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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 stockbroker or other registered dealer in securities, 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 accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale 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
2023 CONNECTED TENANCY FRAMEWORK AGREEMENT

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



A letter from the Board is set out on pages 5 to 30 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 31 to 32 of this circular. A letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 33 to 54 of this circular.

A notice convening the EGM of the Company to be convened and held at 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong on Friday, 10 March 2023 at 11:00 a.m. is set out on pages 62 to 63 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later 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 shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so desire.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM of the Company:

- compulsory body temperature checks
- compulsory wearing of surgical face masks
- no provision of refreshments and corporate gifts

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue, at the absolute discretion of the Company as permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

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PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 pandemic and requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every attending Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms will be denied entry into, or be requested to leave, the EGM venue;
- (ii) all attendees are requested to wear surgical face masks at the EGM venue at all times throughout the EGM, and to maintain a safe distance with other attendees where possible;
- (iii) to the extent permitted under applicable laws and regulations, any person who does not comply with the measures above will be denied entry into, or be required to leave, the EGM venue; and
- (iv) no refreshments will be served, and no corporate gifts will be distributed, at the EGM.

In the interest of all stakeholders' health and safety, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by completing and signing the form of proxy in accordance with the instructions printed thereon, Shareholders may appoint the Chairman of the EGM as their proxies to attend and vote on the relevant resolutions at the EGM instead of attending the EGM or any adjourned meeting in person. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

DEFINITIONS

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

“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 (as amended and supplemented by the 2020 Connected Tenancy Framework Supplemental Agreement)
“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
“2021 Connected Tenancy Agreements”	the five tenancy agreements all dated 12 July 2021 entered into between the Group and certain members of the Connected Landlord Entities in relation to the granting of tenancies to the Group for the use of the certain Premises
“2023 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 2023 Connected Tenancy Framework Agreement and with a term not passing beyond the expiry date of the 2023 Connected Tenancy Framework Agreement
“2023 Connected Tenancy Framework Agreement”	the tenancy framework agreement dated 9 December 2022 entered into among the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung (as amended and supplemented by the 2023 Connected Tenancy Framework Supplemental Agreement)
“2023 Connected Tenancy Framework Supplemental Agreement”	the supplemental agreement dated 15 February 2023 entered into among the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung in relation to the 2023 Connected Tenancy Framework Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

DEFINITIONS

“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 2023 Connected Tenancy Framework Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	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 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps
“Fair Rent Letters”	the fair rent letters issued by the Valuer in respect of the Premises
“Government”	the government of Hong Kong
“Group”	the Company and its subsidiaries from time to time
“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
“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. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon as members

DEFINITIONS

“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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental 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. Leung and those Shareholders who are otherwise interested or involved in the entering into of the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) and are required to abstain from voting in the EGM
“Latest Practicable Date”	15 February 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. CN Yeung”	Mr. Yeung Chun Nin (楊振年), an executive Director and 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), one of the Controlling Shareholders
“Mr. Yeung”	Mr. Yeung Wai (楊維), an executive Director, the chairman of the Board 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

DEFINITIONS

“Premises”	the premises in respect of the leases to be entered or renewed that are ascertainable as at the Latest Practicable Date pursuant to the 2023 Connected Tenancy Framework Agreement as set forth in the table headed “The Premises” in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Right-of-use Asset Caps”	the total value of right-of-use assets relating to the transactions contemplated under the 2023 Connected Tenancy Framework Agreement
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“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
“Service Charges Caps”	the aggregate annual Service Charges for Premise 1
“sq. ft”	square foot
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuer”	Ravia Global Appraisal Advisory Limited, an independent property valuer
“%”	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\$1.1027.*

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*)
Mr. Yeung Ho Wang (*Chief Executive Officer*)
Mr. Yeung Yun Kei
Mr. Leung Siu Sun
Mr. Yeung Chun Nin

Non-executive Director:

Mr. Wu Kam On Keith (*Vice Chairman*)

Independent non-executive Directors:

Mr. Ng Ngai Man Raymond
Mr. Wong Wai Leung Joseph
Mr. Chan Chun Bong Junbon

Registered office:

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

Principal place of business

in Hong Kong:
26/F, Capital Tower, 38 Wai Yip Street,
Kowloon Bay, Hong Kong

20 February 2023

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS 2023 CONNECTED TENANCY FRAMEWORK AGREEMENT

1. INTRODUCTION

Reference is made to the announcements of the Company dated 9 December 2022 and 15 February 2023 in relation to the 2023 Connected Tenancy Framework Agreement and the 2023 Connected Tenancy Framework Supplemental Agreement, respectively. The purposes of this circular are:

- (a) to provide you with further information relating to the 2023 Connected Tenancy Framework Agreement;
- (b) to set out the recommendations of the Independent Board Committee relating to the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps;

LETTER FROM THE BOARD

- (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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of-use Asset Caps.

2. BACKGROUND INFORMATION

Reference is made to (i) the 2020 Connected Tenancy Framework Agreement (together with the 2020 Connected Tenancy Framework Supplemental Agreement) entered into between the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung for a term of three years from 1 April 2020 to 31 March 2023 as disclosed in the circular of the Company dated 10 February 2020 and approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 28 February 2020; and (ii) the 2021 Connected Tenancy Agreements entered into between certain members of the Group and lessors which are connected persons for a term of 20 months from 1 August 2021 to 31 March 2023 as disclosed in the announcement of the Company dated 12 July 2021.

The term of the 2020 Connected Tenancy Framework Agreement (together with the connected tenancy agreements contemplated thereunder) and the 2021 Connected Tenancy Agreements will all expire on 31 March 2023. As disclosed in the announcement of the Company dated 9 December 2022, the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung renewed the 2020 Connected Tenancy Framework Agreement and the 2021 Connected Tenancy Agreements for a term of three years from 1 April 2023 to 31 March 2026 by entering into the 2023 Connected Tenancy Framework Agreement. As disclosed in the announcement of the Company dated 15 February 2023, the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung entered into the 2023 Connected Tenancy Framework Supplemental Agreement to adjust the Right-of-use Asset Caps on the same date. The adjustment was made to reflect the fact that the number of the premises which can be ascertained to be leased or renewed at the date of the 2023 Connected Tenancy Framework Supplemental Agreement is reduced from 36 to 35. 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 2023 Connected Tenancy Framework Agreement remain unchanged.

LETTER FROM THE BOARD

Pursuant to the 2023 Connected Tenancy Framework Agreement, the parties agreed to (a) renew the existing connected leases that are subsisting as at the date of the 2023 Connected Tenancy Framework Agreement, where applicable; (b) enter into the new connected leases that are ascertainable at the date of the 2023 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 2023 Connected Tenancy Framework Agreement, on normal commercial terms based on prevailing market rentals. The 2023 Connected Tenancy Framework Agreement and the 2023 Connected Tenancy Framework Supplemental Agreement are subject to the approval of the Independent Shareholders. Upon the approval of the 2023 Connected Tenancy Framework Agreement and the 2023 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 2023 Connected Tenancy Agreement for each of the transactions contemplated under the 2023 Connected Tenancy Framework Agreement.

3. THE 2023 CONNECTED TENANCY FRAMEWORK AGREEMENT AND THE 2023 CONNECTED TENANCY AGREEMENTS

Principal terms of the 2023 Connected Tenancy Framework Agreement

The following sets forth a summary of the principal terms of the 2023 Connected Tenancy Framework Agreement:

- | | | |
|---------|---|---|
| Date | : | 9 December 2022 |
| Parties | : | (a) The Company; |
| | | (b) Mr. Yeung, an executive Director, the chairman and one of the Controlling Shareholders; |
| | | (c) Mr. YC Yeung, one of the Controlling Shareholders; |
| | | (d) Mr. YK Yeung, an executive Director and one of the Controlling Shareholders; |
| | | (e) Mr. CN Yeung, an executive Director and the son of Mr. YC Yeung; and |
| | | (f) Mr. Leung, an executive Director. |

LETTER FROM THE BOARD

Agreement to enter into the 2023 Connected Tenancy Agreements : The parties to the 2023 Connected Tenancy Framework Agreement agreed that relevant members of the Group and the Connected Landlord Entities shall, subject to the approval of the 2023 Connected Tenancy Framework Agreement by the Independent Shareholders, further enter into the 2023 Connected Tenancy Agreements to (a) renew the existing connected leases that are subsisting as at the date of the 2023 Connected Tenancy Framework Agreement, where applicable; (b) enter into the new connected leases that are ascertainable at the date of the 2023 Connected Tenancy Framework Agreement (together with the existing connected leases set out in (a), the “**Ascertained Connected Leases**”); and (c) enter into connected leases from time to time with a term not passing beyond the expiry date of the 2023 Connected Tenancy Framework Agreement (the “**Potential Connected Leases**”), on normal commercial terms based on prevailing market rentals. The details of the connected leases that are ascertainable at the Latest Practicable Date are summarised in the table headed “The Premises” below.

The parties agree that all the 2023 Connected Tenancy Agreements shall, among others, (a) be 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 2023 Connected Tenancy Framework Agreement; and (d) given that there are many detailed terms in the 2023 Connected Tenancy Agreements, for prudence sake, in the event of any conflict between the terms of the 2023 Connected Tenancy Framework Agreement and the terms of the 2023 Connected Tenancy Agreements, the terms of the 2023 Connected Tenancy Framework Agreement shall prevail.

The expected principal terms of the 2023 Connected Tenancy Agreements are summarised in the table headed “Principal terms of the 2023 Connected Tenancy Agreements” below.

Term : The 2023 Connected Tenancy Framework Agreement has a term of three years commencing from 1 April 2023 to 31 March 2026 (both days inclusive).

Conditions : The passing by the Independent Shareholders at the extraordinary general meeting of an ordinary resolution by way of poll approving the 2023 Connected Tenancy Framework Agreement, the transactions contemplated thereunder and the Right-of-use Asset Caps.

LETTER FROM THE BOARD

Principal terms of the 2023 Connected Tenancy Agreements

The following sets forth a summary of the expected principal terms of each of the 2023 Connected Tenancy Agreements:

- Parties : (a) Relevant member of the Group; and
(b) Relevant member of the Connected Landlord Entities.
- Term : The terms of the 2023 Connected Tenancy Agreements that are ascertainable as at the date of the 2023 Connected Tenancy Framework Agreement are 36 months as set forth in the table headed “The Premises” below during the three-year term of the 2023 Connected Tenancy Framework Agreement.
- Rent and other outgoing : Relevant member of the Group shall pay the monthly rent as set forth in the 2023 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 2023 Connected Tenancy Agreements on the date of the relevant 2023 Connected Tenancy Agreements. At the expiry of the term if there is no outstanding breach of the Connected Tenancy Agreements by the relevant member of the Group, the relevant member of the Connected Landlord Entities will return the deposits to the relevant member of the Group without interest within 30 days after the vacant possession of the Premises has been given to the relevant member of the Connected Landlord Entities.

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 2023 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.

LETTER FROM THE BOARD

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 at the Latest Practicable Date pursuant to the 2023 Connected Tenancy Framework Agreement. The parties have agreed to, subject to the approval of the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) by the Independent Shareholders, enter into a separate 2023 Connected Tenancy Agreement for the connected lease of each of the leased premises:

The existing connected leases to be renewed

	Landlord	Tenant	Location	Monthly rental <i>(Note 1)</i>	Term <i>(Note 2)</i>	Use
1	China Good Corporation Limited (中善實業有限公司)	Centralink International Development Limited (中興國際發展有限公司)	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\$1,170,000	1 April 2023 to 31 March 2026	Restaurant operation
2	China Hall Enterprises Limited (中浩企業有限公司)	Sino Rank Limited (中寧有限公司)	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\$912,000	1 April 2023 to 31 March 2026	Central kitchen and logistics centre
3	Sino Billion Development Limited (中兆發展有限公司)	China Extreme Limited (中堅有限公司)	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 2023 to 31 March 2026	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental		Use
				(Note 1)	Term (Note 2)	
4	Central Base Industrial Limited (中澤實業有限公司)	Central King Development Limited (中粵發展有限公司)	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 2023 to 31 March 2026	Restaurant operation
5	Excel Source Investment Limited (卓源投資有限公司)	China Extreme Limited (中堅有限公司)	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\$437,000	1 April 2023 to 31 March 2026	Restaurant operation
6	Sino Billion Development Limited (中兆發展有限公司)	Central Champion Limited (中贊有限公司)	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 2023 to 31 March 2026	Restaurant operation
7	China Spring Development Limited (中泉發展有限公司)	China Extreme Limited (中堅有限公司)	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 2023 to 31 March 2026	Restaurant operation
8	China Body Limited (中部有限公司)	China Show Industrial Limited (中展實業有限公司)	Portion of G/F of Elegant Garden, No. 409 Queen's Road West, Hong Kong	HK\$270,000	1 April 2023 to 31 March 2026	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental <i>(Note 1)</i>	Term <i>(Note 2)</i>	Use
9	China Hall Enterprises Limited (中浩企業有限公司)	Central King Development Limited (中粵發展有限公司)	Restaurant A, 1/F, Tower 1 Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	HK\$361,000	1 April 2023 to 31 March 2026	Restaurant operation
10	China Spring Development Limited (中泉發展有限公司)	China Show Industrial Limited (中展實業有限公司)	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\$361,000	1 April 2023 to 31 March 2026	Restaurant operation
11	Excel Source Investment Limited (卓源投資有限公司)	China Easy Investment Limited (中宜投資有限公司)	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 2023 to 31 March 2026	Restaurant operation
12	China Crown Industrial Limited (中冠實業有限公司)	China Professional Asia Limited (中保亞洲有限公司)	4/F, Shatin Fun City, 7 Lek Yuen Street, Shatin, New Territories	HK\$350,000	1 April 2023 to 31 March 2026	Restaurant operation
13	Central Big Enterprises Limited (中鉅企業有限公司)	China Show Industrial Limited (中展實業有限公司)	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\$349,000	1 April 2023 to 31 March 2026	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental		Use
				(Note 1)	Term (Note 2)	
14	China Hall Enterprises Limited (中浩企業有限公司)	Central Group (Hong Kong) Limited (中盟(香港)有限公司)	Unit G5, G/F, Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	HK\$332,500	1 April 2023 to 31 March 2026	Restaurant operation
15	China All Enterprises Limited (中外企業有限公司)	China Extreme Limited (中堅有限公司)	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 2023 to 31 March 2026	Restaurant operation
16	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\$126,811**	1 April 2023 to 31 March 2026	Office premises
17	China Spring Development Limited (中泉發展有限公司)	China Kings Development Limited (中京發展有限公司)	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\$118,900	1 April 2023 to 31 March 2026	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental		Use
				(Note 1)	Term (Note 2)	
18	China Label Industries Limited (中寶實業有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	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 2023 to 31 March 2026	Restaurant operation
19	Merry Gain International Limited (美盈國際有限公司)	China Kings Development Limited (中京發展有限公司)	1st Floor, No.90 Hung To Road, Kowloon, Hong Kong	HK\$75,000	1 April 2023 to 31 March 2026	Restaurant operation
20	Kind Rich International Limited (富恩國際有限公司)	China Kings Development Limited (中京發展有限公司)	2nd Floor, No.90 Hung To Road, Kowloon, Hong Kong	HK\$75,000	1 April 2023 to 31 March 2026	Restaurant operation
21	Central Steel Limited (中鋼有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	Workshop No.3, Ground Floor, Laurels Industrial Centre No.32 Tai Yau Street, Kowloon, Hong Kong	HK\$66,500	1 April 2023 to 31 March 2026	Restaurant operation
22	Spring Luck Hong Kong Limited (中龍香港有限公司)	Fulum Management Limited (富臨管理有限公司)	Unit F (including flat roof), 4/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$58,800	1 April 2023 to 31 March 2026	Warehouse

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	Landlord	Tenant	Location	Monthly rental <i>(Note 1)</i>	Term <i>(Note 2)</i>	Use
23	Able Dynasty Development Limited (皇朝發展有限公司)	China Kings Development Limited (中京發展有限公司)	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\$53,500	1 April 2023 to 31 March 2026	Restaurant operation
24	Step Dragon International Limited (達龍國際有限公司)	China Kings Development Limited (中京發展有限公司)	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\$26,700	1 April 2023 to 31 March 2026	Restaurant operation
25	Skies Faithful Limited (中介有限公司)	Central King Development Limited (中粵發展有限公司)	Shop 228A on 2nd Floor, Kings Wing Plaza 2, No. 1 On Kwan Street, Shatin, New Territories, Hong Kong	HK\$22,000	1 April 2023 to 31 March 2026	Restaurant operation
26	Kind Rich International Limited (富恩國際有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	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 2023 to 31 March 2026	Restaurant operation
27	China Hall Enterprises Limited (中浩企業有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	Unit 4 on 1/F, Tower 1 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon, Hong Kong	HK\$42,700	1 April 2023 to 31 March 2026	Restaurant operation

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental		Use
				(Note 1)	Term (Note 2)	
28	Power King International Investment Limited (威能國際投資有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	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 2023 to 31 March 2026	Restaurant operation
29	K Richman Limited (新友有限公司)	Fulum Management Limited (富臨管理有限公司)	Major portion of 26/F, Tower B, Capital Tower, No.38 Wai Yip Street, Kowloon And Car Parking Spaces Nos P29, P30 and P31 on B1/F, Capital Tower, No.38 Wai Yip Street, Kowloon	HK\$220,000	1 April 2023 to 31 March 2026	Office and car parking
30	China Good Corporation Limited (中善實業有限公司)	Best Food Development Limited (美食發展有限公司)	Shop 106 on the 1st floor and Shops 209-213, 215-219 on the 2nd floor of Hsin Kuang Centre, No. 120 Lung Cheung Road, Wong Tai Sin, Kowloon	HK\$70,000	1 April 2023 to 31 March 2026	Supermarket and takeaway store
31	China Queen Investment Limited (中崑投資有限公司)	Best Food Development Limited (美食發展有限公司)	Workshop B1, G/F, Kai Tak Factory Building Stage II, No. 99 King Fuk Street and Nos. 39- 41 Tseuk Luk Street, Kowloon	HK\$38,000	1 April 2023 to 31 March 2026	Grocery

LETTER FROM THE BOARD

	Landlord	Tenant	Location	Monthly rental		Use
				(Note 1)	Term (Note 2)	
32	China Spring Development Limited (中泉發展有限公司)	China Show Industrial Limited (中展實業有限公司)	Major portion of Restaurant 7 on the 1st Floor, Canaryside, No.8 Shung Shum Street, Kowloon	HK\$55,100	1 April 2023 to 31 March 2026	Restaurant operation
33	China All Enterprises Limited (中外企業有限公司)	China Extreme Limited (中堅有限公司)	Portion of Unit A (also known as Units Nos. 201, 202, 215, 216 and 217A), 2/F, Kin Wing Commercial Building, No 24- 30 Kin Wing Street, Tuen Mun, New Territories	HK\$28,000	1 April 2023 to 31 March 2026	Restaurant operation

The new connected leases to be entered

	Landlord	Tenant	Location	Monthly rental		Use
				(Note 1)	Term (Note 2)	
34	TYS46(G01) Limited & TYS46(1F) Limited	China Start Limited (中開有限公司)	Portion B of Workshop 1 on the Ground Floor, No.46 Tsun Yip Street, Kowloon, Hong Kong	HK\$45,000	1 April 2023 to 31 March 2026 (Note 3)	Restaurant operation
35	Spring Luck Hong Kong Limited (中龍香港有限公司)	Fulum Management Limited (富臨管理有限公司)	Major Portion of Unit D, Flat Roof of Unit D and Portion of Flat Roof of Unit E, 4/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	HK\$63,000	1 April 2023 to 31 March 2026 (Note 3)	Warehouse

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 2026.
3. There is a rent free period from 1 April 2023 to 30 April 2023.

The Directors confirmed that save for the above 35 Premises, there are no other premises which can be ascertained to be leased under the 2023 Connected Tenancy Framework Agreement as at the Latest Practicable Date.

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4. BASIS OF DETERMINATION OF THE RENT OF THE PREMISES

The 2023 Connected Tenancy Framework Agreement was entered into on an arm's length negotiations. The aggregate rent of the connected leases that are ascertainable at the Latest Practicable Date for the years ending 31 March 2024, 2025 and 2026 is approximately HK\$109,203,732, HK\$109,311,732 and HK\$109,311,732, respectively. The rent of each of the Premises has been arrived at after arm's length negotiations according to the market rent of the Premises as at 30 November 2022 as set out in the Fair Rent Letters, and no further adjustments will be made by the Company when determining the rent of the Premises.

The Valuer has assessed the market rents of the Premises (defined as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion). 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 (i) location; (ii) usage; and (iii) transaction date to select the appropriate comparables to derive the market rent of the Premises. To the extent possible, the Valuer has selected the comparables (i) located in same district of the Premises; (ii) situated within same building or building complex (if any) or on the proximate streets of the Premises; (iii) the availability of access routes to which is similar to the Premises; (iv) the type of usage of which is the same as the Premises, such as selecting retail premises as comparables to assess the market rent of the Premises which are used for restaurant operation, supermarket and takeaway store and grocery; and (v) the rental transactions of which were concluded within two years from the valuation date.

Based on the above selection criteria together with the Valuer's understanding of the locality, the site investigation of the comparables, and the common practice in the valuation field, the Valuer had selected at least three comparables for each Premises on an exhaustive basis to the best of the Valuer's understanding and considered these selected comparables are the most representative transactions for deriving the market rent of the Premises. 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 Valuer has considered and discussed with the Company the details of the selected comparables such as dates of transactions, usage, location, size, monthly rent and adjusted monthly rent. In valuing the market rents of 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 (2020 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 published by the Rating and Valuation Department and to determine the rental growth/drop between the transaction date of the comparables and the valuation date by adjusting the comparables' rental unit rates with reference

LETTER FROM THE BOARD

to the percentage difference between the index as at the transaction date and valuation date. If there was rental growth between the comparables' transaction date and the valuation date, an 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. By the Valuer's professional judgment and market observation, for those comparables which are smaller than the Premises, downward adjustments to the comparables' rental unit rates would be applied and vice versa.

(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. By the Valuer's professional judgment and market observation, 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 applied and vice versa.

As confirmed by the Valuer, no adjustment other than the above factors has been considered in the course of the valuation. The Valuer is of the opinion that such adjustments would typically be applied for valuation of market rents of similar commercial properties.

Having taken into account (i) the discussion between the Board and the Valuer of the basis of the selection criteria, relevancy of the selected comparables and appropriateness of the adjustment mechanisms adopted in the Fair Rent Letters; (ii) the Board's understanding of conditions of the Premises; and (iii) the adoption of similar selection criteria and adjustment mechanisms by the predecessor valuer of the Company as disclosed in the circular of the Company dated 10 February 2020, the Board considers that the selection criteria, selected comparables and adjustment mechanisms for deriving the market rent of the Premises by the Valuer are fair and reasonable.

The rent of the Potential Connected Leases will also be arrived at after arm's length negotiations according to the market rent of the relevant premises as at a reference day falling one month before the date of the Potential Connected Leases with reference to the fair rent letters to be issued by the Valuer. For methods and procedures adopted by the Group to ensure that the terms of the Potential Connected Leases will be fair and reasonable and not less favourable than those offered by the independent third parties, please refer to the section headed "8. INTERNAL CONTROL MEASURES" below.

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5. HISTORICAL TRANSACTION AMOUNTS AND HISTORICAL ANNUAL CAPS

The aggregate historical rental amounts

Given that all the landlords under the 2020 Connected Tenancy Framework Agreement and the 2021 Connected Tenancy Agreements are members of the Connected Landlord Entities, the transactions contemplated under the 2020 Connected Tenancy Framework Agreement are required to be aggregated with the transactions contemplated under the 2021 Connected Tenancy Agreements 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 2021 and 2022 and the eight months ended 30 November 2022, 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 2021	For the year ended 31 March 2022	For the eight months ended 30 November 2022
<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
112,199,969	102,624,973	79,579,967

The aggregate historical right-of-use asset caps

The following sets forth the Group's aggregate historical right-of-use asset caps in relation to the continuing connected transactions with the Connected Landlord Entities for the periods indicated:

For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2023
<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
352,155,000	0	0

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 2023 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 2023 Connected Tenancy Agreements and amortised over the term of the connected leases. Save for the Service Charges for Premise 1, all the Government rent, taxes, outgoings of a recurring nature, rates, the Service Charges and charges for utilities associated with the Premises will be payable by the Group to independent third parties and recognized as expenses of the Group over the respective lease terms of the 2023 Connected Tenancy Agreements, and therefore these payments will not be considered for determination of the Right-of-use Asset Caps. The Service Charges for Premise 1 to be made by the Group will also be recognised as expenses of the Group and have been taken into account for determination of the

LETTER FROM THE BOARD

Service Charges Caps. The continuing connected transaction relating to payment of the Service Charges for Premise 1 by the Group and the Service Charges Caps are exempted from circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Please refer to the announcement of the Company dated 9 December 2022 for further details.

The Right-of-use Asset Caps

The annual caps for the continuing connected transactions under the 2023 Connected Tenancy Framework Agreement with the Group as the lessee for the years ending 31 March 2024, 2025 and 2026 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) that all of the Ascertained Connected Lease are expected to be entered into on or around 1 April 2023 (subject to the Independent Shareholders' approval) and none of the Ascertained Connected Lease will be entered into during the years ending 31 March 2025 and 2026;
- (ii) the rent of the Premises;
- (iii) the deposits for the Premises; and
- (iv) 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 of 2.75% and 4.30% per annum for the Premises in Hong Kong and the PRC respectively 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 2024	For the year ending 31 March 2025	For the year ending 31 March 2026
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Right-of-use Asset Caps	315,670,000	–	–

LETTER FROM THE BOARD

Having considered the Ascertained Connected Leases and that no premises have been identified as the subjects of the Potential Connected Leases as at the Latest Practicable Date and therefore the Potential Connected Leases have not been taken into account for setting the Right-of-use Asset Caps, the Board considers that the Right-of-use Asset Caps are sufficient.

The payment of the rent of the leases contemplated under the 2023 Connected Tenancy Framework Agreement will be funded by internal resources of the Group.

7. REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 CONNECTED TENANCY FRAMEWORK AGREEMENTS

Out of 35 premises, 28 of them would be used as the Group's restaurants (the "**Restaurant Premise(s)**"). These 28 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 28 Restaurant Premises, 27 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.

Seven premises would be used as the Group's headquarters, central kitchen and logistics centre, warehouses, supermarket and takeaway store, grocery and office premises. Save for a warehouse to be leased, 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 2023 Connected Tenancy Framework Agreement.

As Mr. Yeung, Mr. YK Yeung, Mr. Yeung Ho Wang, Mr. CN Yeung and Mr. Leung, being the executive Directors, have material interests in the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder, Mr. Yeung, Mr. YK Yeung, Mr. Yeung Ho Wang, Mr. CN Yeung and Mr. Leung had abstained from voting on the Board resolutions approving the entering into of the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 Director has any material interest in any of the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement), the transactions contemplated thereunder and the Right-of use Asset Caps and therefore no other Directors was required to abstain from voting on the resolution(s) of the Board approving the entering into of the 2023 Connected Tenancy Framework Agreement (together with the 2023 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. YK Yeung, Mr. Yeung Ho Wang, Mr. CN Yeung and Mr. Leung) is of the opinion that:

- (i) the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable;
- (ii) the 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental 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. INTERNAL CONTROL MEASURES

The Company has adopted internal control measures to ensure that each of the 2023 Connected Tenancy Agreements will be entered into in accordance with the terms of the 2023 Connected Tenancy Framework Agreement, on normal commercial terms and not less favourable to the terms offered by the independent third parties. Such internal control measures employed by the Group include the following:

- (i) the legal department of the Company will review and assess the terms and conditions before entering into each of the 2023 Connected Tenancy Agreements to ensure that they are consistent with the principles and provisions set out in the 2023 Connected Tenancy Framework Agreement and the monthly rent of each of the 2023 Connected Tenancy Agreements will not exceed the market rent of the relevant Premises set out in the Fair Rent Letters;
- (ii) the financial department of the Company will monitor the connected leases contemplated under each of the 2023 Connected Tenancy Agreements to ensure they are conducted in accordance with their respective terms and conditions, and record and maintain a database of the monthly rental paid by the Group under each of the 2023 Connected Tenancy Agreements regularly on a monthly basis;
- (iii) the independent non-executive Directors will review the connected leases contemplated under each of the 2023 Connected Tenancy Agreements on an annual basis and confirm whether such connected leases have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to each of the 2023 Connected Tenancy Agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (iv) the auditors of the Company will also be engaged to conduct an annual review and report on the connected leases contemplated under each of the 2023 Connected Tenancy Agreements.

LETTER FROM THE BOARD

9. INFORMATION OF THE GROUP

The Group is principally engaged in restaurant operations in Hong Kong and the PRC, 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) by the Independent Shareholders, enter into the 2023 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.

10. INFORMATION OF THE CONNECTED LANDLORD ENTITIES

All the relevant members of the Connected Landlord Entities which would, subject to the approval of the 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) by the Independent Shareholders, enter into the 2023 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 (中善實業有限公司)	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 Hall Enterprises Limited (中浩企業有限公司)	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 (中兆發展有限公司)	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

LETTER FROM THE BOARD

Connected Landlord Entities

Shareholding information

Central Base Industrial Limited (中澤實業有限公司)

directly owned as to 0.01% by Mr. Yeung and as to 99.99% 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

Excel Source Investment Limited (卓源投資有限公司)

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 (中泉發展有限公司)

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 (中部有限公司)

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 (中冠實業有限公司)

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 (中鉅企業有限公司)

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 (中外企業有限公司)	directly owned as to 0.01% by Mr. Yeung and as to 99.99% 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
China Label Industries Limited (中寶實業有限公司)	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 (美盈國際有限公司)	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 (富恩國際有限公司)	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 (中鋼有限公司)	directly owned as to 0.01% by Mr. Yeung and as to 99.99% 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
Spring Luck Hong Kong Limited (中龍香港有限公司)	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 (皇朝發展有限公司)	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

Step Dragon International Limited (達龍國際有限公司)

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

Skies Faithful Limited (中介有限公司)

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 (威能國際投資有限公司)

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

K Richman Limited (新友有限公司)

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 Queen Investment Limited (中崑投資有限公司)

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

TYS46(G01) 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

LETTER FROM THE BOARD

Connected Landlord Entities

Shareholding information

TYS46(1F) 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

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

11. IMPLICATIONS UNDER THE LISTING RULES

Given that (i) Mr. Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung, being the executive Directors, are connected persons of the Company; (ii) Mr. YC Yeung, being one of the Controlling Shareholders, is a connected person of the Company; and (iii) 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental 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 2023 Connected Tenancy Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. The 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental 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

12. EGM AND PROXY ARRANGEMENT

The notice of the EGM is set out on pages 62 to 63 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 and Share Buy-backs 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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% of the voting rights of the Company as at the Latest Practicable Date, would abstain from voting in the extraordinary general meeting of the Company on the resolution(s) approving the entering into of the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) and therefore no other Shareholder is required to abstain from voting on the proposed resolution(s) approving the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 17/F, Far East Finance Centre, 16 Harcourt Road, 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

13. 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, 7 March 2023 to Friday, 10 March 2023, 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, 6 March 2023 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 branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 6 March 2023.

14. GENERAL INFORMATION

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

15. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 31 to 32 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 33 to 54 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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 and Executive Director

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 2023 Connected Tenancy Framework Agreement (together with the 2023 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)

20 February 2023

To the Independent Shareholders

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS 2023 CONNECTED TENANCY FRAMEWORK AGREEMENT

We refer to the circular dated 20 February 2023 issued by the Company to the Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter, unless the context otherwise requires.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 33 to 54 of the Circular and the letter from the Board as set out on pages 5 to 30 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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. NG Ngai Man Raymond

*Independent non-executive
Director*

Mr. Wong Wai Leung Joseph

*Independent non-executive
Director*

Mr. Chan Chun Bong Junbon

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Octal Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



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

20 February 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS 2023 CONNECTED TENANCY FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Connected Tenancy Framework Agreement (including the 2023 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 20 February 2023 (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.

The terms of the 2020 Connected Tenancy Framework Agreement (together with the connected tenancy agreements contemplated thereunder) and the 2021 Connected Tenancy Agreements will expire on 31 March 2023. On 9 December 2022 (after trading hours), that the Board announced the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung renewed the 2020 Connected Tenancy Framework Agreement and the 2021 Connected Tenancy Agreements for a term of three years from 1 April 2023 to 31 March 2026 by entering into the 2023 Connected Tenancy Framework Agreement.

As disclosed in the announcement of the Company dated 15 February 2023, the Company and Mr. Yeung, Mr. YC Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung entered into the 2023 Connected Tenancy Framework Supplemental Agreement to adjust the Right-of-use Asset Caps on the same date. The adjustment was made to reflect the fact that the number of the premises which can be ascertained to be leased or renewed at the date of the 2023 Connected Tenancy Framework Supplemental Agreement is reduced from 36 to 35.

Given that (i) Mr. Yeung, Mr. YK Yeung, Mr. CN Yeung and Mr. Leung, being the executive Directors, are connected persons of the Company; (ii) Mr. YC Yeung, being one of the Controlling Shareholders, is a connected person of the Company; and (iii) 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 2023 Connected Tenancy Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 2023 Connected Tenancy Framework Agreement constitutes a continuing connected transaction for the Company 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 2023 Connected Tenancy Framework Agreement and the transactions contemplated thereunder, together with the 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, 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 the 2020 Connected Tenancy Framework 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 circular of Company dated 10 February 2020. 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 Adviser 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, among other things, (i) the 2023 Connected Tenancy Framework Agreement and the 2023 Connected Tenancy Framework Supplemental Agreement; (ii) the 2023 Connected Tenancy Agreements; (iii) the list of Premises under the 2023 Connected Tenancy Framework Agreement; (iv) the Fair Rent Letters; (v) a list of leased properties of the Group and samples of reference documents; (vi) the annual report of the Company for the year ended 31 March 2022 and the interim report of the Company for the six months ended 30 September 2022; and (vii) other information as set out in the Circular, to reach an informed view and 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

CONTINUING CONNECTED TRANSACTIONS

Principal factors and reasons considered

In arriving at our opinion regarding the 2023 Connected Tenancy Framework Agreement, the transactions contemplated thereunder and the Right-of-use Asset Caps, we have considered the following principal factors and reasons:

1. Background of the Group

As set out in the Letter from the Board, 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.

According to the interim report of the Company for the six months ended 30 September 2022, the Group operated a total of 96 restaurants in Hong Kong, of which 16 restaurants were under the “Fulum (富臨)” main brand, 7 restaurants under the “Sportful Garden (陶源)” main brand and 73 restaurants under the “Asian Catering Line (亞洲餐飲線)” main line, and 3 restaurants in the PRC. The Group also expanded its business in the retail segment by operating 7 supermarkets in Hong Kong.

2. 2023 Connected Tenancy Framework Agreement

The major terms of the 2023 Connected Tenancy Framework Agreement are summarised as follows:

- Date : 9 December 2022
- Parties : (a) The Company;
- (b) Mr. Yeung, an executive Director, the chairman and one of the Controlling Shareholders;
- (c) Mr. YC Yeung, one of the Controlling Shareholders;
- (d) Mr. YK Yeung, an executive Director and one of the Controlling Shareholders;
- (e) Mr. CN Yeung, an executive Director and the son of Mr. YC Yeung; and
- (f) Mr. Leung, an executive Director.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Agreement to enter into the 2023 Connected Tenancy Agreements : The parties to the 2023 Connected Tenancy Framework Agreements agreed that relevant members of the Group and the Connected Landlord Entities shall, subject to the approval of the 2023 Connected Tenancy Framework Agreement by the Independent Shareholders, further enter into the 2023 Connected Tenancy Agreements to (a) renew the existing connected leases that are subsisting as at the date of the 2023 Connected Tenancy Framework Agreement, where applicable; (b) enter into the new connected leases that are ascertainable at the date of the 2023 Connected Tenancy Framework Agreement (together with the existing connected leases set out in (a), the “**Ascertained Connected Leases**”); and (c) enter into connected leases from time to time with a term not passing beyond the expiry date of the 2023 Connected Tenancy Framework Agreement (the “**Potential Connected Leases**”), on normal commercial terms based on prevailing market rent. The details of the connected leases that are ascertainable at the Latest Practicable Date are summarised in the section headed “Information of the Ascertained Connected Leases” below.

The parties agree that all the 2023 Connected Tenancy Agreements shall, among others, (a) be 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 2023 Connected Tenancy Framework Agreement; and (d) given that there are many detailed terms in the 2023 Connected Tenancy Agreements, for prudence sake, in the event of any conflict between the terms of the 2023 Connected Tenancy Framework Agreement and the terms of the 2023 Connected Tenancy Agreements, the terms of the 2023 Connected Tenancy Framework Agreement shall prevail.

The expected principal terms of the 2023 Connected Tenancy Agreements are summarised in the section headed “2023 Connected Tenancy Agreements” below.

Term : A term of three years commencing from 1 April 2023 to 31 March 2026 (both days inclusive).

For details of the 2023 Connected Tenancy Framework Agreement, please refer to the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the Letter from the Board, there is no premises which have been identified as the Potential Connected Leases as at the Latest Practicable Date.

3. *2023 Connected Tenancy Agreements*

The expected principal terms of the 2023 Connected Tenancy Agreements are summarised as follows:

- | | | |
|--------------------------|---|---|
| Parties | : | (a) Relevant member of the Group; and |
| | | (b) Relevant member of the Connected Landlord Entities |
| Term | : | 36 months |
| Rent and other outgoings | : | (1) Relevant member of the Group shall pay the monthly rent as set forth in the 2023 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. |
| | | (2) Relevant member of the Group shall deposit with the relevant member of the Connected Landlord Entities sums equivalent to two times of the monthly rent as deposits for each of the 2023 Connected Tenancy Agreements on the date of the relevant 2023 Connected Tenancy Agreements. |
| | | (3) At the expiry of the term if there is no outstanding breach of the 2023 Connected Tenancy Agreements by the relevant member of the Group, the relevant member of the Connected Landlord Entities will return the deposits to the relevant member of the Group without interest within 30 days after the vacant possession of the Premises has been given to the relevant member of the Connected Landlord Entities. |

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;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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 2023 Connected Tenancy Agreements; and
- (c) the Service Charges and charges for utilities (i.e. the transmission of sewage, water, electricity, gas, and telecommunications) at the leased premises.

4. Information of the Ascertained Connected Leases

Information of the Ascertained Connected Leases are summarised below:

Premises No.	Landlord	Tenant	Location	Term	Usage	Area Sq. ft. (Note1)	Monthly Rent HK\$ (Note2)	Monthly Rent per sq. ft. Approximately HK\$
Existing connected leases to be renewed								
1	China Good Corporation Limited (中善實業有限公司)	Centralink International Development Limited (中興國際發展有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	26,399 (GFA)	1,170,000	44
2	China Hall Enterprises Limited (中浩企業有限公司)	Sino Rank Limited (中寧有限公司)	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	1 April 2023 to 31 March 2026	Central kitchen and logistics centre	89,994 (SA) (Note3)	912,000	10
3	Sino Billion Development Limited (中兆發展有限公司)	China Extreme Limited (中堅有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	27,300 (SA)	884,000	32
4	Central Base Industrial Limited (中澤實業有限公司)	Central King Development Limited (中粵發展有限公司)	Shop 201 on the Second Floor of Kings Wing Plaza 2, No.1 On Kwan Street, Sha Tin, New Territories, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	29,566 (GFA)	820,000	28

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Premises No.	Landlord	Tenant	Location	Term	Usage	Area Sq. ft. (Note1)	Monthly Rent HK\$ (Note2)	Monthly Rent per sq. ft. Approximately HK\$
5	Excel Source Investment Limited (卓源投資有限公司)	China Extreme Limited (中堅有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	16,760 (SA)	437,000	26
6	Sino Billion Development Limited (中兆發展有限公司)	Central Champion Limited (中贊有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	14,148 (SA)	456,000	32
7	China Spring Development Limited (中泉發展有限公司)	China Extreme Limited (中堅有限公司)	Shop A, G/F, Kwai Chung Car Park and Shopping Centre, 26-30 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	13,809 (SA)	397,000	29
8	China Body Limited (中部有限公司)	China Show Industrial Limited (中展實業有限公司)	Portion of G/F of Elegant Garden, No. 409 Queen's Road West, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	8,198 (SA)	270,000	33
9	China Hall Enterprises Limited (中浩企業有限公司)	Central King Development Limited (中粵發展有限公司)	Restaurant A, 1/F, Tower 1 Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	9,000	361,000	40
10	China Spring Development Limited (中泉發展有限公司)	China Show Industrial Limited (中展實業有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	12,310 (SA) (Note3)	361,000	29
11	Excel Source Investment Limited (卓源投資有限公司)	China Easy Investment Limited (中宜投資有限公司)	Portion of G/F, Lux Theatre Building, 2-20 Ming On Street, 103-105 Baker Street and 2J-2K Bulkeley Street, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	9,282 (SA)	373,000	40

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Premises No.	Landlord	Tenant	Location	Term	Usage	Area Sq. ft. (Note1)	Monthly Rent HK\$ (Note2)	Monthly Rent per sq. ft. Approximately HK\$
12	China Crown Industrial Limited (中冠實業有限公司)	China Professional Asia Limited (中保亞洲有限公司)	4/F, Shatin Fun City, 7 Lek Yuen Street, Shatin, New Territories	1 April 2023 to 31 March 2026	Restaurant operation	19,081 (SA)	350,000	18
13	Central Big Enterprises Limited (中鉅企業有限公司)	China Show Industrial Limited (中展實業有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	12,185 (SA)	349,000	29
14	China Hall Enterprises Limited (中浩企業有限公司)	Central Group (Hong Kong) Limited (中盟(香港)有限公司)	Unit G5, G/F, Enterprise Square, 9 Sheung Yuet Road, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	7,018 (SA)	332,500	47
15	China All Enterprises Limited (中外企業有限公司)	China Extreme Limited (中堅有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	10,850 (SA)	232,500	21
16	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 (Note 4) 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	1 April 2023 to 31 March 2026	Office premises	13,778 (GFA)	126,811 (Note 5)	9 (Note 5)
17	China Spring Development Limited (中泉發展有限公司)	China Kings Development Limited (中京發展有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	3,015 (SA)	118,900	39

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Premises No.	Landlord	Tenant	Location	Term	Usage	Area Sq. ft. (Note1)	Monthly Rent HK\$ (Note2)	Monthly Rent per sq. ft. Approximately HK\$
18	China Label Industries Limited (中寶實業有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	5,410 (SA)	113,300	21
19	Merry Gain International Limited (美盈國際有限公司)	China Kings Development Limited (中京發展有限公司)	1st Floor, No.90 Hung To Road, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	3,839 (SA)	75,000	20
20	Kind Rich International Limited (富恩國際有限公司)	China Kings Development Limited (中京發展有限公司)	2nd Floor, No.90 Hung To Road, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	3,839 (SA)	75,000	20
21	Central Steel Limited (中鋼有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	Workshop No.3, Ground Floor, Laurels Industrial Centre No.32 Tai Yau Street, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	1,499 (SA)	66,500	44
22	Spring Luck Hong Kong Limited (中龍香港有限公司)	Fulum Management Limited (富臨管理有限公司)	Unit F (including flat roof), 4/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Warehouse	6,357 (GFA)	58,800	9
23	Able Dynasty Development Limited (皇朝發展有限公司)	China Kings Development Limited (中京發展有限公司)	Workshop B-2A, Canteen on Ground Floor, Kai Tak Factory Building Stage II, No.99 King Fuk Street & Nos.39-41 Tseuk Luk Street, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	909 (SA)	53,500	59
24	Step Dragon International Limited (達龍國際有限公司)	China Kings Development Limited (中京發展有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	582 (SA)	26,700	46
25	Skies Faithful Limited (中介有限公司)	Central King Development Limited (中粵發展有限公司)	Shop 228A on 2nd Floor, Kings Wing Plaza 2, No. 1 On Kwan Street, Shatin, New Territories, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	510 (GFA)	22,000	43

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Premises No.	Landlord	Tenant	Location	Term	Usage	Area Sq. ft. (Note1)	Monthly Rent HK\$ (Note2)	Monthly Rent per sq. ft. Approximately HK\$
26	Kind Rich International Limited (富恩國際有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	297 (SA)	18,000	61
27	China Hall Enterprises Limited (中浩企業有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	Unit 4 on 1/F, Tower 1 Enterprise Square, No. 9 Sheung Yuet Road, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	1,200 (GFA)	42,700	36
28	Power King International Investment Limited (威能國際投資有限公司)	China Harvest (Hong Kong) Limited (中旺(香港)有限公司)	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	1 April 2023 to 31 March 2026	Restaurant operation	2,340 (SA)	88,000	38
29	K Richman Limited (新友有限公司)	Fulum Management Limited (富臨管理有限公司)	Major portion of 26/F, Tower B, Capital Tower, No.38 Wai Yip Street, Kowloon And Car Parking Spaces Nos P29, P30 and P31 on B1/F, Capital Tower, No.38 Wai Yip Street, Kowloon	1 April 2023 to 31 March 2026	Office and car parking	9,282 (SA) (Note3)	220,000	24
30	China Good Corporation Limited (中善實業有限公司)	Best Food Development Limited (美食發展有限公司)	Shop 106 on the 1st floor and Shops 209-213, 215-219 on the 2nd floor of Hsin Kuang Centre, No. 120 Lung Cheung Road, Wong Tai Sin, Kowloon	1 April 2023 to 31 March 2026	Supermarket and takeaway store	2,131 (SA)	70,000	33
31	China Queen Investment Limited (中崑投資有限公司)	Best Food Development Limited (美食發展有限公司)	Workshop B1, G/F, Kai Tak Factory Building Stage II, No. 99 King Fuk Street and Nos. 39- 41 Tseuk Luk Street, Kowloon	1 April 2023 to 31 March 2026	Grocery	1,200 (SA)	38,000	32
32	China Spring Development Limited (中泉發展有限公司)	China Show Industrial Limited (中展實業有限公司)	Major portion of Restaurant 7 on the 1st Floor, Canaryside, No.8 Shung Shum Street, Kowloon	1 April 2023 to 31 March 2026	Restaurant operation	1,756 (SA)	55,100	31

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Premises No.	Landlord	Tenant	Location	Term	Usage	Area Sq. ft. (Note1)	Monthly Rent HK\$ (Note2)	Monthly Rent per sq. ft. Approximately HK\$
33	China All Enterprises Limited (中外企業有限公司)	China Extreme Limited (中堅有限公司)	Portion of Unit A (also known as Units Nos. 201, 202, 215, 216 and 217A), 2/F, Kin Wing Commercial Building, No 24- 30 Kin Wing Street, Tuen Mum, New Territories	1 April 2023 to 31 March 2026	Restaurant operation	2,322 (SA)	28,000	12
New connected leases to be entered								
34	TYS46(G01) Limited/ TYS(1F) Limited	China Start Limited (中開有限公司)	Portion B of Workshop 1 on the Ground Floor, No.46 Tsun Yip Street, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Restaurant operation	304 (SA)	45,000	148
35	Spring Luck Hong Kong Limited (中龍香港有限公司)	Fulum Management Limited (富臨管理有限公司)	Major Portion of Unit D, Flat Roof of Unit D and Portion of Flat Roof of Unit E, 4/F, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong	1 April 2023 to 31 March 2026	Warehouse	9,015 (GFA)	63,000	7

Notes:

- The floor area is measured in square feet with SA denotes “saleable area” while GFA denotes “gross floor area”.
- The monthly rent is exclusive of the Government rent, the Government rates and the Service Charges.
- The area does not include the car parking area.
- The English address is for identification purpose only.
- The exchange rate for the conversion of RMB into HK\$ for indication only is: RMB1.0 = HK\$1.1027.
- There is an option to renew all Ascertained Connected Leases for another three years commencing from 1 April 2026.

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The table below summarises the Ascertained Connected Leases by nature:

Purposes	Number of premises
Restaurant (existing leases)	27
Office and car parking (existing leases)	2
Central kitchen, logistics centre and warehouse (existing leases)	2
Supermarket, takeaway store or grocery (existing leases)	2
Restaurant (new lease)	1
Warehouse (new lease)	1
	<hr/>
Total	35
	<hr/> <hr/>

The Directors confirmed that save for the above 35 Premises, there are no other premises which can be ascertained to be leased under the 2023 Connected Tenancy Framework Agreement as at the Latest Practicable Date.

5. Analysis of the major terms of the 2023 Connected Tenancy Agreements

As set out in the Letter from the Board, subject to the approval of the 2023 Connected Tenancy Framework Agreement by the Independent Shareholders, the relevant members of the Group and the Connected Landlord Entities shall further enter into the 2023 Connected Tenancy Agreements for (a) the Ascertained Connected Leases; and (b) the Potential Connected Leases. The following analysis is based on the expected terms of each of the 2023 Connected Tenancy Agreement for the Ascertained Connected Leases.

As set out in the Letter from the Board, (i) the rent of each Ascertained Connected Lease is arrived at after arm's length negotiations according to the market rent of the Premises with reference to the Fair Rent Letters; and (ii) the rent of the Potential Connected Leases will also be arrived at after arm's length negotiations according to the market rent of the relevant premises as at a reference day falling one month before the date of the Potential Connected Leases with reference to the fair rent letters to be issued by the Valuer in respect of the relevant premises.

(a) Review of the Fair Rent Letters

We reviewed the Fair Rent Letters and noted that the monthly rent of the Premises is equal to the market rent as at 30 November 2022 stated in the Fair Rent Letters. We discussed with the Valuer on (i) the background of the Valuer; (ii) the valuation approach adopted; (iii) the criteria in selecting the comparable rental transactions, including location, property usage and transaction date; and (iv) the sources of comparable rental transactions.

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- *Background of the Valuer*

We enquired 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 Dr. Alan Lee who is a member of The Hong Kong Institute of Surveyors and member of Royal Institution of Chartered Surveyors with over 14 years of experience in valuation of properties in Hong Kong. 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.

- *Valuation approach*

We noted that the Valuer adopted the comparison approach by reference to comparable market rent in assessing the market rent of the Premises. Appropriate adjustments have been made to account for the differences between the Premises and the comparable rental transactions in terms of time, size, location and floor level. As advised by the Valuer, this approach is widely accepted and is the best indicator for assessing the relevant rental of similar properties. As disclosed in the circulars of the Company dated 10 February 2020 and 8 May 2019, the then valuers also adopted the same valuation approach to derive the market rent of properties. We reviewed rental transactions conducted by other listed entities and noted that their valuers adopted the same valuation approach in valuing the market rent of the properties. Based on the above, we are of the opinion that the valuation approach adopted by the Valuer is reasonable and acceptable in establishing the market rent of the Premises.

- *Comparable rental transactions*

We have obtained and reviewed the list of comparable rental transactions identified by the Valuer for each of the Premises and noted that the Valuer identified at least three comparable rental transactions for each of the Premises. As advised by the Valuer, the selection criteria of comparable rental transactions are (i) being located in same district of the Premises; (ii) being either situated within same building or building complex (if any) or on the proximate streets of the Premises; (iii) the availability of access routes similar to that of the Premises; (iv) the type of usage of which is the same as the Premises, for example retail premises that are considered comparable to the Premises which are used for either restaurant operation, supermarket and takeaway store or grocery etc.; and (v) the rental transactions of which were concluded within two years from the valuation date (i.e. from 1 December 2020 to 30 November 2022) (the "**Review Period**"). The Valuer further advised that the details of the comparable rental transactions are sourced from properties transaction database, the Land Registry, the Building Department and property agents. Taking into account that, from a reasonable lessee's perspective, (i) the location and the accessibility of a property are one of the major characteristics in determining the rent; (ii) the usage of property affects rental value in a large extent; and (iii) a period of two years from the valuation date has captured the general rental market and economic conditions with sufficient number of publicly available transactions for valuation purpose, we agree that the Valuer's selection criteria are appropriate to identify comparable rental transactions and to determine the market rent of the Premises.

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We also understand from the Valuer that they have made certain adjustments, including but not limited to, timing difference between the transaction date of the comparable rental transactions and the valuation date, size, location and floor level, to account for the differences between the Premises and the comparable rental transactions. We have reviewed the calculation of the market rent of the Premises and understood the rationale of the adjustments made to the comparable rental transactions. We noted that the timing difference adjustment was made in accordance to the official property rental index published by the Rating and Valuation Department in order to reflect the rental movement between the transaction date of the comparable rental transactions and the valuation date of the Premises.

We have further discussed with the Valuer that they have used their professional judgement and industry experiences and the result of site investigation in valuating similar commercial properties to assign various positive or negative weightings for the adjustments. As advised by the Valuer, a lower unit rent could normally be negotiated for leasing an entire floor or a substantial portion of the property, thus a downward adjustment would be made if the size of the comparable rental transactions is smaller than the relevant Premises or vice versa. The Valuer further advised that the location and floor level adjustments are mainly to deal with the difference in accessibility between the comparable rental transactions and the Premises, in particular those properties which are accessible to the lift, escalator or main street would normally have a higher unit rent, thus a downward adjustment would be made if the accessibility and/or pedestrian flows of the comparable rental transactions is better than that of the relevant Premises or vice versa. We reviewed rental transactions conducted by other listed entities and noted that their valuers made similar nature of adjustments in valuing the market rent of the properties. We have obtained and reviewed the underlying working papers from the Valuer and agreed with the Valuer's professional judgement on the basis of the adjustments and we consider that such basis is fair and reasonable for determination of monthly rent.

As the rent of the Ascertained Connected Leases are arrived with reference to the Fair Rent Letters and based on the above analysis, we consider that the monthly rent of the Premises are justifiable.

(b) Review of other lease terms

To further justify the terms and conditions outlined in the 2023 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 their connected parties and the independent third parties. Based on the criteria that (i) the tenancy agreements were entered into between the Group and the independent third parties; (ii) the monthly rent is fixed; (iii) the property is used for restaurant operation; and (iv) the lease period commenced from 1 January 2022, we have identified an exhaustive list of 29 leased properties of the Group (the "**Comparable Tenancy Agreements**"). As advised by the management of the Company, the Group did not enter into any tenancy agreement with the 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 similar in general. As such, we consider the terms under the Comparable Tenancy Agreements, despite they are all used for restaurant operation, are applicable for comparing the major lease terms for all of the Premises.

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Terms and conditions of these Comparable Tenancy Agreements, such as lease period, amount of security deposits, duration of rent-free period and renewal option of the premises, are summarised as follow:

Lease period

The lease period of the 2023 Connected Tenancy Agreements are 36 months. We noted that the lease period under the Comparable Tenancy Agreements range from seven to 60 months with an average of approximately 37 months. We consider the lease period of 36 months contemplated under the 2023 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 approximately 37 months provides operation flexibility to the Group. We also noted that the transactions contemplated under the 2020 Connected Tenancy Framework Agreement have a term of 36 months as well. As such, we are of the view that the lease period of the 2023 Connected Tenancy Agreements are no less favorable than the terms offered by the independent third parties.

Security deposits

The security deposits of the 2023 Connected Tenancy Agreements are two months of the monthly rent. We noted that the security deposits requested by the landlords of the Comparable Tenancy Agreements range from nil to 7.5 months with an average of approximately three months of the monthly rent. We also noted that same security deposits were requested under the transactions contemplated under the 2020 Connected Tenancy Framework Agreement. We consider the security deposits of two months as contemplated under the 2023 Connected Tenancy Agreements to be within the range and no less favourable than that as requested by the independent third parties.

Rent-free period

Two Ascertained Connected Leases of Premise 34 and 35 are new leases to be entered and a rent-free period of one month will be offered by the respective Connected Landlord Entities. Meanwhile, the renewal of the existing connected leases, being Premises 1 to 33, will not be offered a rent-free period. We are of the view that the rent-free period to be offered to the new leases contemplated under the 2023 Connected Tenancy Agreements is favourable to the Group.

Renewal Option

All the 2023 Connected Tenancy Agreements include renewal options of three years. As the renewal option would provide the Company with more flexibility by the end of the leases and would minimise the relocation cost of the Group, we are of the view that the renewal options of the 2023 Connected Tenancy Agreements are favorable to the Group.

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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 2023 Connected Tenancy Agreements are comparable and no less favorable than the terms as offered by the independent third parties. We concur with the Board that the terms of the 2023 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.

6. *Reasons and benefits for entering into the 2023 Connected Tenancy Framework Agreement*

Under the 2023 Connected Tenancy Framework Agreement, the Group is planning to enter into 35 Ascertained Connected Leases with the Connected Landlord Entities. Among the Ascertained Connected Leases, the Premises can be classified into five different categories, (i) Premises 1, 3 – 15, 17 – 21, 23 – 28 and 32 – 34 (collectively the “**Restaurant Premises**”) are used for operation of restaurants under different brands in Hong Kong; (ii) Premises 22, 29 and 35 (collectively the “**Office Premises**”) are used by the Group as headquarter offices and warehouses in Hong Kong; (iii) Premise 16 (the “**China Regional Office**”) is used for a regional office to support the restaurant operation in the PRC; (iv) Premise 2 (the “**Kitchen Premise**”) is used by the Group as centralised kitchen and logistics center to prepare and process certain kinds of food for the Group’s restaurants in Hong Kong; and (v) Premises 30 and 31 (collectively the “**Supermarket and Grocery**”) are used for supermarket and grocery operation 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.

The Restaurant Premises consist of 28 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. The Group operates several brands under the Restaurant Premises, of which 12 restaurants are under the brand “Fulum Chinese Food” (“富臨中菜”) which is the core brand of the Group, 2 restaurants are under the brand “Sportful Garden Restaurant” (“陶源酒家”), 1 restaurant is under the brand “MeokBang Korean BBQ & BAR” (“焗八韓燒”) which specialises in Korean cuisine, 13 are under the brand “Asian Catering Line” (“亞洲餐飲線”) including “Coti” and “The Master of Char Siu” (“叉燒井家”). We have enquired with the Company and reviewed the unaudited financial performance of the 27 existing restaurants for the six months ended 30 September 2022, we noted that the financial performance of the majority of such restaurants have deteriorated. We understood that the performance deterioration was mainly due to (i) the outbreak of the novel coronavirus (“**COVID-19**”) and the pandemic prevention measures imposed which reduced the demand of dining in restaurants; and (ii) the economic downturn in Hong Kong. We have enquired with the Company on their view on the performance deterioration and they have advised that (i) the COVID-19 has been normalised and the local economic environment is recovering; (ii) the Group will be able to capture the opportunities arising from the recovery of the catering industry; and (iii) the customer base that the Group have accumulated at the current Restaurant Premises

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to be the greatest asset and have the potential to turn around the business performance once the pandemic prevention measures and the social distancing measures are removed. We concur with the Company that, despite the impact of COVID-19 that affects the catering industry temporarily in Hong Kong, the Restaurant Premises, situated on prime locations with established customer base through years of operation, could have the potential to deliver positive financial results to the Group in the near future.

The Office Premises consist of three premises located in Luk Hop Industrial Building and Kowloon Bay, of which two of them are currently being used as headquarter office for the Group's management and administration work and 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. Premise 35 is a new connected lease which is located next to Premise 22 for the expansion of the warehouses. The warehouses are used for temporary storage of restaurant furniture, restaurant equipment and decorations for festival and event that are used to support event bookings in its restaurants which may require specific settings according to the customers' requirements for the venue. As advised by the management of the Company, due to the temporary closure of some restaurants, the current warehouse, Premise 22, is insufficient to store the restaurant furniture and restaurant equipment, thus the Group is planning to expand the current warehouse. We have reviewed the accumulated capital expenditure invested by the Group and noted that the Company has incurred capital investment of approximately HK\$2.4 million in Premise 22. As advised by the management of the Company, Premise 35 has been used as warehouse by the previous tenant, thus no material capital investment is expected for the use of Premise 35. Therefore, we concur with the management of the Company that entering into the connected lease of the Office Premises, which are in the same industrial building could (i) allow the office staff to have easy access to all the storage which maintains the operating efficiency of the Group; (ii) allow convenient transportation of large and bulky furniture and equipment given that the industrial building provides spacious parking lot and appropriate facilities for transportation; and (iii) minimise the capital expenditure to relocate the warehouses with similar area.

The China Regional Office, located in Panyu, Guangzhou, has been used as the regional office for its restaurant operation in the PRC since 2019. As disclosed in the interim report of the Company for the six months ended 30 September 2022, the Group operates three restaurants in Guangzhou, Zhuhai and 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 approximately RMB4.3 million for the renovation of the China Regional Office. Given that two of the three PRC restaurants are in Guangdong Province and the regional office used 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 China Regional Office is necessary and strategic for the Group to continue for handling the administrative tasks for its restaurant operation in the PRC.

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The Kitchen Premise of over 89,000 sq. ft. saleable area, located in Sandoz Centre, Tsuen Wan, New Territories, has been leased and renovated by the Group as the centralised kitchen and logistic center which is fully equipped for preparing and processing food for the Group's restaurants operation in Hong Kong and the PRC. 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 approximately HK\$15.0 million 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 equipment in the new premise in order to fulfil the specific requirements of food processing regulated by the relevant government departments. Moreover, as centralised 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 centralised kitchen.

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

The Supermarket and Grocery consist of two premises, which established by the Group in 2021 for selling ingredients, frozen food, seasoning etc. As advised by the management of the Company, the business operation in the Supermarket and Grocery generated approximately HK\$10.5 million and HK\$4.8 million of revenue for the year ended 31 March 2022 and for the six months ended 30 September 2022, respectively, while the Group has invested approximately HK\$1.9 million for the set up and renovation of the Supermarket and Grocery. As the Supermarket and Grocery are newly established and a substantial of capital expenditure has been invested, it is fair and reasonable for the Group to renew their existing lease in order to continue the supermarket and grocery business without further capital investment.

Furthermore, we have compared the current monthly rent of the existing lease agreements with the proposed monthly rent under the 2023 Connected Tenancy Framework Agreement and noted that the aggregate proposed monthly rent under the 2023 Connected Tenancy Framework Agreement has been reduced by approximately 3.5%. In view of (i) the pandemic prevention measures of COVID-19 has affected the catering industry in the first half year of 2022; (ii) the economic downturn in Hong Kong; and (iii) the financial performance of the restaurants have deteriorated for the six months ended 30 September 2022, the Group have continued to negotiate with the landlords and encountered difficulties for rental reduction which in turn increased the operation cost pressure of the Group. As advised by the management of the Company, the Group closed five restaurants in Hong Kong during the year ended 31 March 2022. The reduction in the rental for the existing leases can relax the operation cost pressure of the Group. At the same time, the reduction of rental by the Connected Landlord Entities show the support of the Connected Landlord Entities to the Group.

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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 temporary loss of business if relocating the Restaurant Premises; (iv) the on-going daily administrative operation of the Group at the Office Premises; (v) a large amount of capital expenditure has already been invested in the Office Premises, the China Regional Office and the Kitchen Premise; (vi) the Supermarket and Grocery were newly setup with substantial amount of capital expenditure invested; (vii) the proposed monthly rent under the 2023 Connected Tenancy Framework Agreement has been decreased compared to the existing monthly rent; (viii) the rental of the Premises made reference to the Fair Rent Letters; and (ix) the terms of the 2023 Connected Tenancy Agreements are no less favorable than the terms and conditions offered by the independent third parties, we concur with the Board that the terms and transactions contemplated under the 2023 Connected Tenancy Agreements 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.

7. *The Right-of-use Asset Caps*

Pursuant to the 2023 Connected Tenancy Framework Agreement, the table below sets out the proposed Right-of-use Asset Caps for the years ending 31 March 2024, 2025, and 2026.

Year ending 31 March		
2024	2025	2026
HK\$	HK\$	HK\$
315,670,000	–	–

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 recognise 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) constitute continuing connected transactions and will be recognised 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 2026. As all of the 2023 Connected Tenancy Agreements (including 35 Premises) are expected to be entered on 1 April 2023, the annual cap of the right-of-use assets for the year ending 31 March 2024 is measured 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 2023 to 31 March 2026 (i.e. 36 months) which amounted to approximately HK\$314,218,000 for 35 Premises; 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\$1,452,000. Since there are no lease to be entered on or after 31 March 2024, the annual caps of the right-of-use assets for the years ending 31 March 2025 and 2026 are zero.

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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 rental payable to the Connected Landlord Entities to be approximately HK\$109,203,732 for the year ending 31 March 2024 and HK\$109,311,732 per annum for each of the two years ending 31 March 2025 and 2026, respectively. The difference is due to the one-month of rent-free period for the new connected leases, Premise 34 and 35 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. We noted that the Group has adopted 2.75% as the discount rate for the lease payment settled in Hong Kong dollar, while 4.3% has been adopted as the discount rate for the lease payment settled in Renminbi. We have checked against the borrowing rate of the Group which ranged from 1.57% to 2.75% for the year ended 31 March 2022 and noted that the discount rate for the lease payment settled in Hong Kong dollar is within the range of the Group's borrowing rate. For the discount rate for the lease payment settled in Renminbi, we have checked against the borrowing rate announced by People's Bank of China with no differences noted.

We understood from the Company that no premises have been identified for the Potential Connected Leases, therefore the Potential Connected Leases have not been taken into account for setting the Right-of-use Asset Caps. Based on our review on the calculation of the Right-of-use Asset Caps, which only included all rental payable to the Connected Landlord Entities in relation to the 35 Ascertained Connected Leases, we are of the view that the Right-of-use Asset Caps are sufficient.

8. Internal Control Measures

As set out in the Letter from the Board, the Company has adopted internal control measures to ensure that each of the 2023 Connected Tenancy Agreements will be entered into in accordance with the terms of the 2023 Connected Tenancy Framework Agreement, on normal commercial terms and not less favourable to the terms offered by the independent third parties. Such internal control measures employed by the Group include the following:

- (i) the legal department of the Company will review and assess the terms and conditions before entering into each of the 2023 Connected Tenancy Agreements to ensure that they are consistent with the principles and provisions set out in the 2023 Connected Tenancy Framework Agreement and the monthly rent of each of the 2023 Connected Tenancy Agreements will not exceed the market rent of the relevant Premises set out in the Fair Rent Letters;
- (ii) the financial department of the Company will monitor the connected leases contemplated under each of the 2023 Connected Tenancy Agreements to ensure they are conducted in accordance with their respective terms and conditions, and record and maintain a database of the monthly rent paid by the Group under each of the 2023 Connected Tenancy Agreements regularly on a monthly basis;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) the independent non-executive Directors will review the connected leases contemplated under each of the 2023 Connected Tenancy Agreements on an annual basis and confirm whether such connected leases have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to each of the 2023 Connected Tenancy Agreements on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (iv) the auditors of the Company will be engaged to conduct an annual review and report on the connected leases contemplated under each of the 2023 Connected Tenancy Agreements.

As advised by the management of the Company, the Company has adopted the same internal control measures in the previous connected lease transactions. We have obtained three samples of internal control checklist in relation to the lease agreements under the 2020 Connected Tenancy Framework Agreement. We noted that the legal manager of the Company duly signed the internal control checklist after reviewing and assessing the lease agreements and compared the monthly rent with the fair rent letters issued by the valuer. We have sample-checked three sets of lease agreements which were entered in April 2020 under the 2020 Connected Tenancy Framework Agreement, and noted that their terms and conditions were consistent with the 2020 Connected Tenancy Framework Agreement. We have also obtained the sample of monthly reports prepared by the financial department of the Company for October, November and December 2022 and noted that the monthly rental payment for the lease agreements have been recorded in accordance with the terms of the 2020 Connected Tenancy Framework Agreement. The monthly reports have been reviewed by the financial manager of the Company to ensure that the annual cap has not been exceeded. We have obtained and reviewed the board minute of the audit committee of the Company, which comprised all the independent non-executive Directors, in relation to the review of the continuing connected transaction for the year ended 31 March 2022, and the annual review report issued by the external auditors for the year ended 31 March 2022 with no irregularities noted.

Since there are no abnormal findings in relation to the above-mentioned internal control procedures in the previous years, we consider that the Group's internal control procedures are able to monitor and govern the transactions contemplated under the 2023 Connected Tenancy Framework Agreement. We also discussed with the management of the Company and understood that (i) except for the leases as stated in the circular of the Company dated 10 February 2020, the Group did not further enter into any connected leases under the 2020 Connected Tenancy Framework Agreement; and (ii) the Potential Connected Leases are required to follow the Group's internal control procedures (which are same as those adopted on the 35 Ascertained Connected Leases). Thus, we consider that the pricing policy of the Potential Connected Lease is fair and reasonable given that the Potential Connected Leases comply with the Group's internal control procedures to determine its rental and leasing terms under the 2023 Connected Tenancy Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATIONS

Having considered the above principal factors and reasons, we concur with the Directors' view that (i) the transactions contemplated under the 2023 Connected Tenancy Framework Agreement are carried out in the ordinary and usual course of business of the Group; (ii) the transactions contemplated under the 2023 Connected Tenancy Framework Agreement are in the interests of the Company and the Shareholders as a whole; (iii) the terms of the 2023 Connected Tenancy Agreements are on normal commercial terms, and are fair and reasonable; 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 2023 Connected Tenancy Framework Agreement, the transactions contemplated thereunder, and the Right-of-use Asset Caps.

Yours faithfully

For and on behalf of

Octal Capital Limited

Wong Wai Leung

Celina Yuen

Executive Director

Associate Director

Note: Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008 and is also a responsible officer of Type 9 (asset management) regulated activities. Mr. Wong has accumulated decades 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 Listing Rules and the Takeovers Code. Ms. Celina Yuen is a licensed person and a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Yuen has over 12 years of experience in corporate finance industry and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and 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; interest in a controlled corporation; beneficial owner (Note 2)	908,375,000 Shares (L) (Note 3) 7,000,000 Shares (L) (Note 4) 915,375,000 Shares (L)	70.41%
Mr. YK Yeung	The Company	Interest controlled jointly with another person; beneficial owner (Note 2)	908,375,000 Shares (L) (Note 3) 7,000,000 Shares (L) (Note 5) 915,375,000 Shares (L)	70.41%

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. Leung	The Company	Beneficial owner	73,625,000 Shares (L) (Note 6)	5.66%
Mr. Wu Kam On Keith	The Company	Beneficial owner (Note 7)	4,000,000 Shares (L)	0.31%
Mr. Yeung Ho Wang	The Company	Beneficial owner (Note 7)	4,000,000 Shares (L)	0.31%
Mr. CN Yeung	The Company	Beneficial owner (Note 8)	1,087,500 Shares (L)	0.08%
Mr. Ng Ngai Man Raymond	The Company	Beneficial owner (Note 7)	1,360,000 Shares (L)	0.10%
Mr. Wong Wai Leung Joseph	The Company	Beneficial owner (Note 7)	1,360,000 Shares (L)	0.10%
Mr. Chan Chun Bong Junbon	The Company	Beneficial owner (Note 7)	1,360,000 Shares (L)	0.10%

Notes:

- The letter “L” denotes the person’s long position in the shares and underlying shares of the Company or the relevant associated corporation.
- Mr. Yeung and Mr. YK Yeung, being our executive Directors, and Mr. YC Yeung 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 and Share Buy-backs 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.
- 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 all these 908,375,000 Shares.
- Mr. Yeung is personally interested in the 7,000,000 Shares which are underlying shares of the same number of options granted to him on 18 August 2021 under the share option scheme of the Company adopted by the Company on 28 October 2014 (the “Share Option Scheme”). The Company is of view that since these options were granted to Mr. Yeung personally, Mr. YC Yeung and Mr. YK Yeung would not be deemed to be interested in the underlying 7,000,000 Shares.

5. Mr. YK Yeung is personally interested in the 7,000,000 Shares which are underlying shares of the same number of options granted to him on 18 August 2021 under the Share Option Scheme. The Company is of view that since these options were granted to Mr. YK Yeung personally, Mr. Yeung and Mr. YC Yeung would not be deemed to be interested in the underlying 7,000,000 Shares.
6. In respect of the 73,625,000 Shares, 66,625,000 Shares were held by Mr. Leung, and 7,000,000 Shares are underlying shares of the same number of options granted to Mr. Leung on 18 August 2021 under the Share Option Scheme.
7. Each of Mr. Wu Kam On Keith, Mr. Yeung Ho Wang, Mr. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon was granted options to subscribe for such number of Shares on 18 August 2021 under the Share Option Scheme.
8. Mr. CN Yeung was granted options to subscribe for such number of Shares on 30 November 2022 under the Share Option Scheme.

(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 2022, 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
Mr. YC Yeung	Interest held jointly with another person; beneficial owner (Note 2)	915,375,000 Shares (L) (Note 3)	70.41%
Ms. Lam Man Ki, Elane	Interest of spouse (Note 4)	915,375,000 Shares (L)	70.41%
Ms. Yung Yuk Ling	Interest of spouse (Note 5)	915,375,000 Shares (L)	70.41%
Ms. Hui Lin Na	Interest of spouse (Note 6)	915,375,000 Shares (L)	70.41%
China Sage International Limited (“ China Sage ”)	Beneficial owner (Note 7)	452,075,000 Shares (L)	34.78%
Ms. Leung Siu Kuen (“ Ms. Leung ”)	Interest of spouse (Note 8)	73,625,000 Shares (L)	5.66%

Notes:

1. The letter “L” denotes the person or entity’s long position in the shares and underlying shares of the Company.
2. Mr. Yeung and Mr. YK Yeung, being our executive Directors, and Mr. YC Yeung 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 and Share Buy-backs 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 915,375,000 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, and 7,000,000 Shares are underlying shares of the same number of options granted to Mr. YC Yeung on 18 August 2021 under the Share Option Scheme.
4. 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.
5. 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.
6. 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.
7. These Shares were held by China Sage. The entire issued shares of China Sage are owned by Mr. Yeung.
8. 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. 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

As at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading position of the Company since 31 March 2022, being the date of the latest published audited financial statements of the Company.

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. QUALIFICATIONS AND CONSENTS OF EXPERTS

- (a) The following are the qualifications of the professional advisers who have given opinions or advice 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
Ravia Global Appraisal Advisory Limited	the surveyor in charge of this valuation is qualified valuer and has over 14 years of experience in valuation of properties in Hong Kong

- (b) 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.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser and Valuer did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2022, the date to which the latest published audited financial statements of the Company were made up.
- (d) The Independent Financial Adviser and Valuer have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they respectively appear.

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. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Chan Yiu Kwong. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (c) The head office and principal place of business of the Company in Hong Kong is located at 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong.
- (d) The Company's branch share registrar in Hong Kong is Tricor Investor Services Limited, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

9. DOCUMENTS ON DISPLAY

The following documents will be available on the Stock Exchange's website and the Company's website at www.hkexnews.hk and <http://www.fulumgroup.com> for at least 14 days from the date of this circular up to and including the date of the EGM:

- (a) the 2023 Connected Tenancy Framework Agreement;
- (b) the 2023 Connected Tenancy Framework Supplemental Agreement;
- (c) the written consent given by and letter of advice from the Independent Financial Adviser referred to in the section headed "Qualification and consent of experts" in this appendix; and
- (d) the written consent given and Fair Rent Letters referred to in the section headed "Qualification and consent of experts" in this appendix.

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 (the “**EGM**”) of Fulum Group Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Friday, 10 March 2023 at 26/F, Capital Tower, 38 Wai Yip Street, Kowloon Bay, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. “**THAT:**

the 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 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 2023 Connected Tenancy Framework Agreement (together with the 2023 Connected Tenancy Framework Supplemental Agreement) and the transactions contemplated thereunder.”

By order of the Board
Fulum Group Holdings Limited
YEUNG WAI
Chairman and Executive Director

Hong Kong, 20 February 2023

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 20 February 2023 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 Company’s branch share registrar in Hong Kong (“**Branch Registrar**”), Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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. In view of the recent developments and on-going measures relating to the novel coronavirus disease (COVID-19), for the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.
6. 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, 7 March 2023 to Friday, 10 March 2023 (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, 6 March 2023 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, 6 March 2023.
7. 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.
8. 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 (Chairman), Mr. Yeung Ho Wang (CEO), Mr. Yeung Yun Kei, Mr. Leung Siu Sun and Mr. Yeung Chun Nin as executive Directors; Mr. Wu Kam On Keith (Vice Chairman) as non-executive Director; and Mr. Ng Ngai Man Raymond, Mr. Wong Wai Leung Joseph and Mr. Chan Chun Bong Junbon as independent non-executive Directors.