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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 16 June 2023, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 71,563,010 Subscription Shares at the Subscription Price of HK\$0.11 per Subscription Share. The Subscription Price payable by the Subscribers shall be settled by cash.

The Subscription Shares represent approximately 12.03% of the issued share capital of the Company as at the date of this announcement and approximately 10.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription is conditional upon, among others, the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

As the Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

INTRODUCTION

The Board is pleased to announce that on 16 June 2023, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 71,563,010 Subscription Shares at the Subscription Price of HK\$0.11 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date

16 June 2023

Parties

- (1) the Company as the issuer; and
- (2) the Subscriber

Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for a total of 71,563,010 Subscription Shares at the Subscription Price. The Subscription Shares represents (i) approximately 12.03% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.74% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$3,578,150.50 based on the nominal value of HK\$0.05 per Share.

The Subscription 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 Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.11 per Subscription Share represents:

- (i) a discount of approximately 15.38% to the closing price of HK\$0.13 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 15.38% to the average closing price of HK\$0.13 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiation between the Subscribers and the Company with reference to, among others, the recent trading performance and recent market price of the Shares.

Condition Precedent

Completion of the Subscription is subject to the fulfilment of the following conditions:

- (i) the Stock Exchange granting or agreeing to grant (either unconditionally or subject to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in all of the Subscription Shares;
- (ii) 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 Completion Date.

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

Completion

Completion shall take place at the principal place of business of the Company in Hong Kong on the Completion Date (unless otherwise agreed between the Placing Agent and the Company in writing) provided that all the conditions precedent have been fulfilled at the time of Completion.

GENERAL MANDATE OF THE ISSUE OF THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting held on 11 August 2022 subject to the limit of up to 20% of the total number of Shares in issue as at the date of the annual general meeting (that is, 71,563,010 new Shares, representing 20% of 357,815,052 Shares in issue as at the date of the annual general meeting). Up to the date of this announcement, no Shares have been issued under the General Mandate. Accordingly, the General Mandate is sufficient for the issue of the Subscription Shares and therefore the issue of the Subscription Shares is not subject to a separate Shareholders' approval.

APPLICATION

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

INFORMATION OF THE PARTIES

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.

The Subscriber is a PRC citizen and possesses experience in investing in various securities products. As at the date of this announcement, the Subscriber is interested in 57,261,564 Shares, representing approximately 9.63% of the issued share capital of the Company as at

the date of this announcement, and 3,609,104 warrants issued by the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber is an Independent Third Party. It is expected that the Subscriber will become a substantial shareholder (as defined in the GEM Listing Rules) of the Company immediately upon the Completion.

REASONS FOR THE SUBSCRIPTION AND USE OF THE PROCEEDS

The Board considers that the Subscriptions represent a good opportunity for the Company to raise additional funds for general working capital and to widen the Company's shareholder base. In view of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription will be HK\$7.87 million. After deducting related professional fees and other related expenses, the net proceeds of the Subscription will amount to approximately HK\$7.79 million, representing a net subscription price of approximately HK\$0.109 per Subscription Share. The Company intends to apply the net proceeds as general working capital of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to the Completion, set out below, for the purpose of illustration only, is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the Completion.

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approx. % of shareholding	Number of Shares	Approx. % of shareholding
<i>Director</i>				
Ms. Cheng Yeuk Hung ^(Note 1)	4,878,000	0.82%	4,878,000	0.73%
<i>Substantial Shareholders</i>				
Ms. Siu Hiu Ki Jamie	103,581,986	17.41%	103,581,986	15.54%
Lissington Limited (“Lissington”) ^(Note 2)	94,011,486	15.80%	94,011,486	14.11%
Mr. Yeung Tong Seng Terry ^(Note 3)	81,158,017	13.64%	81,158,017	12.18%
ECGO International Limited (“ECGO”) ^(Note 4)	76,008,474	12.78%	76,008,474	11.41%
Mr. Siu Wang Kei ^(Note 5, 6)	61,867,849	10.40%	—	—
The Subscriber ^(Note 7)	—	—	128,824,574	19.33%
<i>Public Shareholders</i>				
Mr. Siu Wang Kei ^(Note 5, 6)	—	—	61,867,849	9.28%
The Subscriber ^(Note 7)	57,261,564	9.63%	—	—
Other Public Shareholders	116,092,747	19.52%	116,092,747	17.42%
Total	<u>594,860,123</u>	<u>100.00%</u>	<u>666,423,133</u>	<u>100.00%</u>

Notes:

1. Ms. Cheng Yeuk Hung is an executive Director and the chief executive officer of the Company.
2. Lissington Limited is an investment holding company incorporated in the British Virgin Islands and is held as to 100% by Ms. Zheng Zeli. By virtue of the SFO, Ms. Zheng Zeli is deemed to be interested in the shares held by Lissington Limited.
3. The Shares in which Mr. Yeung Tong Seng Terry is interested include 61,009,150 Shares held by Bluemount Investment Fund SPC — Bluemount Investment Fund SP as trustee of Mr. Yeung Tong Seng Terry, hence Mr. Yeung Tong Seng Terry is deemed to be interested in all of the Shares held by Bluemount Investment Fund SPC — Bluemount Investment Fund SP.
4. ECGO International Limited is a company incorporated in Hong Kong and is wholly-owned by Industronics Berhad. Industronics Berhad is a company listed on Bursa Malaysia Securities Berhad (the stock exchange of Malaysia) (stock code: 9393).
5. The Shares in which Mr. Siu Wang Kei is interested include 1,289,800 Shares held through a controlled corporation.
6. Upon the Completion, Mr. Siu Wang Kei will hold less than 10% shareholding of the Company and cease to be a substantial shareholder of the Company, and thus he will be a public shareholder and all of the Shares he is interested will be counted towards to the public float.
7. As at the date of this announcement, the Subscriber is interested in 57,261,564 Shares, representing approximately 9.63% of the issued share capital of the Company, and thus she is a public shareholder and all of the Shares he is interested are counted towards to the public float. Immediately after the Completion, the Subscriber will hold more than 10% shareholding of the Company and become to be a substantial shareholder of the Company.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE 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
25 March 2022 & 28 June 2022	Placing of new shares under specific mandate	HK\$11.88 million	Support the development in the e-commerce business, repayment of loans and working capital of the Group	The entire proceeds were used to support the development in the e-commerce business, for repayment of loans and as 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.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“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”	the completion of the Subscription under the Subscription Agreement
“Completion Date”	a day falling within five business days immediately following the satisfaction of the Condition (or such other date to be agreed by the parties)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 11 August 2022 to issue and allot up to new 71,563,010 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the said meeting
“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
“Independent Third Party(ies)”	third party(ies) who is/are independent of, and not connected with, the Company and its connected persons

“Long Stop Date”	7 July 2023 or any other later date as agreed between the parties
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Zhou Qilin
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 16 June 2023 entered into between the Company and the Subscriber in respect to the Subscription
“Subscription Price”	HK\$0.11 per Subscription Share
“Subscription Shares”	a total of 71,563,010 Shares
“%”	per cent

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

Hong Kong, 16 June 2023

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. Lam Kwok Leung, Roy and Mr. Lam Wing Biu, Thomas.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be published on the Stock Exchange’s website at www.hkexnews.hk and the Company’s website at www.echogroup.com.hk.