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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

- (1) ISSUE OF NEW SHARES FOR LOAN CAPITALISATION AND
ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE;
(2) PLACING OF NEW SHARES AND
ISSUE OF UNLISTED WARRANTS UNDER SPECIFIC MANDATE;
AND
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

(1) LOAN CAPITALISATION AGREEMENTS

On 25 March 2022 (after trading hours), the Company (as the issuer) and Yuk Cuisine, Yuk Cuisine HK and/or Echo Asia (as the debtor(s)) entered into the Loan Capitalisation Agreements with the Creditors, respectively, pursuant to which (i) the Company has conditionally agreed to allot and issue to the Creditors and the Creditors have conditionally agreed to subscribe for an aggregate of 102,804,213 Loan Capitalisation Shares at the Loan Capitalisation Price of HK\$0.13 per Loan Capitalisation Share; and (ii) subject to the fulfillment of the Loan Capitalisation Warrant Conditions Precedent, the Company shall create, and issue to each Creditor, the Loan Capitalisation Warrants entitling the holders thereof to subscribe up to 16,225,482 Loan Capitalisation Warrant Shares at nil consideration. The subscription amount payable by the Creditors under the Loan Capitalisation Agreements shall be satisfied by capitalising the respective Indebted Sums due from the Group.

The Loan Capitalisation Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Loan Capitalisation Completion Date, the Loan Capitalisation Shares represent (i) approximately 65.14% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 39.44% of the total issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares. The Loan Capitalisation Shares have an aggregate nominal value of HK\$5,140,210.65 based on the nominal value of HK\$0.05 per Share.

The Loan Capitalisation Warrant Shares

Assuming the subscription rights attached to the Loan Capitalisation Warrants are exercised in full at the Warrant Exercise Price HK\$0.13 per Warrant Share, 16,225,482 Loan Capitalisation Warrant Shares will be allotted and issued under the Specific Mandate, which represent (i) approximately 10.28% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.86% of the total issued share capital of the Company as enlarged by the issue of the Loan Capitalisation Shares and Loan Capitalisation Warrants Shares in full.

(2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 25 March 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which (i) 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 97,188,000 Placing Shares at the Placing Price of HK\$0.13 per Placing Share on a best effort basis; and (ii) subject to the fulfillment of the Placing Warrant Conditions Precedent, the Company shall create, and issue to each Placee, the Placing Warrants entitling the holders thereof to subscribe up to 15,339,080 Placing Warrants Shares at nil consideration.

The Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Placing Completion Date, the Placing Shares represent (i) approximately 61.58% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 38.11% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Shares have an aggregate nominal value of HK\$4,859,400 based on the nominal value of HK\$0.05 per Share.

The Placing Warrant Shares

Assuming the subscription rights attached to the Placing Warrants are exercised in full at the Warrant Exercise Price HK\$0.13 per Warrant Share, 15,339,080 Placing Warrant Shares will be allotted and issued under the Specific Mandate, which represent (i) approximately 9.72% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.67% of the total issued share capital of the Company as enlarged by the issue of the Placing Shares and Placing Warrants Shares in full.

The Loan Capitalisation and the Placing are not conditional upon each other.

(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 200,000,000 Shares. In order to facilitate the issue of the Loan Capitalisation Shares, the Placing Shares and the Warrant Shares, accommodate the future expansion and growth of the Group and provide the Company with greater flexibility for future expansion in the share capital of the Company, the Board proposes that the authorised share capital of the Company be increased to HK\$50,000,000 divided into 1,000,000,000 Shares.

GEM LISTING RULES IMPLICATIONS

As the Loan Capitalisation Shares, the Placing Shares and the Warrant Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Loan Capitalisation, the Placing, the issue of the Warrants and the Special Mandate are subject to the Shareholders' approval. Creditor A shall be required to abstain from voting on the proposed resolution(s) of the Company in approving the Loan Capitalisation Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed and to the best knowledge of the Directors, no other Shareholders or their associates would have any material interest in and is required to abstain from voting at the EGM in approving the Loan Capitalisation Agreements, the Placing Agreement and the transactions contemplated thereunder at the EGM. No applications will be made for the listing of the Warrants on the Stock Exchange or any other stock exchange. Applications will be made to the Stock Exchange for the issue of the Warrants, and the listing of, and permission to deal in, the Loan Capitalisation Shares, the Loan Capitalisation Warrant Shares, the Placing Shares and the Placing Warrant Shares, respectively.

The Increase in Authorised Share Capital is conditional upon the approval by the Shareholders by way of an ordinary resolution at the EGM.

GENERAL

A circular containing, among other things, (i) further details of the Loan Capitalisation, the Placing, the issue of the Warrants and Increase in Authorised Share Capital; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

As completion under each of the Loan Capitalisation Agreements and the Placing Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, respectively, the issue of the Loan Capitalisation Share, the Placing Shares and/or the Warrants may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

(1) LOAN CAPITALISATION AGREEMENTS

On 25 March 2022 (after trading hours), the Company (as the issuer) and Yuk Cuisine, Yuk Cuisine HK and/or Echo Asia (as the debtor(s)) entered into the Loan Capitalisation Agreements with the Creditors, respectively, pursuant to which (i) the Company has conditionally agreed to allot and issue to the Creditors and the Creditors have conditionally agreed to subscribe for an aggregate of 102,804,213 Loan Capitalisation Shares at the Loan Capitalisation Price of HK\$0.13 per Loan Capitalisation Share; and (ii) subject to the fulfillment of the Loan Capitalisation Warrant Conditions Precedent, the Company shall create, and issue to each Creditor, the Loan Capitalisation Warrants entitling the holders thereof to subscribe up to 16,225,482 Loan Capitalisation Warrant Shares at nil consideration. The subscription amount payable by the Creditors under the Loan Capitalisation Agreements shall be satisfied by capitalising the respective Indebted Sums due from the Group. The Group shall settle any accrued interest calculated on the respective principal amount of the Loans during the period between 1 March 2022 and the Loan Capitalisation Completion Date by bank transfer to the respective Creditors within 14 Business Days after the Loan Capitalisation Completion Date.

The principal terms of the Loan Capitalisation Agreements are identical except for the amount of debts under the respective Loans, the number of Loan Capitalisation Shares and Loan Capitalisation Warrants to be allotted and/or issued by the Company to each of the Creditors as more particularly set out in the paragraphs headed “Loan Capitalisation Shares” and “Loan Capitalisation Warrants Shares” below.

Loan Capitalisation

Pursuant to the Loan Capitalisation Agreements, the Company has conditionally agreed to allot and issue to the Creditors and the Creditors have conditionally agreed to subscribe for an aggregate of 102,804,213 Loan Capitalisation Shares at the Loan Capitalisation Price of HK\$0.13 per Loan Capitalisation Share.

Loan Capitalisation Shares

Details of the number of Loan Capitalisation Shares to be subscribed by each of the Creditors, the underlying debts and the Indebted Sums are as follows:

Creditors	Principal amount (HK\$)	Interest rate per annum	Maturity Date	Sums to be capitalised under the Loan Capitalisation Agreements (HK\$)	Number of Loan Capitalisation Shares (Approximately)
Creditor A	500,000	2%	June 2022	510,712.39	3,928,556
Creditor B	2,920,000	2%	from June to August 2022	2,972,733.81	22,867,183
Creditor C	9,800,000	8-11%	from September 2022 to February 2023	9,881,101.74	76,008,474
Total	<u>13,220,000</u>			<u>13,364,547.94</u>	<u>102,804,213</u>

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Loan Capitalisation Completion Date, the Loan Capitalisation Shares represent (i) approximately 65.14% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 39.44% of the total issued share capital of the Company as enlarged by the allotment and issue of the Loan Capitalisation Shares. The Loan Capitalisation Shares have an aggregate nominal value of HK\$5,140,210.65 based on the nominal value of HK\$0.05 per Share.

The Loan Capitalisation Shares will rank, upon issue, *pari passu* in all respects with the Shares then in issue on the date of allotment and issue of the Loan Capitalisation Shares.

Loan Capitalisation Price

The Loan Capitalisation Price of HK\$0.13 per Loan Capitalisation Share:

- (i) is equal to the closing price of HK\$0.13 per Share as quoted on the Stock Exchange on the date of the Loan Capitalisation Agreements;
- (ii) represents a discount of approximately 1.07% to the average closing price of approximately HK\$0.1314 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the date of the Loan Capitalisation Agreements; and
- (iii) represents a discount of approximately 2.26% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to and excluding the date of the Loan Capitalisation Agreements.

The subscription amount payable by the Creditors under the Loan Capitalisation Agreements shall be satisfied by capitalising the respective Indebted Sums due from the Group.

The Loan Capitalisation Price was negotiated on an arm's length basis between the Company and each of the Creditors and was determined with reference to the prevailing market price of the Shares.

Loan Capitalisation Conditions Precedent

The Loan Capitalisation Completion is conditional upon the following conditions being fulfilled:

- (i) the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which neither the Company nor the Creditors shall reasonably object) the listing of, and permission to deal in all of the Loan Capitalisation Shares;
- (ii) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Loan Capitalisation Agreements and the transactions contemplated thereunder including but not limited to the allotment and issue of the Loan Capitalisation Shares;
- (iii) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Increase in Authorised Share Capital; and
- (iv) no warranties having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Loan Capitalisation Completion Date.

If any of the above conditions precedent have not been fulfilled on or before the Loan Capitalisation Long Stop Date, the Loan Capitalisation Agreements shall lapse immediately thereafter and be of no further effect and neither the Company nor the Creditors shall have any claim against or liability or obligation to each other under the Loan Capitalisation Agreements save for any rights or obligations which may accrue prior to the date of such termination.

The Loan Capitalisation Agreements are not inter-conditional upon one another.

Completion of the Loan Capitalisation

Loan Capitalisation Completion shall take place at the principal place of business of the Company in Hong Kong on the Loan Capitalisation Completion Date at 5:00 p.m. (unless otherwise agreed between the Creditors and the Company in writing) provided that all the Loan Capitalisation Conditions Precedent have been fulfilled at the time of Loan Capitalisation Completion.

Loan Capitalisation Warrant

Pursuant to the Loan Capitalisation Agreements, subject to the fulfillment of the Loan Capitalisation Warrant Conditions Precedent, the Company shall create, and issue 620,039, 3,609,104 and 11,996,339 Loan Capitalisation Warrants to Creditor A, Creditor B and Creditor C, respectively, entitling the holders thereof to subscribe an aggregate of up to 16,225,482 Loan Capitalisation Warrant Shares at nil consideration.

Loan Capitalisation Warrant Shares

Assuming the subscription rights attached to the Loan Capitalisation Warrants are exercised in full at the Warrant Exercise Price HK\$0.13 per Warrant Share, 16,225,482 Loan Capitalisation Warrant Shares will be allotted and issued under the Specific Mandate, which represent (i) approximately 10.28% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.86% of the total issued share capital of the Company as enlarged by the issue of the Loan Capitalisation Shares and Loan Capitalisation Warrants Shares in full.

The Loan Capitalisation Warrant Shares will rank, upon issue, pari passu in all respects with the Shares then in issue on the date of allotment and issue of the Loan Capitalisation Warrant Shares.

Loan Capitalisation Warrant Conditions Precedent

The Loan Capitalisation Warrant Completion is conditional upon the following conditions being fulfilled:

- (i) the Loan Capitalisation Completion;
- (ii) the Stock Exchange approving (either unconditionally or subject to conditions to which neither the Company nor the Creditors shall reasonably object) the issue of the Loan Capitalisation Warrants;

- (iii) the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which neither the Company nor the Creditors shall reasonably object) the listing of, and permission to deal in all of the Loan Capitalisation Warrant Shares;
- (iv) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Loan Capitalisation Agreements and the transactions contemplated thereunder including but not limited to the issue of the Loan Capitalisation Warrants;
- (v) no warranties having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Loan Capitalisation Warrant Completion Date.

If any of the above conditions precedent have not been fulfilled on or before the Loan Capitalisation Long Stop Date, the issue of the Loan Capitalisation Warrants and all related rights and obligations thereunder in relation to the issue of the Loan Capitalisation Warrants shall lapse immediately thereafter and be of no further effect and neither the Company nor the Creditors shall have any claim against or liability or obligation to each other save for any rights or obligations which may accrue prior to the date of such termination.

Completion of the Loan Capitalisation Warrant

Loan Capitalisation Warrant Completion shall take place at the principal place of business of the Company in Hong Kong on the Loan Capitalisation Warrant Completion Date at 5:00 p.m. (unless otherwise agreed between the Creditors and the Company in writing) provided that all the Loan Capitalisation Warrant Conditions Precedent have been fulfilled at the time of Loan Capitalisation Warrant Completion.

For the avoidance of doubt, the Loan Capitalisation Completion is not conditional on the Loan Capitalisation Warrant Completion while the Loan Capitalisation Warrant Completion is conditional on the Loan Capitalisation Completion.

Information on the Creditors and the Loans

Creditor A is a Hong Kong citizen and possesses experience in investing in various securities products. Loan A comprises of a loan agreement Creditor A entered into with Yuk Cuisine HK dated 3 February 2021 (as supplemented by a supplemental loan agreement dated 16 June 2021). The aggregated principal amount under Loan A is HK\$0.5 million. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Creditor A is an Independent Third Party.

Creditor B is a PRC citizen and possesses experience in investing in various securities products. Loan B comprises of loan agreements Creditor B entered into with (i) Yuk Cuisine HK dated 2 March 2021 (as supplemented by a supplemental loan agreement dated 16 June 2021), 31 March 2021 (as supplemented by a supplemental loan agreement dated 16 June 2021) and 3 May 2021 (as supplemented by a supplemental loan agreement dated 16 June 2021), respectively; (ii) Yuk Cuisine dated 2 February 2021 (as supplemented by a supplemental loan agreement dated 16 June 2021) and 5 February 2021 (as supplemented by a supplemental loan agreement dated 16 June 2021), respectively; and (iii) Echo Asia dated 18 August 2021. The aggregated principal amount under Loan B is HK\$2.92 million. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Creditor B is an Independent Third Party.

Creditor C is a company incorporated in Hong Kong and is principally engaged in provision of design and renovation services. Creditor C is wholly owned by Industriatics Berhad which is a company listed on Bursa Malaysia Securities Berhad (the stock exchange of Malaysia) (stock code: 9393). Loan C comprises loan agreements Creditor C entered into with (i) Yuk Cuisine HK dated 6 September 2021; and (ii) Echo Asia dated 1 November 2021, 26 January 2022 and 28 February 2022, respectively. The aggregated principal amount under Loan C is HK\$9.80 million. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Creditor C and its ultimate beneficial owners are Independent Third Parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Creditors are independent of each other.

All of the Loans are unsecured, and the reasons for obtaining the Loans is to support the Group's working capital and the Directors considered that such transactions were incurred in the ordinary and usual course of business of the Group. Given that the terms of each of the Loans are similar to that of the loans of the Group due from other Independent Third Parties, the Directors are of the view that the Loans were on normal commercial terms and at arm's length basis.

INFORMATION OF THE GROUP AND REASONS FOR THE LOAN CAPITALISATION AND ISSUE OF LOAN CAPITALISATION WARRANTS AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the manufacture and trading of electronic products and accessories and provision of catering business.

In considering the source of funding to settle the Indebted Sums, apart from the Loan Capitalisation, the Directors have considered other alternative financing methods, however, those other financing methods taken into consideration have the following disadvantages:

- (a) Debt financing such as bank borrowings, will impose additional interest burden on the Group, worsen the Group's net liabilities position and gearing ratio of the Group; it may also require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio; further, debt financing may be subject to lengthy and time-consuming due diligence and negotiations for more favourable terms for such borrowings; and

- (b) Equity financing methods such as rights issue and open offer will incur substantial costs in relation to the engagement of legal adviser, financial adviser and brokerage agent as well as underwriting commission which might in turn cause an adverse impact on the financial condition of the Group; it will possibly require a relatively longer time period to complete in view of the relatively more stringent documentary requirements for pre-emptive issues such as preparation of a listing document, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement.

Even though the allotment and issue of the Loan Capitalisation Shares will have a dilution effect to the existing Shareholders, having considered that (i) the capitalisation of the Indebted Sums can alleviate the repayment and settlement pressure of the Company; and (ii) the Loan Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base, and accordingly, strengthen the financial position of the Group, the Directors are of the view that the Loan Capitalisation is a more desirable and cost-effective solution for the Group to settle the Indebted Sums.

In relation to the issue of Loan Capitalisation Warrants, the Directors are of the view that: (i) given the downward trend of the closing price of the Shares in recent months, where the closing price has dropped from HK\$0.28 in early January 2022 to HK\$0.13 in mid-March 2022, the Loan Capitalisation Warrants provide an incentive to encourage the Creditors to enter into the Loan Capitalisation arrangement with the Company; (ii) the Loan Capitalisation Warrants will not impose immediate dilution on the shareholding of the existing Shareholders; and (iii) if the subscription rights attaching to the Loan Capitalisation Warrants are exercised, the Company will obtain additional financing.

Assuming the subscription rights attached to the Loan Capitalisation Warrants are fully exercised, the gross proceeds and net proceeds (after deducting all relevant expenses) from the issue of Loan Capitalisation Warrants are estimated to be approximately HK\$2.11 million and HK\$2.10 million, respectively. The net price is approximately HK\$0.13 per Loan Capitalisation Warrant Share. The Company intends to apply the net proceeds from the issue of Loan Capitalisation Warrant Shares for repayment of interest and general working capital of the Group.

The Directors consider that the terms of the Loan Capitalisation Agreements (including the Loan Capitalisation and issue of Loan Capitalisation Warrants) are on normal commercial terms and are fair and reasonable based on the prevailing market conditions. Therefore, and in view of the above, the Directors consider the entering into the Loan Capitalisation Agreements is in the interests of the Company and the Shareholders as a whole.

(2) THE PLACING AGREEMENT

On 25 March 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which (i) 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 97,188,000 Placing Shares at the Placing Price of HK\$0.13 per Placing Share on a best effort basis; and (ii) subject to the fulfillment of the Placing Warrant Conditions Precedent, the Company shall create, and issue to each Placee, the Placing Warrants entitling the holders thereof to subscribe up to 15,339,080 Placing Warrants Shares at nil consideration.

The Loan Capitalisation and the Placing are not conditional upon each other.

The principal terms of the Placing Agreement are summarised below:

Date

25 March 2022 (after trading hours)

Parties

- (1) The Company as the issuer; and
- (2) Bluemount Securities Limited as the Placing Agent.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Party. The Company is interested in 30% of the shareholding in the Placing Agent and the Placing Agent is not a connected person of the Company under the definition of the GEM Listing Rules.

Placees

The Placing Agent undertakes to place the Placing Shares only to independent professional, institutional or other investors, who and whose ultimate beneficial owner(s) will be third parties independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the GEM Listing Rules).

It is currently expected that the number of Placees will be no fewer than six.

Placing Commission

Upon the Placing Completion, the Company will pay to the Placing Agent a placing commission of 4% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

Placing of new shares

Pursuant to the Placing Agreement, the Placing Agent conditionally agreed, on a best effort basis, to place, or procure the placing of, a maximum of 97,188,000 Placing Shares to currently expected to be not less than six independent professional, institutional or other investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons as defined under the GEM Listing Rules as selected by the Placing Agent at the Placing Price of HK\$0.13 per Placing Share (together with the Stock Exchange trading fee, SFC transaction levy, FRC transaction levy and Central Clearing and Settlement System stock settlement fee as may be payable by the Placees) in the capacity as the Company's agent.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Placing Completion Date, the Placing Shares represent (i) approximately 61.58% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 38.11% of the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The Placing Shares have an aggregate nominal value of HK\$4,859,400 based on the nominal value of HK\$0.05 per Share.

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares then in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.13 per Placing Share:

- (i) is equal to the closing price of HK\$0.13 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) represents a discount of approximately 1.07% to the average closing price of approximately HK\$0.1314 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the date of the Placing Agreement; and
- (iii) represents a discount of approximately 2.26% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to and excluding the date of the Placing Agreement.

Taking into account all commissions and other expenses in relation to the Placing, the net issue price of each Placing Share is approximately HK\$0.12 per Placing Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with reference to the prevailing market price of the Shares.

Placing Conditions Precedent

The Placing Completion is conditional upon the following conditions being fulfilled:

- (i) the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in all of the Placing Shares;
- (ii) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Placing Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Placing Shares;
- (iii) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Increase in Authorised Share Capital; and
- (iv) no warranties having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Placing Completion Date.

If any of the above conditions precedent have not been fulfilled on or before the Placing Long Stop Date, the Placing Agreement shall lapse immediately thereafter and be of no further effect and neither the Company nor the Placing Agent shall have any claim against or liability or obligation to each other under the Placing Agreement save for any rights or obligations which may accrue prior to the date of such termination.

Completion of the Placing

Placing Completion shall take place at the principal place of business of the Company in Hong Kong on the Placing Completion Date at 5:00 p.m. (unless otherwise agreed between the Placing Agent and the Company in writing) provided that all the Placing Conditions Precedent have been fulfilled at the time of Placing Completion.

The Placing Agent shall use its best endeavours to procure Placees to subscribe for the Placing Shares.

Placing Warrants

Pursuant to the Placing Agreement, subject to the fulfillment of the Placing Warrant Conditions Precedent, the Company shall create, and issue to each Placee, the Placing Warrants entitling the holders thereof to subscribe up to 15,339,080 Placing Warrants Shares at nil consideration.

Placing Warrant Shares

The actual number of Placing Warrants to be issued to each Placees will be determined according to the following formula:

$$\frac{P}{(A/B)}$$

where:

P being the total number of Placing Shares to be issued to each Placee;

A being the total number of Placing Shares; and

B being the total number of Placing Warrants.

Assuming the subscription rights attached to the Placing Warrants are exercised in full at the Warrant Exercise Price HK\$0.13 per Warrant Share, 15,339,080 Placing Warrant Shares will be allotted and issued under the Specific Mandate, which represent (i) approximately 9.72% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.67% of the total issued share capital of the Company as enlarged by the issue of the Placing Shares and Placing Warrants Shares in full.

The Placing Warrant Shares will rank, upon issue, pari passu in all respects with the Shares then in issue on the date of allotment and issue of the Placing Warrant Shares.

Placing Warrant Conditions Precedent

The Placing Warrant Completion is conditional upon the following conditions being fulfilled:

- (i) the Placing Completion;
- (ii) the Stock Exchange approving (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the issue of the Placing Warrants;
- (iii) the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which neither the Company nor the Placing Agent shall reasonably object) the listing of, and permission to deal in all of Placing Warrant Shares;
- (iv) the passing by the Shareholders at the EGM of an ordinary resolution of the Company approving the Placing Agreement and the transactions contemplated thereunder including but not limited to the issue of the Placing Warrants;
- (v) no warranties having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Placing Warrant Completion Date.

If any of the above conditions precedent have not been fulfilled on or before the Placing Long Stop Date, the issue of the Placing Warrants and all related rights and obligations thereunder in relation to the issue of the Placing Warrants shall lapse immediately thereafter and be of no further effect and neither the Company nor the Placing Agent shall have any claim against or liability or obligation to each other save for any rights or obligations which may accrue prior to the date of such termination.

Completion of the Placing Warrant

Placing Warrant Completion shall take place at the principal place of business of the Company in Hong Kong on the Placing Warrant Completion Date at 5:00 p.m. (unless otherwise agreed between the Creditors and the Company in writing) provided that all the Placing Warrant Conditions Precedent have been fulfilled at the time of Placing Warrant Completion.

For the avoidance of doubt, the Placing Completion is not conditional on the Placing Warrant Completion while the Placing Warrant Completion is conditional on the Placing Completion.

Termination

If at any time prior to the Placing Completion, in the opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Placing); or
- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (f) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets,

the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR THE PLACING AND ISSUE OF THE PLACING WARRANTS AND USE OF PROCEEDS

Similar to the Loan Capitalisation, the Directors is aware of the potential dilution impact of the Placing on the existing shareholding of the Shareholders. However, further to the reasons set out under the paragraph headed "Information of the Group and Reasons for the Loan Capitalisation and issue of Loan Capitalisation Warrants and Use of Proceeds", the Directors consider that the potential dilution impact was justified for the following reasons:

- (a) as mentioned in the Company's third quarterly report for the nine months ended 31 December 2021, the Group has developed and has been operating an e-commerce platform selling food and drinks in 2021, and such platform has contributed to an increase in the revenue (unaudited) in the food catering services segment as compared with the corresponding period in 2020. In view of the potential of the e-commerce market, the Group has launched another e-commerce platform in February 2022 selling more diversified products, such as Chinese tea, jewelry, watches and health care products. In order to continue to develop such business, the Placing will strengthen the financial position of the Group and provide working capital to the Group to meet any future development opportunities and financial obligations of the Group;
- (b) the Placing can provide a higher liquidity to increase its operational flexibility and to sustain its existing businesses by way of increasing general working capital of the Group; and
- (c) the Group is able to increase its working capital and strengthen the financial position of the Group through the Placing without (i) increasing the interest burden on the Group; and (ii) affecting the financial position and the liquidity risk of the Group by means of equity fundraising.

In relation to the issue of Placing Warrants, the Directors are of the view that: (i) given the downward trend of the closing price of the Shares in recent months as mentioned above, the Placing Warrants provide an incentive to encourage the subscription of the Placing Shares under the Placing; (ii) the Placing Warrants will not impose immediate dilution on the shareholding of the existing Shareholders; and (iii) if the subscription rights attaching to the Placing Warrants are exercised, the Company will obtain additional financing.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be in an aggregate of HK\$12.63 million. The net proceeds from the Placing, after the deduction of the relevant commission and other related expenses, are estimated to be in an aggregate of approximately HK\$11.88 million. The Group intends to allocate approximately (i) HK\$3.24 million from the proceeds of the Placing to support the development in the e-commerce business; (ii) HK\$4.64 million for repayment of loans; and (iii) HK\$4.00 million as working capital of the Group.

Assuming the subscription rights attached to the Placing Warrants are fully exercised, the gross proceeds and net proceeds (after deducting all relevant expenses) from the issue of Placing Warrants are estimated to be approximately HK\$1.99 million and HK\$1.98 million respectively. The net price is approximately HK\$0.13 per Placing Warrant Share. The Company intends to apply the net proceeds from the issue of Placing Warrant Shares for repayment of interest and general working capital of the Group.

The Directors consider that the terms of the Placing Agreement (including the Placing and the issue of Placing Warrants) are on normal commercial terms and are fair and reasonable based on the prevailing market conditions. Therefore, and in view of the above, the Directors consider that the entering into the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

WARRANTS

The principal terms of the instruments constituting the Loan Capitalisation Warrants and the Placing Warrants are identical except for the amount of Warrants to be issued by the Company to each of the Creditors and Placees under the Loan Capitalisation Agreements and Placing Agreement, respectively.

Set out below are the principal terms of the Warrants under the instrument constituting the Warrants:

Issuer	:	the Company
Warrant Exercise Period	:	The Warrants may be exercised in full or in part at any time during a period of 3 years commencing from the date of the issue of the relevant Warrants.

- Warrant Exercise Price : Initially of HK\$0.13 per Warrant Share
- The Warrant Exercise Price will be subject to adjustments in the events of subdivision or consolidation of Shares, capitalisation of profits or reserves, capital distributions, issue of Shares or convertible securities at less than 80% of market price.
- Exercise of the subscription rights : The holders of the Warrants shall have the right, which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time during the Warrant Exercise Period, to subscribe in cash the whole or part, in integral multiples of 2,000 units of the Warrant Exercise Price, for fully paid Shares at the Warrant Exercise Price. Where the exercise moneys of the outstanding amount of Warrants is of an amount less than 2,000 units of the Warrant Exercise Price, the holders of the Warrants shall have the right to exercise the whole but not in part of the outstanding number of Warrants to subscribe for the Shares in cash at the Warrant Exercise Price per Share. Any subscription rights which have not been exercised upon the expiry of the Warrant exercise period shall lapse and thereupon the Warrants and the warrant certificate shall cease to be valid for any purpose whatsoever.
- Voting rights : Holders of the Warrants shall not be entitled to attend and vote at any general meeting of the Company by reason of only being a holder of the Warrants.
- Ranking : The Shares issued upon the exercise of the subscription rights shall rank pari passu in all respects with the fully paid Shares in issue on the relevant subscription date and shall accordingly entitle the holders to participate in full in all dividends or other distributions declared, paid or made on the Shares after the relevant subscription date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant subscription date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant subscription date.

- Transferability : The Warrants shall be in registered form and shall be transferable in amounts of integral multiples of 2,000 units of the Warrant Exercise Price (or if at the time of transfer, the outstanding amount of Warrants are less than 2,000 units of the Warrant Exercise Price), the whole but not in part of the outstanding Warrants) by instrument of transfer in any usual or common form or such other form as may be approved by the Directors, provided always that the Warrants shall not be assigned or transferred to any connected person of the Company (as defined under the GEM Listing Rules) except with the prior written approval of the Company.
- Rights on liquidation : If the Company is wound up, all subscription rights which have not been exercised at the date of the passing of such resolution shall lapse and warrant certificate will cease to be valid for any purpose.

Warrant Exercise Price

The Warrant Exercise Price of HK\$0.13 per Warrant Share:

- (i) is equal to the closing price of HK\$0.13 per Share as quoted on the Stock Exchange on the date of the Loan Capitalisation Agreements and the Placing Agreement;
- (ii) represents a discount of approximately 1.07% to the average closing price of approximately HK\$0.1314 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the date of the Loan Capitalisation Agreements and the Placing Agreement; and
- (iii) represents a discount of approximately 2.26% to the average closing price of approximately HK\$0.133 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to and excluding the date of the Loan Capitalisation Agreements and the Placing Agreement.

The Warrant Exercise Price was negotiated on an arm's length basis between the Company and each of the Creditors and the Placing Agent and was determined with reference to the prevailing market price of the Shares.

EFFECTS ON SHAREHOLDINGS STRUCTURE OF THE COMPANY

Assuming that the Loan Capitalisation, the issue of Loan Capitalisation Warrants, the Placing and the issue of Placing Warrants complete on the same date, and there is no change in the total issued share capital of the Company between the date of this announcement and the Completion Date and assuming full exercise of the Warrants at the Warrant Exercise Price, the number of new Shares allotted and issued under the Special Mandate as a result of the Completion represent (i) approximately 246.72% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 59.47% of the total issued share capital of the Company as enlarged by the allotment and issue of the new Shares allotted and issued under the Special Mandate as a result of the Completion. The aggregate nominal value of the number of new Shares to be allotted and issued under the Special Mandate as a result of the Completion will be HK\$11,577,838.75.

The table below sets out, for the purpose of illustration only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion and assuming full exercise of the Warrants at the Warrant Exercise Price, assuming no other Shares will be issued or repurchased:

Shareholders	Immediately before the Completion		Immediately after the Completion and assuming full exercise of the Warrants at the Warrant Exercise Price	
	Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
<i>Director</i>				
Ms. Cheng Yeuk Hung	4,878,000	3.09%	4,878,000	1.25%
Public Shareholders (other than the Creditors and the Placees)	138,322,891	87.65%	138,322,891	35.52%
Creditor A	14,621,948	9.26%	19,170,543	4.92%
Creditor B	—	—	26,476,287	6.80%
Creditor C	—	—	88,004,813	22.60%
The Placees	—	—	112,527,080	28.90%
Total	157,822,839	100.00%	389,379,614	100.00%

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities in the past 12 months immediately preceding the date of this announcement:

Date of announcements	Fund raising activity	Net proceeds (approximate)	Intended use of proceeds as announced	Actual use of proceeds as at the date of this announcement
21 January 2021 & 27 May 2021	Placing of new shares under specific mandate	HK\$25.5 million	Expansion in food catering business and working capital of the Group	The entire proceeds were used for expansion in food catering business and general working capital of the Group. The entire proceeds are fully utilized as at the date of this announcement.

Save as disclosed above, there has not been any equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement.

(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 200,000,000 Shares. In order to facilitate the issue of the Loan Capitalisation Shares, the Placing Shares and the Warrants Shares, accommodate the future expansion and growth of the Group and provide the Company with greater flexibility for future expansion in the share capital of the Company, the Board proposes that the authorised share capital of the Company be increased to HK\$50,000,000 divided into 1,000,000,000 Shares. The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

The Board is of the view that the Increase in Authorised Share Capital will provide the Company with greater flexibility for future fundraising and expansion in the share capital of the Company, and is therefore in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The Loan Capitalisation and the Placing

The Loan Capitalisation Shares, the Placing Shares and the Warrant Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM and therefore the Loan Capitalisation, the Placing, the issue of the Warrants and the Special Mandate are subject to the Shareholders' approval.

Creditor A shall be required to abstain from voting on the proposed resolution(s) of the Company in approving the Loan Capitalisation Agreements and the transactions contemplated thereunder at the EGM. Save as disclosed and to the best knowledge of the Directors, no other Shareholders or their associates would have any material interest in and is required to abstain from voting at the EGM in approving the Loan Capitalisation Agreements, the Placing Agreement and the transactions contemplated thereunder at the EGM.

No application will be made for the listing of the Warrants on the Stock Exchange or any other stock exchange. Applications will be made to the Stock Exchange for the issue of the Warrants, and the listing of, and permission to deal in, the Loan Capitalisation Shares, the Loan Capitalisation Warrant Shares, the Placing Shares and the Placing Warrant Shares, respectively.

The Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon the approval by the Shareholders by way of an ordinary resolution at the EGM. To the best knowledge of the Directors, as none of the Shareholders or their associates would have any material interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Increase in Authorised Share Capital at the EGM.

GENERAL

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the granting the Special Mandate; (ii) the Loan Capitalisation Agreements and the transactions contemplated thereunder; (iii) the Placing Agreement and the transactions contemplated thereunder; and (iv) the Increase in Authorised Share Capital.

A circular containing, among other things, (i) further details of the Loan Capitalisation, the Placing, the issue of the Warrants and Increase in Authorised Share Capital; and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

As completion under each of the Loan Capitalisation Agreements and the Placing Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, respectively, the issue of the Loan Capitalisation Shares, the Placing Shares and/or the Warrants may or may not proceed. Investors should exercise caution when dealing in the Shares. If in doubt, investors are recommended to consult their professional adviser(s).

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday) on which licensed banks generally are open for business in Hong Kong throughout their normal business hours
“Company”	Echo International Holdings Group Limited, a limited company incorporated in the Cayman Islands whose shares are listed on the GEM of the Stock Exchange (stock code: 8218)
“Completion”	collectively, the Loan Capitalisation Completion, the Loan Capitalisation Warrant Completion, the Placing Completion and the Placing Warrant Completion
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Creditors”	collectively, Creditor A, Creditor B and Creditor C
“Creditor A”	Ms. Siu Hiu Ki Jamie (formerly known as Ms. Siu Yik Tung Jamie)
“Creditor B”	Ms. Zhou Qilin
“Creditor C”	ECGO International Limited, a company incorporated under the laws of Hong Kong
“Director(s)”	the director(s) of the Company
“Echo Asia”	Echo Asia (Hong Kong) Limited, a company incorporated under the law of Hong Kong, and a direct wholly owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the granting of the Special Mandate; (ii) the Loan Capitalisation Agreements and the transactions contemplated thereunder; (iii) the Placing Agreement and the transactions contemplated thereunder; and (iv) the Increase in Authorised Share Capital
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$10,000,000 divided into 200,000,000 Shares to HK\$50,000,000 divided into 1,000,000,000 Shares by creating an additional 800,000,000 unissued Shares
“Indebted Sums”	the total sum of HK\$13,364,547.95, being the aggregate amount of Indebted Sum A, Indebted Sum B and Indebted Sum C
“Indebted Sum A”	a total sum of HK\$510,712.39 owed by the Group to the Creditor A, being the aggregated outstanding principal amount under Loan A and the interests accrued thereunder as at 28 February 2022
“Indebted Sum B”	a total sum of HK\$2,972,733.81 owed by the Group to the Creditor B, being the aggregated outstanding principal amount under Loan B and the interests accrued thereunder as at 28 February 2022
“Indebted Sum C”	a total sum of HK\$9,881,101.74 owed by the Group to the Creditor C, being the aggregated outstanding principal amount under Loan C and the interests accrued thereunder as at 28 February 2022
“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)
“Loans”	collectively, Loan A, Loan B and Loan C
“Loan A”	the loan provided by Creditor A to Yuk Cuisine HK in the aggregated principal amount of HK\$0.5 million pursuant to the loan agreements between the parties and is subject to the Loan Capitalisation
“Loan B”	the loan provided by Creditor B to Yuk Cuisine HK, Yuk Cuisine and Echo Asia in the aggregated principal amount of HK\$2.92 million pursuant to the loan agreements between the parties and is subject to the Loan Capitalisation

“Loan C”	the loan provided by Creditor C to Yuk Cuisine HK and Echo Asia in the aggregated principal amount of HK\$9.80 million pursuant to the loan agreements between the parties and is subject to the Loan Capitalisation
“Loan Capitalisation”	the capitalisation of the amount equivalent to the Indebted Sums into 102,804,213 Loan Capitalisation Shares of HK\$0.13 per Capitalisation Share pursuant to the Loan Capitalisation Agreements
“Loan Capitalisation Agreements”	the loan capitalisation agreements dated 25 March 2022 entered into between the Company and the Creditors, respectively, in respect of the Loan Capitalisation and the issue of Loan Capitalisation Warrants
“Loan Capitalisation Completion”	the completion of Loan Capitalisation
“Loan Capitalisation Completion Date”	a Business Day within five (5) Business Days after fulfilment of the Loan Capitalisation Conditions Precedent (or such other time and date as the relevant parties may agree in writing prior to the Loan Capitalisation Completion)
“Loan Capitalisation Conditions Precedent”	the conditions precedent to the Loan Capitalisation Completion
“Loan Capitalisation Long Stop Date”	30 June 2022 (or such other date as may be agreed by the Creditors and the Company in writing, respectively)
“Loan Capitalisation Price”	HK\$0.13 per Loan Capitalisation Share
“Loan Capitalisation Share(s)”	102,804,213 new Shares to be issued and allotted to the Creditors by the Company through the Loan Capitalisation
“Loan Capitalisation Warrants”	up to 16,225,482 non-listed warrants to be issued by the Company, each entitles the holder thereof initially to subscribe for one Loan Capitalisation Warrant Share at the Warrant Exercise Price (subject to adjustment) at any time during the Warrant Exercise Period
“Loan Capitalisation Warrant Completion”	the completion of the issue of Loan Capitalisation Warrants
“Loan Capitalisation Warrant Completion Date”	a Business Day within five (5) Business Days after fulfilment of the Loan Capitalisation Warrant Conditions Precedent (or such other time and date as the relevant parties may agree in writing prior to the Loan Capitalisation Completion)

“Loan Capitalisation Warrant Conditions Precedent”	the conditions precedent to the Loan Capitalisation Warrant Completion
“Loan Capitalisation Warrant Share(s)”	up to 16,225,482 new Shares to be allotted and issued by the Company upon exercise of the subscription rights attaching to the Loan Capitalisation Warrants
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to subscribe for the Placing Shares pursuant to the provisions as contemplated by the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares on the terms and subject to the conditions referred to in the Placing Agreement
“Placing Agent”	Bluemount Securities Limited (藍山證券有限公司), a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the placing agent under the Placing Agreement
“Placing Agreement”	the placing agreement dated 25 March 2022 entered into between the Company and the Placing Agent in respect of the Placing and the issue of Placing Warrants
“Placing Completion”	the completion of Placing
“Placing Completion Date”	a Business Day within five (5) Business Days after fulfilment of the Placing Conditions Precedent (or such other time and date as the Company and the Placing Agent may agree in writing prior to the Placing Completion)
“Placing Conditions Precedent”	the conditions precedent to the Placing Completion
“Placing Long Stop Date”	30 June 2022 (or such other date as may be agreed by the Placing Agent and the Company in writing)
“Placing Price”	HK\$0.13 per Placing Share
“Placing Share(s)”	up to 97,188,000 new Shares to be issued and allotted to the Placees by the Company through the Placing

“Placing Warrants”	up to 15,339,080 non-listed warrants to be issued by the Company, each entitles the holder thereof initially to subscribe for one Placing Warrant Share at the Warrant Exercise Price (subject to adjustment) at any time during the Warrant Exercise Period
“Placing Warrant Completion”	the completion of the issue of Placing Warrants
“Placing Warrant Completion Date”	a Business Day within five (5) Business Days after fulfilment of the Placing Warrant Conditions Precedent (or such other time and date as the Company and the Placing Agent may agree in writing prior to the Placing Warrant Completion)
“Placing Warrant Conditions Precedent”	the conditions precedent to the Placing Warrant Completion
“Placing Warrant Share(s)”	up to 15,339,080 new Shares to be allotted and issued by the Company upon exercise of the subscription rights attaching to the Placing Warrants
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of nominal value of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the specific mandate to allot, issue and deal with the Placing Shares, the Loan Capitalisation Shares and the Warrant Shares upon full exercise of the subscription rights attached to the Warrants, each to be proposed for approval as an ordinary resolution of the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Warrant(s)”	the Loan Capitalisation Warrants and/or Placing Warrants collectively or separately, as the case may be or the context requires
“Warrant Exercise Period”	a period of 3 years commencing from the date of the issue of the relevant Warrants
“Warrant Exercise Price”	an initial exercise price of HK\$0.13 per Warrant Share (subject to adjustment) at which holder of the Warrants may subscribe for the Warrant Share(s)

“Warrant Share(s)”	the Loan Capitalisation Warrant Shares and/or Placing Warrant Shares collectively or separately, as the case may be or the context requires
“Yuk Cuisine”	Yuk Cuisine Limited, a company incorporated under the law of Hong Kong, and an indirect wholly owned subsidiary of the Company
“Yuk Cuisine HK”	Yuk Cuisine (HongKong) Limited, a company incorporated under the law of Hong Kong, and an indirect wholly owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 25 March 2022

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. Leung Yu Tung Stanley, Mr. Chow Yun Cheung and Mr. Lam Kwok Leung Roy.

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