



**ECHO INTERNATIONAL
HOLDINGS GROUP LIMITED**

(incorporated in the Cayman Islands with limited liability)

Interim Report 2013

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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\$26.47 million for the six months ended 30 September 2013, representing a decrease of approximately 27.66% over the same period of the previous year.
- Recorded an unaudited loss attributable to the owners of the Company of approximately HK\$1.09 million (2012: unaudited profit attributable to the owners of the Company approximately HK\$6.64 million) for the six months ended 30 September 2013.
- Basic and diluted loss per share for the six months ended 30 September 2013 were HK0.8 cents (2012: basic earnings per share HK4.7 cents) and HK0.8 cents (2012: diluted earnings per share of HK4.7 cents) respectively.
- The Board does not recommend the payment of interim dividend for the six months ended 30 September 2013 (2012: Nil).

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated interim report of the Company and its subsidiaries (collectively the “**Group**”) for the three months and six months ended 30 September 2013 (the “**Period**”) and the comparative unaudited figures for the corresponding period in 2012, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

	Notes	Unaudited three months ended 30 September		Unaudited six months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	3	12,669	13,096	26,468	36,589
Cost of sales		(8,859)	(8,092)	(17,495)	(21,809)
Gross profit		3,810	5,004	8,973	14,780
Other revenue and gains	4	26	30	57	63
Selling and distribution expenses		(156)	(125)	(331)	(469)
Administrative and other expenses		(6,015)	(3,046)	(9,436)	(6,264)
Finance costs		(16)	(8)	(36)	(17)
(Loss)/profit before taxation	5	(2,351)	1,855	(773)	8,093
Taxation	6	58	(305)	(318)	(1,458)
(Loss)/profit for the period		(2,293)	1,550	(1,091)	6,635
Other comprehensive (loss)/income for the Period, net of tax					
Exchange differences on translation of foreign operations		(116)	(1,344)	74	(677)
Total comprehensive (loss)/income for the period		(2,409)	206	(1,017)	5,958
(Loss)/profit for the period attributable to owners of the Company		(2,293)	1,550	(1,091)	6,635
Total comprehensive (loss)/income for the period attributable to owners of the Company		(2,409)	206	(1,017)	5,958
(Loss)/earnings per share					
— Basic and diluted (HK cents)	8	(1.6) cents	1.1 cents	(0.8) cents	4.7 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

	Notes	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Non-current assets			
Property, plant and equipment	9	1,039	1,125
Current assets			
Inventories		19,108	15,252
Trade receivables	10	5,922	14,664
Amount due from a related company		281	113
Deposits and prepayments		6,580	7,449
Cash and bank balances		4,072	1,215
		35,963	38,693
Current liabilities			
Trade payables	11	4,722	3,604
Accrued charges		1,918	2,033
Trade deposit received		316	1,133
Amount due to a director		4,998	6,065
Bank borrowings		971	2,144
Obligations under finance leases		126	126
Current tax liabilities		2,209	1,891
		15,260	16,996
Net current assets		20,703	21,697
Total assets less current liabilities		21,742	22,822
Non-current liability			
Obligations under finance leases		325	388
Net assets		21,417	22,434
Capital and reserves			
Share capital	12	100	100
Reserves		21,317	22,334
Total equity		21,417	22,434

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013 (Unaudited)

	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2013, audited	100	(89)	321	22,102	22,434
Loss for the period	—	—	—	(1,091)	(1,091)
Other comprehensive income for the period	—	—	74	—	74
Total comprehensive income/(loss) for the period	—	—	74	(1,091)	(1,017)
At 30 September 2013, unaudited	100	(89)	395	21,011	21,417

For the six months ended 30 September 2012 (Unaudited)

	Share capital HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2012, audited	79	(68)	144	21,752	21,907
Profit for the period	—	—	—	6,635	6,635
Other comprehensive loss for the period	—	—	(677)	—	(677)
Total comprehensive (loss)/income	—	—	(677)	6,635	5,958
At 30 September 2012, unaudited	79	(68)	(533)	28,387	27,865

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Unaudited	
	six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Net cash generated from operating activities	5,283	5,341
Net cash used in investing activities	(161)	(632)
Net cash used in financing activities	(2,339)	(5,132)
	<hr/>	
Net increase/(decrease) in cash and cash equivalents	2,783	(423)
Effect of foreign currency exchange rate changes	74	(677)
Cash and cash equivalents at beginning of period, audited	1,215	1,797
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Cash and cash equivalents at end of period, unaudited	4,072	697
	<hr/>	
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	4,072	697
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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 Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11 October 2013 (the "Listing Date") (the "Listing").

The unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is same as the functional currency of the Company.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are engaged in the manufacturing and trading of electronic products and accessories.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Pursuant to the group reorganisation (the "Reorganisation") to rationalize the structure of the Group in preparation for the Listing, the Company became the holding company of the Group on 14 March 2013, the details of which are as set out in the Prospectus issued by the Company dated 30 September 2013.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("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 Growth Enterprise Market 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 2013 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 types of goods or services delivered or provided.

The Group currently operates in two business segments which are (i) in the manufacturing and trading of electronic products and accessories; and (ii) the providing of subcontracting services on PCB assemblies and manufacture of electronic products. A single management team reports to the chief operating decision makers, the directors, who comprehensively manages the entire business. Accordingly, the Group does not have separately reportable segment.

An analysis of the Group's revenue of each significant category for the Period is as follows:

	Unaudited	
	six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Sales of electronic products	25,822	36,068
Subcontracting income	646	521
	26,468	36,589

Geographical information

	Revenue from external customers	
	Unaudited	
	six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Hong Kong	2,117	6,928
Asian Countries, other than Hong Kong (Note 1)	1,825	2,163
European Countries (Note 2)	18,992	20,035
United States	2,918	5,683
Others	616	1,780
	26,468	36,589

Notes:

1. Asian Countries include the PRC, Malaysia, Singapore and Taiwan.
2. European Countries include Argentina, Belgium, Bulgaria, Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Russia, Sweden, Switzerland, Ukraine and United Kingdom.

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 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Hong Kong	420	582
People's Republic of China ("PRC")	619	543
	<hr/> 1,039	<hr/> 1,125

4 OTHER REVENUE AND GAINS

	Unaudited six months ended 30 September 2013 HK\$'000	2012 HK\$'000
Bank interest income	2	1
Sundry income	55	62
	<hr/> 57	<hr/> 63

5 (LOSS)/PROFIT BEFORE TAXATION

Unaudited	
six months ended 30 September	
2013	2012
HK\$'000	HK\$'000

(Loss)/profit before taxation is arrived after charging:

Finance costs

Interest on:

Bank borrowings wholly repayable within five years	27	10
Obligation under finance leases	9	7
	<hr/>	
	36	17
	<hr/>	

Other items

Depreciation of property, plant and equipments	250	263
Costs of inventories sold	17,321	21,787
Listing expenses	2,105	—
	<hr/>	

6 TAXATION

Unaudited	
six months ended 30 September	
2013	2012
HK\$'000	HK\$'000

Current tax		
— Hong Kong	318	1,380
— PRC	—	78
	<hr/>	
	318	1,458
	<hr/>	

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimate assessable profits arising in Hong Kong for the six months ended 30 September 2013 and 2012.

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 2013 and 2012.

7 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 September 2013 (2012: Nil).

8 (LOSS)/EARNINGS 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.

		Unaudited	
		six months ended 30 September	
		2013	2012
Note		HK\$'000	HK\$'000
	(Loss)/profit for the period attributable to owners of the Company	(1,091)	6,635

		Unaudited	
		six months ended 30 September	
		2013	2012
		No. of shares	No. of shares
	Weighted average number of ordinary shares in issue during the period	140,000,000	140,000,000
	Weighted average number of ordinary shares and dilutive potential ordinary share in issue during the Period	140,000,000	140,000,000

Note:

- (a) For the purpose of this report, the calculation of the basic earnings per share attributable to owners of the Company is based on the weighted average number of share (comprising 10,000,000 shares in issue and 130,000,000 shares to be issued under the capitalization issue as described in Appendix V "Statutory and General Information" to the Prospectus) as if these 140,000,000 shares were outstanding throughout the periods.
- (b) The diluted earnings per share is not presented because there were no potential dilutive effects during the period ended 30 September 2013 and 2012.

9 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
Cost:	
At 1 April 2012, audited	9,300
Additions	759
Exchange realignment	11
	<hr/>
At 31 March 2013 and 1 April 2013, audited	10,070
Additions	163
Exchange realignment	1
	<hr/>
At 30 September 2013, unaudited	10,234
	<hr/>
Accumulated depreciation:	
At 1 April 2012, audited	8,329
Charge provided for the year	616
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At 31 March 2013 and 1 April 2013, audited	8,945
Charge provided for the Period	250
	<hr/>
At 30 September 2013, unaudited	9,195
	<hr/>
Net book values:	
At 30 September 2013, unaudited	1,039
	<hr/>
At 31 March 2013, audited	1,125
	<hr/>

10 TRADE RECEIVABLES

Details of the ageing analysis are as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
0 to 30 days	4,334	10,041
31 to 60 days	1,268	397
61 to 90 days	—	2,946
91 to 180 days	4	1,096
Over 180 days	316	184
	<hr/> 5,922 <hr/>	<hr/> 14,664 <hr/>

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

Trade and bills receivables as at 30 September 2013 are denominated in HK\$.

11 TRADE PAYABLES

Details of the ageing analysis are as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Within 30 days	2,958	2,506
31 to 60 days	1,437	295
61 to 90 days	201	690
91 to 180 days	47	37
Over 180 days	79	76
	<hr/> 4,722 <hr/>	<hr/> 3,604 <hr/>

Trade and bills payables as at 30 September 2013 are denominated in HK\$.

12 SHARE CAPITAL

	Ordinary shares of HKD0.01 each			
	Unaudited		Audited	
	six months ended		year ended	
	30 September 2013		31 March 2013	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
At beginning of the period/ year	1,000,000	10,000	1,000,000	10,000
At end of the period/year	1,000,000	10,000	1,000,000	10,000
Issued and fully paid:				
At beginning of the period/ year	10,000	100	100	1
Issue of shares upon Reorganisation (Note)	—	—	9,900	99
At end of the period/year	10,000	100	10,000	100

Note: On 14 March 2013, the Company acquired the entire issued share capital of Gold Treasure Hung Group Limited, a company incorporated in the British Virgin Islands with limited liability, by allotment of 9,900,000 new shares to Madam Cheng Yeuk Hung.

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 2013 and 30 September 2013.

- 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 COMMITMENTS

At the end of reporting period, the Group had total future minimum lease payable under non-cancellable operating lease falling due as follows:

	Unaudited 30 September 2013 HK\$'000	Audited 31 March 2013 HK\$'000
Within one year	2,972	814
In the second to fifth years inclusive	7,732	40
	10,704	854

The Group did not have any significant capital commitments as at 30 September 2013 and 31 March 2013.

15 CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2013 and 31 March 2013.

16 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

Particulars of significant related party transactions during the Track Record Period, the Group entered into the following transactions with related party:

Nature of related party transactions	Unaudited	
	six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Rental paid to Progress International Holdings Limited	120	114

(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:

Salaries and allowances	Unaudited	
	six months ended 30 September	
	2013	2012
	HK\$'000	HK\$'000
Salaries and allowances	513	513
Retirement scheme contributions	26	25
	539	538

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue for the six months ended 30 September 2013 (“**Six Month Period**”) was approximately HK\$26.47 million, representing a decrease of approximately 27.66% when compared with the same period last year. Loss attributable to owners of the Company for the Six Month Period was approximately HK\$1.09 million whilst for the same period last year, the profit attributable to owners of the Company was approximately HK\$6.64 million.

Notwithstanding the challenging market conditions encountered during the Six Month Period under review, the electronics products and the subcontracting services on PCB assemblies and manufacture of electronic products were provided to the customers in the U.S.A. and the European countries including Argentina, Belgium, Bulgaria, Denmark, Finland, France, Germany, Italy, Netherlands, Poland, Russia, Sweden, Switzerland, Ukraine and United Kingdom, which are still the Group’s principle markets.

Moving forward, the Group will continue to focus on its core business of the sales of electronic products. The Group will also increase its market share and lure new customers to enlarge its client base through conducting more promotional and marketing activities.

Sales of Electronic Products

Revenue from this segment during the Six Month Period was approximately HK\$25.82 million, representing a decrease of approximately 28.41% when compared with the same period in last year. Decrease in sales of electronics products was mainly due to the decrease in sales of massage toner, control board and hair remover.

Subcontracting income

Revenue from this segment during the Six Month Period was approximately HK\$0.65 million, representing an increase of approximately 23.99% when compared with the same period in last year. The increase was mainly due to increase in orders from providing subcontracting services in the PRC.

Financial review

The Group's revenue for the six months ended 30 September 2013 was approximately HK\$26.47 million (approximately HK\$36.59 million for the six months ended 30 September 2012), representing a decrease of approximately 27.66% from approximately HK\$36.59 million of the corresponding period in 2012. Such decrease was mainly due to the decrease in sales of massage toner and hair remover by 70.03% and 55.91% respectively compared to the same corresponding period in last year. Decrease in massage toner was mainly due to decrease in volume sold to a new customer in the corresponding period in 2012. Decrease in hair remover was mainly due to the reason that one customer was in the process of developing a new model for hair removers, its production had not yet commenced and reduced its purchase orders for the six months ended 30 September 2013. Decrease in sales of control board was a result of lower end products of control board engaged to manufacture during the said period.

The overall gross profit margin of the Group decreased from approximately 40.39% for the six months ended 30 September 2012 to 33.90% for the six months ended 30 September 2013. The decrease in the Group's gross profit margin for the six months ended 30 September 2013 was primarily due to the decrease of sales orders in the higher margin products, namely massage toner, hair remover and fire alarm.

Administrative expenses for the six months ended 30 September 2013 were approximately HK\$9.44 million (approximately HK\$6.26 million for the six months ended 30 September 2012), representing an increase of approximately 50.64%. Such increase was mainly due to the listing expenses amounting to HK\$2.10 million for the six months ended 30 September 2013.

Loss attributable to the owners of the Company amounted to approximately HK\$1.09 million for the six months ended 30 September 2013 (approximately HK\$6.64 million of profits attributable to owners of the Company for the six months ended 30 September 2012). Loss per share attributable to owners of the Company was approximately HK0.8 cents for the six months ended 30 September 2013 (approximately HK4.7 cents earnings per share attributable to owners of the Company for the six months ended 30 September 2012).

COMPARISON BETWEEN BUSINESS PLAN WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the prospectus of the Company dated 30 September 2013 (the “**Prospectus**”) for the period from 23 September 2013, being the latest practicable date as defined in the Prospectus (the “**LPD**”) to 31 March 2014 with the Group’s actual business progress for the period from the LPD to the date of this report is set out below:

Business objectives for the period from the LPD to 31 March 2014

Actual business progress up to the date of this report

Expand and upgrade the production facilities

- Renovation of factory building for storing raw materials and installing 2 new surface mounting technology (“**SMT**”) machine

The Group has decided to renovate the factory building upon the purchase of 2 new SMT machines

- Purchase 2 new SMT machines

The Group has proposed several suppliers for the purchase of 2 new SMT machines

- Finalise location of new dormitory

The Group has continued to explore location of new dormitory

Set up production facilities for plastic parts

- Finalise location of new production facility for plastic parts

The Group has continued to explore location of new production facility for plastic parts

Strengthen the Group’s position in its established markets and expand its customer base

- Expansion of sales department for plastic products

The Group has not started the recruitment of new sales staff for plastic products as the Group is still in the progress of setting up the plastic division

- Place advertisements on trading magazines and website

Instead of placing advertisements on trading magazines and website, the Group had participated in Hong Kong Electronics Fair (Autumn Edition) organized by The Hong Kong Trade Development Council during the period from 13 October 2013 to 16 October 2013 to promote the Group’s business

As of the date of this report, the Directors had no intention to make any changes to the business plan.

Use of Proceeds

As disclosed in the Prospectus, the net proceeds from the placing of the shares of the Company, after deducting the related expenses paid by the Company in connection thereto, were approximately HK\$25.12 million.

As at the date of this report, the net proceeds from the placing of the shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus during the period from the LPD to 31 March 2014	Actual use of proceeds up to the date of this report
	HK\$000	HK\$000
Expand and upgrade the production facilities	3,500	—
Set up production facilities for plastic parts	—	—
Strengthen the Group's position in its established markets and expand its customer base	500	134
	<hr/>	
	4,000	134
	<hr/>	

Notes:

- (a) The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.
- (b) The unused net proceeds as at the date of this report have been placed with licensed bank in Hong Kong.

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 20,000,000 shares of the Company (the “**Shares**”) with an exercise price of HK\$0.60, which is equal to the placing price as defined in the Prospectus.

As at 30 September 2013, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

Directors	As at 27 September 2013 (the grant date)			As at 30 September 2013		Exercise period	Exercise price per share
	Granted	Lapsed	Exercised				
Mr. Lo Yan Yee	5,700,000	—	—	—	5,700,000	11 October 2016– 11 October 2023	0.60
Madam Cheng Yeuk Hung ("Madam Cheng")	5,700,000	—	—	—	5,700,000	11 October 2016– 11 October 2023	0.60
Mr. Cheng Kwing Sang, Raymond	5,600,000	—	—	—	5,600,000	11 October 2016– 11 October 2023	0.60
Mr. Lo Ding To	3,000,000	—	—	—	3,000,000	11 October 2016– 11 October 2023	0.60
	20,000,000	—	—	—	20,000,000		

Share Option Scheme

The Company adopted the Share Option Scheme on 27 September 2013, which was approved by the shareholders' written resolutions and is valid and effective for a period of 10 years from the adoption date. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Share Option Scheme" in Appendix V of the Company's Prospectus.

During the six months period ended 30 September 2013, 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

The Company's shares were listed on the GEM of the Stock Exchange on 11 October 2013. As at 11 October 2013, 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
Madam Cheng	Company	Personal	140,000,000	70%
Mr. Lo Yan Yee	Company	Interest of spouse	140,000,000	70%

Note: Mr. Lo Yan Yee is the executive Director and the spouse of Madam Cheng, and is deemed under the SFO to be interested in those 140,000,000 shares in which Madam Cheng 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	5,700,000
	Interest of spouse	Options	5,700,000
			<hr/>
			11,400,000
Madam Cheng (executive Director)	Personal	Options	5,700,000
	Interest of spouse	Options	5,700,000
			<hr/>
			11,400,000
Mr. Cheng Kwing Sang, Raymond (executive Director)	Personal	Options	5,600,000
Mr. Lo Ding To (executive Director)	Personal	Options	3,000,000

Save as disclosed above, as at 11 October 2013, 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 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 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

The Company's shares were listed on the GEM of the Stock Exchange on 11 October 2013. As at 11 October 2013, 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	Percentage of the Company's issued share capital
Adamas Asset Management (HK) Limited	Beneficial owner	19,940,000	9.97%

Save as disclosed above, as at 11 October 2013, 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 2013.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as 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.

As the shares of the Company were not yet listed on the GEM of the Stock Exchange as at 30 September 2013, the Company is not required to disclose the details of compliance with the aforesaid code of conduct by the Directors during the six months ended 30 September 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and enhance the performance of the Group. The Company has applied the principles and code provisions in the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 15 to the GEM Listing Rules. As the shares of the Company were not yet listed on the GEM of the Stock Exchange as at 30 September 2013, the Company is not required to disclose the details of compliance with the applicable code provisions of the Code by the Group during the six months ended 30 September 2013 in accordance with Rule 18.78(4) of the GEM Listing Rules.

DIRECTORS’ INTERESTS IN CONTRACTS

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 period ended 30 September 2013.

COMPETING BUSINESS

For the six months ended 30 September 2013, 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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company’s compliance adviser, Tanrich Capital Limited (the “**Compliance Adviser**”), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 27 September 2013, none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interests in the Group (including options or rights to subscribe for such securities) as at 30 September 2013 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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. Lam Wai Yuen, Mr. Ang Chuk Pai and Mr. Chan Chung Yin, Victor. The unaudited condensed consolidated results of the Group for the six months ended 30 September 2013 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, 13 November 2013

As at the date of this report, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Cheng Kwing Sang, Raymond, and Mr. Lo Ding To, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Ang Chuk Pai and Mr. Chan Chung Yin, Victor.

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