



# Echo International Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

**Stock Code : 8218**

INTERIM REPORT

# 2021



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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\$40.26 million for the six months ended 30 September 2021, representing an increase of approximately 58.82% over the same period of the previous year.
- Recorded an unaudited profit attributable to the owners of the Company of approximately HK\$0.26 million for the six months ended 30 September 2021 (2020: unaudited loss attributable to the owners of the Company of approximately HK\$4.93 million).
- Basic and diluted earnings per share for the six months ended 30 September 2021 were approximately HK0.20 cents (2020: basic and diluted loss per share approximately HK9.66 cents).
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021 (2020: Nil).

## UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 September 2021 (the "Period") and the comparative unaudited figures for the corresponding periods in 2020, as follows:

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

For the three months and six months ended 30 September 2021

	Notes	Unaudited three months ended 30 September		Unaudited six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	3	22,191	13,009	40,263	25,352
Cost of sales		(15,475)	(10,945)	(31,654)	(19,362)
Gross profit		6,716	2,064	8,609	5,990
Other gains or loss	4	(126)	1,307	2,374	2,431
Selling and distribution expenses		(635)	(286)	(1,163)	(541)
Administrative and other expenses		(5,671)	(5,298)	(12,221)	(9,840)
Change in fair value of derivative financial assets component of convertible bonds		202	(2,176)	202	(2,176)
(Allowance for)/reversal of allowance for expected credit loss recognised in respect of financial assets at amortised cost, net		12	(2)	(19)	18
Finance costs		(873)	(1,513)	(1,596)	(2,224)
Share of result of associates		1,847	1,091	4,067	1,281
Profit/(Loss) before taxation	5	1,472	(4,813)	253	(5,061)
Taxation	6	(2)	135	3	132
Profit/(Loss) for the period		1,470	(4,678)	256	(4,929)
Other comprehensive income/ (loss) for the period, net of tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations		3,049	824	21	674
Total comprehensive income/ (loss) for the period		4,519	(3,854)	277	(4,255)
Profit/(Loss) for the period attributable to owners of the Company		1,470	(4,678)	256	(4,929)
Total comprehensive income/ (loss) for the period attributable to owners of the Company		4,519	(3,854)	277	(4,255)
Earnings/(Loss) per share					
— Basic and diluted (HK cents)	8	1.26 cents	(9.64) cents	0.20 cents	(9.66) cents

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	12,398	14,465
Right-of-use assets		6,677	6,025
Interests in associates		23,915	19,848
Deferred tax asset		7	4
		<u>42,997</u>	<u>40,342</u>
<b>Current assets</b>			
Inventories		17,000	11,799
Trade receivables	10	5,496	3,714
Deposits, prepayments and other receivables		10,997	11,859
Financial assets at fair value through profit or loss		762	561
Tax receivable		253	–
Pledged time deposits		2,095	2,094
Cash and bank balances		2,750	3,553
		<u>39,353</u>	<u>33,580</u>
<b>Current liabilities</b>			
Trade payables	11	4,504	3,059
Accruals and other payables		1,508	19,530
Amount due to a related company		29	29
Lease liabilities		5,141	4,018
Contract liabilities		1,140	858
Tax payable		–	316
Bank and other borrowings		4,479	157
		<u>16,801</u>	<u>27,967</u>
<b>Net current assets</b>		<u>22,552</u>	<u>5,613</u>
<b>Total assets less current liabilities</b>		<u>65,549</u>	<u>45,955</u>

		<b>Unaudited 30 September 2021</b>	Audited 31 March 2021
	Notes	<b>HK\$'000</b>	HK\$'000
<b>Non-current liabilities</b>			
Bank borrowing		<b>14</b>	5,614
Lease liabilities		<b>10,520</b>	11,474
Convertible bonds		<b>27,848</b>	27,848
Deferred tax liabilities		<b>858</b>	858
		<u><b>39,240</b></u>	<u>45,794</u>
<b>Net assets</b>		<u><b>26,309</b></u>	<u>161</u>
<b>Capital and reserves</b>			
Share capital	12	<b>7,891</b>	3,491
Reserves		<b>14,036</b>	(3,330)
		<u><b>26,309</b></u>	<u>161</u>
<b>Total equity</b>		<u><b>26,309</b></u>	<u>161</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 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 income/(loss) for the period	-	-	-	-	-	21	-	256	277
Share placing	4,400	21,471	-	-	-	-	-	-	25,871
At 30 September 2021, unaudited	<u>7,891</u>	<u>86,879</u>	<u>4,836</u>	<u>(89)</u>	<u>5,794</u>	<u>(2,686)</u>	<u>11,657</u>	<u>(87,973)</u>	<u>26,309</u>

For the six months ended 30 September 2020 (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 2020, audited	2,550	59,326	4,836	(89)	5,794	(3,115)	11,490	(61,549)	19,243
Total comprehensive income/(loss) for the period	-	-	-	-	-	674	-	(4,929)	(4,255)
Issuance of convertible bonds	-	-	-	-	-	-	1,477	-	1,477
Issuance cost on convertible bonds	-	-	-	-	-	-	(40)	-	(40)
Deferred tax liability arising from issue of convertible bonds	-	-	-	-	-	-	(229)	-	(229)
At 30 September 2020, unaudited	<u>2,550</u>	<u>59,326</u>	<u>4,836</u>	<u>(89)</u>	<u>5,794</u>	<u>(2,441)</u>	<u>12,698</u>	<u>(66,478)</u>	<u>16,196</u>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Unaudited six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Net cash used in operating activities	(3,226)	(3,423)
Net cash generated from/(used in) investing activities	473	(45)
Net cash generated from/(used in) financing activities	2,081	(964)
	<u>          </u>	<u>          </u>
Net decrease in cash and cash equivalents	(672)	(4,432)
Effect of foreign currency exchange rate changes	(131)	3,339
Cash and cash equivalents at beginning of period, audited	3,553	6,456
	<u>          </u>	<u>          </u>
Cash and cash equivalents at end of period, unaudited	2,750	5,363
	<u>          </u>	<u>          </u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	2,750	5,363
	<u>          </u>	<u>          </u>
	2,750	5,363
	<u>          </u>	<u>          </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 GEM of the Stock Exchange since 11 October 2013.

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is 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 engaged in 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 interim financial statements have been prepared in accordance with the Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in Chapter 18 of the Rule Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited.

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 2021 except in relation to the new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements. The unaudited condensed consolidated interim results have not been reviewed by the Company's auditors, but have been reviewed by the Company's audit committee.

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

### 3 SEGMENT INFORMATION

Information reported internally to the Directors of the Group (chief operating decision maker) for the purpose of resource allocation and assessment of segment performance focuses on the 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 six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Sales of electronic products	25,003	20,267
Revenue from restaurant operations	15,260	5,085
	<u>40,263</u>	<u>25,352</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 represent revenue generated from external customers. There were no inter-segment sales for both period.

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

### Segment revenues and results

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

#### For the six months ended 30 September 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	<u>959</u>	<u>24,044</u>	<u>15,260</u>	<u>40,263</u>
Segment results	<u>376</u>	<u>3,691</u>	<u>(2,544)</u>	<u>1,523</u>
Unallocated other revenue and gains				499
Unallocated selling and distribution expenses				(418)
Unallocated administrative and other expenses				(4,411)
Unallocated Finance costs				<u>(1,190)</u>
Loss from operations				(3,997)
Allowance for expected credit loss recognised in respect of financial assets at amortised cost, net				(19)
Change in fair value of derivative financial assets component of convertible bonds				202
Share of result of associates				<u>4,067</u>
Profit before taxation				253
Taxation				<u>3</u>
Profit for the period				<u><u>256</u></u>

For the six months ended 30 September 2020 (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>790</u>	<u>19,477</u>	<u>5,085</u>	<u>25,352</u>
Segment results	<u>256</u>	<u>693</u>	<u>444</u>	1,393
Unallocated other revenue and gains				904
Unallocated selling and distribution expenses				(248)
Unallocated administrative and other expenses				(4,200)
Unallocated finance costs				<u>(2,033)</u>
Loss from operations				(4,184)
Reversal of allowance for expected credit loss recognised in respect of financial assets at amortised cost, net				18
Change in fair value of derivative financial assets component of convertible bonds				(2,176)
Share of result of associates				<u>1,281</u>
Loss before taxation				(5,061)
Taxation				<u>132</u>
Loss for the period				<u>(4,929)</u>

## Geographical information

	Revenue from external customers Unaudited six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong	16,024	6,103
Asian countries/regions, other than Hong Kong (Note 1)	555	917
European countries (Note 2)	17,972	13,752
North and South American countries (Note 3)	4,076	3,459
Others	1,636	1,121
	<u>40,263</u>	<u>25,352</u>

### Notes:

1. Asian countries/regions include the People's Republic of China, Korea, Malaysia, Singapore and Taiwan.
2. European countries include Belgium, Bulgaria, Denmark, Finland, Germany, Italy, Poland, Russia, Slovakia, Spain, Sweden, Switzerland and the United Kingdom.
3. North and South American countries include 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 detailed below:

	Unaudited 30 September 2021 HK\$'000	Audited 31 March 2021 HK\$'000
Hong Kong	18,987	20,490
People's Republic of China ("PRC")	88	–
	<u>19,075</u>	<u>20,490</u>

## 4 OTHER GAINS OR LOSS

	Unaudited six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Bank interest income	1	10
Interest income on dividends income	177	174
Rent concession income	–	395
Sundry income	2,196	1,852
	<u>2,374</u>	<u>2,431</u>

## 5 PROFIT/(LOSS) BEFORE TAXATION

	Unaudited six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Profit/(Loss) before taxation is arrived after charging:		
<b>Finance costs</b>		
Interest on:		
Bank and other borrowings	123	5
Bank overdrafts wholly repayable within five years	1	1
Interest expense on lease liabilities	312	197
Convertible bonds wholly repayable within five years	1,160	2,021
	<u>1,596</u>	<u>2,224</u>
<b>Other items</b>		
Depreciation of property, plant and equipments	19	17
Depreciation of right-of-use assets	56	56
Costs of inventories sold	31,620	19,226
	<u>31,695</u>	<u>19,309</u>

## 6 TAXATION

	Unaudited	
	six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
— Hong Kong	—	—
— PRC	—	—
Deferred taxation	3	132
	<u>3</u>	<u>132</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 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, starting from the year ended 31 March 2019, the Hong Kong profits tax 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.

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 six months ended 30 September 2021 and 2020.

## 7 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2021 (2020: Nil).

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

The calculation of basic earnings per share is based on the 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.

	Notes	Unaudited six months ended 30 September	
		2021 HK\$'000	2020 HK\$'000
Profit/(Loss) for the period attributable to owners of the Company		<u>256</u>	<u>(4,929)</u>
		Unaudited six months ended 30 September	
		2021 No. of shares	2020 No. of shares (Restated)
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the period	(a), (b), (c)	<u>130,413,003</u>	<u>51,000,000</u>

Notes:

- (a) The diluted earnings and loss per share is the same as the basic earnings and loss per share for the six months ended 30 September 2021 and 2020, respectively, because the Company's share options outstanding 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 per share for the six months ended 30 September 2021 have been adjusted for the effect of the completion of 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 paragraph headed "Placing of 88,000,000 New Shares under Specific Mandate" in this report.
- (c) The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the six months ended 30 September 2020 have been adjusted for the effect of the consolidation of every twenty (20) issued and unissued ordinary shares of HK\$0.0025 each in the share capital of the Company into one (1) consolidated share of HK\$0.050 each in the share capital of the Company effective on 3 August 2020 (the "**Share Consolidation**").

## 9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired material property, plant and equipment amounting to approximately HK\$0.49 million (six months ended 30 September 2020: Nil) and did not dispose of material property, plant and equipment (the corresponding period in 2020: Nil).

## 10 TRADE RECEIVABLES

Details of the ageing analysis are as follows:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
0 to 30 days	4,047	3,466
31 to 60 days	16	247
61 to 90 days	–	–
91 to 180 days	1,433	1
	<u>5,496</u>	<u>3,714</u>

The Company normally allows a credit period ranging from 0 to 90 days.

Trade receivables as at 30 September 2021 are denominated in HK\$ and USD.

## 11 TRADE PAYABLES

Details of the ageing analysis are as follows:

	<b>Unaudited 30 September 2021 HK\$'000</b>	Audited 31 March 2021 HK\$'000
Within 30 days	3,935	1,983
31 to 60 days	418	547
61 to 90 days	54	294
91 to 180 days	75	213
Over 180 days	22	22
	<u>4,504</u>	<u>3,059</u>

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

Trade payables as at 30 September 2021 are denominated in HK\$, USD and RMB.

## 12 SHARE CAPITAL

	Ordinary shares of HK\$0.050 each Unaudited six months ended 30 September 2021		Ordinary shares of HK\$0.050 each Audited year ended 31 March 2021	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
At beginning of the period/year	200,000	10,000	4,000,000	10,000
Share consolidation (Note 8(c))	–	–	(3,800,000)	–
At end of the period/year	<u>200,000</u>	<u>10,000</u>	<u>200,000</u>	<u>10,000</u>
Issued and fully paid:				
At beginning of the period/year	69,823	3,491	1,020,000	2,550
Share consolidation (Note 8(c))	–	–	(969,000)	–
Conversion of convertible bonds (Note)	–	–	18,823	941
Share placing (Note 8(b))	<u>88,000</u>	<u>4,400</u>	<u>–</u>	<u>–</u>
At end of the period/year	<u>157,823</u>	<u>7,891</u>	<u>69,823</u>	<u>3,491</u>

Note: On 28 January 2021, the Company received conversion notices from a total of nine (9) places in relation to the exercise of the conversion rights attaching to their respective convertible bonds. Subsequently, on 10 February 2021, 18,822,839 shares were issued and allotted to the places in accordance with the terms and conditions of the convertible bonds.

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 with regard to the Company's residual assets.

## 13 FINANCIAL INSTRUMENTS

### Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- (ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 March 2021 and 30 September 2021.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

## 14 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2021 and 31 March 2021.

## 15 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the interim consolidated financial statements, the Company had the following material transactions with related parties during the period:

### (a) Significant related party transactions

During the period, the Group entered into the following transactions with related parties:

	Unaudited six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Nature of related party transactions		
Rental paid to Mobile Computer Land Limited (Note)	174	167
Sales to Mobile Computer Land Limited (Note)	–	4
Sales to Moson International Limited (Note)	355	483
	<u>          </u>	<u>          </u>

Note: Its major shareholder is Mr. Lo Ding Kwong, who is the son of Ms. Cheng Yeuk Hung, a director of the Company.

### (b) Key management personnel compensation

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employees is as follows:

	Unaudited six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Salaries and allowances	1,535	1,336
Retirement scheme contributions	27	27
	<u>          </u>	<u>          </u>
	<u>1,562</u>	<u>1,363</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

Revenue for the six months ended 30 September 2021 (the “**Six-Month Period**”) was approximately HK\$40.26 million, representing an increase of approximately 58.82% when compared with the same period last year. Profit attributable to owners of the Company for the Six-Month Period was approximately HK\$0.26 million whilst for the same period last year, the loss attributable to owners of the Company was approximately HK\$4.93 million.

Given the slow pace of economic recovery along with the continued slackness in the United States and European markets, the sales of electronic products have become increasingly challenging. Notwithstanding the challenging market conditions encountered during the Six-Month Period under review, the Group continues to provide electronics products and the subcontracting services on PCB assemblies and manufacture of electronic products to customers in its principal markets, i.e. the United States and the European countries including Belgium, Bulgaria, Denmark, Finland, Germany, Italy, Poland, Russia, Slovakia, Spain, Switzerland and the United Kingdom.

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. 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 Six-Month Period was approximately HK\$25.00 million, representing an increase of approximately 23.37% when compared with the same period last year. Increase in sales of electronics products was mainly due to the increase in the revenue from manufacturing and trading of electronic products and accessories by approximately HK\$4.57 million as compared with the corresponding period in 2020. The increase in the revenue from manufacturing and trading of electronic products and accessories for the Six-Month Period was mainly due to the increase in sales of fishing indicator for the Six-Month Period by approximately HK\$4.25 million as compared with the corresponding period in 2020. Increase in fishing indicator were caused by the increase in volume sold in high end product.

### **Provision of Food Catering Services**

Revenue from this segment during the Six-Month Period was approximately HK\$15.26 million, representing an increase of approximately 200.10% from approximately HK\$5.09 million of the same period in 2020. Such increase was mainly due to (i) the gradual recovery of the Group's catering business and the general market condition of the Hong Kong catering industry from the impact of the COVID-19 outbreak; and (ii) the continuous effort and dedication of our Group to expand our catering business as evidenced by our new restaurant which commenced operation in 2021 as well as the development and operation of our e-commerce platform.

### **Financial review**

The Group's revenue for the six months ended 30 September 2021 was approximately HK\$40.26 million, representing an increase of approximately 58.82% from approximately HK\$25.35 million of the same period in 2020. Such increase was mainly due to the increase in revenue from restaurant operations by approximately HK\$10.18 million.

The overall gross profit margin of the Group decreased from approximately 23.63% for the six months ended 30 September 2020 to approximately 21.38% for the six months ended 30 September 2021. The decrease in the Group's gross profit margin for the six months ended 30 September 2021 was primarily due to the decrease in sales of higher margin dishes of the Group's food catering business, namely abalone and shark fin.

Selling and distribution expenses for the six months ended 30 September 2021 were approximately HK\$1.16 million (approximately HK\$0.54 million for the six months ended 30 September 2020), representing an increase of approximately 114.97%. Such increase was mainly due to the commission paid and freight charges amounting to approximately HK\$0.26 million and HK\$0.24 million, respectively, for the six months ended 30 September 2021 (approximately HK\$0.01 million and HK\$0.10 million, respectively, for the six months ended 30 September 2020).

Administrative and other expenses for the six months ended 30 September 2021 were approximately HK\$12.22 million (approximately HK\$9.84 million for the six months ended 30 September 2020), representing an increase of approximately 24.20%. Such increase was mainly due to the increase in insurance costs and professional fee amounting to approximately HK\$0.63 million and HK\$2.11 million, respectively, for the six months ended 30 September 2021 (approximately HK\$0.27 million and HK\$1.11 million, respectively, for the six months ended 30 September 2020).

Profit attributable to the owners of the Company amounted to approximately HK\$0.26 million for the six months ended 30 September 2021 (loss attributable to the owners of the Company amounted to approximately HK\$4.93 million for the six months ended 30 September 2020). Earnings per share attributable to owners of the Company was approximately HK0.20 cents for the six months ended 30 September 2021 (loss per share attributable to owners of the Company was approximately HK9.66 cents (as restated by the adjustment of the Share Consolidation) for the six months ended 30 September 2020)).

The cash and bank balances decreased from approximately HK\$3.55 million as at 31 March 2021 to HK\$2.75 million as at 30 September 2021 mainly due to the increase of trade receivables from HK\$3.71 million as at 31 March 2021 to HK\$5.50 million as at 30 September 2021.

## USE OF PROCEEDS

The Company received IPO net proceeds of approximately HK\$25.12 million (the “**IPO Proceeds**”).

The utilisation of the IPO Proceeds since 12 May 2017 (date of the latest revision of allocation of the unutilised IPO Proceeds) to 30 September 2021 is summarised as follows:

<b>Intended use</b>	<b>As at 12 May 2017 Revised allocation of the unutilised IPO Proceeds</b> HK\$ million (approximately)	<b>Utilised during the period from 13 May 2017 to 30 September 2021</b> HK\$ million (approximately)	<b>Unutilised amount as at 30 September 2021</b> HK\$ million (approximately)
Strengthening the Group's position in its established markets and expanding its customer base	2.49	1.35	1.14
Working capital and funding for other general corporate purposes	1.30	1.30	-
<b>Total</b>	<b>3.79</b>	<b>2.65</b>	<b>1.14</b>

It is expected that the unutilised IPO Proceeds will be utilised within 1 year after the date of this report.

## PLACING OF 88,000,000 NEW SHARES UNDER SPECIFIC MANDATE

On 21 January 2021, the Company entered into a placing agreement (the “**Placing Agreement**”) with Bluemount Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent conditionally agreed, on a best effort basis, to place, or procure the placing of, a maximum of 88,000,000 placing shares to certain placees which were expected to be not fewer than six (6) (the “**Placees**”) at the placing price of HK\$0.27 per placing share on the terms and conditions as set out in the Placing Agreement (the “**Placing**”).

Subsequently, on 9 April 2021, the placing agent and the Company entered into a supplemental agreement (the “**Supplemental Agreement**”) under which the placing price of the placing shares was revised from HK\$0.27 per placing share to HK\$0.30 per placing share. The aggregate nominal value of the placing shares was HK\$4,400,000. The market price of the placing shares was HK\$0.33 per share as quoted on the Stock Exchange on 9 April 2021, being the date of the Supplemental Agreement. The net issue price of the placing shares was approximately HK\$0.2901 per share.

Having taken into account of (i) the funding need of the Company; and (ii) the benefits of increasing the working capital and strengthening the financial position of the Group without increasing its financing costs and the possibility of lowering the net liabilities of the Group, the Directors consider that the Placing was in the interests of the Company and the Shareholders as a whole.

Completion of the Placing took place on 27 May 2021, the Placing Agent has successfully placed 88,000,000 placing shares at the placing price of HK\$0.30 per placing share to not less than six (6) Placees.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Placees and their respective ultimate beneficial owner(s), as applicable, are third parties independent of, and not connected or acting in concert with (as defined in The Codes on Takeovers and Mergers and Share Buy-backs) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the GEM Listing Rules).

The below table sets out the intended use of the net proceeds and utilisation of the net proceeds as at 30 September 2021:

<b>Intended use</b>	<b>Intended use of net proceeds</b> HK\$ million (approximately)	<b>Utilised during the period from 27 May 2021 to 30 September 2021</b> HK\$ million (approximately)	<b>Unutilised amount as at 30 September 2021</b> HK\$ million (approximately)
Expansion in food catering business	17.4	17.4	–
Working capital and funding for other general corporate purposes	8.1	6.1	2.0
<b>Total</b>	<b>25.5</b>	<b>23.5</b>	<b>2.0</b>

It is expected that the unutilised net proceeds will be utilised within 3 months after the date of this report.

## VERY SUBSTANTIAL ACQUISITION

On 20 April 2021, the Company, Ms. Zhou Qilin, Mr. Li Hok Yin, Mr. Pan Jiye and Mr. Yan Ka Him entered into a share purchase agreement dated 20 April 2021 in relation to the acquisition of certain interests in Bluemount Financial Group Limited, which was incorporated in Hong Kong and is principally engaged in investment holding (the “**Acquisition**”). As at the date of this report, as additional time is required to finalise certain information to be included in the circular of the Acquisition, the despatch date of the circular will be delayed to a date on or before 30 November 2021.

For further details, please refer to the announcements of the Company in relation to the Acquisition dated 20 April 2021, 29 July 2021 and 29 October 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 of the Company with an exercise price of HK\$0.15 which is equal to the placing price as defined in the prospectus of the Company.

As at 30 September 2021, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Directors	Outstanding as at 31 March 2021	Exercised	Lapsed	Cancelled	Outstanding as at 30 September 2021	Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
Mr. Lo Yan Yee	1,140,000	-	-	-	1,140,000	11 October 2016 – 11 October 2023	2.19%
Ms. Cheng Yeuk Hung	1,140,000	-	-	-	1,140,000	11 October 2016 – 11 October 2023	2.19%
	2,280,000				2,280,000		4.38%
Employees	1,720,000	-	-	-	1,720,000	11 October 2016 – 11 October 2023	3.31%
	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>		7.69%

### Share Option Scheme

During the six months ended 30 September 2021, no option was granted, exercised or lapsed under the Share Option Scheme.

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

As at 30 September 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

### (i) Long positions in the Shares

Name of Director	Company/ associated corporation	Capacity	Number of Shares	Approximate percentage of interest
Ms. Cheng Yeuk Hung	Company	Personal interest	4,878,000	3.09%
Mr. Lo Yan Yee	Company	Interest of spouse	4,878,000	3.09%

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	Options	1,140,000
	Interest of spouse	Options	<u>1,140,000</u>
			<u>2,280,000</u>
Ms. Cheng Yeuk Hung (executive Director)	Personal	Options	1,140,000
	Interest of spouse	Options	<u>1,140,000</u>
			<u>2,280,000</u>
Mr. Cheng Kwing Sang, Raymond (chief executive officer)	Personal	Options	1,120,000

Save as disclosed above, as at 30 September 2021, 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 the 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 30 September 2021, 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	Total	Percentage of the Company's issued share capital
Siu Yik Tung Jamie	Beneficial owner	14,621,948	6,263,559 (Note 1)	20,885,508	13.23%
Siu Wa Kei	Interest of a controlled corporation	1,297,800		1,297,800	
	Beneficial owner	13,123,468	1,478,773 (Note 1)	14,602,241	
		14,421,268		15,900,041	10.07%
Lam Sau Man	Beneficial owner	14,222,507		14,222,507	9.01%
Kwok Hang Yau Heilesen Henrick	Beneficial owner	14,220,000		14,220,000	9.01%
Lissington Limited		9,867,486	3,549,647 (Note 1)	13,417,133	8.50%
Zheng Zeli	Interest of a controlled corporation	9,867,486	3,549,647 (Notes 1 & 3)	13,417,133	8.50%
Yeung Tong Seng Terry	Beneficiary of a trust (other than discretionary interest)	5,060,000 (Note 2)	3,679,245 (Notes 1 & 2)		
	Beneficial owner	–	1,551,812 (Note 1)		
		5,060,000	5,231,057 (Note 1)	10,291,057	6.52%
Bluemount investment Fund SPC — Bluemount investment Fund SP	Trustee (other than a bare trustee)	5,060,000	3,679,245 (Note 1)	8,739,245 (Note 2)	5.54%

Notes:

1. These underlying Shares are Shares to be issued to a holder or holders of the convertible bonds issued by the Company.
2. These shares were held by Bluemount investment Fund SPC — Bluemount investment Fund SP as trustee of Mr. Yeung Tong Seng Terry.
3. The entire issued share capital of Lissington Limited is beneficially owned by Ms. Zheng Zeli.

Save as disclosed above, as at 30 September 2021, 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 six months ended 30 September 2021.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry to all Directors, the Company was not aware of any non-compliance with the required standards of dealings and its code of conduct regarding securities transactions by Directors during the six months ended 30 September 2021.

## **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 its shareholders. The Company has complied with the Code during the six months ended 30 September 2021.

## **DIRECTORS' INTERESTS IN CONTRACTS**

Other than as disclosed under the heading "Related Party Transactions" as set out in note 15 to the interim consolidated financial statements, no Director had a 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 six months ended 30 September 2021.

## COMPETING BUSINESS

For the six months ended 30 September 2021, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## 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 currently comprises three independent non-executive directors of the Company, namely Mr. Leung Yu Tung, Stanley, who is also the chairman, Mr. Chow Yun Cheung and Mr. Lam Kwok Leung, Roy. The unaudited condensed consolidated results of the Group for the six months ended 30 September 2021 have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 10 November 2021

*As at the date of this report, 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 report will be published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.echogroup.com.hk](http://www.echogroup.com.hk).*