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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)

Placing Agent

Bluemount Securities Limited



PLACING OF NEW SHARES UNDER GENERAL MANDATE

THE PLACING

On 27 June 2017 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place up to 160,000,000 Placing Shares, which is the maximum number of Shares allowed by the Board to issue under the General Mandate, at the Placing Price of HK\$0.163 per Placing Share through the Placing Agent on a best effort basis to not less than six institutional, corporate or individual investors, who and whose ultimate beneficial owners, will be Independent Third Parties. The Placing Shares will be allotted and issued under the General Mandate.

The maximum number of 160,000,000 Placing Shares represent (i) 20% of the existing issued share capital of the Company as at the date of this announcement and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the Placing is completed in full and there is no other change in the issued share capital of the Company). The aggregate nominal value of the Placing Shares under the Placing (assuming the Placing is completed in full) will be HK\$400,000.

The Placing Price of HK\$0.163 represents (i) a discount of approximately 18.91% to the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 14.66% to the average closing price of HK\$0.191 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee having granted the listing of, and permission to deal in, the Placing Shares which will be allotted and issued under the General Mandate.

Assuming all the Placing Shares under the Placing Agreement have been placed, the gross proceeds and the net proceeds from the Placing will amount to approximately HK\$26 million and approximately HK\$25 million (after deduction of commission and other expenses of the Placing), respectively. It is expected that the entire net proceeds from the Placing will be applied (i) as to not less than HK\$8 million for the repayment of the debenture issued by the Company on 1 September 2016 with an outstanding principal amount of approximately HK\$8 million as at the date of this announcement and the mature date of such debenture would be 31 August 2017; and (ii) as to around approximately HK\$13 million to HK\$14 million will be used for future investment in business (including securities) and (iii) the remaining for the strengthening of the general working capital base of the Company.

GEM LISTING RULES IMPLICATIONS

Since no Shares have been issued under the General Mandate up to the date of this announcement, the Company is allowed to issue up to 160,000,000 new Shares. The 160,000,000 Placing Shares will be issued under the General Mandate and no Shareholder's approval is required for the issue and allotment of the Placing Shares.

The Placing Agreement constitutes an issue of securities for cash under Chapter 17 of the GEM Listing Rules and is therefore subject to the announcement requirements under Chapter 17 of the GEM Listing Rules.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed "Conditions of the Placing Agreement" and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE PLACING AGREEMENT

On 27 June 2017 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place up to 160,000,000 Placing Shares, which is the maximum number of Shares allowed by the Board to issue under the General Mandate, at the Placing Price of HK\$0.163 per Placing Share through the Placing Agent on a best effort basis.

Summarised below are the principal terms of the Placing Agreement:

Date

27 June 2017 (after trading hours of the Stock Exchange)

Parties

Issuer: the Company

Placing Agent: Bluemount Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, none of the Placing Agent, its ultimate beneficial owners and associates are interested in any of the Shares.

Placees: The Placing Agent will place up to 160,000,000 Placing Shares, which is the maximum number of Shares allowed by the Board to issue under the General Mandate, to not less than six institutional, corporate or individual investors, who and whose ultimate beneficial owners, will be Independent Third Parties and not acting in concert (as defined in The Code on Takeover and Mergers in Hong Kong) with, the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the GEM Listing Rules) immediately after completion of the Placing.

The Placing Shares

Pursuant to the Placing Agreement, a total of up to 160,000,000 Placing Shares will be placed by the Placing Agent on a best effort basis. The maximum number of 160,000,000 Placing Shares represent (i) 20% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the Placing is completed in full and there is no other change in the issued share capital of the Company). The aggregate nominal value of the Placing Shares under the Placing (assuming the Placing is completed in full) will be HK\$400,000.

Ranking

The Placing Shares will rank *pari passu* in all respects with the existing Shares in issue as at the date of their allotment and issue of the Placing Shares.

Placing Commission

The Placing Agent will receive a placing commission based on 4.0% of the aggregate Placing Price of the Placing Shares actually placed to the Placees as procured by the Placing Agent. Such placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent on normal commercial terms and with reference to the prevailing market condition.

The Placing Price

The Placing Price of HK\$0.163 was determined after arm's length negotiation between the Company and the Placing Agent with reference to the recent market price of the Shares and the capital requirement for the future development of the Group and represents:

- (i) a discount of approximately 18.91% to the closing price of HK\$0.201 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 14.66% to the average closing price of HK\$0.191 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the date of the Placing Agreement.

Based on the above, the Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares under the Placing Agreement have been placed, the gross proceeds and the net proceeds from the Placing will amount to approximately HK\$26 million and approximately HK\$25 million (after deduction of commission and other expenses of the Placing), respectively. The net price to the Company of each Placing Share will be approximately HK\$0.1563 per Placing Share.

Conditions of the Placing Agreement

The Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee granting to the Company a listing of, and permission to deal in, the Placing Shares; and
- (ii) all necessary consents, approvals, authorizations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement, if applicable.

If the above conditions are not fulfilled before 17 July 2017 (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and determine and none of the parties shall have any claim against any other in respect of the Placing (save for any antecedent breaches of the Placing Agreement).

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

Termination

The Placing Agreement may be terminated by the Placing Agent who may after consultation with the Company terminate this Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of certain events which, in the reasonable opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions or prospects of the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement including:

- (a) any event, development or change due to an event of force majeure;
- (b) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise;
- (c) any change in conditions of local, national or international securities markets occurs;
- (d) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group;
- (e) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
- (f) any material breach of any of the representations and warranties by the Company under the Placing Agreement or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate to allot, issue and deal with the new Shares granted to the Directors at the general meeting of the Company held on 29 July 2016. As at the date of this announcement, the Company has a share capital

of 4,000,000,000 Shares. Under the General Mandate, the Directors were authorized to allot and issue up to 160,000,000 new Shares, representing 20% of the issued share capital as at the date of the relevant resolution. As at the date of this announcement, the Directors are authorized to issue and allot up to 160,000,000 new Shares under the general mandate.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and trading of electronic products and accessories.

As disclosed above, assuming all the Placing Shares under the Placing Agreement have been placed, it is expected that the gross proceeds and the net proceeds from the Placing will amount to approximately HK\$26 million and approximately HK\$25 million (after deduction of commission and other expenses of the Placing), respectively. It is expected that the entire net proceeds from the Placing will be applied (i) as to not less than HK\$8 million for the repayment of the debenture issued by the Company on 1 September 2016 with an outstanding principal amount of approximately HK\$8 million as at the date of this announcement and the mature date of such debenture would be 31 August 2017; and (ii) as to around approximately HK\$13 million to HK\$14 million will be used for future investment in business (including securities) and (iii) the remaining for the strengthening of the general working capital base of the Company.

The Directors have considered a number of fund raising alternatives and consider that the Placing is the most efficient way in term of costs for the Company, whilst at the same time, allows the Company to further strengthen its capital base. The Placing could (i) immediately reduce the Company's debt position and (ii) provide extra working capital to meet future developments and investment opportunities which may further strengthen the financial position of the Group. The Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As at the date of this announcement, no shares have been issued under such general mandate.

The Company had not conducted any other equity fund raising activities in the 12 months prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon completion of the Placing (assuming the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the Placing Shares under the Placing) are set out as below:

| | As at the date of this announcement | | Immediately after the completion of Placing | |
|---|--|-----------------------|--|-----------------------|
| | <i>Number of approximately Shares</i> | <i>%</i> | <i>Number of approximately Shares</i> | <i>%</i> |
| Adamas Asset Management (HK) Limited | 66,338,000 | 8.29% | 66,338,000 | 6.91% |
| Directors (<i>Note 1</i>) | <u>232,560,000</u> | <u>29.07%</u> | <u>232,560,000</u> | <u>24.23%</u> |
| | 298,898,000 | 37.36% | 298,898,000 | 31.14% |
| Public Shareholders | | | | |
| Places | – | – | 160,000,000 | 16.67% |
| Others | <u>501,102,000</u> | <u>62.64%</u> | <u>501,102,000</u> | <u>52.19%</u> |
| Total | <u><u>800,000,000</u></u> | <u><u>100.00%</u></u> | <u><u>960,000,000</u></u> | <u><u>100.00%</u></u> |

Note 1: Mr. Lo Yan Yee is the executive Director and the spouse of Ms. Cheng Yeuk Hung, and is deemed under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) to be interested in those 232,560,000 shares in which Ms. Cheng Yeuk Hung is interested.

GEM LISTING RULES IMPLICATIONS

Since no Shares have been issued under the General Mandate up to the date of this announcement, the Company is allowed to issue up to 160,000,000 new Shares. The 160,000,000 Placing Shares will be issued under the General Mandate and no Shareholder's approval is required for the issue and allotment of the Placing Shares.

The Placing Agreement constitutes an issue of securities for cash under Chapter 17 of the GEM Listing Rules and is therefore subject to the announcement requirements under Chapter 17 of the GEM Listing Rules.

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed "Conditions of the Placing Agreement" and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

| | |
|--------------------------------|--|
| “Board” | the board of Directors |
| “Company” | Echo International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Growth Enterprise Market of the Stock Exchange |
| “Completion” | completion of the Placing |
| “Completion Date” | a day as soon as possible following the fulfillment of all the conditions of the Placing as set out in the section headed “Conditions of the Placing Agreement” herein and in any event not later than five business days after the fulfillment of the conditions of the Placing (or such other date as may be agreed between the Placing Agent and the Company in writing) and on which completion of the Placing will take place |
| “Director(s)” | director(s) of the Company |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange |
| “General Mandate” | the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 29 July 2016 to allot, issue and deal with up to 160,000,000 Shares |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected person(s) |
| “Listing Committee” | the listing sub-committee of the board of the Growth Enterprise Market of the Stock Exchange |

| | |
|---------------------|---|
| “Placing” | the placing of up to 160,000,000 Placing Shares by the Placing Agent pursuant to the Placing Agreement |
| “Placing Agent” | Bluemount Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 27 June 2017 in relation to the Placing |
| “Placing Price” | HK\$0.163 per Placing Share |
| “Placing Share(s)” | a maximum of 160,000,000 new Share(s) to be placed pursuant to the Placing Agreement |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share(s)” | ordinary share(s) of HK\$0.0025 each in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

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

Hong Kong, 27 June 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 and the Company’s website at www.echogroup.com.hk.