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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 TRANSACTIONS
IN RELATION TO
TENANCY AGREEMENT AND RENOVATION CONTRACT
IN RESPECT OF A NEW RESTAURANT**

TENANCY AGREEMENT AND RENOVATION CONTRACT

The Board is pleased to announce that, Yuk Cuisine, a wholly-owned subsidiary of the Group, entered into:

- (i) the Tenancy Agreement on 17 December 2020 with the Landlord (an Independent Third Party) in respect of the tenancy of the Premises for use as a restaurant of Yuk Cuisine; and
- (ii) the Renovation Contract on 15 January 2021 with the Contractor (an Independent Third Party) in respect of the Renovation Work to be performed on the Premises.

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.

As the applicable percentage ratios (as defined under Rule 19.04(9) of the GEM Listing Rules) in respect of the Renovation Contract (to the extent of the Capitalised Amount) 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 the Renovation Contract and notice of the EGM will be despatched to the Shareholders on or before 11 February 2021.

INTRODUCTION

The Board announces that Yuk Cuisine (a wholly-owned subsidiary of the Company) as tenant entered into the Tenancy Agreement on 17 December 2020 with the Landlord (an Independent Third Party) as landlord in respect of the tenancy of the Premises for use as a restaurant of Yuk Cuisine.

The Board also announces that Yuk Cuisine entered into the Renovation Contract on 15 January 2021 with the Contractor (an Independent Third Party) in respect of the Renovation Work to be performed on the Premises.

TENANCY AGREEMENT

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

Date: 17 December 2020

Parties: (a) Yuk Cuisine (HongKong) Limited (“**Yuk Cuisine**”) (as tenant)
(b) Tang Lung Investment Properties Limited (“**Landlord**”) (as landlord)

Premises: The Premises comprises the 25th floor, Soundwill Plaza II-Midtown, 1 Tang Lung Street, Hong Kong with gross floor area of around 8,524 square feet.

Term: The term of the Tenancy Agreement is for three years from 1 December 2020 to 30 November 2023 (both days inclusive) (“**Term**”). The Landlord has granted Yuk Cuisine an option to renew for a further term of two years from the expiry of the Term at the new rent which shall be the market rent between HK\$200,000 and HK\$260,000 (“**Option**”). No consideration is payable for the grant of the Option and no penalty will be borne by Yuk Cuisine in the event that the Option is not exercised by Yuk Cuisine.

Monthly rental payment and payment term: The monthly rent comprises:
(1) Monthly basic rent: HK\$200,000 payable in advance on the first day of each calendar month.
(2) Turnover rent: the amount by which 12% of the monthly Gross Receipts exceeds the monthly basic rent of each month and it is payable in arrears on the 14th day of each calendar month.

Monthly management fee payable to the Landlord amounts to HK\$63,930.

Rent free period: From 1 to 31 December 2020 (both days inclusive)

Deposit: HK\$1,116,720 (representing 4-month monthly basic rent, management charges and Government rates)

RENOVATION CONTRACT

Date: 15 January 2021

Parties: (a) Yuk Cuisine (HongKong) Limited (“**Yuk Cuisine**”)

(b) ECGO International Limited (“**Contractor**”)

Renovation Work: The Contractor has agreed to provide the following Renovation Work at the site of the Premises as a restaurant:

- (1) Interior design and general renovation work (including the application of Restaurant Licence)
- (2) Sanitary facilities work
- (3) Electrical and mechanical work
- (4) Kitchen design and installation of kitchen facilities

Contract price and payment terms: The Contract Price is HK\$16,800,000 which was determined after arm’s length negotiations between Yuk Cuisine and the Contractor and on normal commercial terms with reference to the standard required under the Renovation Work, the experience of the Contractor, the expected quality of the renovation work and quotations provided by two other renovation contractors. The Contract Price is agreed to be payable to the Contractor as follows:

- (1) as to 40% of the Contract Price (HK\$6,720,000) on or before 30 January 2021; and
- (2) as to the remaining 60% of the Contract Price (HK\$10,080,000) upon completion of the Renovation Work, and Yuk Cuisine is allowed to extend the payment date by bearing interest of 6% per annum, provided that the payment must be made on or before 30 May 2021.

Renovation Period: 8 to 10 weeks.

Termination: The Renovation Work may be terminated by Yuk Cuisine’s service of 5 days’ prior written termination notice and on the condition that Yuk Cuisine is required to pay all the services provided and the materials purchased before the termination date.

INFORMATION OF THE PARTIES TO THE TENANCY AGREEMENT AND RENOVATION CONTRACT

The Landlord is a company incorporated in Hong Kong. As at the date of this announcement and according to the public search records, the Landlord is principally engaged in property investment and is an indirect wholly-owned subsidiary of Soundwill Holdings Limited of which the shares are listed on the main board of the Stock Exchange (stock code : 0878). 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.

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

The Contractor is a company incorporated in Hong Kong and as advised by the Contractor, it is principally engaged in provision of design and renovation services. The Contractor is wholly owned by Industriatics Berhad which is a company listed on Bursa Malaysia Berhad (stock exchange of Malaysia) (stock code: 9393). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are Independent Third Parties.

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 management team of the Company consider the current timing represents an appropriate opportunity for the Group to expand catering business as the landlords can provide favourable terms of tenancy to attract retail operators during the current weak market conditions. After considering the terms of the Tenancy Agreement, the Board is of the view that the monthly rental per square feet of gross floor area of the Premises is fair and reasonable. The Board intends to operate a new restaurant at the Premises to expand catering business and enhance the income of the Group.

The terms of the Tenancy Agreement (including the rental payment) were determined after arm's length negotiations between the relevant parties and with reference to the open market rent of comparable properties in the vicinity of the Premises.

The terms of the Renovation Contract (including the Contract Price) were determined after arm's length negotiations between the relevant parties after considering quotations from two other contractors.

The Board considers that the terms of the Tenancy Agreement and the Renovation Contract are normal commercial terms and fair and reasonable and entering into the Tenancy Agreement and the Renovation Contract 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.

In respect to the Renovation Contract, it is expected that the sums of around HK\$13,000,000 ("**Capitalised Amount**") out of the Contract Price will be capitalized as property, plant and equipment in the financial statements of the Group. As the applicable percentage ratios (as defined under Rule 19.04(9) of the GEM Listing Rules) in respect of the Renovation Contract (to the extent of the Capitalised Amount) 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 Renovation Contract and notice of the EGM will be despatched to the Shareholders on or before 11 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
"Contract Price"	HK\$16,800,000, being the total consideration for the Renovation Work
"Contractor"	ECGO International Limited, a company incorporated in Hong Kong
"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
"GEM"	the GEM operated by the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

“Gross Receipts”	the aggregate of all sums of money or other considerations received or receivable in each calendar month for all goods sold, leased, hired or otherwise disposed of and for all services sold or performed and from any business of whatsoever nature conducted at, in, from or upon the Premises
“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)
“Landlord”	Tang Lung Investment Properties Limited, a company incorporated in Hong Kong
“Option”	the option granted by the Landlord to Yuk Cuisine to renew the Tenancy Agreement for a further term of two years from the expiry of the term of the Tenancy Agreement
“Premises”	the premises located at the 25th floor, Soundwill Plaza II-Midtown, 1 Tang Lung Street, Hong Kong
“Renovation Contract”	the renovation contract dated 15 January 2021 entered into between Yuk Cuisine and the Contractor in respect of the Renovation Work to be performed on the Premises
“Renovation Work”	the renovation work to be carried out under the Renovation Contract (for details, please refer to the section headed “Renovation Contract — Renovation Work” in this announcement)
“Restaurant Licence”	the restaurant licence issued by the Food and Environmental Hygiene Department in Hong Kong
“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 tenancy agreement dated 17 December 2020 entered into between Yuk Cuisine and the Landlord in respect of the tenancy of the Premises
“Yuk Cuisine”	Yuk Cuisine (HongKong) Limited, a company incorporated in Hong Kong
“%”	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 and the Company’s website at www.echogroup.com.hk.