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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)

**FURTHER ANNOUNCEMENT ON AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2022**

Reference is made to the announcement of the Echo International Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 June 2022 (the “**Unaudited Results Announcement**”) in relation to, among others, the unaudited annual results of the Group for the year ended 31 March 2022 (the “**2022 Unaudited Results**”). Capitalised terms used herein shall have the same meanings as those defined in the Unaudited Results Announcement unless otherwise stated herein.

The Board announced that the Company’s auditor, HLB Hodgson Impey Cheng Limited (the “**Auditor**”), has completed its audit of the annual results of the Group for the year ended 31 March 2022 (the “**2022 Audited Results**”) in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The 2022 Audited Results has also been reviewed by the Audit Committee.

MATERIAL DIFFERENCE BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS

The 2022 Audited Results remain substantially the same as the 2022 Unaudited Results, except for the following major changes with details set out below:

The following set forth the audited consolidated statement of financial position of the Group as at 31 March 2022, the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2022, the relevant changes between audited and the unaudited figures, the explanatory notes on these changes, and the consequential changes to the notes to the consolidated financial statements:

1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022	<i>Notes</i>	2022 <i>HK\$'000</i> (Audited)	2022 <i>HK\$'000</i> (Unaudited)	Change <i>HK\$'000</i>
Revenue		80,338	80,338	–
Cost of sales		(67,895)	(67,895)	–
Gross profit		12,443	12,443	–
Other income and other gains or loss, net	<i>(a)</i>	2,444	2,654	(210)
Selling and distribution expenses		(1,882)	(1,882)	–
Administrative and other expenses	<i>(a)</i>	(25,254)	(25,404)	150
Impairment of property, plant and equipment	<i>(b)</i>	(5,373)	–	(5,373)
Impairment of right-of-use assets	<i>(b)</i>	(2,050)	–	(2,050)
Impairment of non-financial assets	<i>(b)</i>	–	(7,961)	7,961
Allowance for expected credit loss (“ECL”) recognised in respect of financial assets at amortised cost, net		(96)	(96)	–
Finance costs		(5,623)	(5,623)	–
Share of result of associates	<i>(c)</i>	3,299	3,349	(50)
Loss before taxation		(22,092)	(22,520)	428
Tax credit		240	240	–
Loss for the year		(21,852)	(22,280)	428

For the year ended 31 March 2022	<i>Notes</i>	2022 HK\$'000 (Audited)	2022 <i>HK\$'000</i> (Unaudited)	Change <i>HK\$'000</i>
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating of foreign operations		<u>98</u>	<u>98</u>	<u>–</u>
Other comprehensive income for the year, net of income tax		<u>98</u>	<u>98</u>	<u>–</u>
Total comprehensive loss for the year		<u>(21,754)</u>	<u>(22,182)</u>	<u>428</u>
Loss for the year attributable to the owners of the Company		<u>(21,852)</u>	<u>(22,280)</u>	<u>428</u>
Total comprehensive loss for the year attributable to the owners of the Company		<u>(21,754)</u>	<u>(22,182)</u>	<u>428</u>
Loss per share				
— Basic and diluted (in HK cents)		<u>(15.17)</u>	<u>(15.46)</u>	<u>0.29</u>

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022	<i>Notes</i>	2022 HK\$'000 (Audited)	2022 <i>HK\$'000</i> (Unaudited)	Change <i>HK\$'000</i>
Non-current assets				
Property, plant and equipment	<i>(b)</i>	4,646	4,256	390
Right-of-use assets	<i>(b)</i>	2,869	2,721	148
Interests in associates	<i>(c)</i>	23,147	23,197	(50)
Deferred tax assets		14	14	–
		30,676	30,188	488
Current assets				
Inventories		13,330	13,330	–
Trade receivables		12,253	12,253	–
Deposits, prepayments and other receivables	<i>(d)</i>	12,594	12,586	8
Financial assets at fair value through profit or loss		110	110	–
Amount due from a related company	<i>(d)</i>	–	8	(8)
Pledged deposits		2,001	2,001	–
Cash and cash equivalents		4,038	4,038	–
		44,326	44,326	–
Current liabilities				
Trade payables		3,382	3,382	–
Accruals and other payables	<i>(a)</i>	4,597	4,537	60
Amount due to a related company		62	62	–
Contract liabilities		619	619	–
Tax payables		219	219	–
Bank and other borrowings		17,814	17,814	–
Lease liabilities		5,536	5,536	–
Convertible bonds		9,482	9,482	–
		41,711	41,651	60
Net current assets		2,615	2,675	(60)
Total assets less current liabilities		33,291	32,863	428

As at 31 March 2022	<i>Notes</i>	2022 HK\$'000 (Audited)	2022 <i>HK\$'000</i> (Unaudited)	Change <i>HK\$'000</i>
Non-current liabilities				
Bank and other borrowings		–	–	–
Lease liabilities		7,818	7,818	–
Convertible bonds		20,248	20,248	–
Deferred tax liabilities		547	547	–
Provision for reinstatement costs		400	400	–
		<u>29,013</u>	<u>29,013</u>	<u>–</u>
Net assets		<u>4,278</u>	<u>3,850</u>	<u>428</u>
Capital and reserves				
Share capital		7,891	7,891	–
Reserves		(3,613)	(4,041)	428
Total equity		<u>4,278</u>	<u>3,850</u>	<u>428</u>

Notes:

- (a) The change resulted from the reclassification of other income to administrative and other expenses and over-provision for the other income and under-provision of accruals and other payables.
- (b) The change resulted from the finalisation of valuation in relation to impairment of property, plant and equipment and right-of-use assets and separate the line items disclosure from impairment of non-financial assets.
- (c) The change resulted from the finalisation of associates' valuation in relation to expected credit loss assessment.
- (d) The change resulted from the reclassification of amount due from a related company to deposits, prepayment and other receivables.

As illustrated above, the changes had consequential effects on: (i) the total non-current assets, total current liabilities, net current assets, total assets less current liabilities, net assets, reserves and the total equity; and (ii) the loss before taxation, loss for the year, total comprehensive loss for the year, loss for the year attributable to the owners of the Company, total comprehensive loss for the year attributable to the owners of the Company and the basic and diluted loss per share. Where the Unaudited Results Announcement refers to the above-mentioned items, it should be read in conjunction with this announcement by substituting the unaudited figures therein with the audited figures above.

The changes to the above-mentioned items also resulted in consequential changes to the notes 5, 6, 8 and 11 to the Unaudited Results Announcement, which are set out as follows.

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.

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

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

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

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

Segment result represents the profit/(loss) generated by each segment without allocation of corporate income and central administration costs including directors' emoluments, allowance for ECL recognised in respect of financial assets at amortised cost, share of result of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment revenues and results

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

For the year ended 31 March 2022

	Trading of electronic products <i>HK\$'000</i>	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>1,706</u>	<u>45,571</u>	<u>24,556</u>	<u>8,505</u>	<u>80,338</u>
Segment results	<u>576</u>	<u>847</u>	<u>(15,775)</u>	<u>605</u>	(13,747)
Unallocated other gains or loss, net					(480)
Unallocated administrative and other expenses					(6,613)
Unallocated finance costs					<u>(4,455)</u>
Loss from operations					(25,295)
Allowance for ECL recognised in respect of financial assets at amortised cost, net					(96)
Share of result of associates					<u>3,299</u>
Loss before taxation					(22,092)
Tax credit					<u>240</u>
Loss for the year					<u>(21,852)</u>

For the year ended 31 March 2021

	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>1,283</u>	<u>35,148</u>	<u>12,921</u>	<u>49,352</u>
Segment results	<u>441</u>	<u>(11,408)</u>	<u>(6,481)</u>	(17,448)
Unallocated other gains or loss, net				(239)
Unallocated administrative and other expenses				(8,622)
Unallocated finance costs				<u>(4,334)</u>
Loss from operations				(30,643)
Allowance for ECL recognised in respect of financial assets at amortised cost, net				(59)
Share of result of associates				<u>3,358</u>
Loss before taxation				(27,344)
Tax credit				<u>664</u>
Loss for the year				<u><u>(26,680)</u></u>

Segment assets and liabilities

As at 31 March 2022

	Trading of electronic products <i>HK\$'000</i>	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	127	19,056	13,379	8,451	41,013
Unallocated corporate assets					33,989
Consolidated assets					<u>75,002</u>
Segment liabilities	297	13,840	9,738	-	23,875
Unallocated corporate liabilities					46,849
Consolidated liabilities					<u>70,724</u>

As at 31 March 2021

	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>
Segment assets	281	15,726	27,994	44,001
Unallocated corporate assets				29,921
Consolidated assets				<u>73,922</u>
Segment liabilities	192	14,377	25,454	40,023
Unallocated corporate liabilities				33,738
Consolidated liabilities				<u>73,761</u>

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

- all assets are allocated to operating segments other than unallocated corporate assets (mainly comprising certain of property, plant and equipment and right-of-use assets, interests in associates, certain deposits, prepayments and other receivables, financial assets at fair value through profit or loss, pledged time deposits and certain cash and cash equivalents); and
- all liabilities are allocated to operating segments other than unallocated corporate liabilities (mainly comprising amount due to a related company, tax payables, certain bank and other borrowings, certain lease liabilities, convertible bonds, deferred tax liabilities and certain accruals and other payables).

Other segment information

For the year ended 31 March 2022

	Trading of electronic products <i>HK\$'000</i>	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	26	111	3,178	-	-	3,315
Depreciation of property, plant and equipment	29	11	5,119	-	-	5,159
Depreciation of right-for-use assets	-	-	3,599	-	109	3,708
Impairment of property, plant and equipment	-	-	5,373	-	-	5,373
Impairment of right-of-use assets	-	-	2,050	-	-	2,050

For the year ended 31 March 2021

	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>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results					
Capital expenditure	–	146	14,063	–	14,209
Depreciation of property, plant and equipment	–	11	1,257	28	1,296
Depreciation of right-for-use assets	–	156	2,691	112	2,959
Impairment of property, plant and equipment	–	–	131	–	131
Impairment of right-of-use assets	–	–	8,912	–	8,912

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

For the year ended 31 March 2022

	Trading of electronic products <i>HK\$'000</i>	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	1	–	–	–	1	2
Finance costs	37	578	590	–	4,418	5,623

For the year ended 31 March 2021

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

Revenue from major products and services

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

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

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

Notes:

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

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

	Additions to non-current assets		Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	3,204	20,381	7,414	20,490
PRC	111	9,210	101	–
	3,315	29,591	7,515	20,490
	3,315	29,591	7,515	20,490

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

Information about major customers

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

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

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

4. OTHER INCOME AND OTHER GAINS OR LOSS, NET

	2022	2021
	HK\$'000	HK\$'000
Bank interest income	2	11
Interest income on dividends receivable	354	346
Net foreign exchange loss	(325)	(465)
Government subsidies (<i>Note (a)</i>)	162	2,556
Rent concession income	68	805
Compensation on factory relocation (<i>Note (b)</i>)	1,633	573
Change in fair value of derivative financial asset component of convertible bonds	(451)	(2,542)
Services charges	799	795
Sundry income	202	246
	<u>2,444</u>	<u>2,325</u>

Notes:

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

5. LOSS BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation is arrive after charging:		
Staff costs including directors' remuneration	25,298	20,642
Contribution to retirement schemes	1,375	872
	<u>26,673</u>	<u>21,514</u>
Total staff costs (<i>Note (a)</i>)		
Allowance for/(reversal of) ECL recognised in respect of trade receivables, net	107	(55)
(Reversal of)/allowance for ECL recognised in respect of deposits and other receivables, net	(11)	61
	<u>96</u>	<u>6</u>
Allowance for expected loss recognised in respect of financial assets at amortised cost, net		
Depreciation of property, plant and equipment	5,159	1,296
Depreciation of right-of-use assets	3,708	2,959
Impairment of property, plant and equipment	5,373	131
Impairment of right-of-use assets	2,050	8,912
Auditors' remuneration		
— Audit services	600	530
— Non-audit services	70	200
Cost of inventories sold	68,260	39,656
(Reversal)/provision of obsolete and slow-moving inventories (<i>Note (b)</i>)	(512)	346
Expenses relating to short-term leases	676	915

Notes:

(a) There are approximately HK\$13,915,000 (2021: HK\$9,976,000) related to cost of sales.

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

6. LOSS PER SHARE

	2022 <i>HK\$'000</i>	2021 <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>(21,852)</u>	<u>(26,680)</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	144,080,373	53,526,902
Loss per share		
— Basic and diluted (in HK cents)	<u>(15.17)</u>	<u>(49.84)</u>

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

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

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

Save and except the changes described above and the consequential changes, the Group's annual results for the year ended 31 March 2022 as contained in the Unaudited Results Announcement remain unchanged.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

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

Hong Kong, 14 July 2022

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.echogroup.com.hk.