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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)

MAJOR TRANSACTION IN RELATION TO TENANCY AGREEMENT IN RESPECT OF A FACTORY

TENANCY AGREEMENT

The Board is pleased to announce that, the Lessee, a wholly-owned subsidiary of the Group, as lessee, entered into the Tenancy Agreement on 20 January 2021 with the Lessor (an Independent Third Party) in respect of the tenancy of the New Premises for use as a factory of the Lessee for manufacturing of electronic products.

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 25% but are less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular of the Company containing, among other things, details of the Tenancy Agreement and notice of the EGM will be despatched to the Shareholders on or before 10 February 2021.

BACKGROUND

The Lessee, which is a wholly owned subsidiary of the Company, is operating a factory at the Existing Premises for manufacturing of electronic products. Pursuant to the recent notice from the Subdistrict Office in the region of the Existing Premises, the local government will

resume the building of the Existing Premises for land planning and the Lessee is required to relocate its factory as soon as possible. The Lessee has identified the New Premises for relocation of its factory and entered into the Tenancy Agreement with the Lessor.

TENANCY AGREEMENT

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

Date: 20 January 2021

Parties: (a) Yi Gao Tech Electronics (Shenzhen) Co., Ltd (“**Lessee**”) (as lessee)

(b) Jiang Cong (“**Lessor**”) (as lessor)

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

Premises: The New Premises comprises the third Floor and half portion of the second floor of the 11th factory, Jiayi Industrial Area, Guanlan, Longhua District, Shenzhen, PRC (“**Factory**”) with gross floor area around 4,800 square metre and dormitory of 21 rooms (“**Dormitory**”).

Condition precedent: The Tenancy Agreement is subject to the obtaining of the approval of Shareholders of the Tenancy Agreement at EGM. It is expected that such approval will be obtained on or before 1 March 2021.

Term: The term of the Tenancy Agreement will commence from 1 March 2021 and end on 31 December 2025. If the shareholders’ approval mentioned in the above section headed “Condition Precedent” is obtained after the expected commencement date of 1 March 2021, the Parties shall negotiate and extend the commencement date of the term of the Tenancy Agreement accordingly. The Landlord has granted the Tenant an option to renew for a further term of one year from the expiry of the Term at the new rent which shall be the RMB182,250 (“**Option**”). No consideration is payable for the grant of the Option and no penalty will be borne by the Tenant in the event that the Option is not exercised by the Tenant.

Monthly rental payment: (1) 1 March 2021 to 31 December 2022: RMB150,750 (including RMB124,800 for the Factory, RMB25,200 for the Dormitory and RMB 750 as elevator fee)

(2) 1 January 2023 to 31 December 2024: RMB165,750 (representing 10% increase in rental of the Factory and the Dormitory with elevator fee remaining unchanged)

(3) 1 January 2025 to 31 December 2026: RMB182,250 (representing 10% increase in rental of Factory and the Dormitory with elevation fee remaining unchanged)

The rental payment (estimated at around RMB26 per square metre) is determined after arm's length negotiations between the Parties, after taking into consideration the prevailing market price for comparable premises in the vicinity of the New Premises.

Payment term: Payable in advance on 11th day of each month.

Deposit: RMB452,250 (representing 3-month rental payment)

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 Directors consider it is beneficial to enter into the Tenancy Agreement and relocate the factory of the Lessee to the New Premises in view of the resumption notice from the Subdistrict Office, which will facilitate the continuous operation of the manufacturing of electronic products of the Group.

The terms of the Tenancy Agreement (including the rental payment) 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 New 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.

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 25% but are less than 100%, such transaction constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

A circular of the Company containing, among other things, details of the Tenancy Agreement and notice of the EGM will be despatched to the Shareholders on or before 10 February 2021.

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
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Tenancy Agreement and the transactions contemplated thereunder
“Existing Premises”	the premises in Guanlan, Longhua District, Shenzhen, PRC at which the Lessee operating the existing factory
“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)”	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)
“Lessee”	Yi Gao Tech Electronics (Shenzhen) Co., Ltd, a company established in PRC
“Lessor”	Jiang Cong
“New Premises”	the new premises located at the place set out in section headed “Tenancy Agreement — Premises” in this announcement to which the Lessee plans to relocate its existing factory

“Parties”	the Lessee and the Lessor, which are parties to the Tenancy Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the conditional tenancy agreement dated 20 January 2021 entered into between the Tenancy and the Lessor in respect of the tenancy of the New Premises
“%”	per cent

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

Hong Kong, 20 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 and the Company’s website at www.echogroup.com.hk.