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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the announcement of Echo International Holdings Group Limited (the “**Company**”) dated 18 July 2017 in relation to the completion of placing of new Shares under general mandate (the “**Announcement**”). Unless the context herein otherwise requires, capitalised terms in this announcement shall have the same meanings as defined in the Announcement.

The Company announced in the Announcement that net proceeds from the Placing (“**Proceeds**”) amounted to about HK\$25 million. As at the date of this announcement, the Company utilized approximately HK\$12 million of the Proceeds, details of which are tabulated below:

<i>(All amounts in HK\$ million)</i> Intended use of Proceeds as disclosed in the Announcement	Approximate Amount of Proceeds allocated as provided in the Announcement	Approximate utilized amount	Approximate unutilized amount
Repayment of debenture	8.0	8.0	—
Future investment in business			
— Purchase securities	≤ 5.0		5.0
— Purchase machinery	8.0		8.0
General working capital	Remaining balance (>4.0)	4.0	
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Total	25.0	12.0	13.0

Based on the current information, the Company has recently decided that:

- the current inventory of machinery and equipment is sufficient for daily production requirements in the foreseeable future and there is no immediate demand for acquisition of new machinery at this moment;
- more Proceeds should be allocated to general working capital to support daily operations and business development of the Group;
- the Company started to investment in catering business in Hong Kong through opening restaurants as it considers that Hong Kong as an international city, there is promising development in the catering business for the Group to diversify the current business; and
- funds will not be allocated to investment in securities so that adequate funds can be used for working capital and investment in catering industry.

In view of the above, the Company has decided to change the allocation of intended use of unutilized Proceeds as follows:

Intended use of unutilized Proceeds	New allocated amounts <i>(HK\$ million)</i>
Investment in catering business	1.0
General working capital	<u>12.0</u>
Total	<u><u>13.0</u></u>

The Board has considered the impact of the proposed change in the use of the unutilized Proceeds on the Group's business and is of the view that the new allocation of the unutilized Proceeds will meet the overall financial needs of the Group more efficiently as a result of the latest development of the Group's operation and business. The Board believes that the above change to the proposed use of the unutilized Proceeds will not adversely affect the existing operation and business of the Group and is in the best interests of the Company and its shareholders as a whole.

The current allocation of HK\$1 million of Proceeds to investment in catering business is for initial development only and further funds will be needed before the opening of restaurants in the coming months. The Company is considering different means of fund raising such as issuance of shares, convertible bonds or bank borrowing and will make further announcement in accordance with the GEM Listing Rules in due course.

By order of the Board
Echo International Holdings Group Limited
Cheng Yeuk Hung
Executive Director

Hong Kong, 28 November 2017

As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Ms. Zhou Jia Lin, and Mr. Leung Kwok Kuen, Jacob, the non-executive Director is Mr. Chan Chun Kit, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Cheung Chin Wa, Angus and Ms. Zhou Ying.

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.