
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Fulum Group Holdings Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Fulum Group Holdings Limited
富臨集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1443)

CONTINUING CONNECTED TRANSACTIONS
2020 CONNECTED TENANCY FRAMEWORK AGREEMENT

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



金融有限公司
OCTAL Capital Limited

A letter from the Board is set out on pages 5 to 24 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 25 to 26 of this circular. A letter from Octal Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 42 of this circular.

A notice convening the EGM of the Company to be held at 15/F., Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong on Friday, 28 February 2020 at 11:00 a.m. is set out on pages 49 to 50 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.fulumgroup.com). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment if they so wish.

References to time and dates in this circular are to Hong Kong time and dates.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

Hong Kong, 10 February 2020

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DEFINITIONS

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

“2017 Connected Tenancy Framework Agreement”	the tenancy framework agreement (including any amendment(s) thereto and supplemental agreement(s)), dated 18 January 2017 entered into among the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung;
“2020 Connected Tenancy Agreements”	the connected tenancy agreements (including any amendment(s) thereto and supplemental agreement(s)) to be entered into between the relevant member(s) of the Group and the relevant member(s) of the Connected Landlord Entities containing the detailed terms and conditions governing the leases contemplated under the 2020 Connected Tenancy Framework Agreement and with a term not passing beyond the expiry date of the 2020 Connected Tenancy Framework Agreement;
“2020 Connected Tenancy Framework Agreement”	the tenancy framework agreement (including any amendment(s) thereto and supplemental agreement(s)), dated 9 December 2019 entered into among the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung;
“2020 Connected Tenancy Framework Supplemental Agreement”	the supplemental agreement dated 7 February 2020 entered into among the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung in relation to the 2020 Connected Tenancy Framework Agreement;
“Announcements”	the announcements of the Company dated 20 October 2015 and 30 June 2016;
“associate(s)”, “connected person(s)” and “controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules;
“Board”	the board of Directors;
“Company”	Fulum Group Holdings Limited (stock code: 1443), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange;
“Connected Landlord Entities”	various entities controlled by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung, Mr. Leung and/or their associates, being the landlords of the leases contemplated under the 2020 Connected Tenancy Framework Agreement;

DEFINITIONS

“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, in the context of the Company, refers to Mr. Yeung, China Sage International Limited (a company incorporated in the British Virgin Islands with limited liability on 28 May 2014 and directly wholly-owned by Mr. Yeung), Mr. YC Yeung and Mr. YK Yeung;
“Director(s)”	the director(s) of the Company;
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the purposes of, among other things, considering and, if thought fit, approving the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps;
“Government”	the government of Hong Kong;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a committee of the Board established with all independent non-executive Directors, namely Mr. Fan Chun Wah Andrew, Mr. Wu Kam On Keith and Mr. Ng Ngai Man Raymond, as members;
“Independent Financial Adviser”	Octal Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2020 Connected Tenancy Framework Agreement, the transactions contemplated thereunder and the Right-of-use Asset Caps;
“Independent Shareholders”	the Shareholders other than Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung, Mr. Leung and those Shareholders who are otherwise interested or involved in the entering into of the 2020 Connected Tenancy Framework Agreement and are required to abstain from voting in the EGM on the resolution to approve the 2020 Connected Tenancy Framework Agreement, the transactions contemplated thereunder and the Right-of-use Asset Caps;
“Latest Practicable Date”	7 February 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;

DEFINITIONS

“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Mr. CN Yeung”	Mr. Yeung Chun Nin (楊振年), the son of Mr. YC Yeung;
“Mr. Leung”	Mr. Leung Siu Sun (梁兆新), an executive Director;
“Mr. YC Yeung”	Mr. Yeung Yun Chuen (楊潤全), an executive Director and one of the Controlling Shareholders;
“Mr. Yeung”	Mr. Yeung Wai (楊維), an executive Director, the chairman, the chief executive officer and one of the Controlling Shareholders;
“Mr. YK Yeung”	Mr. Yeung Yun Kei (楊潤基), an executive Director and one of the Controlling Shareholders;
“PRC”	the People’s Republic of China but for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan;
“Premises”	the premises in respect of the leases to be entered or renewed that are ascertainable as at the date of the 2020 Connected Tenancy Framework Agreement as set forth in the table headed “The Premises” in this circular;
“Right-of-use Asset Caps”	the total value of right-of-use assets relating to the transactions contemplated under the 2020 Connected Tenancy Framework Agreement;
“Shareholder(s)”	the holder(s) of the Share(s);
“Shares”	ordinary share(s) in the share capital of the Company;
“Service Charges”	such service and management charges as may from time to time be payable in respect of the Premises or by the owner or occupier of them under the deed of mutual covenant;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Valuer”	Asset Appraisal Limited, an independent property valuer;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants from time to time;

DEFINITIONS

“RMB” Renminbi, the lawful currency of the PRC;

“sq. ft” square foot; and

“%” per cent.

* *The English address is the translation for identification purpose only*

** *For the purpose of this circular, the exchange rate for the conversion of RMB into HK\$ for indication only is: RMB1.0 = HK\$1.0964.*

LETTER FROM THE BOARD



Fulum Group Holdings Limited 富臨集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1443)

Executive Directors:

Mr. YEUNG Wai
(Chairman and Chief Executive Officer)
Mr. YEUNG Yun Chuen
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun

Independent non-executive Directors:

Mr. FAN Chun Wah Andrew
Mr. WU Kam On Keith
Mr. NG Ngai Man Raymond

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business

in Hong Kong:
15/F., Luk Hop Industrial Building
8 Luk Hop Street, San Po Kong
Kowloon, Hong Kong

10 February 2020

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

Reference is made to the announcements of the Company dated 9 December 2019 and 7 February 2020 in relation to the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement, respectively. The purposes of this circular are:

- (a) to provide you with further information relating to the 2020 Connected Tenancy Framework Agreement;
- (b) to set out the recommendations of the Independent Board Committee relating to the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps;
- (c) to set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and
- (d) to give you notice of the EGM to consider and, if thought fit, to approve the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

LETTER FROM THE BOARD

2. BACKGROUND INFORMATION

Reference is made to the circular of the Company dated 28 February 2017 in relation to the 2017 Connected Tenancy Framework Agreement entered into between the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung and the circulars of the Company dated 13 July 2018, 26 July 2018 and 8 May 2019 in relation to the supplemental agreements of the 2017 Connected Tenancy Framework Agreement. Pursuant to the 2017 Connected Tenancy Framework Agreement, the parties agreed to (a) renew the existing connected leases; and (b) enter into the new connected leases, at the material time, with a term not passing beyond the expiry date of the 2017 Connected Tenancy Framework Agreement. The 2017 Connected Tenancy Framework Agreement, as amended and supplemented, was initially approved by an ordinary resolution of the Independent Shareholders at the extraordinary general meeting of the Company held on 21 March 2017.

The term of the 2017 Connected Tenancy Framework Agreement and the connected tenancy agreements contemplated thereunder will collectively expire on 31 March 2020, except for Premises 1 where the subsisting connected tenancy agreement covers the lease period from 1 August 2017 to 31 July 2020. On 9 December 2019 after trading hours, the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung renewed the 2017 Connected Tenancy Framework Agreement for a term of three years from 1 April 2020 to 31 March 2023 by entering into the 2020 Connected Tenancy Framework Agreement. On 7 February 2020 after trading hours, the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung entered into the 2020 Connected Tenancy Framework Supplemental Agreement to adjust the Right-of-use Asset Caps. The adjustment was made to reflect the fact that all of the 2020 Connected Tenancy Agreements are expected to be entered on 1 April 2020 (subject to the Independent Shareholders' approval) and none of the 2020 Connected Tenancy Agreement will be entered during the years ending 31 March 2022 and 2023. For details of the Right-of-use Assets Caps, please refer to the section headed "6. Annual caps – The Right-of-use Assets Caps" in this circular. Save for the adjustment of the Right-of-use Asset Caps, all other terms of the 2020 Connected Tenancy Framework Agreement remain unchanged.

Pursuant to the 2020 Connected Tenancy Framework Agreement, the parties agreed to (a) renew the existing connected leases that are subsisting as at the date of the 2020 Connected Tenancy Framework Agreement, where applicable; (b) enter into the new connected leases that are ascertainable as at the date of the 2020 Connected Tenancy Framework Agreement; and (c) enter into connected leases from time to time with a term not passing beyond the expiry date of the 2020 Connected Tenancy Framework Agreement, on normal commercial terms based on prevailing market rentals. The 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement are subject to the approval of the Independent Shareholders. Upon the approval of 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement by the Independent Shareholders, relevant members of the Group and relevant members of Connected Landlord Entities shall further enter into a separate 2020 Connected Tenancy Agreement for each of the transactions contemplated under the 2020 Connected Tenancy Framework Agreement.

LETTER FROM THE BOARD

3. THE 2020 CONNECTED TENANCY FRAMEWORK AGREEMENT AND THE 2020 CONNECTED TENANCY AGREEMENTS

Principal terms of the 2020 Connected Tenancy Framework Agreement

The following sets forth a summary of the principal terms of the 2020 Connected Tenancy Framework Agreement:

Date	:	9 December 2019
Parties	:	(a) The Company;
		(b) Mr. Yeung, an executive Director, the chairman, the chief executive officer and one of the Controlling Shareholders;
		(c) Mr. YC Yeung, an executive Director and one of the Controlling Shareholders;
		(d) Mr. YK Yeung, an executive Director and one of the Controlling Shareholders;
		(e) Mr. CN Yeung, the son of Mr. YC Yeung; and
		(f) Mr. Leung, an executive Director.
Agreement to enter into the 2020 Connected Tenancy Agreements	:	The parties to the 2020 Connected Tenancy Framework Agreement agreed that relevant members of the Group and the Connected Landlord Entities shall, subject to the approval of 2020 Connected Tenancy Framework Agreement by the Independent Shareholders, further enter into the 2020 Connected Tenancy Agreements to (a) renew the existing connected leases that are subsisting as at date of the 2020 Connected Tenancy Framework Agreement, where applicable; (b) enter into the new connected leases that are ascertainable as at the date of the 2020 Connected Tenancy Framework Agreement; and (c) enter into connected leases from time to time with a term not passing beyond the expiry date of the 2020 Connected Tenancy Framework Agreement, on normal commercial terms based on prevailing market rentals. The details of the connected leases that are ascertainable as at the date of the 2020 Connected Tenancy Framework Agreement are summarised in the table headed “The Premises” below.

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The parties agree that all the 2020 Connected Tenancy Agreements shall be, among others, (a) in writing and set forth the terms and conditions on which the lease shall be undertaken; (b) reflect the then prevailing market rates and no less favourable than the terms and conditions offered by an independent third party (as defined in the Listing Rules); (c) have a fixed term period not exceeding three years and with a term not passing beyond the expiry date of the 2020 Connected Tenancy Framework Agreement; and (d) given that there are many detailed terms in the 2020 Connected Tenancy Agreements, for prudence sake, in the event of any conflict between the terms of the 2020 Connected Tenancy Framework Agreement and the terms of the 2020 Connected Tenancy Agreements, the terms of the 2020 Connected Tenancy Framework Agreement shall prevail.

The expected principal terms of the 2020 Connected Tenancy Agreements are summarised in the table headed “Principal terms of the 2020 Connected Tenancy Agreements” below.

Term	:	The 2020 Connected Tenancy Framework Agreement has a term of three years commencing from 1 April 2020 to 31 March 2023 (both days inclusive).
Conditions	:	The passing by the Independent Shareholders at the EGM of an ordinary resolution by way of poll approving the 2020 Connected Tenancy Framework Agreement, the transactions contemplated thereunder and the Right-of-use Asset Caps.

Principal terms of the 2020 Connected Tenancy Agreements

The following sets forth a summary of the expected principal terms of each of the 2020 Connected Tenancy Agreements:

Parties	:	(a) Relevant member of the Group; and (b) Relevant member of the Connected Landlord Entities
Term	:	The terms of the 2020 Connected Tenancy Agreements that are ascertainable as at the date of the 2020 Connected Tenancy Framework Agreement are 36 months as set forth in the table headed “The Premises” below during the three-year term of 2020 Connected Tenancy Framework Agreement.

LETTER FROM THE BOARD

Rent and other outgoing : Relevant member of the Group shall pay the monthly rent as set forth in the 2020 Connected Tenancy Agreements (exclusive of the Government rent, the Government rates and the Service Charges) in advance without deduction or set off on the first day of each calendar month. Relevant member of the Group shall deposit with the relevant member of the Connected Landlord Entities sums equivalent to two times of the monthly rental as deposits for each of the 2020 Connected Tenancy Agreements.

Relevant member of the Group shall also be responsible for paying:

- (i) all the Government rent, taxes and outgoings of a recurring nature imposed on the leased premises or the owner or occupier of the leased premises by the Government;
- (ii) rates charged on the leased premises as assessed by the Government quarterly in advance which shall be payable on the first day of the months of January, April, July and October, provided that the first payment shall be paid on the commencement of the relevant 2020 Connected Tenancy Agreement; and
- (iii) the Service Charges and charges for utilities (i.e. the transmission of sewage, water, electricity, gas, and telecommunications) at the leased premises.

The Premises

The following sets forth a summary of the landlords, tenants, location, monthly rental, term and use for each of the connected leases that are ascertainable as at date of the 2020 Connected Tenancy Framework Agreement pursuant to the 2020 Connected Tenancy Framework Agreement. The parties have agreed to, subject to the approval of the 2020 Connected Tenancy Framework Agreement by the Independent Shareholders, enter into a separate 2020 Connected Tenancy Agreement for the connected lease of each of the leased premises:

LETTER FROM THE BOARD

The existing connected leases to be renewed

	Landlord	Tenant	Location	Monthly rental (Note 1)	Term (Note 2)	Use
1.	China Good Corporation Limited	Centralink International Development Limited	The whole of Third floor of Hsin Kuang Centre, No.120 Lung Cheung Road, Kowloon, erected on New Kowloon Inland Lot No.5755, Hong Kong	HK\$1,300,000	1 April 2020 to 31 March 2023 (Note 3)	Restaurant operation
2.	China Hall Enterprises Limited	Sino Rank Limited	1-5/F, and parking spaces Nos. L3, L4, L8, L9, L10, P1, P2, P3, P6, P7 and P8 on G/F Sandoz Centre, 178-182 Texaco Road, Tsuen Wan, New Territories, Hong Kong	HK\$960,000	1 April 2020 to 31 March 2023	Central kitchen and logistics centre
3.	Sino Billion Development Limited	China Mutual Development Limited	Shop No. 91A on the G/F and 1/F, Shop No. 125B on 2/F, portion 1 of shop No. 103A on 1/F and portion 1 of Shop No. 104A on 2/F, Nos. 69-119 Broadway, Mei Foo Sun Chuen, Kowloon, Hong Kong	HK\$884,000	1 April 2020 to 31 March 2023	Restaurant operation
4.	Central Base Industrial Limited	Central King Development Limited	Shop 201 on the Second Floor of Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories, Hong Kong	HK\$820,000	1 April 2020 to 31 March 2023	Restaurant operation
5.	Excel Source Investment Limited	China Extreme Limited	Portion of shop 1A on level 5 and the whole of Level 6, The Commercial Block of Greenwood Terrace, 16 Tai Man Street, Hong Kong	HK\$460,000	1 April 2020 to 31 March 2023	Restaurant operation
6.	Sino Billion Development Limited	Central Champion Limited	Portion of Unit No. G16 on G/F, Units Nos. B105, B106, B107, B108, B109, B110, B111, B112, B113, B114, B115, B116, B117, B118, B119, B120, B121, B122, B131, B132 and Coffee Shop "A" on Basement 1/F, East Ocean Centre, No. 98 Granville Road, Kowloon, Hong Kong	HK\$456,000	1 April 2020 to 31 March 2023	Restaurant operation
7.	China Spring Development Limited	China Extreme Limited	Shop A, G/F, Kwai Chung Car Park and Shopping Centre, 26-30 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	HK\$397,000	1 April 2020 to 31 March 2023	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental (Note 1)	Term (Note 2)	Use
8.	China Body Limited	China Show Industrial Limited	Portion of G/F of Elegant Garden, No. 409 Queen's Road West, Hong Kong	HK\$270,000	1 April 2020 to 31 March 2023	Restaurant operation
9.	China Hall Enterprises Limited	Central King Development Limited	Restaurant A, 1/F, Tower 1 Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	HK\$380,000	1 April 2020 to 31 March 2023	Restaurant operation
10.	China Spring Development Limited	China Show Industrial Limited	Restaurant 5-6, G/F, restaurant 8, 1/F & portion of Restaurant 7, 1/F together with Car Parking Spaces Nos. C106, C107 and C108 on 1/F, Canaryside, 8 Shung Shun Street, Kowloon, Hong Kong	HK\$380,000	1 April 2020 to 31 March 2023	Restaurant operation
11.	Excel Source Investment Limited	China Easy Investment Limited	Portion of G/F, Lux Theatre Building, 2-20 Ming On Street, 103-105 Baker Street and 2J-2K Bulkeley Street, Kowloon, Hong Kong	HK\$373,000	1 April 2020 to 31 March 2023	Restaurant operation
12.	China Crown Industrial Limited	China Professional Asia Limited	4/F, Shatin Fun City, 7 Lek Yuen Street, Shatin, New Territories	HK\$369,000	1 April 2020 to 31 March 2023	Restaurant operation
13.	Central Big Enterprises Limited	China Show Industrial Limited	Restaurant on 1/F (including lavatories, lift lobby and entrance hall on 1/F, escalators leading to the restaurant from G/F, staircases No. 5, 6 & 8 and lift No. 11 and lift machine room for lift No. 11 on 2/F), Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong	HK\$368,000	1 April 2020 to 31 March 2023	Restaurant operation
14.	China Hall Enterprises Limited	Central Group (Hong Kong) Limited	Unit G5, G/F, Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	HK\$350,000	1 April 2020 to 31 March 2023	Restaurant operation
15.	China All Enterprises Limited	China Mutual Development Limited	Unit A on G/F, Unit A on 1/F and the canopy adjoining such unit and portion of unit A on 2/F, Kin Wing Commercial Building, Nos. 24-30 Kin Wing Street, Tuen Mun, New Territories, Hong Kong	HK\$232,500	1 April 2020 to 31 March 2023	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental (Note 1)	Term (Note 2)	Use
16.	Sino Horse Investment Limited	China Harvest (Hong Kong) Limited	Shop A on the basement of Kimberley House, No. 35 Kimberley Road, Kowloon, Hong Kong erected on all that piece or parcel of ground registered in the land registry of the Government as Kowloon Inland Lot No.7403, Hong Kong	HK\$148,000	1 April 2020 to 31 March 2023	Restaurant operation
17.	廣州順隆投資有限公司	廣州加盈餐飲管理有限公司 安華匯分公司	Rooms 01-22, 22nd Floor, Lufu Lianhe Guangchang (Lufu Union Square), No. 233, Hanxi Avenue West, Panyu District, Guangzhou, the PRC* (中國廣州市番禺區漢溪大道西233號路福聯合廣場22層01-22房)	HK\$140,339**	1 April 2020 to 31 March 2023	Office premises
18.	China Spring Development Limited	China Kings Development Limited	Portion of Ground Floor (known as Shop B and Shop C) of Kwai Chung Car Park and Shopping Centre, Nos.26-30 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	HK\$125,200	1 April 2020 to 31 March 2023	Restaurant operation
19.	China Label Industries Limited	China Harvest (Hong Kong) Limited	Shop B5 on G/F, (including the roof immediately above the shop) and cockloft B3 (including the roof immediately above cockloft), Fung Cheung House, Nos. 5-15, 19-33 Wan Fung Street, Kowloon, Hong Kong	HK\$113,300	1 April 2020 to 31 March 2023	Restaurant operation
20.	Merry Gain International Limited	China Kings Development Limited	1st Floor, No.90 Hung To Road, Kowloon, Hong Kong	HK\$75,000	1 April 2020 to 31 March 2023	Restaurant operation
21.	Kind Rich International Limited	China Kings Development Limited	2nd Floor, No.90 Hung To Road, Kowloon, Hong Kong	HK\$75,000	1 April 2020 to 31 March 2023	Restaurant operation
22.	Central Steel Limited	China Harvest (Hong Kong) Limited	Workshop No.3, Ground Floor, Laurels Industrial Centre No.32 Tai Yau Street, Kowloon, Hong Kong	HK\$70,000	1 April 2020 to 31 March 2023	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental (Note 1)	Term (Note 2)	Use
23.	Spring Luck Hong Kong Limited	Fulum Management Limited	Unit F (including flat roof), 4/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$62,000	1 April 2020 to 31 March 2023	Warehouse
24.	Able Dynasty Development Limited	China Kings Development Limited	Workshop B-2A and Canteen on Ground Floor, Kai Tak Factory Building Stage II, No.99 King Fuk Street & Nos.39-41 Tseuk Luk Street, Kowloon, Hong Kong	HK\$55,000	1 April 2020 to 31 March 2023	Restaurant operation
25.	Sino Billion Development Limited	Fulum Management Limited	Unit B, 2/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$55,000	1 April 2020 to 31 March 2023	Warehouse
26.	Spring Luck Hong Kong Limited	Fulum Management Limited	Unit A, 23/F & portion of stores A and Flat Roof A on 23/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$51,000	1 April 2020 to 31 March 2023	Warehouse
27.	Step Dragon International Limited	China Kings Development Limited	Portion of Workshop B2 on Ground Floor, Kai Tak Factory Building Stage II, No. 99 King Fuk Street & Nos.39-41 Tseuk Luk Street, Kowloon, Hong Kong	HK\$27,500	1 April 2020 to 31 March 2023	Restaurant operation
28.	Skies Faithful Limited	Central King Development Limited	Shop 228A on 2nd Floor, Kings Wing Plaza 2, No. 1 On Kwan Street, Shatin, New Territories, Hong Kong	HK\$22,000	1 April 2020 to 31 March 2023	Restaurant operation
29.	Kind Rich International Limited	China Harvest (Hong Kong) Limited	Portion of Ground Floor as shown coloured pink hatched red on Ground Floor Plan annexed to Assignment Memorial No. UB1502741, No.90 Hung To Road, Kowloon, Hong Kong	HK\$18,000	1 April 2020 to 31 March 2023	Restaurant operation
30.	China Crown Industrial Limited	Fulum Management Limited	The whole of 15/F., Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$294,000	1 April 2020 to 31 March 2023	Headquarters

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental (Note 1)	Term (Note 2)	Use
31.	China Crown Industrial Limited	Fulum Management Limited	Unit D, 14/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$52,900	1 April 2020 to 31 March 2023	Headquarters
32.	Central Steel Limited	Fulum Management Limited	Unit E, 14/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$49,400	1 April 2020 to 31 March 2023	Headquarters

The new connected leases to be entered

	Landlord	Tenant	Location	Monthly rental (Note 1)	Term (Note 2)	Use
33.	China Hall Enterprises Limited	China Harvest (Hong Kong) Limited	Unit 4 on 1/F, Tower 1 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon, Hong Kong	HK\$45,000	1 April 2020 to 31 March 2023 (Note 4)	Restaurant operation
34.	Power King International Investment Limited	China Harvest (Hong Kong) Limited	Portion of Flat C on Ground Floor, Wing Hin Factory Building, Nos. 226-228 Choi Hung Road, Nos. 31-33 Ng Fong Street, Kowloon, Hong Kong	HK\$88,000	1 April 2020 to 31 March 2023 (Note 4)	Restaurant operation
35.	China Good Corporation Limited	Super Rich International Limited	Shop 205, 205A, 206, 206A, 207 and 207A of the Second Floor, Hsin Kuang Centre, No. 120 Lung Cheung Road, Kowloon, erected on New Kowloon Inland Lot No. 5755, Hong Kong	HK\$203,000	1 April 2020 to 31 March 2023 (Note 4)	Restaurant operation

Notes:

1. The monthly rental is all exclusive of the Government rent, the Government rates and the Service Charges.
2. There is an option to renew for another three years commencing from 1 April 2023.
3. Reference is made to the circular of the Company dated 13 July 2018 regarding the supplemental agreement dated 8 June 2018 entered into among the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung in relation to 2017 Connected Tenancy Framework Agreement, the subsisting connected tenancy agreement of Premises 1 as at the Latest Practicable Date covers the lease period from 1 August 2017 to 31 July 2020 which exceeded the term of the 2017 Connected Tenancy Framework Agreement. For the purpose of compliance with the Listing Rules, the landlord and tenant have indicated their intention to terminate the subsisting connected tenancy agreement with effect from 31 March 2020 and renew the tenancy with a term from 1 April 2020 to 31 March 2023 by entering into the 2020 Connected Tenancy Agreement.

LETTER FROM THE BOARD

4. There is a rent free period from 1 April 2020 to 30 April 2020.

4. BASIS OF DETERMINATION OF THE RENT OF THE PREMISES

The 2020 Connected Tenancy Framework Agreement was entered into on an arm's length negotiations. The aggregate rent of the connected leases that are ascertainable as at the date of the 2020 Connected Tenancy Framework Agreement for the years ending 31 March 2021, 2022 and 2023 is approximately HK\$116,894,000, HK\$117,230,000 and HK\$117,230,000, respectively. The rent of each of the Premises has been arrived at after arm's length negotiations according to (i) the market rent of the Premises with reference to the fair rent letters issued by the Valuer (the "**Fair Rent Letters**"); and (ii) various conditions of the Premises, including but not limited to the location of the Premises as well as the facilities and management services associated with the Premises.

5. HISTORICAL TRANSACTION AMOUNTS AND HISTORICAL ANNUAL CAPS

The aggregate historical rental amounts

Reference is made to the Announcements in respect of the continuing connected transactions of certain leases entered between the relevant members of the Group and relevant members of Connected Landlord Entities at the material time.

Given that all the landlords under the Announcements and the 2017 Connected Tenancy Framework Agreement are members of the Connected Landlord Entities, the transactions contemplated under the 2017 Connected Tenancy Framework Agreement are required to be aggregated with the transactions in the Announcements pursuant to Rule 14.22, Rule 14.23 and Rule 14A.81 of the Listing Rules. As a result, during the years ended 31 March 2018 and 2019 and the eight months ended 30 November 2019, the aggregate rental paid for the continuing connected transactions between the Group and the Connected Landlord Entities for the periods indicated is set forth below:

For the year ended 31 March 2018	For the year ended 31 March 2019	For the eight months ended 30 November 2019
<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
101,168,246	110,279,798	67,981,414

The aggregate historical rental annual caps

The following sets forth the Group's aggregate rental annual caps in relation to the continuing connected transactions with the Connected Landlord Entities for the periods indicated:

For the year ended 31 March 2018	For the year ended 31 March 2019	For the year ending 31 March 2020
<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
101,173,246	112,812,998	109,210,152

LETTER FROM THE BOARD

6. ANNUAL CAPS

Accounting implication to the connected leases

In accordance with the applicable HKFRSs applicable to the Group, the payments by the Group contemplated under the 2020 Connected Tenancy Agreements comprise different components and hence different accounting treatments will be applied. The rental payment to be made by the Group are capital in nature and will be recognised, among others, as assets of the Group at the respective commencement dates of the 2020 Connected Tenancy Agreements and amortised over the term of the connected leases.

The Right-of-use Asset Caps

As HKFRS 16 “Lease” has taken effect from 1 January 2019 and be applicable to financial years starting on or after 1 January 2019, pursuant to the requirements of the Stock Exchange, the annual caps for the continuing connected transactions under the 2020 Connected Tenancy Framework Agreement with the Group as the lessee for the years ending 31 March 2021, 2022 and 2023 will be based on the total value of right-of-use assets relating to the leases to be entered into by the Group. Having considered, among others:

- (i) the fact that all of the 2020 Connected Tenancy Agreements are expected to be entered on 1 April 2020 (subject to the Independent Shareholders’ approval) and none of the 2020 Connected Tenancy Agreement will be entered during the years ending 31 March 2022 and 2023;
- (ii) the rent of the Premises;
- (iii) the market rent of the Premises according to the fair rent letters issued by the Valuer based on the prevailing market conditions and the rental level of similar properties at the vicinity;
- (iv) various conditions of the Premises, including but not limited to the location of the Premises as well as the facilities and management services associated with the Premises; and
- (v) the value of the Group’s rights to use the underlying leased asset for the lease term which is initially measured on present value basis and calculated by discounting the non-cancellable lease payments for respective connected lease, using the incremental borrowing rate as the discount rate,

the Directors (including the independent non-executive Directors) set the Right-of-use Asset Caps for the respective financial year as follows:

	For the year ending 31 March 2021 HK\$	For the year ending 31 March 2022 HK\$	For the year ending 31 March 2023 HK\$
Right-of-use Asset Caps	352,155,000	0	0

LETTER FROM THE BOARD

The Valuer has assessed the market rents of the Premises (defined as the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease term in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion) as at 30 November 2019 and issued the Fair Rent Letters on 10 February 2020. In determining the market rents, the Valuer has examined comparable rentals of similar properties at the vicinity of each of the Premises. The Valuer has considered the criteria of: (i) location; (ii) usage; (iii) floor area; (iv) building quality and (v) transaction date, as the case may be, to select the appropriate comparables to derive the market rent of the Premises.

Based on the above selection criteria and in adopting the market approach, the Valuer had adopted three comparables for each Premises to prepare the Fair Rent Letters and to derive the market rent of each of the Premises based on the adjusted monthly rent of the comparables. The Valuer conducted its search for the comparables through its own database, registration records in the Land Registry of the Government and public information released from property agents. The Fair Rent Letters have discussed the details of the three comparables chosen such as dates of transactions, usage, location, size, monthly rent and adjusted monthly rent. In valuing the Premises and preparing the Fair Rent Letters, the Valuer confirmed that it has complied with all the requirements contained in The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

Regarding the adjustment mechanisms, the Valuer has adjusted the monthly rent of each comparable to account for differences between the Premises and the comparables based on the following factors:

(i) Adjustments for timing difference between the transaction date of the comparables and the valuation date

The Valuer has considered the relevant official property rental index and market commentaries to determine the rental growth/drop between the transaction date of the comparables and the valuation date. If there was rental growth between the comparables' transaction date and the valuation date, upward adjustment would be applied to the comparables rental unit rate and vice versa.

(ii) Adjustments for gross floor area or saleable area (as the case may be)

The Valuer has considered the difference in floor area between the comparables and the Premises. In general, the landlord would normally offer a lower rental unit rate to a tenant if the tenant is able to lease the entire floor or substantial portion of the entire property. This would allow the landlord to reduce wastage of lettable floor space to common areas when the same portion is sub-divided into smaller units. In this regard, for the comparables which are smaller than the Premises, downward adjustments to the comparables' rental unit rates would be allowed and vice versa.

LETTER FROM THE BOARD

(iii) Adjustments for location and floor level

The Valuer has considered the difference in accessibility between the comparables and the Premises, for example, vehicular access and availability of public transport. For those comparables of commercial usage having a higher accessibility and/or pedestrian flows than the Premises, downward adjustments to the comparables' rental unit rates would be allowed and vice versa.

As confirmed by the Valuer, no adjustment other than the above has been considered in the course of the valuation. The Valuer is of the opinion that the terms and conditions of the 2020 Connected Tenancy Agreements follow common market practice.

The payment of the rent of the leases contemplated under the 2020 Connected Tenancy Framework Agreement will be funded by internal resources of the Group.

7. REASONS AND BENEFITS OF ENTERING INTO THE 2020 CONNECTED TENANCY FRAMEWORK AGREEMENT

Out of 35 premises, 27 of them would be used as the Group's restaurants (the "**Restaurant Premise(s)**"). These 27 Restaurant Premises are all located in prime locations of various districts in Hong Kong, with easy transportation access and are of great convenience to the customers and able to further strengthen the branding and maintain the number of the restaurants of the Group in prime locations. Among the 27 Restaurant Premises, 24 Restaurant Premises are existing connected leases to be renewed at which the Group's business is carried out, their relocation would be costly and may have impact on daily business operation of the Group. Therefore, the Board considered that the renewal of their tenancy is fair and reasonable in order to avoid any material disruptions in their operations.

Eight premises would be used as the Group's headquarters, central kitchen and logistics centre, warehouses and office premises. The Group has been using these premises and therefore intend to renew the relevant leases to save the relocation costs.

In view of the benefits discussed above, the Board is not aware of any disadvantages to the Company of entering into the 2020 Connected Tenancy Framework Agreement.

As Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, being the executive Directors, have material interests in the entering into of the 2020 Connected Tenancy Framework Agreement and the transactions contemplated thereunder, Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung had abstained from voting on the Board resolutions approving the entering into of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

Save for the aforesaid and to the best knowledge, information and belief of the Company, as at the Latest Practicable Date, none of the other Directors has any material interest in any of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps and therefore no other Director was required to abstain from voting on the resolution(s) of the Board approving of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

LETTER FROM THE BOARD

The Board (excluding Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung) is of the opinion that:

- (i) the 2020 Connected Tenancy Framework Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable;
- (ii) the adjusted amount of the Right-of-use Asset Caps is fair and reasonable;
- (iii) the letters issued by the Valuer are also provided to support that the rent of the Premises is on normal commercial terms and fair and reasonable; and
- (iv) the 2020 Connected Tenancy Framework Agreement and the transactions contemplated thereunder are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

8. INFORMATION ON THE GROUP

The Group is principally engaged in restaurant operations in Hong Kong and the PRC, the provision of festive food products, production, sale and distribution of food products related to restaurant operations.

All the relevant members of the Group which would, subject to the approval of the 2020 Connected Tenancy Framework Agreement by the Independent Shareholders, enter into the 2020 Connected Tenancy Agreement as tenants, are indirect wholly-owned subsidiaries of the Company and are principally engaged in restaurant operation, provision of management services to fellow subsidiaries or processing, sale and distribution of food products in Hong Kong.

9. INFORMATION ON THE CONNECTED LANDLORD ENTITIES

All the relevant members of the Connected Landlord Entities which would, subject to the approval of the 2020 Connected Tenancy Framework Agreement by the Independent Shareholders, enter into the 2020 Connected Tenancy Agreements as landlords, are property investment companies.

The table below sets forth the details of shareholding of the Connected Landlord Entities regarding the Premises:

Connected Landlord Entities	Shareholding information
China Good Corporation Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules

LETTER FROM THE BOARD

Connected Landlord Entities	Shareholding information
China Hall Enterprises Limited	directly owned as to 1% by Mr. Yeung and as to 99% by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Sino Billion Development Limited	directly owned as to 1% by Mr. Yeung and as to 99% by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Central Base Industrial Limited	directly wholly-owned by Mr. Yeung, and hence is an associate of a connected person of our Company under the Listing Rules
Excel Source Investment Limited	indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
China Spring Development Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
China Body Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
China Crown Industrial Limited	directly owned as to 1% by Mr. Yeung and as to 99% by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Central Big Enterprises Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules

LETTER FROM THE BOARD

Connected Landlord Entities	Shareholding information
China All Enterprises Limited	directly wholly-owned by Mr. Yeung, and hence is an associate of a connected person of our Company under the Listing Rules
Sino Horse Investment Limited	directly wholly-owned by Mr. Yeung, and hence is an associate of a connected person of our Company under the Listing Rules
China Label Industries Limited	directly owned as to 49% by Mr. CN Yeung and as to 51% by Mr. YC Yeung, and hence is an associate of a connected person of our Company under the Listing Rules
Merry Gain International Limited	directly wholly-owned by China Full Treasure Limited, which is indirectly owned as to approximately 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Kind Rich International Limited	directly wholly-owned by China Full Treasure Limited, which is indirectly owned as to approximately 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Central Steel Limited	directly wholly-owned by Mr. Yeung, and hence is an associate of a connected person of our Company under the Listing Rules
Spring Luck Hong Kong Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Able Dynasty Development Limited	directly wholly-owned by China Moral Corporation Limited, which is indirectly owned as to approximately 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Step Dragon International Limited	directly wholly-owned by China Moral Corporation Limited, which is indirectly owned as to approximately 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules

LETTER FROM THE BOARD

Connected Landlord Entities	Shareholding information
Skies Faithful Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
Power King International Investment Limited	directly wholly-owned by Foo Lum Properties Limited, which is indirectly owned as to 41%, 31%, 21% and 7% by Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, respectively, and hence is an associate of a connected person of our Company under the Listing Rules
廣州順隆投資有限公司	directly wholly-owned by Rare Achievement Limited, which is directly wholly-owned by Mr. Yeung, and hence is an associate of a connected person of our Company under the Listing Rules

10. LISTING RULES IMPLICATIONS

Given that (i) Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, being the executive Directors, are connected persons of the Company; and (ii) Mr. CN Yeung and the Connected Landlord Entities are associates of connected persons of the Company and are therefore connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, the 2020 Connected Tenancy Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Right-of-use Asset Caps is more than 5%, the entering into of the 2020 Connected Tenancy Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The 2020 Connected Tenancy Framework Agreement, the transactions contemplated thereunder and the Right-of-use Asset Caps will be subject to the notification, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

11. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 49 to 50 of this circular. Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Mr. Yeung, Mr. YC Yeung and Mr. YK Yeung are deemed to be persons acting in concert under the Codes on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong. As such, each of Mr. Yeung, Mr. YC Yeung and Mr. YK Yeung is deemed to be interested in all the Shares in which the others are interested. As at the Latest Practicable Date, so far as the Directors were aware and based on publicly available information, (i) Mr. Yeung, Mr. YC Yeung and Mr. YK Yeung were interested in an aggregate of 908,375,000 Shares; and (ii) Mr. Leung was interested in 66,625,000 Shares.

As Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, have material interests in the entering into of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder, Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung who, as far as the Directors were aware and based on publicly available information were interested in approximately 75.0% of the voting rights of the Company as at the Latest Practicable Date, would abstain from voting in the EGM of the Company on the resolution(s) approving the entering into of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

Save for the aforesaid and to the best knowledge, information and belief of the Company, as at the Latest Practicable Date, no other Shareholder has a material interest in the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fulumgroup.com). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

LETTER FROM THE BOARD

12. CLOSURE OF REGISTER OF MEMBERS

For determining eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 25 February 2020 to Friday, 28 February 2020, both days inclusive, during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 24 February 2020 are entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 February 2020.

13. GENERAL INFORMATION

Your attention is drawn to the appendix headed "General information" to this circular.

14. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 25 to 26 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps; and (ii) the letter from the Independent Financial Adviser set out on pages 27 to 42 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the 2020 Connected Tenancy (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

Yours faithfully,

By order of the Board

Fulum Group Holdings Limited

YEUNG WAI

Chairman, Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.



Fulum Group Holdings Limited
富臨集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1443)

10 February 2020

To the Independent Shareholders

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS 2020 CONNECTED TENANCY FRAMEWORK AGREEMENT

We refer to the circular of the Company to the Shareholders dated 10 February 2020 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 27 to 42 of the Circular and the letter from the Board as set out on pages 5 to 24 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder and the situation of the Company, and the factors and reasons considered by the Independent Financial Adviser and its opinion as stated in its letter of advice, we are of the view that the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company. We further consider that the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole, and accordingly recommend the Independent Shareholders to vote in favour of the ordinary resolutions proposed to approve the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. FAN Chun Wah Andrew

*Independent non-executive
Director*

Mr. WU Kam On Keith

*Independent non-executive
Director*

Mr. NG Ngai Man Raymond

*Independent non-executive
Director*

LETTER FROM OCTAL CAPITAL



801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

10 February 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS 2020 CONNECTED TENANCY FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the 2020 Connected Tenancy Framework Agreement, the 2020 Connected Tenancy Framework Supplemental Agreement, and the transactions contemplated thereunder, together with the Right-of-use Asset Caps, particulars of which are set out in the letter from the Board (the **“Letter from the Board”**) contained in the circular of the Company to the Shareholders dated 10 February 2020 (the **“Circular”**), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

Reference is made to the circular of the Company dated 28 February 2017 in relation to the 2017 Connected Tenancy Framework Agreement entered into between the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung and the circulars of the Company dated 13 July 2018, 26 July 2018 and 8 May 2019 in relation to the supplemental agreements of the 2017 Connected Tenancy Framework Agreement.

Pursuant to the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement, the parties agreed to (a) renew the existing connected leases; (b) enter into new connected leases; and (c) enter into connected leases from time to time, within the term of the 2020 Connected Tenancy Framework Agreement, on normal commercial terms based on the prevailing market rental rates. On 9 December 2019 (after trading hours), the Board announced that the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung renewed the 2017 Connected Tenancy Framework Agreement for a term of three years from 1 April 2020 to 31 March 2023 by entering into the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement.

Given that (i) Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung, being the executive Directors, are connected persons of the Company; (ii) Mr. CN Yeung and the Connected Landlord Entities are associates of connected persons of the Company and are therefore connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules; and (iii) as one or more of the applicable percentage ratios for the Right-of-use Asset Caps is more than 5%, the 2020 Connected Tenancy Framework Agreement, the 2020 Connected Tenancy Framework Supplemental Agreement and the transactions contemplated

LETTER FROM OCTAL CAPITAL

thereunder constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Thus, the 2020 Connected Tenancy Framework Agreement, the 2020 Connected Tenancy Framework Supplemental Agreement, the transactions contemplated thereunder and the Right-of-use Assets Caps are subject to the notification, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise and give recommendation to the Independent Shareholders on the 2020 Connected Tenancy Framework Agreement, the 2020 Connected Tenancy Framework Supplemental Agreement, and the transactions contemplated thereunder, together with the proposed Right-of-use Asset Caps. We, Octal Capital Limited, have been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in accordance with the Listing Rules to advise the Independent Board Committee and the Independent Shareholders in these regards and to give our opinion for the Independent Board Committee's consideration when making their recommendations to the Independent Shareholders.

As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or the Group or the Connected Landlord Entities or any of their respective subsidiaries or associates, and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we have been engaged by the Company as an independent financial adviser to the Company in respect of (i) the 2018 Connected Tenancy Framework Supplemental Agreement; and (ii) the 2019 Connected Tenancy Framework Supplemental Agreement, and we were required to express our opinion on and give recommendations to the independent board committee and independent shareholders thereon. For details, please refer to the circulars of Company dated 13 July 2018 and 8 May 2019 respectively.

Apart from normal professional fees payable to us by the Company in connection with these appointments, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group or the Connected Landlord Entities or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Advisor pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the Directors and management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group and the Connected Landlord Entities and their respective subsidiaries or associates nor have we carried out any independent verification of the information supplied.

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CONTINUING CONNECTED TRANSACTIONS

Principal factors and reasons considered

In arriving at our opinion regarding the 2020 Connected Tenancy Framework Agreement, the 2020 Connected Tenancy Framework Supplemental Agreement, and the Right-of-use Asset Caps, we have considered the following principal factors and reasons:

1. Background of the Group

The Group is principally engaged in operation of restaurants in Hong Kong and the PRC, the provision of festival food products, production, sale and distribution of food products related to operation of restaurants.

According to the interim report of the Company for the six months ended 30 September 2019, the Group operates a total of 78 restaurants, of which 24 were under the “Fulum” (“富臨”) main brand in Hong Kong, nine under the “Sportful Garden” (“陶源”) main brand, 41 under the “Fulum Concept” (“富臨概念”) main line, and four restaurants under the “Fulum” (“富臨”) main brand in the PRC.

2. Draft 2020 Connected Tenancy Agreement

The principal terms of the draft 2020 Connected Tenancy Agreement are summarized as follows:

Parties	:	(a) Relevant member of the Group; and
		(b) Relevant member of the Connected Landlord Entities
Term	:	36 months
Rent and other outgoing	:	Relevant member of the Group shall pay the monthly rent as set forth in the draft 2020 Connected Tenancy Agreements (exclusive of the Government rent, the Government rates and the Service Charges) in advance without deduction or set off on the first day of each calendar month. Relevant member of the Group shall deposit with the relevant member of the Connected Landlord Entities sums equivalent to two times of the monthly rents as deposits for each of the draft 2020 Connected Tenancy Agreements.

Relevant member of the Group shall also be responsible for paying:

- (a) all the Government rent, taxes and outgoings of a recurring nature imposed on the leased premises or the owner or occupier of the leased premises by the Government;

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- (b) rates charged on the leased premises as assessed by the Government quarterly in advance which shall be payable on the first day of the months of January, April, July and October, provided that the first payment shall be paid on the commencement of the relevant draft 2020 Connected Tenancy Agreement; and
- (c) Service Charges and charges for utilities (i.e. the transmission of sewage, water, electricity, gas, and telecommunications) at the leased premises.

3. *Information of the Premises under the 2020 Connected Tenancy Framework Agreement*

Major terms of the draft 2020 Connected Tenancy Agreements of the Premises are summarized as below:

Premise	Location	Status as at the Latest Practicable Date	Usage/Brand	Monthly Rent HK\$ ^(Note 1)	Area sq. ft ^(Note 2)	Monthly Rent per sq. ft Approximately HK\$
1	The whole of Third floor of Hsin Kuang Centre, No.120 Lung Cheung Road, Kowloon, erected on New Kowloon Inland Lot No. 5755, Hong Kong	Restaurant operation	Fulum	1,300,000	26,399 (GFA)	49
2	1-5/F, and parking spaces Nos. L3, L4, L8, L9, L10, P1, P2, P3, P6, P7 and P8 on G/F Sandoz Centre, 178-182 Texaco Road, Tsuen Wan, New Territories, Hong Kong	Central kitchen and logistics centre	Central kitchen and logistics centre	960,000	89,994 (SA)	11
3	Shop No. 91A on the G/F and 1/F, Shop No. 125B on 2/F, portion 1 of shop No. 103A on 1/F and portion 1 of Shop No. 104A on 2/F, Nos. 69-119 Broadway, Mei Foo Sun Chuen, Kowloon, Hong Kong	Restaurant operation	Fulum	884,000	27,300 (SA)	32
4	Shop 201 on the Second Floor of Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories, Hong Kong	Restaurant operation	Fulum	820,000	29,566 (GFA)	28
5	Portion of shop 1A on level 5 and the whole of Level 6, The Commercial Block of Greenwood Terrace, 16 Tai Man Street, Hong Kong	Restaurant operation	Fulum	460,000	16,760 (SA)	27
6	Portion of Unit No. G16 on G/F, Units Nos. B105, B106, B107, B108, B109, B110, B111, B112, B113, B114, B115, B116, B117, B118, B119, B120, B121, B122, B131, B132 and Coffee Shop "A" on Basement 1/F, East Ocean Centre, No. 98 Granville Road, Kowloon, Hong Kong	Restaurant operation	Sportful Garden	456,000	14,148 (SA)	32

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Premise	Location	Status as at the Latest Practicable Date	Usage/Brand	Monthly Rent HK\$ ^(Note 1)	Area sq. ft ^(Note 2)	Monthly Rent per sq. ft Approximately HK\$
7	Shop A, G/F, Kwai Chung Car Park and Shopping Centre, 26-30 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	Restaurant operation	Fulum	397,000	13,809 (SA)	29
8	Portion of G/F of Elegant Garden, No. 409 Queen's Road West, Hong Kong	Restaurant operation	Fulum	270,000	8,198 (SA)	33
9	Restaurant A, 1/F, Tower 1 Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	Restaurant operation	Fulum	380,000	9,000 (SA)	42
10	Restaurant 5-6, G/F, restaurant 8, 1/F & portion of Restaurant 7, 1/F together with Car Parking Spaces Nos. C106, C107 and C108 on 1/F, Canaryside, 8 Shung Shun Street, Kowloon, Hong Kong	Restaurant operation	Fulum	380,000	12,310 (SA)	31
11	Portion of G/F, Lux Theatre Building, 2-20 Ming On Street, 103-105 Baker Street and 2J-2K Bulkeley Street, Kowloon, Hong Kong	Restaurant operation	Fulum	373,000	9,282 (SA)	40
12	4/F, Shatin Fun City, 7 Lek Yuen Street, Shatin, New Territories	Restaurant operation	Fulum	369,000	19,742 (SA)	19
13	Restaurant on 1/F (including lavatories, lift lobby and entrance hall on 1/F, escalators leading to the restaurant from G/F, staircases No. 5, 6 & 8 and lift No. 11 and lift machine room for lift No. 11 on 2/F), Tuen Mun Central Square, No. 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong	Restaurant operation	Fulum	368,000	12,185 (SA)	30
14	Unit G5, G/F, Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	Restaurant operation	Sportful Garden	350,000	7,018 (SA)	50
15	Unit A on G/F, Unit A on 1/F and the canopy adjoining such unit and portion of unit A on 2/F, Kin Wing Commercial Building, Nos. 24-30 Kin Wing Street, Tuen Mun, New Territories, Hong Kong	Restaurant operation	Fulum	232,500	10,850 (SA)	21
16	Shop A on the basement of Kimberley House, No. 35 Kimberley Road, Kowloon, Hong Kong erected on all that piece or parcel of ground registered in the land registry of the Government as Kowloon Inland Lot No.7403, Hong Kong	Restaurant operation	Meokbang	148,000	2,455 (SA)	60
17	Rooms 01-22, 22nd Floor, Lufu Lianhe Guangchang (Lufu Union Square), No. 233, Hanxi Avenue West, Panyu District, Guangzhou, the PRC* (中國廣州市番禺區漢溪大道西233號路福聯合廣場22層01-22房)	PRC office	PRC office	140,339	13,778 (GFA)	10

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Premise	Location	Status as at the Latest Practicable Date	Usage/Brand	Monthly Rent HK\$ ^(Note 1)	Area sq. ft ^(Note 2)	Monthly Rent per sq. ft Approximately HK\$
18	Portion of Ground Floor (known as Shop B and Shop C) of Kwai Chung Car Park and Shopping Centre, Nos.26-30 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	Restaurant operation	Master of Char Siu	125,200	3,015 (SA)	42
19	Shop B5 on G/F, (including the roof immediately above the shop) and cockloft B3 (including the roof immediately above cockloft), Fung Cheung House, Nos. 5-15, 19-33 Wan Fung Street, Kowloon, Hong Kong	Restaurant operation	Winter Yutango	113,300	5,410 (SA)	21
20	1st Floor, No.90 Hung To Road, Kowloon, Hong Kong	Restaurant operation	Meokbang	75,000	3,839 (SA)	20
21	2nd Floor, No.90 Hung To Road, Kowloon, Hong Kong	Restaurant operation	Meokbang	75,000	3,839 (SA)	20
22	Workshop No.3, Ground Floor, Laurels Industrial Centre No.32 Tai Yau Street, Kowloon, Hong Kong	Restaurant operation	Café CoCo	70,000	1,499 (SA)	47
23	Unit F (including flat roof), 4/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	Warehouse	Warehouse	62,000	6,357 (GFA)	10
24	Workshop B-2A and Canteen on Ground Floor, Kai Tak Factory Building Stage II, No.99 King Fuk Street & Nos.39-41 Tseuk Luk Street, Kowloon, Hong Kong	Restaurant operation	Master of Char Siu	55,000	909 (SA)	61
25	Unit B, 2/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	Warehouse	Warehouse	55,000	3,942 (GFA)	14
26	Unit A, 23/F & portion of stores A and Flat Roof A on 23/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	Warehouse	Warehouse	51,000	4,792 (GFA)	11
27	Portion of Workshop B2 on Ground Floor, Kai Tak Factory Building Stage II, No. 99 King Fuk Street & Nos.39-41 Tseuk Luk Street, Kowloon, Hong Kong	Restaurant operation	Master of Char Siu	27,500	582 (SA)	47
28	Shop 228A on 2nd Floor, Kings Wing Plaza 2, No. 1 On Kwan Street, Shatin, New Territories, Hong Kong	Restaurant operation	Coti	22,000	510 (GFA)	43
29	Portion of Ground Floor as shown coloured pink hatched red on Ground Floor Plan annexed to Assignment Memorial No. UB1502741, No.90 Hung To Road, Kowloon, Hong Kong	Restaurant operation	Coti	18,000	297 (SA)	61

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Premise	Location	Status as at the Latest Practicable Date	Usage/Brand	Monthly Rent HK\$ ^(Note 1)	Area sq. ft ^(Note 2)	Monthly Rent per sq. ft Approximately HK\$
30	The whole of 15/F., Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	Headquarters	Headquarters	294,000	21,681 (GFA)	14
31	Unit D, 14/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	Headquarters	Headquarters	52,900	4,040 (GFA)	13
32	Unit E, 14/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	Headquarters	Headquarters	49,400	3,640 (GFA)	14
33	Unit 4 on 1/F, Tower 1 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon, Hong Kong	Restaurant operation	Coti	45,000	26,399 (GFA)	2
34	Portion of Flat C on Ground Floor, Wing Hin Factory Building, Nos. 226-228 Choi Hung Road, Nos. 31- 33 Ng Fong Street, Kowloon, Hong Kong	Restaurant operation	Master of Char Siu	88,000	2,340 (SA)	38
35	Shop 205, 205A, 206, 206A, 207 and 207A of the Second Floor, Hsin Kuang Centre, No. 120 Lung Cheung Road, Kowloon, erected on New Kowloon Inland Lot No. 5755, Hong Kong	Restaurant operation	Fast Food Restaurant	203,000	2,515 (GFA)	81

Notes:

1. The monthly rental is all exclusive of the Government rent, the Government rates and the Service Charges.
2. The floor area is measured in square feet with SA denotes “saleable area” while GFA denotes “gross floor area”.
3. All Premises do not include any rent-free period, except for Premises 33, 34 and 35 which include a one-month rent-free period.

Source: The draft 2020 Connected Tenancy Agreements and fair rent letters issued by the Valuer

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The table below summarizes the 35 connected leases under the 2020 Connected Tenancy Framework Agreement by nature.

Purposes	# of premises
Restaurant (existing leases)	24
Headquarters & Warehouse	6
PRC office	1
Central kitchen and logistics centre	1
Restaurant (new leases)	3
	<hr/>
Total	35
	<hr/>

4. *Analysis of the major terms of the draft 2020 Connected Tenancy Agreements*

As set out in the Letter from the Board, the rent of each of the Premises has been arrived at after arm's length negotiations with reference to (i) the market rent of the Premises according to the fair rent letters issued by the Valuer; and (ii) various conditions of the Premises, including but not limited to location, floor size, floor level and pedestrian flow. Among the 24 existing connected leases for restaurant, we noted that the new monthly rents as compared to the existing rents for (i) two of the Restaurant Premises have decreased; (ii) 20 of the Restaurant Premises have increased not more than 10% with an average increase of 6.0%; and (iii) two of the Restaurant Premises have increased more than 10%.

We have reviewed the fair rent letters issued by the Valuer dated 10 February 2020 and noted that the monthly rent of the Premises equal to the monthly rent as set out in the fair rent letters. We have also reviewed and discussed with the Valuer on (i) the criteria in selecting the comparable rental transactions (the "**Comparable**"), including location, property usage, floor size, floor level, transaction date and building quality; (ii) the sources of the Comparable; and (iii) the valuation approach adopted.

We have obtained and reviewed the list of Comparable identified by the Valuer for each of the Premises and noted that the Valuer has identified three rental transactions for each of the Premises. We further noted that (i) the location of the Comparable are in the same district of the relevant Premise; (ii) the Comparable are conducted in 2019 except for the rental transactions for Premise 1, 12, 19, the rental transactions of which have been extended due to lack of applicable transactions in 2019; and (iii) the details of the Comparable are sourced from Memfus Wong Property Information Centre, the Land Registry, and the Building Department. We also understand from the Valuer that they have made relevant adjustments, including size, location (including floor level), and timing difference between the transaction date of the Comparable and the valuation date to account for the differences between the Premises and the Comparable. For detailed descriptions of these three types of adjustments, please refer to the Letter from the Board in this Circular. Also as confirmed by the Valuer, we understand there are no other adjustments considered in the valuation. We have reviewed the calculation of the fair monthly rent of the Premises and understood

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the rationale of the adjustments made to the Comparable, we noted that the adjustments are relevant to the fair monthly rent calculation. In particular, we have also enquired with the Valuer regarding the two Restaurant Premises for which monthly rents have increased by more than 10%, and we understood from the Valuer and the related rental transactions that the new monthly rents are in line with the prevailing market rents. Based on our discussion with and review of the Comparable adopted by the Valuer, we are of the view that the Comparable, as well as the adjustments and calculations, are appropriate and accurate for determining the monthly rent of the Premises.

We have also enquired on the Valuer's qualification and experience in relation to the Valuation. We understood that the Valuer has performed rental valuation for other listed companies in Hong Kong. The fair rent letter is prepared by the Valuer's professional team which is led by Mr. Tse Wai Leung, a registered professional surveyor under the Surveyors Registration Ordinance with over 15 years of experience in valuation and appraisal of assets in Hong Kong, China and the South East Asia. The Valuer confirmed that they are not connected with and are independent to the Group. We have also reviewed the terms of the Valuer's engagement with the Group, and noted that its scope of work is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the fair rent letters.

To justify the reasonableness of the Comparable identified by the Valuer, we independently researched from the public sources and compared the monthly rent of properties located at the vicinity of the Premises with similar usage and floor level with the Comparable identified by the Valuer. We noted that the rental transactions identified by the Valuer are representative and suitable for calculating the fair monthly rent of the Premises. Taking into account of our independent analysis, we are of the view that the Comparable selected by the Valuer reflect the prevailing market rents of the Premises and the fair rent letters have been reasonably prepared without any unusual assumptions.

To further justify the terms and conditions outlined in the draft 2020 Connected Tenancy Agreements of the Premises which are used for restaurant operation, we requested and obtained a list of properties leased by the Group from the independent third parties. We have identified 10 leased properties in Hong Kong of the Group in which the lease period commenced since 1 January 2019 (the "**I3P Comparable Tenancy Agreements**"), based on the criteria that the tenancy agreements (i) were entered into between the Group and the independent third parties; and (ii) had a fixed monthly rent. As advised by the management of the Company, the Group did not enter into any tenancy agreement with independent third parties for the usage of headquarters, warehouse, central kitchen, and PRC office. We further enquired with the Valuer and understood that regardless of the usage of the leased properties, the core terms of the lease agreements (e.g. lease period, amount of security deposits, rent-free period and renewal options) are more or less similar. As such, we consider the I3P Comparable Tenancy Agreements, despite they are all used for restaurant operation, are applicable for comparing the major lease terms for all of the Premises.

The terms and conditions of these I3P Comparable Tenancy Agreements, such as lease period, amount of security deposits, duration of rent-free period and renewal options of the premises, are summarized as follow:

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Lease period

The lease period of the draft 2020 Connected Tenancy Agreements are 36 months. We noted the lease period offered by the I3P Comparable Tenancy Agreements range from 24 to 72 months with an average of 39 months. We consider the lease period of 36 months contemplated under the draft 2020 Connected Tenancy Agreements are within the range as offered by the independent third parties, and the fact that they are shorter than the average of 39 months provides flexibility to the Group. As such, we are of the view that the lease period of the draft 2020 Connected Tenancy Agreements are not less favorable than the terms offered by the independent third parties.

Security deposits

The security deposits of the draft 2020 Connected Tenancy Agreements are two months of the monthly rent. We noted that the security deposits requested by the landlords of the I3P Comparable Tenancy Agreements range from nil to six months with an average of 3.4 months of the monthly rent. We consider the security deposits of two months as contemplated under the draft 2020 Connected Tenancy Agreements to be within the range and not less favourable than that as requested by the independent third parties.

Rent-free period

The three new connected leases, Premise 33, 34, and 35, will be offered a rent-free period of one month by the respective Connected Landlord Entities. Meanwhile, the renewal of connected leases, Premise 1 – 32, will not be offered a rent-free period.

We noted that the rent-free period offered by the I3P Comparable Tenancy Agreements ranges from nil to four months and averaged to 1.7 months. We consider the rent-free period contemplated under the draft 2020 Connected Tenancy Agreements to be within the range as offered by the independent third parties. As such, we are of the view that the rent-free periods of the draft 2020 Connected Tenancy Agreements are comparable to the terms offered by the independent third parties.

Renewal Option

The draft 2020 Connected Tenancy Agreements include renewal option of three years. We noted that six of the I3P Comparable Tenancy Agreements contain renewal options, ranging from three years to six years, meanwhile four of the I3P Comparable Tenancy Agreements do not have renewal options. As (i) all the draft 2020 Connected Tenancy Agreements include renewal options, which would provide the Company with greater flexibility by the end of the leases, and (ii) that the renewal option of three years fall within the range of the renewal terms of the I3P Comparable Tenancy Agreements, we are of the view that the renewal options of the draft 2020 Connected Tenancy Agreements are more favorable than the terms offered by the independent third parties.

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Based on the above analysis, we concluded that the terms, specifically the lease period, security deposits, rent-free period, and renewal option, of the draft 2020 Connected Tenancy Agreements are comparable and no less favorable than the terms as offered by the independent third parties.

According to the above, we are of the view that the draft 2020 Connected Tenancy Agreements are carried out in the ordinary and normal course of business for the Group and are no less favorable than those offered by the independent third parties. We concur with the Board that the terms of the draft 2020 Connected Tenancy Agreements are on normal commercial terms, and they are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

5. *Reasons and benefits for entering into the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement*

As disclosed in the interim report of the Company for the six months ended 30 September 2019, the Group's recorded a decrease of revenue by approximately 15.1% as compared to the same period of last year and a loss of approximately HK\$63.8 million because the catering industry in Hong Kong is facing pressure on rising cost on commodities and food ingredients, as well as social economic instability. However, the Group is still full of confidence towards the prospects of the catering industry in Hong Kong and continues to adopt proactive and optimistic expansion strategy to establish new restaurants and to actively explore diversified brands to gratify local catering needs and enhance customers' dining experience. The Group is focusing on developing its "Fulum Concept (富臨概念)" main line in Hong Kong. During the six months ended 30 September 2019, the Group has opened ten restaurants under the "Fulum Concept".

Under the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement, the Group is planning to enter into 35 lease agreements with the Connected Landlord Entities on 1 April 2020. Among these 35 lease agreements, they can be classified into five different categories, (i) Premises 1, 3 – 22, 24, 27, 28 and 29 (collectively the "**Restaurant Premises**") are used for operation of restaurants under different brands in Hong Kong; (ii) Premises 23, 25, 26, 30, 31, and 32 (collectively the "**Office Premises**") are related to offices and warehouses of the Group in Hong Kong; (iii) Premise 17 (the "**PRC Regional Office**") is used as the regional office in PRC to support the restaurant operation in the PRC; (iv) Premise 2 (the "**Kitchen Premise**") is used by the Group as centralized kitchen and logistics center for the Group's restaurants in Hong Kong and PRC; and (v) Premises 33, 34, 35 (collectively the "**New Restaurant Premises**") will be used for new restaurants expansion under different brands in Hong Kong.

We understand from the management of the Company that by renewing the existing leases as opposed to renting new premises, the Group can (i) maintain the current restaurant operation located at prime locations with easy transportation access and of great convenience to the customers; (ii) save the relocation costs, which include the loss of business during the relocation period and the costs in finding new suitable premises; and (iii) save the capital expenditure that has already been invested into the current premises.

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The Restaurant Premises consist of 24 existing restaurant premises, which are located at prime locations with easy transportation access and are of great convenience to the customers, and these restaurants have accumulated a group of loyal customers. Among the Restaurant Premises, 11 are under the main brand “Fulum” (“富臨”), two are under the main brand “Sportful Garden” (“陶源”), with the remaining 11 are under the main line “Fulum Concept” (“富臨概念”). We have enquired with the Company and reviewed the unaudited financial performance of the 24 existing restaurants for the year ended 31 March 2019 and the six months ended 30 September 2019, we noted that the financial performance of the majority of such restaurants have deteriorated for the six months ended 30 September 2019. We understood that the performance deterioration over the six months between April 2019 to September 2019 was mainly due to (i) the social unrest that severely affects the overall catering industry in Hong Kong, and (ii) the rising prices of commodities and food ingredients. We have enquired with the Company on their view on the performance deterioration and they have advised that (i) they believe the social unrest would only be temporary and it will recover in the near future; (ii) they will be able to improve the business performance given their many years of experience in the catering industry, and (iii) they consider the customer base they have accumulated at the current Restaurant Premises to be the greatest asset and have the potential to turn around the business performance in the near future. We concur with the Company that, despite the current social unrest that affects the catering industry temporarily in Hong Kong, the Restaurant Premises situated on prime locations with established customer base through years of operation, have the potential to deliver positive financial results to the Group in the near future when the catering industry recovers.

The Office Premises consist of six premises in the Luk Hop Industrial Building, San Po Kong, Kowloon, of which three premises are currently being used as headquarters office for approximately 161 staffs for the Group’s management and administration work with the remaining three being used as warehouses for storing documents and files, temporary storage of furniture and equipment that are in good condition from restaurants during relocation period, and decorations for festival, wedding and events. The Company believes it serves a great convenience to rent a premise for storing documents and files within the same building as the headquarters office. The warehouses are also used for temporary storage of restaurant furniture, restaurant equipment and festival/event decorations that are used to support event bookings in its restaurants which may require specific settings according to the customers’ requirements for the venue. We have reviewed the accumulated capital expenditure invested by the Group and noted that the Company has incurred capital investment of approximately HK\$2,440,000. Therefore, we concur with the management of the Company on the view that renewal of the Office Premises, including the headquarters offices and warehouses, in the same industrial building (i) allows the office staff to have easy access to the storage which maintains the operating efficiency of the Group; (ii) allows convenient transportation of large-size furniture and equipment given that the industrial building provides spacious parking lot and appropriate facilities for transportation, and (iii) avoids additional capital expenditure if the Group were to relocate the headquarters office and warehouses.

The PRC Regional Office, located in Panyu, Guangzhou, is being used as the regional office for its restaurant operation in the PRC. As disclosed in the interim report of the Company for the six months ended 30 September 2019, the Group operates four restaurants in Guangzhou, Zhuhai and

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Fuzhou. All of them are located in the densely-populated residential areas and mainly provide mass catering services so as to meet the residents' demand for Chinese cuisine and wedding venues within the regions. Furthermore, the Group has invested capital in the renovation of the PRC Regional Office and it is still undergoing renovation before it can commence operation by March 2020. Given that three of the four PRC restaurants are in Guangdong Province and the regional office is still under renovation aiming to commence full operation by March 2020 in order to handle the administration of the on-going restaurant operation and expansion in the PRC, we concur with the management of the Company that the renewal of the PRC Regional Office, located in Guangzhou, is necessary and strategic for the Group for handling the administrative tasks for its restaurants operations in the PRC.

The Kitchen Premise of over 89,000 square feet saleable area, located in Sandoz Centre, Tsuen Wan, New Territories, has been leased and renovated by the Group as the centralized kitchen and logistic center with approximately 151 staff, and it is fully equipped for preparing and processing food for the Group's restaurants operation in Hong Kong and the PRC since the Group engages in the catering business. Over the years, the Group has been investing capital expenditure to install and upgrade the necessary equipment from time to time. We have reviewed the accumulated capital expenditure incurred by the Group and noted that the Company has invested a large sum of capital investment of approximately HK\$13,982,000 in the Kitchen Premise, and that the management of the Company has advised that it would not only be costly to vacate the premise if the lease cannot be renewed, but also the Group would need to reinvest similar capital expenditure to modify and install similar equipment in the new premise in order to fulfil the specific requirements of food processing regulated by the relevant government departments. Moreover, as centralized kitchen plays an important role in the daily restaurant operation, the Group's daily restaurant operation would likely be disrupted during the relocation of the centralized kitchen.

In order to avoid disruption to the Group's overall restaurant operation and avoid incurring additional capital expenditure, we concur with the management of the Company that the Office Premise, the PRC Regional Office and the Kitchen Premise should remain in the current location by renewing the existing lease agreements.

The New Restaurant Premises consist of three premises, which the Group plans to utilize for its restaurant expansion and operate under the "Fulum Concept" ("富臨概念") main line. Premise 33 is located at the ground floor of Enterprise Square in Kowloon Bay, Kwun Tong. Enterprise Square is a pioneering Grade-A commercial development located in Kowloon Bay – the epicentre of Kai Tak Development's transport network served by a ground floor bus terminus and efficient public transport links, and it is also surrounded by nearby shopping and convention facilities. Premise 34 is located at the ground floor of a commercial tower Kowloon Bay, Kwun Tong. Premise 34 is located at the ground floor of an industrial building in San Po Kong, Kowloon, which is very close to Diamond Hill MTR Station, near Shatin Central Line, bus station and minibuss station. Premise 35 is located on the second floor of Hsin Kuang Centre in Wong Tai Sin, Kowloon, which is about 3 to 5 minutes walk from the MTR Wong Tai Sin Station. The new openings align with the Group's expansion strategy in increasing its market share and diversifying its income base as disclosed in the interim report of the Company for the six months ended 30 September 2019. Furthermore, we noted

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the “Fulum Concept” (“富臨概念”) main line recorded an increase in revenue of 12.0% for the six months ended 30 September 2019 as compared to the six months ended 30 September 2018, while the other two brands recorded a decrease. Given the close proximity to public transport and steady flow of mass market clientele of the New Restaurant Premises and the rising performance of the “Fulum Concept” (“富臨概念”) main line, we concur with the management of the Company that the New Restaurant Premises are ideal locations for the Group’s expansion of the “Fulum Concept” (“富臨概念”) main line.

Having considered (i) the prime locations of the Restaurant Premises which have been existed for years; (ii) the established loyal customer base of the Restaurant Premises; (iii) the profitability of the existing restaurants; (iv) the temporary loss of business if relocating the Restaurant Premises; (v) the on-going daily administrative operation of the Group at the Office Premises; (vi) a large amount of capital expenditure has already been invested in the Office Premises and the Kitchen Premise; (vii) the rent of the Premises with reference to the market rent as stated in the fair rent letters issued by the Valuer; and (viii) the terms of the draft 2020 Connected Tenancy Agreements are no less favorable than the terms and conditions offered by independent third parties, we concur with the Board that the terms and transactions contemplated under the draft 2020 Connected Tenancy Agreement are on normal commercial terms, and are fair and reasonable and they are in the interests of the Company and the Shareholders as a whole.

6. The Right-of-use Asset Caps

Pursuant to the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement, the table below sets out the proposed Right-of-use Asset Caps for the three years ending 31 March 2021, 2022, and 2023.

Year ending 31 March		
2021	2022	2023
HK\$	HK\$	HK\$
352,155,000	0	0

Pursuant to HKFRS16 “Lease”, which is effective for financial statements with annual period beginning on or after 1 January 2019, entering into a lease agreement as a lessee will require the Group to recognize the right-of-use assets in its financial statements. In view of the adoption of HKFRS16 “Lease” by the Company for the year ending 31 March 2021, the lease agreements under the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplement Agreement constitute continuing connected transactions and will be recognized as right-of-use assets at the commencement date. The annual caps for such continuing connected transactions will be determined based on the estimated maximum amount of right-of-use assets relating to the leases agreements entered into between the relevant members of the Group and the relevant members of the Controlled Landlord Entities during the three years ending 31 March 2023. As all of the 2020 Connected Tenancy Agreements contemplated under the 2020 Connected Tenancy Framework Agreement are expected to be entered on 1 April 2020, subject to the Independent Shareholders’ approval, the annual cap of the right-of-use assets for the year ending 31 March 2021 is measured

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on present value basis and calculated by summing (i) the discounted value of the non-cancellable lease payments payable by the Group to the Connected Landlord Entities for the period from 1 April 2020 to 31 March 2023 (i.e. 36 months) which amounted to approximately HK\$350,413,000, and (ii) the difference between the nominal amount of the security deposits and the fair value of the security deposits when the lease period commences, amounted to approximately HK\$1,742,000. As such, the annual caps of the right-of-use assets for the years ending 31 March 2022 and 31 March 2023 are zero pursuant to the 2020 Connected Tenancy Framework Supplemental Agreement.

In assessing the reasonableness of the Right-of-use Asset Caps, we have reviewed the monthly rent of the Premises and recalculated the aggregate amount of rent payable to the Connected Landlord Entities to be approximately HK\$116,894,000 for the year ending 31 March 2021 and HK\$117,230,000 per annum for each of the two years ending 31 March 2022 and 2023, respectively. The difference is due to the one-month of rent-free period for the New Restaurant Premises in the first year of the lease. We also reviewed the discount rates adopted by the Group in calculating the right-of-use assets. The discount rate for the lease payment settled in Hong Kong dollar is determined with reference to the borrowing interest rate charged by the Company's principal bank in Hong Kong while the discount rate for the lease payment settled in Renminbi is determined with reference to the borrowing rate promulgated by the People's Bank of China.

Based on our review on the calculation of the Right-of-use Assets Caps, we are of the view that the Right-of-use Asset Caps are determined by the Company after due and careful consideration.

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RECOMMENDATION

Having considered the above principal factors and reasons, we concur with the Directors' view that (i) the transactions contemplated under the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement are carried out in the ordinary and usual course of business of the Group; (ii) the terms of the draft 2020 Connected Tenancy Agreements are on normal commercial terms, and are fair and reasonable; (iii) the transactions contemplated under the 2020 Connected Tenancy Framework Agreement and the 2020 Connected Tenancy Framework Supplemental Agreement are in the interests of the Company and the Shareholders as a whole; and (iv) the basis of determining the Right-of-use Assets Caps are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the extraordinary general meeting for approving the 2020 Connected Tenancy Framework Agreement, the 2020 Connected Tenancy Framework Supplemental Agreement, the transactions contemplated thereunder, and the Right-of-use Asset Caps.

Yours faithfully

For and on behalf of

Octal Capital Limited

Alan Fung

Wong Wai Leung

Managing Director

Executive Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities since 2008 and Type 9 (asset management) regulated activities. Mr. Wong has more than 15 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Takeovers Code.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the shares and the underlying shares of the Company and its Associated Corporations as at the Latest Practicable Date

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and/or its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were deemed or taken to have under such provisions of the SFO); (b) to be and were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) to otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (the “**Model Code**”), were as follows:

Name of Director	The Company/name of associated corporation	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Yeung	The Company	Interest controlled jointly with another person (Note 2)	908,375,000 Shares (L) (Note 3)	69.88%
Mr. YC Yeung	The Company	Interest controlled jointly with another person (Note 2)	908,375,000 Shares (L) (Note 3)	69.88%
Mr. YK Yeung	The Company	Interest controlled jointly with another person (Note 2)	908,375,000 Shares (L) (Note 3)	69.88%
Mr. Leung	The Company	Beneficial owner	66,625,000 Shares (L)	5.13%

Notes:

- The letter “L” denotes the person’s long position in the shares and underlying shares of the Company or the relevant associated corporation.

2. Mr. Yeung, Mr. YC Yeung and Mr. YK Yeung, being our executive Directors, are siblings, associates of each other under the Listing Rules and are deemed to be persons acting in concert under the Codes on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong. As such, each of Mr. Yeung, Mr. YC Yeung and Mr. YK Yeung is deemed to be interested in all the Shares in which the others are interested.
3. In respect of the 908,375,000 Shares, 272,025,000 Shares were held by Mr. YC Yeung, 184,275,000 Shares were held by Mr. YK Yeung, and 452,075,000 Shares were held by China Sage, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung. As described in Note 2 above, each of Mr. Yeung, Mr. YC Yeung and Mr. YK Yeung is deemed to be interested in these 908,375,000 Shares held by them in aggregate.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interests, in the long position or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which he/she was taken or deemed to have under such provisions of the SFO); (b) which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Particulars of the Directors' other interest

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any other member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

(c) Others

- (i) Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interests, in the long position or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations which was required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which he/she was taken or deemed to have under such provisions of the SFO); (b) which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange;
- (ii) Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which had, since 31 March 2019, being the date of the latest published audited accounts of the Company were made up, been acquired or disposed of by, or leased to, the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, the Company or any member of the Group; and

- (iii) Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at such date and which was significant in relation to the business of the Group taken as a whole.

(d) Substantial Shareholders' interests and short positions in the Shares and the underlying Shares as at the Latest Practicable Date

As at the Latest Practicable Date, so far as the Directors are aware, the following persons or institutions have beneficial interests or short positions in any shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity/nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the Company
Ms. Lam Man Ki, Elane	Interest of spouse (Note 2)	908,375,000 Shares (L)	69.88%
Ms. Yung Yuk Ling	Interest of spouse (Note 3)	908,375,000 Shares (L)	69.88%
Ms. Hui Lin Na	Interest of spouse (Note 4)	908,375,000 Shares (L)	69.88%
China Sage International Limited	Beneficial owner (Note 5)	452,075,000 Shares (L)	34.78%
Ms. Leung Siu Kuen	Interest of spouse (Note 6)	66,625,000 Shares (L)	5.13%

Notes:

- The letter "L" denotes the person or entity's long position in the shares and underlying shares of the Company.
- Ms. Lam Man Ki, Elane was deemed to be interested in all the Shares in which Mr. Yeung, her spouse, was interested by virtue of the SFO.
- Ms. Yung Yuk Ling was deemed to be interested in all the Shares in which Mr. YC Yeung, her spouse, was interested by virtue of the SFO.
- Ms. Hui Lin Na was deemed to be interested in all the Shares in which Mr. YK Yeung, her spouse, was interested by virtue of the SFO.
- These Shares were held by China Sage. The entire issued shares of China Sage are owned by Mr. Yeung.

6. Ms. Leung was deemed to be interested in all the Shares in which Mr. Leung, her spouse, was interested by virtue of the SFO.

Save for Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung and Mr. Leung who are Directors and the substantial Shareholders, no other Director is a director of the above substantial shareholder which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares and the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. MATERIAL ADVERSE CHANGE

Save as disclosed in the annual report of the Group for the year ended 31 March 2019, the Directors confirmed that as at the Latest Practicable Date, there was no material adverse change in the financial or trading position or prospects of the Group since 31 March 2019.

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. QUALIFICATION AND CONSENT OF EXPERT

The following are the qualifications of the expert who has been named in this circular and whose advice or opinion are contained in this circular:

Name	Qualification
Octal Capital Limited	a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Asset Appraisal Limited	The surveyor in charge of this valuation is qualified valuer and has over 20 years of experience in valuation of properties in Hong Kong

As at the Latest Practicable Date, the Independent Financial Adviser and Valuer did not have any shareholding, direct or indirect, in any member of the Group or any right or option, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser and Valuer did not have any direct or indirect interest in any asset which have been acquired, or disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2019.

The Independent Financial Adviser and Valuer have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letters and reference to their names, in the form and context in which they are included.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and their respective associates has engaged in any business that competes or may compete, directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group.

7. MATERIAL CONTRACT

Within the two years immediately preceding the date of this circular and ending on the Latest Practicable Date, none of the members of the Group has entered into any material contract (not being contracts entered into in the ordinary course of business).

8. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is located at 15th Floor, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Mr. Ng Kam Tsun Jeffrey. Mr. Ng is a qualified accountant and is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's branch share registrars and transfer office in Hong Kong is Tricor Investor Services Limited, located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In case of any discrepancy, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at 15th Floor, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong, during normal business hours on any business day from the date of this circular up to and including the date which is 14 days from the date of this circular:

- (a) the articles of association of the Company;
- (b) the letter from the Board to the Shareholders, the text of which is set out on pages 5 to 24 of this circular;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 25 to 26 of this circular;
- (d) the written consent given by and letter of advice from the Independent Financial Adviser referred to in the section headed “Qualification and consent of expert” in this appendix;
- (e) the written consent given and fair rent letters issued by the Valuer referred to in the section headed “Qualification and consent of expert” in this appendix;
- (f) the 2020 Connected Tenancy Framework Agreement;
- (g) the 2020 Connected Tenancy Framework Supplemental Agreement; and
- (h) this circular.

NOTICE OF EGM



Fulum Group Holdings Limited 富臨集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1443)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Fulum Group Holdings Limited (the “**Company**”) will be held at 15/F., Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong on Friday, 28 February 2020 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and their execution thereof and implementation of the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

2. “**THAT:**

the Right-of-use Assets Caps in relation to the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

3. “**THAT:**

the directors of the Company or any other person authorised by the directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder.”

By order of the Board

Fulum Group Holdings Limited

YEUNG WAI

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 10 February 2020

NOTICE OF EGM

Notes:

1. Words and expressions that are not expressly defined in this notice shall bear the same meaning as that defined in the circular dated 10 February 2020 published by the Company (the “**Circular**”).
2. A member of the Company entitled to attend and vote at the meeting above is entitled to appoint in written form one or, if he is the holder of two or more Shares of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the above meeting, whether in person or by proxy, then one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Hong Kong branch share registrar and transfer office (“Branch Registrar”) of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof.
5. For the purpose of determining members who are qualified for attending the extraordinary general meeting, the register of members of the Company will be closed from Tuesday, 25 February 2020 to Friday, 28 February 2020 (both days inclusive), during which period no transfer of the Shares will be effected. Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 24 February 2020 are entitled to attend and vote at the extraordinary general meeting. In order to qualify for attending the above meeting or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Branch Registrar at the above address by no later than 4:30 p.m. on Monday, 24 February 2020.
6. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board comprises Mr. Yeung Wai, Mr. Yeung Yun Chuen, Mr. Yeung Yun Kei and Mr. Leung Siu Sun as executive Directors; and Mr. Fan Chun Wah Andrew, Mr. Wu Kam On Keith and Mr. Ng Ngai Man Raymond as independent non-executive Directors.