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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)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) Existing Shares of par value of HK\$0.0025 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.050 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM and the GEM Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, details of the proposed Share Consolidation, and the notice convening the EGM is expected to be despatched to the Shareholders on or about Friday, 10 July 2020.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed “Conditions of the proposed Share Consolidation” below. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares of par value of HK\$0.0025 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value of HK\$0.050 each.

Conditions of the proposed Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution to approve the proposed Share Consolidation by the Shareholders at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands law (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (iii) the GEM Listing Committee granting approval for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the second Business Day immediately following the date of passing the ordinary resolution approving the Share Consolidation at the EGM.

Effects of the proposed Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000.00 divided into 4,000,000,000 Shares of par value of HK\$0.0025 each, of which 1,020,000,000 Existing Shares have been allotted and issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the Effective Date, the authorised share capital of the Company will become HK\$10,000,000.00 divided into 200,000,000 Shares of par value of HK\$0.050 each, of which not less than 51,000,000 Consolidated Shares will be in issue.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other and as to all future dividends and distributions which are declared, made or paid. There will be no change in the relative rights of the Shareholders. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not, in itself, alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are:

- (a) outstanding Share Options for subscription of an aggregate of 80,000,000 Existing Shares under the Share Option Scheme; and
- (b) three Convertibles Bonds of total outstanding principals of HK\$32,408,000 convertible into 365,402,930 Existing Shares.

The Share Consolidation may lead to adjustments to: (i) the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme, and (ii) the conversion price and/or the number of the Consolidation Shares falling to be issued upon conversion of the Convertible Bonds. The Company will publish announcement(s) on such adjustments as and when appropriate.

Save for the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which are convertible or exchangeable into Shares as at the date of this announcement.

Listing application

An application will be made by the Company to the GEM Listing Committee for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be

accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the share capital of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.026 per Existing Share (equivalent to the theoretical closing price of HK\$0.52 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$104; and (ii) the value of each board lot of 12,000 Consolidated Shares would be HK\$6,240 assuming the Share Consolidation and the Change in Board Lot Size becoming effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as approaching the extremities of HK\$0.01 as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

The Shares are currently traded on the Stock Exchange in the board lot size of 4,000 Shares. It is proposed that the board lot size will be increased to 12,000 Consolidated Shares when the Shares Consolidation becomes effective. Based on the closing price of HK\$0.026 per Existing Share (equivalent to the theoretical closing price of HK\$0.52 per Consolidation

Share) as quoted on the Stock Exchange as at the date of this announcement, the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$6,240.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the proposed Share Consolidation is justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

CORPORATE ACTION PLAN OF THE COMPANY

Save for the announcement published on 11 June 2020 in relation to the placing of convertible bonds of amount up to HK\$4,640,000, as at the date of this announcement, the Company does not have any intention or plan (initial or concrete) or otherwise foresee to undertake in the next 12 months any (a) equity fundraising or (b) other corporate action or arrangement that may affect the trading in its Shares (e.g. share consolidation or subdivision or change in board lot size). However, the Directors will not rule out that they may consider equity fundraising activities when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development. The Directors will consider carefully the likely impact on the Shareholders before they will proceed on any such equity fundraising exercises.

OTHER ARRANGEMENTS

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot trading arrangement will be set out in the circular of the Company to be despatched to the Shareholders which shall also contain, *inter alia*, details of the proposed Share Consolidation. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Free exchange of share certificates and trading arrangement

Subject to the Share Consolidation becoming effective, which is currently expected to be on Monday, 3 August 2020, being the second Business Day immediately after the date of the EGM, the Shareholders may during the period from Monday, 3 August 2020 to Tuesday, 8 September 2020 (both days inclusive) on any Business Day, submit their existing share certificates for the Existing Shares (in the colour of blue) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of pink) on the basis of every twenty (20) Existing Shares for one (1) Consolidated Share without any fractional Consolidated Share, at the expense of the Company.

Thereafter, each share certificate for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates issued or cancelled is higher.

Nevertheless, the existing share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but will not be accepted for trading, settlement and registration upon completion of the Share Consolidation.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event	Time and date 2020
Expected date of despatch of the circular, notice and proxy form of the EGM	On or about Friday, 10 July
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:00 p.m. on Friday, 24 July
Closure of the register of members for the entitlement to attend and vote at the EGM	Monday, 27 July to Thursday, 30 July (both days inclusive)
Latest date and time for lodging the proxy forms for the EGM (not less than 48 hours prior to time of the EGM)	11:30 a.m. on Tuesday, 28 July
Record date for attendance and voting at the EGM	Thursday, 30 July
EGM	11:30 a.m. on Thursday, 30 July
Announcement of poll results of the EGM	Thursday, 30 July

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in the paragraphs headed “Conditions of the proposed Share Consolidation” in this announcement

Event	Time and date 2020
Effective Date of the Share Consolidation	Monday, 3 August
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 3 August
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Monday, 3 August
Original counter for trading in the Existing Shares in board lots of 4,000 Existing Shares temporarily closes	9:00 a.m. on Monday, 3 August
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 3 August
Original counter for trading in the Consolidated Shares in board lots of 12,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Monday, 17 August
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) commences	9:00 a.m. on Monday, 17 August
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Monday, 17 August
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 4 September
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Friday, 4 September
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:10 p.m. on Friday, 4 September
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 8 September

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation at the EGM.

A circular containing, among other things, information regarding the proposed Share Consolidation and a notice of the EGM is expected to be despatched to the Shareholders on or about Friday, 10 July 2020.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" above in this announcement. Accordingly, the Share Consolidation may or may not proceed.

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

DEFINITIONS

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

"Board"	the board of Directors
"Business Day(s)"	a day (other than Saturday, Sunday, public holiday or any day on which tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Change in Board Lot Size"	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares
"Company"	Echo International Holdings Group Limited, a limited company incorporated in the Cayman Islands whose shares are listed on the GEM

“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.050 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Convertible Bonds”	convertible bonds issued by the Company on 6 August 2019, 20 August 2018 and 23 January 2018
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Consolidation shall become effective, being the second Business Day immediately following the date of the passing of the ordinary resolution approving the Share Consolidation at the EGM
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving (among other things) the Share Consolidation
“Existing Share(s)”	issued and unissued ordinary share(s) of par value of HK\$0.0025 each in the share capital of the Company before the Share Consolidation becomes effective
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share Consolidation”	the proposed share consolidation of every twenty (20) issued and unissued Existing Shares into one (1) Consolidated Share
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Share Option Scheme”	the pre-IPO share option scheme of the Company adopted on 27 September 2013

“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
Echo International Holdings Group Limited
Chan Wan Shan Sandra
Executive Director

Hong Kong, 22 June 2020

As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Tansri Saridju Benui and Ms. Chan Wan Shan Sandra, and the independent non-executive Directors are Mr. Tsui Chun Shing, Mr. Leung Yu Tung Stanley and Mr. Lee Kwok Po.

This announcement, for which the directors of the Company 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 of the Company, 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.