,285

Notes:

- (a) Asian countries include the India, Korea, Malaysia, Singapore, Taiwan and Thailand.
- (b) European countries include Belgium, Bulgaria, Denmark, Finland, Germany, Ireland, Italy, Poland, Portugal, Russia, Spain, 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:

	Non-current assets	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong	4,214	1,044
PRC	150	203
	4,364	1,247

Note: Non-current assets excluded interest in an associate and deferred tax assets.

Information about major customers

For the year ended 31 March 2024, the Group's customer base includes two customers relate to manufacturing and trading of electronic products and accessories operating segment (2023: two customers relate to manufacturing and trading of electronic products and accessories operating segment) 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 2024 and 2023.

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

	Revenue from external customers	
	2024	2023
	HK\$'000	HK\$'000
Customer A ¹	16,654	8,643
Customer B ¹	5,729	6,012

¹ Revenue from electronic products

6. OTHER INCOME AND OTHER GAINS OR LOSS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Bank interest income	19	9
Interest income on dividends receivable	348	348
Government subsidies (<i>Note</i>)	–	1,994
Services charges	184	162
Sundry income	189	414
	<u>740</u>	<u>2,927</u>
Other gains and losses		
Net foreign exchange loss	(3,199)	(3,895)
Change in fair value of derivative financial asset component of convertible bonds	–	(49)
	<u>(3,199)</u>	<u>(3,944)</u>
	<u>(2,459)</u>	<u>(1,017)</u>

Note: During the year ended 31 March 2023, the Group recognised government subsidies of approximately HK\$1,994,000 (2024: nil). It mainly consists of (i) Covid-19 related subsidies, of which approximately HK\$1,018,000 (2024: nil) related to Employment Support Scheme, (ii) approximately HK\$900,000 (2024: nil) related to Food Licence Holders Subsidy Scheme, and (iii) training allowance approximately HK\$12,000 (2024: nil) provided by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on:		
— Bank and other borrowings	51	413
— Lease liabilities	525	675
— Convertible bonds	–	2,609
	<u>576</u>	<u>3,697</u>

8. LOSS BEFORE TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before taxation is arrive after charging:		
Staff costs including directors' remuneration	23,738	22,570
Contribution to retirement schemes	<u>1,308</u>	<u>1,385</u>
Total staff costs (<i>Note (a)</i>)	<u><u>25,046</u></u>	<u><u>23,955</u></u>
Depreciation of property, plant and equipment	208	2,662
Depreciation of right-of-use assets	2,374	2,129
Amortisation of intangible assets	176	103
Auditors' remuneration		
— Audit services	600	600
Cost of inventories sold	29,469	21,996
Provision for obsolete and slow-moving inventories (<i>Note (b)</i>)	66	754
Expenses relating to short-term leases	<u>501</u>	<u>667</u>

Notes:

(a) There are approximately HK\$14,626,000 (2023: HK\$12,835,000) related to cost of sales.

(b) The amount is included in cost of sales.

9. TAXATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
— Hong Kong	14	110
Under (over) provision in prior years	77	(77)
Deferred taxation	<u>(6)</u>	<u>(537)</u>
	<u><u>85</u></u>	<u><u>(504)</u></u>

The Company, which was incorporated in the Cayman Islands, together with those group entities incorporated in the BVI, have no assessable profits for both years.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%).

10. DIVIDENDS

The board of directors did not recommend the payment of any dividend for both years.

11. LOSS PER SHARE

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Basic loss per share		
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>(9,443)</u>	<u>(14,464)</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>648,777,459</u>	<u>404,771,816</u>

For the years ended 31 March 2024 and 2023, the weighted average number of ordinary shares for the purpose of calculating basic loss per share have been adjusted for the effect of share placing on 28 June 2022 and 29 June 2023, loan capitalisation of shares on 28 June 2022 and conversion of convertible bonds on 3 November 2022.

For both years, the computation of diluted loss per share did not assume the exercise of the Company's share options, since the exercise price of those share options were higher than the average market price of the shares.

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	4,593	624
Less: impairment allowance for ECL	<u>(47)</u>	<u>(9)</u>
	<u><u>4,546</u></u>	<u><u>615</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	4,546	322
31 to 60 days	<u>–</u>	<u>293</u>
	<u><u>4,546</u></u>	<u><u>615</u></u>

The average credit period on sales of goods ranges from 0 to 90 days.

13. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	3,031	1,200
31 to 60 days	1,325	213
61 to 90 days	448	142
91 to 180 days	216	58
Over 180 days	<u>32</u>	<u>131</u>
	<u><u>5,052</u></u>	<u><u>1,744</u></u>

14. SHARE CAPITAL

	Par value HK\$	Number of shares '000	Nominal value HK\$'000
Issued and fully paid:			
As at 1 April 2022	0.05	157,823	7,891
Issue of share capital under placing (<i>Note (a)</i>)	0.05	97,188	4,860
Capitalisation of loan (<i>Note (b)</i>)	0.05	102,804	5,140
Conversion of convertible bonds (<i>Note (c)</i>)	0.05	237,045	11,852
As at 31 March 2023 and 1 April 2023	0.05	594,860	29,743
Issue of share capital under placing (<i>Note (d)</i>)	0.05	71,563	3,578
As at 31 March 2024	0.05	666,423	33,321

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regarding the Company's residual assets.

Notes:

- (a) On 28 June 2022, the Company placed 97,188,000 new shares at the placing price of HK\$0.13 per placing share to not less than six placees.
- (b) On 28 June 2022, the Company completed a loan capitalisation and issued 102,804,000 loan capitalisation shares at HK\$0.13 each.
- (c) On 3 November 2022, the holders of convertible bonds 1, 2, 3 and 4 exercised the conversion right and the convertible bonds were converted into 20,148,867, 55,949,150, 68,279,482, 10,759,452, 16,497,826, 34,394,381, 27,070,781 and 3,945,132 ordinary shares of the Company of HK\$0.05 each, respectively. The conversion shares rank pari passu in all respects with shares of the Company.
- (d) On 29 June 2023, the Company placed 71,563,010 new shares at the placing price of HK\$0.11 per placing share to a subscriber. Immediately after the completion of share placing, the subscriber holds more than 10% shareholding of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Revenue for the year ended 31 March 2024 was approximately HK\$65.48 million, representing an increase of approximately 18.44% when compared with last year. Loss attributable to owners of the Company for the year ended 31 March 2024, was approximately HK\$9.44 million whilst the loss attributable to owners of the Company last year was approximately HK\$14.46 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, Finland, Germany, Ireland, Italy, Poland, Russia, Spain 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 and Accessories

Revenue from this segment during the year ended 31 March 2024 was approximately HK\$35.20 million, representing an increase of approximately 32.91% 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 buzzer.

Food Catering Services

During the year ended 31 March 2024, the Company has been developing and 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, fermented Bean Curd Biscuit, mooncakes and abalone dishes.

Revenue from this segment during the year ended 31 March 2024 was approximately HK\$30.28 million, representing a increase of approximately 5.13% when compared with last year. Such increase was mainly due to the general market condition of Hong Kong catering industry from the slightly improvement of the COVID-19 outbreak.

FINANCIAL REVIEW

The Group recorded a loss of approximately HK\$9.44 million for the financial year ended 31 March 2024 as compared with the loss of approximately HK\$14.46 million for the financial year ended 31 March 2023. The decrease in the loss is mainly due to decrease of finance costs, and the impairment on property, plant and equipment.

The Group's revenue for the year ended 31 March 2024 was approximately HK\$65.48 million (approximately HK\$55.29 million for last year), representing an increase of approximately 18.44% when compared with last year. Such increase was mainly due to the increase in the revenue from trading of electronic products, manufacturing and trading of electronic products by 32.91% when compared with last year respectively.

Moreover, the revenue attributable to the top five customers for the year ended 31 March 2024 was approximately HK\$29.41 million, which increased from approximately HK\$21.01 million for the year ended 31 March 2023, representing an increase of approximately 39.93%.

Throughout the year ended 31 March 2024, some factory fixed costs and indirect costs, such as 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 slightly decreased from approximately 24.03% for the year ended 31 March 2023 to approximately 23.35% for the year ended 31 March 2024 primarily due to the decrease in sales of the higher margin products of the Group's electronic business, namely switch.

Selling and distribution expenses for the year ended 31 March 2024 amounted to approximately HK\$1.43 million (approximately HK\$1.61 million for the year ended 31 March 2023), representing a decrease of approximately 11.30%. Such decrease was mainly due to the decrease in commission paid to approximately HK\$0.42 million for the year ended 31 March 2024 (approximately HK\$0.68 million for the year ended 31 March 2023) respectively.

Administrative and other expenses for the year ended 31 March 2024 amounted to approximately HK\$22.00 million (approximately HK\$23.17 million for the year ended 31 March 2023), representing a decrease of approximately 5.06%. Such decrease was mainly due to the decrease in professional fee to approximately HK\$1.24 million (2023: professional fee of approximately HK\$2.83 million) for the year ended 31 March 2024.

Loss attributable to the owners of the Company amounted to approximately HK\$9.44 million for the year ended 31 March 2024 (approximately HK\$14.46 million for the year ended 31 March 2023). Basic and diluted loss per share attributable to owners of the Company was also approximately HK1.46 cents for the year ended 31 March 2024 (basic and diluted loss per share was approximately HK3.57 cents for the year ended 31 March 2023).

To turnaround the loss for the financial year ended 31 March 2024, 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 two to three light security system controller, power management board, illuminated bobbin and related products to the market in 2024 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 2024.

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 2024.

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 2024, the Group had net current assets of approximately HK\$22.20 million (2023: approximately HK\$28.45 million) including cash and cash equivalents of approximately HK\$3.86 million (2023: approximately HK\$2.96 million) and no pledged time deposits (2023: approximately HK\$2.01 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 2024 was 2.26 (2023: 3.48).

Save as disclosed below, there has been no material change in the capital structure of the Group during the year ended 31 March 2024. The capital of the Group mainly comprises ordinary shares and capital reserves.

Please refer to Note 14 to the consolidated financial statements for details of changes of capital structure of the Company during the year ended 31 March 2024 and up to the date of this announcement, respectively.

Significant Investment

The Group did not have any significant investment as at 31 March 2024 (2023: Nil).

Dividend

The Board does not recommend the payment of final dividend for the year ended 31 March 2024 (2023: Nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2024 (2023: Nil).

Charges over assets

The Group had no pledged any time deposits as at 31 March 2024 (2023: HK\$2.01 million time deposits on DBS Bank (Hong Kong) Limited).

Event after the reporting period

There was no significant events occurring after the reporting period.

Capital commitment

The Group did not have any significant capital commitments as at 31 March 2024 (2023: Nil).

Foreign Currency Exposure

As at 31 March 2024, the Directors considered the Group's foreign exchange risk to be insignificant. During the year ended 31 March 2024, the Group did not use any financial instruments for hedging purposes.

Employees and Emolument Policy

As at 31 March 2024, the Group employed a total of 126 employees (2023: 134 employees) based in Hong Kong and the PRC. Total staff costs, including Directors' emoluments, amounted to approximately HK\$25.05 million for the year ended 31 March 2024 (2023: HK\$23.96 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.

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 year ended 31 March 2024.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**") as its own code governing securities transactions of the Directors. The Company has confirmed, having made specific enquiry of the Directors, all the Directors have complied with the standard set out in the Model Code throughout the year ended 31 March 2024.

CODE ON 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 C1 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 2024.

AUDIT COMMITTEE

The Company established an audit committee (“**Audit Committee**”) with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and relevant code provisions under the Code. The Audit Committee currently consists of three independent non-executive Directors namely Mr. Leung Yu Tung, Stanley, Mr. Lam Kwok Leung, Roy and Mr. Lam Wing Biu, Thomas. Mr. Leung Yu Tung, Stanley is the chairman of the Audit Committee. No member of the Audit Committee is a member of the former or existing auditor of the Company. The Audit Committee has reviewed the audited final results of the Company for the year ended 31 March 2024. The Audit Committee is of the opinion that the financial statements of the Company and the Group for the year ended 31 March 2024 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 24 June 2024

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. Lam Kwok Leung, Roy and Mr. Lam Wing Biu, Thomas.

This announcement, for which the Directors 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, 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.