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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)**

### **CHANGE IN USE OF PROCEEDS**

#### **USE OF PROCEEDS**

Reference is made to the prospectus of Echo International Holdings Group Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) dated 30 September 2014 (the “**Prospectus**”) in relation to the listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing (the “**Placing**”).

As stated in the section headed “**Business Objective and Future Plans**” of the Prospectus, the Company intended to use net proceeds raised from the Placing (the “**Proceeds**”) as follows:

- (1) approximately HK\$8.85 million (being approximately 35.23% of the net proceeds of the Placing) for expansion and upgrade of the production facilities;
- (2) approximately HK\$10.20 million (being approximately 40.61% of the net proceeds of the Placing) for setting up production facilities for plastic parts;
- (3) approximately HK\$3.9 million (being approximately 15.52% of the net proceeds of the Placing) for strengthening the Group’s position in its established markets and expanding its customer base; and
- (4) approximately HK\$2.17 million (being approximately 8.64% of the net proceeds of the Placing) for the working capital and funding for other general corporate purposes.

The Proceeds received by the Company from the Placing were approximately HK\$25.12 million. As at the date of this announcement, the Company utilized approximately HK\$2.91 million of the Proceeds, details of which are tabulated below:

<b>Intended use disclosed in the Prospectus</b>	<b>Amount of Proceeds allocated as provided in the Prospectus</b> <i>HK\$ million (approximately)</i>	<b>Utilized amount</b> <i>HK\$ million (approximately)</i>	<b>Unutilized amount</b> <i>HK\$ million (approximately)</i>
Expansion and upgrade of the production facilities	8.85	0.33	8.52
Setting up production facilities for plastic parts	10.20	—	10.20
Strengthening the Group's position in its established markets and expanding its customer base	3.9	0.41	3.49
Working capital and funding for other general corporate purposes	<u>2.17</u>	<u>2.17</u>	<u>0</u>
<b>Total</b>	<b><u>25.12</u></b>	<b><u>2.91</u></b>	<b><u>22.21</u></b>

#### **CHANGE IN USE OF PROCEEDS**

The Group's revenue for the year ended 31 March 2014 was approximately HK\$51.33 million, representing a decrease of approximately 28.42% when compared with the revenue of approximately HK\$71.71 million for the year ended 31 March 2013. The Group's revenue for the six months ended 30 September 2014 was approximately HK\$20.18 million, representing a decrease of approximately 23.78% from the revenue of approximately HK\$26.47 million of the corresponding period in 2013. In consideration of the Group's decreasing revenue for the eighteen months ended 30 September 2014, the Company would like to downsize its plans for expansion and upgrade of the production facilities and setting up production facilities for plastic parts.

As disclosed in the Prospectus, the Group receives the full mechanical design and conceptual electrical and software designs from its customers for a new electronic product to be manufactured by the Group. Although the Group's engineering department could verify and enhance the mechanical and electrical design of the electronic products, it has no expertise in design and development of new electronic products. If the mechanical design and conceptual electrical and software designs of any new electronic products could not be provided to the Group, the Group will not be able to provide the manufacture service of such products. Recently, the Group has been approached by several customers which could not provide the relevant designs of new electronic products to the Group. The Group intends to strengthen the Group's position in its established markets and expand its customer base by recruiting professional(s) who has/have expertise in design and development of new electronic products, expanding its engineering department, and commencing design and development of new electronic products. Therefore, the Company would like to allocate more resources from the

unutilized Proceeds to strengthen the Group's position in its established markets and expand its customer base to effectively utilize the Proceeds and improve the return to shareholders of the Company.

Loss attributable to the owners of the Company amounted to approximately HK\$8.72 million and HK\$5.51 million for the year ended 31 March 2014 and six months ended 30 September 2014, respectively. As the Proceeds originally allocated to working capital and funding for other general corporate purposes have been fully utilized, the Company would like to adjust the proposed use of some of the unutilized Proceeds to working capital and funding for other general corporate purposes to more effectively cater for the Group's financial needs more effectively and mitigate the financial pressure on the Group.

The Company decides to change the intended use of unutilized Proceeds as follows:

<b>New intended use</b>	<b>New allocation of the unutilized the Proceeds</b> <i>HK\$ million</i> <i>(approximately)</i>
Expansion and upgrade of the production facilities	5.52
Setting up production facilities for plastic parts	5.00
Strengthening the Group's position in its established markets and expanding its customer base	8.70
Working capital and funding for other general corporate purposes	<u>2.99</u>
Total	<u><u>22.21</u></u>

Save for the above change, the Board intends to apply the remaining Proceeds as originally intended and set out in the Prospectus.

The Board has considered the impact of the proposed change in the use of the Proceeds on the Group's business and is of the view that the new allocation of the unutilized Proceeds will meet the overall financial needs of the Group more efficiently as a result of the latest development of the Group's operation and business. The Board believes that the above change to the proposed use of the unutilized Proceeds will not adversely affect the existing operation and business of the Group and is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 3 December 2014

*As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, and Mr. Lo Ding To, the non-executive Director is Ms. Zhou Jia Lin, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Ang Chuk Pai, Mr. Cheung Chin Wa, Angus and Mr. Shiu Shu Ming.*

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

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