



Echo International Holdings Group Limited

毅高（國際）控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8218)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2020**

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FINANCIAL HIGHLIGHTS

- Recorded an unaudited revenue of approximately HK\$37.09 million for the nine months ended 31 December 2020, representing a decrease of approximately 11.89% over the corresponding period of the previous year.
- Recorded an unaudited loss attributable to the owners of the Company of approximately HK\$9.21 million for the nine months ended 31 December 2020 (2019: HK\$17.43 million).
- Basic and diluted loss per share for the nine months ended 31 December 2020 were HK18.07 cents (2019: basic and diluted loss per share HK1.71 cents).
- The Board does not recommend the payment of third quarterly dividend for the nine months ended 31 December 2020 (2019: 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 2020 and the comparative unaudited figures for the corresponding period in 2019 as follows:

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

For the three and nine months ended 31 December 2020

		Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
		2020	2019	2020	2019
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3	11,740	14,767	37,092	42,097
Cost of sales		(9,385)	(13,405)	(28,747)	(35,325)
Gross profit		2,355	1,362	8,345	6,772
Other gains or loss	4	718	126	3,167	733
Selling and distribution expenses		(403)	(381)	(944)	(897)
Administrative and other expenses		(6,977)	(3,593)	(16,817)	(15,590)
Change in fair value of derivative financial assets component of convertible bonds		1	–	(2,175)	(5,132)
Finance costs		(647)	(760)	(2,871)	(3,571)
Share of results of associates		681	166	1,962	170
Loss before taxation	5	(4,272)	(3,080)	(9,333)	(17,515)
Taxation	6	(13)	4	119	88
Loss for the period		(4,285)	(3,076)	(9,214)	(17,427)
Other comprehensive loss for the period, net of tax, Items may be reclassified subsequently to profit or loss Exchange differences on translation of foreign operations		2,648	(1,281)	3,322	(1,272)
Total comprehensive loss for the period		(1,637)	(4,357)	(5,892)	(18,699)
Loss for the period attributable to owners of the Company		(4,285)	(3,076)	(9,214)	(17,427)
Total comprehensive loss for the period attributable to owners of the Company		(1,637)	(4,357)	(5,892)	(18,699)
Loss per share — Basic and diluted (<i>HK cents</i>)	8	(8.41) cents	(0.30) cents	(18.07) cents	(1.71) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020 (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds-equity component reserve HK\$'000	Accumulated losses HK\$'000	Total 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 loss for the period	-	-	-	-	-	3,322	-	(9,214)	(5,892)
Issuance of convertible bonds	-	-	-	-	-	-	2,819	-	2,819
Issuance cost on convertible bonds	-	-	-	-	-	-	(91)	-	(91)
Deferred tax liability arising from issue of convertible bonds	-	-	-	-	-	-	(435)	-	(435)
At 31 December 2020, unaudited	<u>2,550</u>	<u>59,326</u>	<u>4,836</u>	<u>(89)</u>	<u>5,794</u>	<u>207</u>	<u>13,783</u>	<u>(70,761)</u>	<u>(15,644)</u>

For the nine months ended 31 December 2019 (Unaudited)

	Share capital HK\$'000	Share premium HK\$'000	Contribution reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Convertible bonds-equity component reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019, audited	2,550	59,326	4,836	(89)	5,794	(2,469)	7,460	(36,450)	40,958
Total comprehensive loss for the period	-	-	-	-	-	(1,272)	-	(17,427)	(18,699)
Issuance of convertible bonds	-	-	-	-	-	-	4,489	-	4,489
Issuance cost on convertible bonds	-	-	-	-	-	-	(74)	-	(74)
Deferred tax liability arising from issue of convertible bonds	-	-	-	-	-	-	(385)	-	(385)
At 31 December 2019, unaudited	<u>2,550</u>	<u>59,326</u>	<u>4,836</u>	<u>(89)</u>	<u>5,794</u>	<u>(3,741)</u>	<u>11,490</u>	<u>(53,877)</u>	<u>26,289</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 2020 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 2020		Unaudited nine months ended 31 December 2020	
	HK\$'000	2019 HK\$'000	HK\$'000	2019 HK\$'000
Sales of electronic products	8,815	11,041	29,082	28,524
Revenue from restaurant operations	2,925	3,726	8,010	13,573
	<u>11,740</u>	<u>14,767</u>	<u>37,092</u>	<u>42,097</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.

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 2019 (Unaudited)

	Indent 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>1,941</u>	<u>26,583</u>	<u>13,573</u>	<u>42,097</u>
Segment results	<u>1,150</u>	<u>(3,974)</u>	<u>6,152</u>	3,328
Unallocated other revenue and gains				576
Unallocated selling and distribution expenses				(466)
Unallocated administrative and other expenses				<u>(18,151)</u>
Loss from operations				(14,713)
Finance costs				(2,972)
Share of results of associates				<u>170</u>
Loss before taxation				(17,515)
Taxation				<u>88</u>
Loss for the period				<u>(17,427)</u>

For the nine months ended 31 December 2020 (Unaudited)

	Indent 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>1,133</u>	<u>27,949</u>	<u>8,010</u>	<u>37,092</u>
Segment results	<u>350</u>	<u>(1,473)</u>	<u>476</u>	<u>(647)</u>
Unallocated other revenue and gains				1,154
Unallocated selling and distribution expenses				(389)
Unallocated administrative and other expenses				(6,613)
Unallocated finance costs				<u>(2,718)</u>
Loss from operations				(9,213)
Change in fair value of derivative financial assets component of convertible bonds				(2,175)
Reversal of expected credit loss recognised in respect of trade receivables and amount due from related company				93
Share of results of associates				<u>1,962</u>
Loss before taxation				(9,333)
Taxation				<u>119</u>
Loss for the period				<u>(9,214)</u>

Geographical information

	Revenue from external customers			
	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	3,106	4,092	9,209	14,670
Asian countries, other than Hong Kong (Note 1)	171	186	1,088	2,384
European countries (Note 2)	7,010	8,588	20,762	18,332
North and South American Countries (Note 3)	989	1,710	4,448	5,376
Others	<u>464</u>	<u>191</u>	<u>1,585</u>	<u>1,335</u>
	<u>11,740</u>	<u>14,767</u>	<u>37,092</u>	<u>42,097</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, Russia, Slovakia, Spain, Sweden, Switzerland and United Kingdom.
3. North and South American Countries include Argentina, Brasil, Canada and the United States.

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

	Unaudited As at 31 December 2020 HK\$'000	Audited As at 31 March 2020 HK\$'000
Hong Kong	1,580	1,683
PRC	143	–
	<u>1,723</u>	<u>1,683</u>

4 OTHER GAINS OR LOSS

	Unaudited three months ended 31 December 2020 HK\$'000	2019 HK\$'000	Unaudited nine months ended 31 December 2020 HK\$'000	2019 HK\$'000
Bank interest income	1	75	11	96
Interest income on dividends income	87	–	261	–
Rent concession income	215	–	610	–
Sundry income	340	80	2,192	614
Reversal for expected credit loss/ (impairment loss) recognised in respect of trade receivables	75	(29)	93	23
	<u>718</u>	<u>126</u>	<u>3,167</u>	<u>733</u>

5 LOSS BEFORE TAXATION

	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before taxation is arrived after charging/(crediting):				
Finance costs				
Interest on:				
Bank borrowing	4	—	9	—
Bank overdrafts wholly repayable within five years	—	—	1	1
Interest expense on lease liabilities	(37)	180	160	599
Obligation under finance leases	—	8	—	25
Convertible bonds wholly repayable within five years	680	572	2,701	2,946
	<u>647</u>	<u>760</u>	<u>2,871</u>	<u>3,571</u>
Other items				
Depreciation of property, plant and equipments	9	140	26	425
Depreciation of right-of-use assets	28	916	84	2,766
Costs of inventories sold	9,271	11,179	28,497	26,872
Loss on disposal of a subsidiary	—	—	—	635
(Reversal)/allowance for expected credit loss recognised in respect of amount due from a related company	—	(5)	—	288
	<u>—</u>	<u>(5)</u>	<u>—</u>	<u>288</u>

6 TAXATION

	Unaudited three months ended 31 December		Unaudited nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
— Hong Kong	—	—	—	—
— PRC	—	—	—	—
Deferred taxation	<u>(13)</u>	<u>4</u>	<u>119</u>	<u>88</u>
	<u>(13)</u>	<u>4</u>	<u>119</u>	<u>88</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the nine months ended 31 December 2020 and 2019.

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 2020 and 2019.

7 DIVIDENDS

The Board does not recommend the payment of dividend for the nine months ended 31 December 2020 (2019: Nil).

8 LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<i>Note</i>	Unaudited nine months ended 31 December	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the period attributable to owners of the Company		<u>(9,214)</u>	<u>(17,427)</u>
		Unaudited nine months ended 31 December	
		2020 <i>No. of shares</i>	2019 <i>No. of shares</i>
Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the period	(a), (b)	<u>51,000,000</u>	<u>1,020,000,000</u>

Notes:

- (a) The diluted loss per share is the same as the basic loss per share for the nine months ended 31 December 2020 and 2019 because the Company's share options outstanding during those periods were either anti-dilutive or have no potential dilutive effects.
- (b) On 30 July 2020, the Company held an extraordinary general meeting and an ordinary resolution was passed, approving 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 (the "Share Consolidation"). The Share Consolidation became effective on 3 August 2020.

9 EVENTS AFTER REPORTING PERIOD

(a) Major transaction in relation to tenancy agreement in respect of a factory

On 20 January 2021, Yi Gao Tech Electronics (Shenzhen) Co., Ltd, a wholly-owned subsidiary of the Group, as lessee, entered into a tenancy agreement with Jiang Cong, an independent third party, as lessor, in respect of the tenancy (“**PRC Tenancy Agreement**”) of a new premises for use as factory of the Lessee for manufacturing of electronic products. The transaction under the PRC Tenancy Agreement is conditional upon, among other things, shareholders’ approval at the extraordinary general meeting (“**EGM**”). For details, please refer to the announcement of the Company dated 20 January 2021.

(b) Major transactions in relation to tenancy agreement and renovation contract in respect of a new restaurant

On 17 December 2020, Yuk Cuisine (HongKong) Limited (“**Yuk Cuisine**”), a wholly-owned subsidiary of the Group, as lessee, entered into a tenancy agreement with Tang Lung Investment Properties Limited, an independent third party, as lessor, in respect of the tenancy of a new premises (“**HK Premises**”) for use as a restaurant (“**HK Tenancy Agreement**”). On 15 January 2021, Yuk Cuisine entered into a renovation contract with ECGO International Limited, an independent third party, as contractor, in respect of the renovation work to be performed on the HK Premises (“**Renovation Contract**”). The transaction under the HK Tenancy Agreement and Renovation Contract is subject to, among other things, shareholders’ approval at the EGM. For details, please refer to the announcement of the Company dated 21 January 2021.

(c) Placing of new shares under specific mandate

On 21 January 2021, the Company and Bluemount Securities Limited as placing agent (“**Placing Agent**”) entered into a placing agreement, pursuant to which the Placing Agent shall on a best effort to place, or procure the placing of, a maximum of 88,000,000 placing shares (“**Placing Shares**”) to not less than six placee(s) at the placing price of HK\$0.27 per Placing Share. The Placing Shares to be allotted and issued under the specific mandate is conditional upon, among other things, shareholders’ approval at the EGM. For details, please refer to the announcement of the Company dated 21 January 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Unaudited revenue for the nine months ended 31 December 2020 (the “**Nine-Month Period**”) was approximately HK\$37.09 million, representing a decrease of approximately 11.89% when compared with the corresponding period in 2019. Loss attributable to owners of the Company for the Nine-Month Period was approximately HK\$9.21 million whilst for the corresponding period in 2019, the loss attributable to owners of the Company was approximately HK\$17.43 million.

Notwithstanding the challenging market conditions prevailing during the Nine-Month Period, the Group continues to manufacture and provide electronics products and subcontracting services on PCB assemblies to customers in its principal markets, i.e. the U.S.A. and the European countries including Belgium, Bulgaria, Denmark, Finland, Germany, Italy, Poland, Russia, Slovakia, Spain, Sweden, 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\$29.08 million, representing an increase of approximately 1.96% when compared with the corresponding period in 2019. The increase in sales of electronic products was mainly due to the increase in the revenue from manufacturing and trading of electronic products and accessories by approximately HK\$1.37 million as compared with the corresponding period in 2019. The increase in the revenue from manufacturing and trading of electronic products and accessories for the Nine-Month Period was mainly due to the increase in sales of fishing indicator for the Nine-Month Period by approximately HK\$4.64 million as compared with the corresponding period in 2019. The increase in the sale of fishing indicator was a result of increase in volume sold.

Food Catering Services

Revenue from this segment during the Nine-Month Period was approximately HK\$8.01 million, representing a decrease of approximately 40.99% when compared with the corresponding period in 2019.

Financial Review

The Group's revenue for the Nine-Month Period was approximately HK\$37.09 million, representing a decrease of approximately 11.89% from approximately HK\$42.10 million of the corresponding period in 2019. Such decrease was mainly due to the decrease in revenue from restaurant operations by approximately HK\$5.01 million.

The overall gross profit margin of the Group increased from approximately 16.09% for the nine months ended 31 December 2019 to 22.50% for the nine months ended 31 December 2020. The increase in the Group's gross profit margin for the nine months ended 31 December 2020 was primarily due to the increase in sales of electronic products.

Selling and distribution expenses for the nine months ended 31 December 2020 were approximately HK\$0.94 million (approximately HK\$0.90 million for the nine months ended 31 December 2019), representing an increase of approximately 5.24%. Such increase was mainly due to the increase in advertising & promotion expenses to approximately HK\$0.03 million for the nine months ended 31 December 2020 (approximately HK\$0.02 million for the nine months ended 31 December 2019), and the increase in product design fee to approximately HK\$0.25 million for the nine months ended 31 December 2020 (Nil for the nine months ended 31 December 2019).

Administrative and other expenses for the nine months ended 31 December 2020 were approximately HK\$16.82 million (approximately HK\$15.60 million for the nine months ended 31 December 2019), representing an increase of approximately 7.87%. Such increase was mainly due to the increase in exchange difference expenses to approximately HK\$2.15 million recognised for the nine months ended 31 December 2020 (approximately HK\$1.36 million for the nine months ended 31 December 2019).

Loss attributable to the owners of the Company amounted to approximately HK\$9.21 million for the nine months ended 31 December 2020 (approximately HK\$17.43 million of loss attributable to owners of the Company for the nine months ended 31 December 2019). Loss per share attributable to owners of the Company was approximately HK18.07 cents for the nine months ended 31 December 2020 (a loss of approximately HK1.71 cents per share attributable to owners of the Company for the nine months ended 31 December 2019).

Share Consolidation

On 22 June 2020, the Board proposed (i) to implement the share consolidation on the basis that every twenty (20) existing shares of par value of HK\$0.0025 each in the share capital of the Company will be consolidated into one (1) consolidated share of par value of HK\$0.050 each (the "**Share Consolidation**"); and (ii) to change the board lot size for trading on the Stock Exchange from 4,000 existing shares to 12,000 consolidated shares conditional upon the Share Consolidation becoming effective. The aforesaid proposed Share Consolidation and change in board lot size were approved by the shareholders in the extraordinary general meeting held on 30 July 2020 and became effective on 3 August 2020.

Change in the use of proceeds

On 11 July 2019, the Company entered into a placing agreement with a placing agent in relation to placing of up to HK\$9,408,000 convertible bonds to independent investors under general mandate for fund raising purpose. The initial conversion price of the convertible bonds was HK\$0.049 represented a premium of about 2.08% to the closing price of HK\$0.048 on 11 July 2019. On 6 August 2019, the Company completed the placing of HK\$9,408,000 convertible bonds. The convertible bonds are convertible into 192,000,000 Shares based on the initial conversion price. The gross proceeds and net proceeds from the placing amounted to about HK\$9.41 million and HK\$9.18 million respectively. The net proceeds are intended to be used in investment in catering business and as working capital of the Group.

On 5 June 2020, the Board has resolved to re-allocate approximately HK\$5.74 million of the unutilised net proceeds from expansion of catering business to supplementing the general working capital after careful consideration of the global economic environment and detailed evaluation of the Group's operation.

For details of the change in the use of proceeds, please refer to the announcement issued by the Company dated 5 June 2020

OTHER FUND RAISING ACTIVITIES DURING THE NINE-MONTH PERIOD

(1) Issue of HK\$4,640,000 convertible bonds under general mandate

On 11 June 2020, the Company entered into a placing agreement with a placing agent in relation to placing of up to HK\$4,640,000 convertible bonds to independent investors under general mandate for fund raising purpose. The initial conversion price of the convertible bonds was HK\$0.0232 (adjusted to HK\$0.464 after the Share Consolidation) represented a premium of about 0.87% to the closing price of HK\$0.023 on 11 June 2020. On 7 July 2020, the Company completed the placing of HK\$4,640,000 convertible bonds. The convertible bonds are convertible into 200,000,000 shares (adjusted to 10,000,000 shares after the Share Consolidation) based on the initial conversion price. The gross proceeds and net proceeds from the placing amounted to about HK\$4.64 million and HK\$4.50 million respectively. The net proceeds are intended to be used in investment in catering business and as working capital of the Group and as at the date of this announcement, funds of about HK\$4.50 million have been utilised for such purposes.

(2) Issue of HK\$4,100,400 convertible bonds under general mandate

On 6 November 2020, the Company entered into a placing agreement with a placing agent in relation to placing of up to HK\$4,100,400 convertible bonds to independent investors under general mandate for fund raising purpose. The initial conversion price of the convertible bonds was HK\$0.402 represented a premium of about 14.86% to the closing price of HK\$0.350 on 6 November 2020. On 26 November 2020, the Company completed the placing of HK\$4,100,400 convertible bonds. The convertible bonds are convertible into 10,200,000 Shares based on the initial conversion price. The gross proceeds and net proceeds from the placing amounted to about HK\$4.10 million and HK\$3.93 million respectively. The net proceeds are intended to be used in investment in catering business and working capital of the Group and as at 31 December 2020, funds of about HK\$3.93 million have been utilized for such purpose.

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) 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 2020, details of the options granted under the Pre-IPO Share Option Scheme are as follows:

Directors	Outstanding as at 31 March 2020	Exercised	Lapsed	Cancelled	Outstanding as at 31 December 2020	Exercise period	Approximate percentage of issued capital of the Company upon exercise of all the options
Mr. Lo Yan Yee	22,800,000	–	–	–	1,140,000	11 October 2016– 11 October 2023	2.19%
Ms. Cheng Yeuk Hung	22,800,000	–	–	–	1,140,000	11 October 2016– 11 October 2023	2.19%
Employees	45,600,000	–	–	–	2,280,000	11 October 2016– 11 October 2023	4.38%
	34,400,000	–	–	–	1,720,000		3.31%
	80,000,000	–	–	–	4,000,000		7.69%

Share Option Scheme

As at the nine months period ended 31 December 2020, 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 2020, 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	9.56%
Mr. Lo Yan Yee	Company	Interest of spouse	4,878,000	9.56%

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

Save as disclosed above, as at 31 December 2020, 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 2020, 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
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	20.18%
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)	17.14%
Siu Yik Tung Jamie	Beneficial owner		9,929,509 (Note 1)	9,929,509	19.46%
Siu Wa Kei	Interest of a controlled corporation	1,297,800		1,297,800	
	Beneficial owner	677,200	2,225,042 (Note 1)	2,902,242	
		1,975,000		4,200,042	8.23%

Name	Capacity and nature of interest	Number of shares	Number of underlying shares	Total	Percentage of the Company's issued share capital
Lissington Limited		2,204,800	11,212,333 (Note 1)	13,417,133	26.31%
Yan Ka Him	Beneficial owner	200,000	2,506,893 (Note 1)	2,706,893	5.31%

Notes:

1. These underlying Shares are Shares to be issued to holders of the convertible bonds of the Company.
2. 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 2020, 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 2020.

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 2020.

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 2020.

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 2020.

COMPETING BUSINESS

For the nine months ended 31 December 2020, 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. Lee Kwok Po and Mr. Chow Yun Cheung. The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2020 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 2021

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

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.