

*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)**

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

#### **USE OF PROCEEDS**

Reference is made to (a) the prospectus of Echo International Holdings Group Limited (the “**Company**“, together with its subsidiaries as the “**Group**”) dated 30 September 2013 (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**”); and (b) (i) the announcement of the Company dated 3 December 2014; and (ii) the announcement dated 13 August 2015 (the “**Announcement**”), in respect of the change in the use of net proceeds raised from the Placing (the “**Proceeds**”).

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 Proceeds) for expansion and upgrade of the production facilities;
- (2) approximately HK\$10.20 million (being approximately 40.61% of the Proceeds) for setting up production facilities for plastic parts;
- (3) approximately HK\$3.9 million (being approximately 15.52% of the Proceeds) 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 Proceeds) 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.

The details of the utilization of the Proceeds during the period from 13 August 2015 up to 31 March 2017 and as at the date of this announcement are as follows:

Intended use disclosed in the Announcement	New allocation of the unutilized Proceeds as provided in the Announcement <i>HK\$ million (approximately)</i>	During the period from 13 August 2015 to 31 March 2016		As at 30 September 2016		During the period from 1 October 2016 to 31 March 2017		Revised reallocation of net Proceeds	The remaining balance of allocation of net Proceeds after the revised allocation as at the date of this announcement
		Utilized amount	Unutilized amount	Utilized amount	Unutilized amount	Utilized amount	Unutilized amount		
		<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>		
Expansion and upgrade of the production facilities	—	—	—	—	—	—	—	—	—
Setting up production facilities for plastic parts	1.00	—	1.00	—	1.00	—	1.00	—	—
Strengthening the Group's position in its established markets and expanding its customer base	2.94	0.06	2.88	0.05	2.83	0.04	2.79	2.79	2.79
Repayment of bank overdraft	10.00	10.00	—	—	—	—	—	—	—
Working capital and funding for other general corporate purposes	5.00	5.00	—	—	—	—	—	1.00	1.00
Total	18.94	15.06	3.88	0.05	3.83	0.04	3.79	3.79	3.79

Up to the date of this announcement, the Company utilized the Proceeds in the sum of approximately HK\$21.33 million and the unutilized Proceeds amounted to approximately HK\$3.79 million.

## CHANGE IN USE OF PROCEEDS

When the Group planned to set up production facilities for plastic parts in 2013, it was the Group's expectation at that time that the demand for the Group's products would increase in excess of its production capacity. But in the years that followed up to this date, the world economy has slowed down, and economic recovery remains sluggish. As the U.S. and European markets (which are the Group's principal markets) continue to slacken, the Group notes that the demand for its electronics products in the past three financial years of 2014, 2015 and 2016 has not exceeded its production capacity, rendering it unnecessary to set up additional production facilities. For each of the years ended 31 March 2014, 2015 and 2016, the Group's revenue amounted to approximately HK\$51.33 million, HK\$51.81 million and HK\$58.35 million. Although the Group's revenue for the year ended 31 March 2016 represented an increase of approximately 12.62% when compared with the revenue for the year ended 31 March 2015, the Group recorded a loss of approximately HK\$13.74 million for the year ended 31 March 2016 as compared with the loss of approximately HK\$12.63 million for the year ended 31 March 2015. In view of the Group's financial performance in the past three years of 2014, 2015 and 2016 and the relatively stabilizing market demand for the Group's electronics products, the Company's management does not anticipate any

substantial increase in purchase orders from its customers for the manufacture and trading of its electronics products and will not expect the demand for the Group's electronics products to exceed the Group's current level of productivity in the coming year(s). Therefore, the Board has decided to dispense with its plans for setting up production facilities for plastic parts and relocate the relevant funding to other uses.

In this respect, as the current lease of the existing factory building wherein the Group conducts its production is due to expire on 30 June 2017, the Group will relocate its production facilities and plants to a new factory premises with a lower monthly rental. The relocation of the Group's production facilities and plants to the new factory premises requires expenditure. Hence, the Group has reallocated the amount of HK\$1 million from "Setting up production facilities for plastic parts" and the amount of HK\$0.30 million from "Strengthening the Group's position in its established markets and expanding its customer base" to "Working capital and funding for other general corporate purposes", whereby an amount of HK\$0.8 million will be used for the relocation of the Group's production facilities and plants to the new factory premises, an amount of HK\$0.3 million will be used for the refurbishment of accommodation, and an amount of HK\$0.2 million will be used for rental for surface mounting technology facility.

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

<b>New intended use</b>	<b>Original allocation of the unutilized Proceeds <i>HK\$ million</i> (approximately)</b>	<b>New allocation of the unutilized Proceeds <i>HK\$ million</i> (approximately)</b>
Setting up production facilities for plastic parts	1.00	—
Strengthening the Group's position in its established markets and expanding its customer base	2.79	2.49
Working capital and funding for other general corporate purposes	—	1.30
<b>Total</b>	<b><u>3.79</u></b>	<b><u>3.79</u></b>

Having considered the impact of the proposed change in the use of the Proceeds on the Group's business, the Board is of the view that the new allocation of the unutilized Proceeds will meet the Group's business and operational needs more effectively in line with the Group's latest business development and recent market conditions for the electronics manufacturing and trading business. The Board believes that the above change to the

proposed use of the unutilized Proceeds will not have any material adverse effect on the existing business and operation 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, 12 May 2017

*As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Lo Ding To, and Ms. Zhou Jia Lin, the non-executive Directors are Mr. Chan Chun Kit and Mr. Leung Kwok Kuen, Jacob 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](http://www.hkexnews.hk) and the Company's website at [www.echogroup.com.hk](http://www.echogroup.com.hk).*