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## **Echo International Holdings Group Limited**

**毅高(國際)控股集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8218)**

**Placing Agent**



**Bluemount Securities Limited**

### **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 21 January 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which 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.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the Placing Shares represent (i) approximately 172.55% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 63.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Placing is subject to the Shareholders' approval. A circular containing, among other things, (i) further details of the Placing; 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 the Placing Agreement is subject to the fulfilment of certain conditions set forth therein, the issue of the Placing Shares 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).**

## **THE PLACING AGREEMENT**

### **Date**

21 January 2021 (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 definitions of the GEM Listing Rules.

### **Placing 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 88,000,000 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 the Placing Agent select at the Placing Price of HK\$0.27 per Placing Share (together with the Stock Exchange trading fee, SFC 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.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Completion, the Placing Shares represent (i) approximately 172.55% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 63.31% of the 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\$4,400,000 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.

## **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 Completion, the Company will pay to the Placing Agent a placing commission of 2% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed.

## **Placing Price**

The Placing Price of HK\$0.27 per Placing Share:

- (1) is equal to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (2) is equal to the average closing price of HK\$0.27 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
- (3) represents a discount of approximately 0.37% over the average closing price of HK\$0.271 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\$0.2617 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.

The Directors consider that the terms of the Placing (including the Placing Price and the placing commission) are on normal commercial terms and are fair and reasonable based on the prevailing market conditions. Therefore, and also taking into account the reasons set out in the section headed "Reasons for the Placing and Use of Proceeds" of this announcement, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## **Conditions to the Placing**

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (1) 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;
- (2) 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; and
- (3) 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 the above condition precedent has not been fulfilled on or before the 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.

## **Termination**

If at any time prior to the Completion of the Placing Agreement, 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 this 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.

### **Completion of the Placing**

Completion shall take place at the principal place of business of the Company in Hong Kong on the Completion Date at 5:00 p.m. (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.

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

### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

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\$23.8 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\$23.0 million. Reference is made to the announcement of the Company dated 21 January 2021 on two major transactions in relation to the Tenancy Agreement and the Renovation Contract. The Group intends to allocate HK\$17.4 million from the proceeds of the Placing to support the expansion in food catering business (including without limitation settlement of payments under the Tenancy Agreement and the Renovation Contract) and the remaining sums of HK\$5.6 million as working capital of the Group.

The Company is aware of the dilution impact of the Placing on the existing shareholding of the Shareholders. However, having taken into account of (i) the funding need of the Company as stated above to meet the payment obligations under the Tenancy Agreement should they arise; (ii) 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) the fact that 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, the Directors consider that the potential dilution impact was justified and accordingly, in the interests of the Company and the Shareholders as a whole.

The Directors have considered various fund-raising methods. The Directors considered that debt financing is usually subject to the Group's financial position and prevailing market condition and may subject the Group to lengthy due diligence and negotiations and possibly unfavourable interest rate with the banks, particularly in view of the net liabilities position of the Group. Taking into account of the Group's current financial position, debt financing may impose additional interest burden on the Group and worsen the Group's net liabilities position, the Directors consider further debt financing to be relatively costly and time-consuming as compared to equity financing, such as placing, for the Group to obtain additional funding. The Board has also considered other alternative equity fund raising such as rights issue or open offers and that they may 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, and 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. As such, the Directors do not consider debt financing or pre-emptive issues (including rights issue and open offer) to be desirable alternatives to the Placing and are of the view that the Placing and the terms thereof are fair and reasonable and are in the best interests of the Company, as far as the Company and the Shareholders as a whole are concerned.

## EFFECTS OF SHAREHOLDING STRUCTURE

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 allotment and issue of the Placing Shares, assuming no other Shares will be issued or repurchased:

	As at the date of this announcement		Immediately after the allotment and issue of the Placing Shares	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
<b>Shareholders</b>				
<i>Director</i>				
Ms. Cheng Yeuk Hung	4,878,000	9.56%	4,878,000	3.51%
Public Shareholders	46,122,000	90.44%	46,122,000	33.18%
The Places	—	—	88,000,000	63.31%
<b>Total</b>	<u>51,000,000</u>	<u>100.00</u>	<u>139,000,000</u>	<u>100.00%</u>

## **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:

<b>Date of announcements</b>	<b>Fund raising activity</b>	<b>Net proceeds (approximate)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds as at the date of this announcement</b>
6 November 2020 26 November 2020	Placing of convertible bonds under general mandate	HK\$3.9 million	to support the expansion and variation in food catering business, and/or general working capital of the Group	The entire proceeds were used for expansion and variation in food catering business and general working capital of the Group.
11 June 2020 7 July 2020	Placing of convertible bonds under general mandate	HK\$4.5 million	to support the expansion in food catering business, and/or general working capital of the Group	The entire proceeds were used for expansion in food catering business and general working capital of the Group.

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.

## **GEM LISTING RULES IMPLICATIONS**

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Placing is subject to the Shareholders' approval.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, (i) the grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder. To the best knowledge of the Directors, no Shareholder will be required to abstain from voting on the resolution(s) approving the aforesaid matters.

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

## **GENERAL**

An application will be made by the Company for the listing of, and permission to deal in, the Placing Shares.

**As completion under the Placing Agreement is subject to the fulfilment and/or waiver of certain conditions set forth therein, the issue of the Placing Shares 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 Saturday and any day on which a 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 signal 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 open for business
“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 Placing
“Completion Date”	the date of completion of the Placing
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) 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 grant of the Specific Mandate; and (ii) the Placing Agreement and the transactions contemplated thereunder
“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



“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)
“Long Stop Date”	31 March 2021 (or such other date as may be agreed by the Placing Agent and the Company in writing)
“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 (藍山金融有限公司), 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 21 January 2021 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.27 per Placing Share
“Placing Share(s)”	a maximum of 88,000,000 new Shares to be issued and allotted to the Placees by the Company through the Placing
“Renovation Contract”	the renovation contract dated 15 January 2021 between Yuk Cuisine and ECGO International Limited
“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 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 GEM Listing Rules
“Tenancy Agreement”	the tenancy agreement dated 17 December 2020 between Yuk Cuisine (as tenant) and Tang Lung Investment Properties Limited (as landlord)
“Yuk Cuisine”	Yuk Cuisine (HongKong) Limited, a subsidiary of the Company
“%”	per cent

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

Hong Kong, 21 January 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. 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](http://www.hkexnews.hk) and the Company’s website at [www.echogroup.com.hk](http://www.echogroup.com.hk).*