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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
IN RELATION TO
RENEWAL OF TENANCY FOR AN EXISTING RESTAURANT**

RENEWAL OF TENANCY AGREEMENT FOR AN EXISTING RESTAURANT

The Board is pleased to announce that, the Tenant, a wholly-owned subsidiary of the Group, as tenant, entered into the Tenancy Agreement on 16 March 2021 with the Landlord (an Independent Third Party), as landlord, in respect of the renewal of tenancy of the Premises, at which one of the Group's restaurant is currently operating.

IMPLICATIONS UNDER GEM LISTING RULES

As the applicable percentage ratios (as defined under Rule 19.04(9) of the GEM Listing Rules) in respect of the value of the right-of-use assets under the Tenancy Agreement according to HKFRS 16 (Leases) exceed 5% but are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board announces that the Tenant (a wholly-owned subsidiary of the Company) as tenant entered into the Tenancy Agreement on 16 March 2021 with the Landlord (an Independent Third Party), as landlord, in respect of the renewal of tenancy of the Premises, at which one of the Group's restaurant is currently operating.

RENEWAL OF TENANCY AGREEMENT FOR AN EXISTING RESTAURANT

The principal terms of the Tenancy Agreement are set out below:

- Date: 16 March 2021
- Parties: (a) Yuk Cuisine Limited (“**Tenant**”) (as tenant)
(b) Rich World Limited (“**Landlord**”) (as landlord)
- Premises: The Premises comprises shop No.4 on G/F and Flat B (including the Flat Roof) on 1/F, Hing Bong Mansion, No. 117 Lockhart Road, Wan Chai, Hong Kong.
- Total gross floor area: around 3,000 square feet
- Term: The term of the Tenancy Agreement is for two years from 16 April 2021 to 15 April 2023 (both days inclusive) (“**Term**”).
- Monthly rental payment and payment term: The monthly rent shall be:
(i) for the period from 16 April 2021 to 15 April 2022: HK\$100,000 payable in advance on the first day of each calendar month;
(ii) for the period from 16 April 2022 to 15 April 2023: HK\$130,000 payable in advance on the first day of each calendar month.
- Deposit: A deposit of HK\$520,000 has been paid by the Tenant to the Landlord upon signing of the Tenancy Agreement by the Tenant.

INFORMATION OF THE PARTIES

The Landlord is a company incorporated in Hong Kong and as advised by the Landlord, it is principally engaged in property investment. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Landlord and its ultimate beneficial owner(s) are Independent Third Parties.

The Tenant is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Group.

BASIS FOR DETERMINATION OF THE RENTALS AND OTHER INFORMATION

The terms of the Tenancy Agreement (including the rental) were determined after arm's length negotiations between the Parties and with reference to the open market rent of comparable properties in the vicinity of the Premises. The Board considers that the terms of the Tenancy Agreement are normal commercial terms and fair and reasonable and entering into the Tenancy Agreement are in the interests of the Company and the Shareholders as a whole.

The rental and other amounts payable by the Tenant under the Tenancy Agreement are expected to be financed by the internal resources of the Group.

RIGHT-OF-USE ASSET

Based on preliminary estimation of the Company, the value of the right-of-use asset to be recognised by the Company under the Tenancy Agreement shall amount to approximately HK\$2.59 million, which is the present value of aggregated lease payments, plus initial direct costs and estimated reinstatement cost with the Lease in accordance with HKFRS 16. Discount rate of approximately 6.296% per annum is applied to compute the present value of aggregate lease payments under the Tenancy Agreement.

REASONS AND BENEFITS OF THE TENANCY AGREEMENT

The Group is principally engaged in the manufacture and trading of electronic products and accessories and provision of catering business.

The Group has been using the Premises for the operation of a restaurant which serves Chiu Chow cuisine. The existing tenancy agreement of the Premises is going to expire in April 2021. Taking into account of the historical performance of such restaurant and the terms of the Tenancy Agreement, the Board considers that it would be beneficial to renew the tenancy for the Premises for the restaurant operation of the Group, which would also save relocation and related costs. Having taken into account the above reasons and benefits, the Board is of the view that the terms of the Tenancy Agreement are fair and reasonable and the transaction contemplated thereunder is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios (as defined under Rule 19.04(9) of the GEM Listing Rules) in respect of the value of the right-of-use assets under the Tenancy Agreement according to HKFRS 16 (Leases) exceed 5% but are less than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from shareholders' approval requirement under Chapter 19 of the GEM 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
“Company”	Echo International Holdings Group Limited, a limited company incorporated in the Cayman Islands whose shares are listed on the GEM
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“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
“Landlord”	Rich World Limited, a company incorporated in Hong Kong
“Parties”	the Tenant and the Landlord, which are parties to the Tenancy Agreement
“Premises”	the premises located at the shop No.4 on G/F and Flat B (including the Flat Roof) on 1/F, Hing Bong Mansion, No. 117 Lockhart Road, Wan Chai, Hong Kong.
“Shareholder(s)”	shareholder(s) of the Company
“Tenancy Agreement”	the tenancy agreement dated 16 March 2021 entered into between the Tenant and the Landlord in respect of the tenancy of the Premises
“Tenant”	Yuk Cuisine Limited, a company incorporated in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 16 March 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, Mr. Lee Kwok Po and Mr. Chow Yun Cheung.

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.