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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF TARGET COMPANY**

#### **THE DISPOSAL AGREEMENT**

The Board hereby announces that, on 19 August 2019 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at a total consideration of HK\$1.

#### **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

#### **INTRODUCTION**

On 19 August 2019 (after trading hours of the Stock Exchange), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares at a total consideration of HK\$1. The Target Company is principally engaged in the catering business and operating a restaurant in Wan Chai.

## **DISPOSAL AGREEMENT**

The major terms of the Disposal Agreement are set out below:

### **Date**

19 August 2019 (after trading hours of the Stock Exchange)

### **Parties**

- (1) Mr. Chan Wai Kin; and
- (2) Chiu Cuisine Group Limited (潮膳飲食集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is an Independent Third Party.

### **Subject matter**

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares. As at the date of this announcement, the Vendor beneficially owns the Sale Shares, representing the entire issued share capital of the Target Company.

### **Consideration**

The consideration for the sale and purchase of the Sale Shares is HK\$1, which shall be payable by the Purchaser to the Vendor in cash on the Completion Date.

The Consideration was determined after arms' length negotiations between the Purchaser and the Vendor with reference to the net loss and the net liabilities position of the Target Company.

### **Conditions precedent**

Completion is conditional upon, among others, the Purchaser is satisfied with the due diligence of the Target Company, and (if applicable) obtaining of all consents, authorisations, permits and approvals, in respect of the Disposal Agreement and the Disposal. If any of the conditions above is not fulfilled on or before 30 September 2019 (or such other date as agreed by the parties may agree in writing), the Disposal Agreement shall lapse and cease to be of any effect, save in respect of any antecedent breaches.

### **Completion of the Disposal**

Subject to the fulfilment (or waiver, where applicable) of the condition precedents, the Completion shall take place on or before 30 September 2019. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

## INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the catering business and operating a restaurant in Wan Chai. The Target Company is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

### Financial information of the Target Company

Set out below is the financial information of the Target Company for the period from 20 October 2017 (date of incorporation) to 31 March 2019:

	<b>For the period from 20 October 2017 (date of incorporation) to 31 March 2019 (audited) HK\$'000</b>
Loss before taxation	4,388
Loss after taxation	4,388
Net assets (liabilities)	(4,378)

The net liabilities of the Target Company as at 31 March 2019 were approximately 4.4 million.

### FINANCIAL EFFECT OF THE DISPOSAL

Based on the preliminary assessment on the unaudited financial information of the Target Company, the Group will record a loss of approximately HK\$2 million as a result of the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the auditors of the Company.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the manufacture and trading of electronic products and accessories and the provision of food catering services. The main products of the Company in the manufacturing of electronic products and accessories include starters, security alarms, hair removers, buzzers, massage toners, fishing indicators, charger boards, control boards, fire alarms and communicators, among others. The Company operates businesses in Asia, Europe and North and South America, among others.

In the announcements of the Company dated 28 November 2017, 5 January 2018, 24 July 2018 and 6 August 2019 in relation to the change in use of proceeds from the placing of 160,000,000 Shares, the placing of HK\$10,000,000 convertible bonds, the placing of HK\$13,000,000 convertible bonds and the placing of HK\$9,408,000 convertible bonds, the Company announced that it would allocate sums of HK\$24.51 million to the development of catering business. Since the year of 2018, the Group opened two restaurants in Wan Chai. Despite the performance of the Group's catering business is positive and the catering

business is making profits in recent months, the restaurant operated under the Target Company has been loss-making since its operation. The Board considered that the Disposal would enable the Group to save operating expenses and better allocate the Group's resources to develop its business activities.

The Directors are of the view that the terms and conditions of the Disposal Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios set out in Rule 19.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company from time to time
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong 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 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 generally 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
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	within five Business Days after the condition precedent has been fulfilled
“Consideration”	the total consideration HK\$1 payable by the Purchaser for the acquisition of the Sale Shares pursuant to the Disposal Agreement
“Director(s)”	directors of the Company

“Disposal”	the sale of the Sale Shares by the Vendor pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the agreement dated 19 August 2019 and entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares
“Target Company”	Chiu Cuisine Limited (潮膳有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the GEM Listing Rules
“Purchaser”	Mr. Chan Wai Kin
“Sale Shares”	the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.0025 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Chiu Cuisine Group Limited (潮膳飲食集團有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Echo International Holdings Group Limited**  
**Leung Kwok Kuen, Jacob**  
*Executive Director*

Hong Kong, 19 August 2019

*As at the date of this announcement, the executive Directors are Mr. Lo Yan Yee, Ms. Cheng Yeuk Hung, Mr. Leung Kwok Kuen, Jacob and Mr. Tansri Saridju Benui, the non-executive Director is Mr. Chan Chun Kit, and the independent non-executive Directors are Mr. Lam Wai Yuen, Mr. Leung Yu Tung Stanley and Mr. Tsui Chun Shing.*

*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).*