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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE M+ LEASE

The Board announces that on 15 January 2024, Sino Place (an indirect wholly-owned subsidiary of the Company) as tenant entered into the M+ Lease with WKCDA as landlord in respect of the five-year term lease of the Premises for the operation of a restaurant by the Group at the M+ Building, being one of the largest museums of modern and contemporary visual culture in the world, in West Kowloon Cultural District, Hong Kong.

Pursuant to HKFRS 16, the Company will recognise the unaudited value of right-of-use asset on its consolidated statement of financial position in connection with the M+ Lease. Accordingly, the transaction contemplated under the M+ Lease will be regarded as an acquisition of asset by the Company for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the value of the right-of-use asset under the M+ Lease are more than 5% but all of them are less than 25%, the transaction contemplated under the M+ Lease constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE M+ LEASE

Background

On 15 January 2024 (after trading hours), Sino Place (an indirect wholly-owned subsidiary of the Company) as tenant entered into the M+ Lease with WKCDA as landlord for the operation of a new restaurant by the Group at the M+ Building, being one of the largest museums of modern and contemporary visual culture in the world, in West Kowloon Cultural District, Hong Kong.

Set out below is a summary of the principal terms of the M+ Lease:

- Date : 15 January 2024
- Parties : (a) WKCDA (as landlord); and
(b) Sino Place (as tenant)
- Premises : Unit A, B1/F, M+ Building, No. 38 Museum Drive, West Kowloon Cultural District, Kowloon, Hong Kong (the “**Premises**”)
- Use : For the operation of a dine-in and take-away restaurant
- Term : Five years commencing on 15 January 2024, or such other day as notified by WKCDA giving a prior written notice to Sino Place with an option to renew for a further term of five years
- Total consideration payable : Monthly base rent of HK\$319,000.00 throughout the five-year term, subject to additional turnover rent determined with reference to the monthly gross receipts of the M+ Restaurant which may be imposed pursuant to the terms and conditions of the M+ Lease (exclusive of government rates, management fees, air-conditioning charge, and all other outgoings)
- The Group intends to finance the rental payments by the internal resources of the Group
- Rent-free period : 60 days from the actual commencement date of the term
- Deposit under the M+ Lease : HK\$1,505,205.00, representing three months’ highest ascertainable base rent, management fees, air-conditioning charge and government rates, which shall be satisfied by the execution of a bank guarantee

The unaudited value of the right-of-use asset to be recognised by the Company under the terms of the M+ Lease amounted to approximately HK\$17,223,744, representing the present value of the aggregate base rent payable thereunder in accordance with HKFRS 16.

REASONS FOR AND BENEFITS OF ENTERING INTO THE M+ LEASE

The Board considers that the opening of a new restaurant of the Group is in line with the Group's strategy to diversify its business portfolio and meet the market demands for food variety and takeaways. The new restaurant is decided to be opened at West Kowloon Cultural District, where art, education, open space, retail, dining and entertainment facilities are blended together. The Board considers the district's status as a vibrant art and cultural hub is able to attract a diverse and cosmopolitan crowd. In particular, the M+ Restaurant is located at the M+ Building, being one of the largest museums of modern and contemporary visual culture in the world, in West Kowloon Cultural District, Hong Kong. Accordingly, the Company considers that the operation of the M+ Restaurant would enhance the business of the Group and further maintain the presence of the Group in prime locations.

The terms of the M+ Lease, including the rental payments, were determined after arm's length negotiation between the Group and the landlord of the Premises after taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Premises. The Board is of the view that the entering into of the M+ Lease is conducted in the ordinary and usual course of business of the Group, the terms and conditions thereof are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

Sino Place

Sino Place is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company which is principally engaged in operation of restaurant.

WKCD

WKCD is a statutory body established by the Hong Kong Government under the West Kowloon Cultural District Authority Ordinance (Cap. 601). Based on publicly available information, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (a) WKCD is principally responsible for developing the West Kowloon Cultural District; and (b) WKCD is an Independent Third Party.

INFORMATION OF THE GROUP

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

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the Company will recognise the unaudited value of right-of-use asset on its consolidated statement of financial position in connection with the M+ Lease. Accordingly, the transaction contemplated under the M+ Lease will be regarded as an acquisition of asset by the Company for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the value of the right-of-use asset under the M+ Lease are more than 5% but all of them are less than 25%, the transaction contemplated under the M+ Lease constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Fulum Group Holdings Limited (stock code: 1443), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is (are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associate(s)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“M+ Lease”	the lease dated 15 January 2024 entered into between WKCDA and Sino Place in respect of the lease of the Premises
“M+ Restaurant”	the new restaurant to be operated by the Group at the Premises
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) in the share capital of the Company
“Sino Place”	Sino Place Industrial Limited (中置企業有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“WKCDA”	West Kowloon Cultural District Authority, a statutory body established by the Hong Kong Government under the West Kowloon Cultural District Authority Ordinance (Cap. 601)
“%”	per cent

By order of the Board
Fulum Group Holdings Limited
Yeung Wai
Chairman and Executive Director

Hong Kong, 15 January 2024

As at the date of this announcement, 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.