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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)

SUPPLEMENTAL ANNOUNCEMENT ON PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcement (“**Announcement**”) of Echo International Holdings Group Limited (the “**Company**”) dated 21 January 2021 in relation to the Placing. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the following additional information relating to the Placing.

FURTHER INFORMATION ON PLACING PRICE

As disclosed in the Announcement, the Placing Price of HK\$0.27 per Placing Share is fixed with reference to the prevailing market price of the Shares. In determining the Placing Price, the Directors have reviewed the closing price of the Shares during the period from November 2020 and up to and including the date of the Placing Agreement (namely, 21 January 2021) (the “**Review Period**”). The price of the Shares has dropped below the price of HK\$0.40 since 5 November 2020 and has been maintained at the price of HK\$0.27 since 6 January 2021. Taking into account (i) prevailing market price of the Shares, and (ii) the general downward trend of the Share price during the Review Period, the Directors consider that it is reasonable and necessary to set the Placing Price at its prevailing market price so as to attract the investors to participate in the Placing.

FURTHER INFORMATION ON REASONS FOR THE PLACING

As disclosed in the Announcement, the Company is aware of the dilution impact of the Placing on the existing shareholding of the Shareholders. However, the Directors consider that the potential dilution impact was justified and the Placing is in the interests of the Company and the Shareholders as a whole based on the following:

- (i) **the funding needs to expand in its food catering business:** it has been the Company's intention to seek opportunities to expand its food catering business by opening new restaurant(s), which requires a new venue for operation. As disclosed in the announcement of the Company dated 21 January 2021 on two major transactions in relation to the Tenancy Agreement and the Renovation Contract, in view of the current market conditions due to the COVID-19 epidemic, the landlords are willing to provide favourable terms of tenancy to attract retail operations. Although the COVID-19 epidemic has adverse effect on the general food catering industry, the Directors believe the Company's food catering business will improve once the COVID-19 epidemic ends, while it could enjoy a more favourable terms of tenancy in the coming three years;
- (ii) **alternative fund-raising methods:** according to the unaudited management account of the Group as at 31 December 2019 and 31 December 2020, the key financial ratios of the Group as at/for the nine months ended 31 December 2019 and 31 December 2020 (unaudited) are as follows:

	As at/for the nine months ended 31 December 2019 (unaudited)	As at/for the nine months ended 31 December 2020 (unaudited)
Current ratio	4.32:1	4.10:1
Gearing ratio	3.16:1	2.64:1
Interest coverage ratio	(157.89):1	(54.25):1
Debt to equity ratio	1.55:1	3.06:1

In view of the current financial position of the Group, debt financing may impose additional interest burden on the Group and worsen the Group's net liabilities position; whereas, equity financing, such as the Placing, has the benefits of increasing the working capital and strengthening the financial position of the Group without increasing its financing costs and the possibility of lowering the net liabilities of the Group; and

- (iii) **shareholders' approval:** the Placing is subject to the Shareholders' approval and therefore the Shareholders are given the opportunity and full discretion to consider the Placing and decide whether to vote in favour of or against the Placing.

FURTHER INFORMATION ON THE PLACEES

As disclosed in the Announcement, pursuant to the Placing Agreement, the Placing Agent conditionally agreed to effect the Placing by procuring Placees (currently expected to be no fewer than six) to subscribe for a maximum of 88,000,000 Placing Shares at the Placing Price of HK\$0.27 per Placing Share on a best effort basis.

According to the information provided by the Placing Agent, as at the date of this Announcement, the Placing Agent is still in the course of identifying and procuring Placees to subscribe for the Placing Shares, and as such, the identity and information of the Placees remains to be unknown to the Company.

In the event that any Placee who will become the Company's substantial shareholder upon completion of the Placing, the Company will make announcement in accordance with the GEM Listing Rules as and when appropriate.

FURTHER INFORMATION ON LONG STOP DATE

As stated in the Placing Agreement, the Long Stop Date is agreed to be 31 March 2021. This is to take into account of the public holiday, so as to allow buffer for the Placing Agent to procure Placees and for the Company to fulfill the condition precedents under the Placing Agreement.

Save as disclosed in this announcement, all information disclosed in the Announcement remain unchanged.

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

Hong Kong, 10 February 2021

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. Chow Yun Cheung, 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.