

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

UPDATE ON THE 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 2013 in relation to the listing of the shares of the Company (the “**Listing**”) on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of placing (the “**Placing**”) and the announcement of the Company dated 3 December 2014 (the “**Announcement**”) in relation to the change of use of net proceeds raised from the Placing.

The proceeds received by the Company from the Placing were approximately HK\$25.12 million (the “**Proceeds**”). As disclosed in the Announcement, the unutilized amount of the proceeds as at 3 December 2014 (the “**Unutilized Proceeds**”) is approximately HK\$22.21 million. The Proceeds has been deposited in several bank accounts of the Company (the “**Accounts**”). However, the Company also puts its other fund in the Accounts from time to time.

Based on the management accounts of the Company, the details of the utilization of the Unutilized Proceeds during the period from 4 December 2014 up to 31 March 2015 and as at the date of this announcement are as follows:

Intended use disclosed in the Announcement	Amount of the Unutilized Proceeds as provided in the Announcement <i>HK\$ million (approximately)</i>	During the period from 4 December 2014 to 31 March 2015		As at the date of this announcement	
		Utilized amount <i>HK\$ million (approximately)</i>	Unutilized amount <i>HK\$ million (approximately)</i>	Utilized amount <i>HK\$ million (approximately)</i>	Unutilized amount <i>HK\$ million (approximately)</i>
Expansion and upgrade of the production facilities	5.52	0.00	5.52	0.00	5.52
Setting up production facilities for plastic parts	5.00	0.00	5.00	0.00	5.00
Strengthening the Group’s position in its established markets and expanding its customer base	8.70	0.22	1.11 (<i>Note 1</i>)	0.22	8.48 (<i>Note 2</i>)
Working capital and funding for other general corporate purposes	2.99	10.36 (<i>Note 3</i>)	0.00	2.99 (<i>Note 4</i>)	0.00
Total	22.21	10.58	11.63	3.21	19.00

Note:

1. A shortage of approximately HK\$7.37 million
2. An increase of approximately HK\$7.37 million from the unutilized amount for such purpose as at 31 March 2015.
3. It exceeds the allocated amount by approximately HK\$7.37 million.
4. A reduction of approximately HK\$7.37 million from the utilized amount for such purpose as at 31 March 2015.

In March 2015, due to the inadvertent mistake of the responsible personnel, the Company used approximately HK\$7.37 million from the Unutilized Proceeds allocated for strengthening the Group's position in its established markets and expanding its customer base for the repayment of bank overdraft to reduce the Company's interest cost, and the amount of the Unutilized Proceeds used for working capital and funding for other general corporate purpose during such period exceeded its allocated sum as per the Announcement by approximately HK\$7.37 million. The chief financial officer of the Company found the misuse of the Unutilized Proceeds when she noticed that the total sum in the Accounts as at 31 March 2015 was below HK\$19 million, the least aggregate amount supposed to be in the Accounts. Having identified the aforementioned situation, the Company has withdrawn approximately HK\$7.37 million from its bank overdraft in April 2015 to restore the amount of the Unutilized Proceeds allocated for strengthening the Group's position in its established markets and expanding its customer base from approximately HK\$1.11 million to approximately HK\$8.48 million and rectify the deviation from intended use of the Unutilized Proceeds. Meanwhile, the proceeds utilized for general working capital and funding for other corporate purpose since 4 December 2014 was finally reduced to HK\$2.99 million.

As disclosed in the Announcement, the Company 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. Although the Company tried to recruit the said professional(s) during the past months, no appropriate candidates have been identified. Therefore, no substantial sum has been utilized for the said purpose during the period from 4 December 2014 up to the date of this announcement. Therefore, the misuse of the Unutilized Proceeds has no adverse impact on the Group's plan in strengthening its position in its established markets and expanding its customer base, nor does it have any material adverse impact on the business, operation and financial position of the Company.

Due to the above incident, the chief financial officer of the Company looked into the use of the Proceeds in the past and noticed that the amount of Proceeds used for working capital and funding for other general corporate purpose as at 31 March 2014 and 31 September 2014 exceeded its allocated amount by approximately HK\$1.6 million and HK\$2.0 million respectively. In view of the insignificant amount of the misused Proceeds and restoration of the amount of the unutilized Proceeds as at the date of this announcement, the deviation from intended use of the Proceeds in the past has no material adverse on the Company's business, operation and financial position.

In view of the aforesaid deviation from the intended use of the Proceeds, the Company has delegated Mr. Lo Yan Yee, an executive director of the Company and the chief financial officer of the Company to closely monitor the use of Proceeds. In addition, the Company has appointed an independent internal control expert to review and improve the effectiveness of the Company's internal control system. The Company will update the market of the result of the internal control review and internal control improvement measures as soon as possible. Such details will also be disclosed in the annual report, which is expected to be published by the end of June 2015.

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

Hong Kong, 18 May 2015

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 Directors are Ms. Zhou Jia Lin and Mr. Chan Chun Kit, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Ang Chuk Pai and Mr. Cheung Chin Wa, Angus.

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.

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.