THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer 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 Li Bao Ge Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was affected for transmission to the purchaser(s) or transferee(s).

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利·寶·閣

Li Bao Ge Group Limited

利寶閣集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1869)

MAJOR TRANSACTION IN RELATION TO SHENZHEN TENANCY RENEWAL AGREEMENT

15 October 2019

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

"Announcement"	the announcement made by the Company dated 4 September 2019 in relation to, among other things, the Shenzhen Tenancy Renewal Agreement
"Board"	board of Directors
"Company"	Li Bao Ge Group Limited (利寶閣集團有限公司), a company incorporated in the Cayman Islands on 1 September 2015 as an exempted company with limited liability and the shares are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a party independent of and not connected with the Company and its connected persons
"Landlord"	Kerry Development (Shenzhen) Co., Ltd.* (嘉里置業(深圳)有限公司)
"Latest Practicable Date"	10 October 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purposes of this circular only, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC, unless otherwise specified
"Shareholder(s)"	holder(s) of shares of the Company

"Shenzhen Restaurant Premises"	the premises situated at Suite 01, 2/F, Tower 3, Kerry Plaza, 1-1 Zhong Xin Si Road, Futian District, Shenzhen, the PRC (中國深圳市福田區中心四路1-1號嘉里建設廣場三座第二層01室), for the Group's operation of a full-service Chinese restaurant
"Shenzhen Tenancy Renewal Agreement"	the tenancy renewal agreement dated 26 July 2019 entered into between Li Bao Ge (Shenzhen) Catering Company Limited* (利寶閣(深圳)餐飲有限公司) (a subsidiary of the Company) as tenant and Kerry Development (Shenzhen) Co., Ltd.* (嘉里置業(深圳)有限公司) as landlord
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction"	the transaction contemplated under the Shenzhen Tenancy Renewal Agreement
"Zhao Tian"	Zhao Tian Ventures Limited (兆添創投有限公司), the controlling shareholder of the Company holding 59.90% of the entire issued share capital of the Company as at the date of the Announcement
"%"	per cent.

* *In this circular, the English names of the PRC entities or enterprises are translations of their Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

Li Bao Ge Group Limited
利寶閣集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1869)

Executive Directors:
Mr. Chan Chun Kit
Mr. Lam Kwok Leung Peter
Mr. Wong Ka Wai
Mr. Chow Yiu Pong David

Independent Non-executive Directors:
Mr. Liu Chi Keung
Prof. Wong Lung Tak Patrick
Mr. Tam Tak Kei Raymond

Registered Office:
P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Headquarter and Principal Place of Business in Hong Kong:
Room 2702, Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

15 October 2019

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO SHENZHEN TENANCY RENEWAL
AGREEMENT**

INTRODUCTION

Reference is made to the Announcement. As disclosed in the Announcement, on 26 July 2019, Li Bao Ge (Shenzhen) Catering Company Limited* (利寶閣(深圳)餐飲有限公司) (a subsidiary of the Company) as tenant and Kerry Development (Shenzhen) Co., Ltd.* (嘉里置業(深圳)有限公司) as landlord entered into the Shenzhen Tenancy Renewal Agreement for renewal of tenancy in respect of the Shenzhen Restaurant Premises for a term of 6 years from 1 August 2019 to 31 July 2025 (both days inclusive).

The purpose of this circular is to provide you with, among other things, further information on the transaction contemplated under the Shenzhen Tenancy Renewal Agreement and other information as required to be contained in this circular under the Listing Rules.

SHENZHEN TENANCY RENEWAL AGREEMENT

Key terms of the Shenzhen Tenancy Renewal Agreement are set out below:

Date	:	26 July 2019
Parties	:	(i) Kerry Development (Shenzhen) Co., Ltd.* (嘉里置業(深圳)有限公司) as landlord; and (ii) Li Bao Ge (Shenzhen) Catering Company Limited* (利寶閣(深圳)餐飲有限公司) (a subsidiary of the Company) as tenant. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the landlord and its ultimate beneficial owner(s) are the Independent Third Parties.
Premises	:	Suite 01, 2/F, Tower 3, Kerry Plaza, 1-1 Zhong Xin Si Road, Futian District, Shenzhen, the PRC (中國深圳市福田區中心四路1-1號嘉里建設廣場三座第二層01室)
Term	:	6 years from 1 August 2019 to 31 July 2025 (both days inclusive)
Total lease payments (the "Consideration")	:	RMB55,194,547 in aggregate for the term of 6 years, subject to additional turnover rent which may be imposed pursuant to the terms and conditions of the Shenzhen Tenancy Renewal Agreement (exclusive of VAT, management fees and air-conditioning charges and other outgoings), and comprises: (i) for the first and second years: RMB728,827.83 per month (ii) for the third and fourth years: RMB766,590.93 per month (iii) for the fifth and sixth years: RMB804,354.03 per month

The Consideration was determined after arm's length negotiations with the Landlord taking into account various relevant factors more particularly set out in the section headed "Reasons for and benefits of the Shenzhen Tenancy Renewal Agreement" below.

The value (unaudited) of the right-of-use asset recognised by the Company under the Shenzhen Tenancy Renewal Agreement amounted to approximately HK$48,005,000, which is the amount of the initial measurement of the lease liability based on the present value of the total lease payments at the inception of the lease term under the tenancy renewal agreement in accordance with HKFRS 16 "Leases". Incremental borrowing rate (as referred to in HKFRS 16) of 9.67% is applied to discount the total lease payments in order to derive the present value of total lease payments under the Shenzhen Tenancy Renewal Agreement.

The Consideration is to be settled by monthly rental payable to the Landlord over the term of the tenancy of six years. The Company intends to finance the Consideration with its internal resources.

REASONS FOR AND BENEFITS OF THE SHENZHEN TENANCY RENEWAL AGREEMENT

The Directors believe that the Shenzhen Restaurant Premises is located at prime location. With reference to past operation experience, the Directors believe that the restaurant located at the Shenzhen Restaurant Premises is strategically located which presents continuous business opportunities. The terms of the Shenzhen Tenancy Renewal Agreement were arrived at after arm's length negotiation and the rental was determined with reference to the prevailing market rental of similar comparable properties in the nearby area. The Directors considered that the terms of the Shenzhen Tenancy Renewal Agreement were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE LANDLORD AND THE GROUP

The Landlord is a limited liability company incorporated in the PRC with its principal business being operation and management of the Kerry Plaza in Shenzhen. To the best knowledge of the Directors, the Landlord is a wholly-owned subsidiary of Kerry Properties Limited, a company listed on the Main Board of the Stock Exchange (stock code: 683).

Li Bao Ge (Shenzhen) Catering Company Limited* (利寶閣(深圳)餐飲有限公司), a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC and is principally engaged in the operation of a full-service Chinese restaurant in the Shenzhen Restaurant Premises.

The Group is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong and the PRC. The Group currently operates five full-service restaurants in Hong Kong and two full-service restaurants in Shenzhen, the PRC to provide Cantonese cuisine under the brand name of "Star of Canton (利寶閣)". In addition, the Group also operates a Jingchuanhu cuisine restaurant in Hong Kong under the brand name of "Beijing House (京香閣)", a full-service small-scale Cantonese restaurant under the brand name of "Star of Canton Dim Sum Tea House (利寶閣點心茶居)" in Shenzhen, the PRC, and a Thai restaurant under the Group's own brand of "La Maison D' Elephant (象屋)" in Hong Kong. All of the Group's restaurants were strategically situated in landmark shopping arcades or commercial complex at prime locations. The Group maintains a business philosophy of offering quality food and services at reasonable prices under elegant and comfortable dining environment. All of the Group's restaurants target at mid-to-high end spending customers.

FINANCIAL EFFECTS OF ENTERING INTO THE SHENZHEN TENANCY RENEWAL AGREEMENT

As stated in the preceding paragraphs, the value (unaudited) of the right-of-use asset recognised by the Company under the Shenzhen Tenancy Renewal Agreement amounted to approximately HK$48,005,000, which is the amount of the initial measurement of the lease liability at the inception of the lease term under the tenancy renewal agreement in accordance with HKFRS 16. The consolidated total assets of the Group would increase by approximately HK$48,005,000 upon the commencement of the lease term under the Shenzhen Tenancy Renewal Agreement, and a corresponding amount of lease liabilities of approximately HK$48,005,000 would be recognised at the same time.

The right-of-use asset will be depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Interest expenses on the lease liabilities will be recognised at the rate of 9.67% per annum. After the commencement date of the lease, the lease liabilities are adjusted by interest accretion and lease payments.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 "Leases", the Company recognises the value of the right-of-use assets on its consolidated statement of financial position in connection with any lease the Group entered into as leasee with effect from the beginning of its accounting period on 1 January 2019. Accordingly, the lease transaction under the Shenzhen Tenancy Renewal Agreement is regarded as an acquisition of asset by the tenant (i.e. lessee) for the purpose of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the value of the right-of-use of the Shenzhen Restaurant Premises under the Shenzhen Tenancy Renewal Agreement exceed 25% but are less than 100%, the transaction contemplated thereunder constitutes a major transaction and is subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the transaction contemplated under the Shenzhen Tenancy Renewal Agreement and would be required to abstain from voting for the resolution to approve the transaction, should the transaction be put forward to the shareholders to approve at a general meeting of the Company. Zhao Tian, the controlling shareholder of the Company, which was interested in 479,200,000 Shares, representing 59.90% of the issued share capital of the Company as at the date of the Announcement, had approved the transaction by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company. Accordingly, the Company is exempted from the requirement to convene a shareholders' meeting for the approval of the transaction and no extraordinary general meeting will be convened for the purpose of considering, ratifying and approving the transaction pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

As stated in the preceding paragraphs, the Directors considered that the terms of the Agreements were entered into on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Although a general meeting will not be convened by the Company to approve the Shenzhen Tenancy Renewal Agreement and the transaction contemplated therein, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Shenzhen Tenancy Renewal Agreement and the transaction contemplated therein.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By Order of the Board
Li Bao Ge Group Limited
Chan Chun Kit
Chairman

1. FINANCIAL SUMMARY OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out on pages 63 to 145 of the annual report 2018 of the Company which was posted on 2 April 2019 on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.starofcanton.com.hk).

The audited consolidated financial statements of the Group for the year ended 31 December 2017 are set out on pages 49 to 109 of the annual report 2017 of the Company which was posted on 13 February 2018 on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.starofcanton.com.hk).

The audited consolidated financial statements of the Group for the year ended 31 December 2016 are set out on pages 53 to 115 of the annual report 2016 of the Company which was posted on 30 March 2017 on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.starofcanton.com.hk).

2. SUFFICIENCY OF WORKING CAPITAL

As at the Latest Practicable Date, the Directors were of the opinion that, after taking into account the effect of the Transaction, the cash flows generated from the operating activities of the Group, and the financial resources available to the Group, including internally generated funds, the existing bank borrowings and available banking facilities, and in the absence of unforeseeable circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this Circular.

3. STATEMENT OF INDEBTEDNESS

As of 31 August 2019, which is the latest practicable date for the purpose of determining the amount of indebtedness, the Company had outstanding interest-bearing borrowings of approximately HK$14.0 million, which comprised of:

(i) secured bank borrowings of approximately HK$8.5 million and bank overdrafts of approximately HK$5.4 million. The bank borrowings and bank overdrafts were guaranteed by the Company together with approximately HK$11.0 million pledged bank deposits provided by the Group; and

(ii) finance lease liability of approximately HK$0.1 million which was secured by a motor vehicle of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as of 31 August 2019, being the latest practicable date for determining indebtedness, the Company did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Comparison for the years ended 31 December 2018 and 2017

Revenue

For the year ended 31 December 2018, the Group recorded a total revenue of approximately HK$360.5 million, representing an increase of approximately 17.4% as compared to approximately HK$307.0 million for the year ended 31 December 2017.

The Group's total revenue for the year ended 31 December 2018 comprised the aggregate revenue of the six restaurants in Hong Kong of approximately HK$181.8 million, including revenue from the Kwun Tong Restaurant which was newly opened in December 2018 (2017: five restaurants of approximately HK$184.5 million), the revenue from the two Chinese restaurants in Shenzhen of approximately HK$171.3 million (2017: approximately HK$121.0 million), the revenue from the Thai Restaurant which was opened in January 2018, of approximately HK$5.8 million (2017: nil), as well as revenue from sales of food ingredients of approximately HK$1.6 million (2017: HK$1.5 million).

Excluding the revenue of approximately HK$3.5 million contributed by the Kwun Tong Restaurant which was newly opened in December 2018, the aggregate revenue of the Group's restaurants in Hong Kong for the year ended 31 December 2018 had moderately decreased by approximately 3.4% as compared to the year ended 31 December 2017, which was mainly due to the intensifying competition of the catering industry and the economic downturn in the second half of 2018. The Directors consider the downturn of economy (including the downturn of the property and stock markets) which worsened in the second half of 2018 affected the consumption sentiment of customers. On the other hand, the increase in revenue of the Group's Chinese restaurants in Shenzhen by approximately 41.6% over the year was mainly due to the full-year revenue contribution of approximately HK$67.6 million from the Shenzhen Uniwalk Restaurant which was newly opened in October 2017 (2017: approximately HK$16.8 million). Nevertheless, the revenue of the Shenzhen Restaurant slightly decreased by approximately

0.5% to approximately HK$103.7 million for the year ended 31 December 2018 (2017: approximately HK$104.2 million). The Directors consider the downturn of China economy and the China-US trade war affected the consumption sentiments of customers, particularly in the second half of 2018, which offset the increase in revenue of the Shenzhen Restaurant in the first half of 2018.

Profit attributable to owners of the Company

For the year ended 31 December 2018, the Group's profit attributable to owners of the Company was approximately HK$2.3 million, representing a substantial decrease of approximately HK$20.9 million or 90.2% from approximately HK$23.2 million for the year ended 31 December 2017. Such decrease was mainly due to the combined net effects of (i) the decrease in operating profit of the Shenzhen Restaurant by approximately HK$9.8 million, mainly due to food cost inflation and increase in certain operating expenses; (ii) the overall decrease in operating profit of the Group's restaurant operation in Hong Kong (except the Kwun Tong Restaurant) by approximately HK$9.6 million, mainly due to gentle decrease in revenue and the overall decline in gross profit margin as a result of general food cost inflation; (iii) the full-year operating profit of approximately HK$5.9 million generated by the Shenzhen Uniwalk Restaurant which was opened in October 2017 (2017: approximately HK$1.0 million); (iv) the operating loss of approximately HK$4.6 million incurred during the initial stage of operation by the Thai Restaurant which was opened in January 2018; and (v) the operating loss of approximately HK$1.3 million incurred during the initial stage of operation by the Kwun Tong Restaurant which was newly opened in December 2018; (vi) the incurring of listing expenses of approximately HK$2.2 million for the year ended 31 December 2018 in connection with Transfer of Listing; and (vii) the decrease in income tax expense by approximately HK$4.2 million.

Comparison for the six months ended 30 June 2019 and 2018

Revenue

For the six months ended 30 June 2019, the Group recorded a total revenue of approximately HK$178.8 million, representing a decrease of approximately 2.4% as compared to approximately HK$183.3 million for the six months ended 30 June 2018.

The Group's total revenue for the six months ended 30 June 2019 mainly comprised the aggregate revenue of the six Chinese restaurants in Hong Kong of approximately HK$95.9 million, including revenue from the Kwun Tong Restaurant which was opened in December 2018 (2018: five restaurants of approximately HK$89.3 million), the revenue of the two Chinese restaurants in Shenzhen of approximately HK$80.6 million (2018: approximately HK$89.1 million), the revenue of the Thai (Shenzhen) Restaurant (closed in May 2019) of approximately HK$1.6 million (2018: approximately HK$3.5 million), and the revenue of the Thai (Mongkok) Restaurant (opened in June 2019) of approximately HK$0.7 million.

Excluding the revenue contribution of approximately HK$17.2 million by the Kwun Tong Restaurant which was opened in December 2018 and HK$0.7 million by the Thai (Mongkok) Restaurant which was opened in June 2019 (which are not applicable for the corresponding period in 2018), the aggregate revenue of the Group's restaurants in Hong Kong of approximately HK$78.7 million for the six months ended 30 June 2019 decreased by approximately 11.9% as compared to the corresponding period in 2018. Besides, the aggregate revenue of the Group's two Chinese restaurants in Shenzhen decreased by approximately 9.5% over the same periods. The Directors consider such decrease in revenue for both Hong Kong and Shenzhen regions was mainly due to, among others, the accelerated downtrend of the Hong Kong and China economy since the second half of 2018, which has been worsened as a result of the intensifying and increasingly gloominess of the situation of the China-US trade war which negatively affected the consumption sentiments of the general public and consequently affected the retail and catering sectors during the Period.

Loss attributable to owners of the Company

For the six months ended 30 June 2019, the Group recorded a loss attributable to owners of the Company of approximately HK$9.4 million, whereas the Group recorded a profit attributable to owners of the Company of approximately HK$5.7 million for the six months ended 30 June 2018. Such loss-making position for the six months ended 30 June 2019, representing a decrease in net profit by approximately HK$15.1 million as compared to the corresponding period in 2018, was mainly due to the combined effects (before the effect of adoption of HKFRS 16 "Leases" which does not have cash flow impact) of (i) the incurring of aggregate operating losses of approximately HK$8.6 million in respect of the Group's restaurant operations in Hong Kong (excluding the Kwun Tong Restaurant and the Thai (Mongkok) Restaurant which were opened in December 2018 and June 2019 respectively and not applicable for the corresponding period in 2018) as compared to an aggregate operating profit of approximately HK$2.0 million for the corresponding period in 2018; (ii) the incurring of aggregate operating losses of approximately HK$2.2 million in respect of the Kwun Tong Restaurant and the Thai (Mongkok) Restaurant during their initial stages of operations; (iii) the decrease in aggregate operating profit of the Group's restaurant operations in Shenzhen, the PRC by appropriately HK$6.6 million; and (iv) the incremental loss effect of approximately HK$1.2 million (i.e. the recognition of depreciation on right-of-use assets and interest expenses on lease liabilities for the current period as compared to the recognition of operating lease expenses for the corresponding period in 2018) upon the adoption of HKFRS 16 "Leases"; which were partly offset by (v) that there were listing expenses of approximately HK$1.8 million incurred for the six months ended 30 June 2018 while there was no such expense incurred for the current period; and (vi) the decrease in income tax expenses by approximately HK$1.6 million.

Prospects

Due to the uncertainties of the Hong Kong and China economies, the Directors anticipate that the Group's business will face various challenges in the foreseeable future. The Group's key risk exposures and uncertainties, include, among others, (i) the worsening of the Hong Kong and China economies as a result of the intensifying and increasingly gloominess of the situation of the China-US trade war which negatively affected the consumption sentiments of the general public and consequently affected the retail and catering sectors; and (ii) the recent series of demonstrations in Hong Kong against an extradition bill proposed by the Hong Kong government seriously affected the retail and catering sectors, including certain regions where the Group operates.

Nonetheless, the management of the Company is optimistic that the Group can succeed and enhance the shareholders' value in the medium to long run, based on the years of experience of the senior management of the Company in managing Chinese restaurant business in Hong Kong and Shenzhen, the PRC and its business strategies as detailed below.

The operations of the Kwun Tong Restaurant and the Thai (Mongkok) Restaurant, which were opened in December 2018 and June 2019 respectively, are expected to be gradually put on track. Although both restaurants incurred operating losses during the six months ended 30 June 2019, the Directors consider their financial performance would be improved in the rest of 2019.

Besides, the restaurant premises of the Group's another new Chinese restaurant, namely the Shenzhen One Avenue Restaurant was handover to the Group for commencing renovation in June 2019. Consequently, the Directors currently expect that the Shenzhen One Avenue Restaurant would commence operation around the fourth quarter of 2019.

Going forward, the Group's objective is to become a reputable multi-brand restaurant group with a diverse customer base in Hong Kong and the PRC to provide Cantonese and Jingchuanhu cuisines, Chinese banquet and dining services for large-scale events, as well as other non-Chinese cuisines. Other than the new Thai (Mongkok) Restaurant, the Group currently does not have specific plan for opening other non-Chinese cuisine restaurants. Given that it is the Group's business philosophy to offer quality food and services at reasonable prices under an elegant and comfortable dining environment, the Group would target to capture the mid-to-high end spending customers when considering the opening of any new non-Chinese cuisine restaurants in the future, in order to maintain the Group's positioning in the mid-to-high end catering market. The Group will continue to utilise its available resources to implement its business strategies, namely, expansion in Hong Kong with multi-brand strategy, progressive expansion in the PRC market, continuing promotion of brand image and recognition through marketing initiatives, enhancement of existing restaurant facilities and strengthening of staff training aiming to attract more new customers. The Group will also consider the expansion of its catering business into other types of cuisines when opportunities arise, taking into account the Group's available resources, with the aim of optimizing the return to its Shareholders.

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 and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO)or which were required, pursuant to section 352 of the SFO, to be recorded in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Long Positions in the Shares

Name of Director	Capacity/Nature	Number of shares held/ interested in	Approximate percentage of shareholding
Mr. Chan Chun Kit ("Mr. Chan")	Interest in a controlled corporation *(Note 1)*	301,225,120	37.65%
	Interests held jointly with other persons *(Note 2)*	59,624,960	7.45%
	Beneficial owner	13,350,000	1.67%
Mr. Wong Ka Wai ("Mr. Wong")	Beneficial owner	59,324,960	7.42%
Mr. Chow Yiu Pong David ("Mr. David Chow")	Interest in a controlled corporation *(Note 3)*	59,324,960	7.42%

Name of Director	Capacity/Nature	Number of shares held/ interested in	Approximate percentage of shareholding
Mr. Lam Kwok Leung Peter (“Mr. Lam”)	Interests held jointly with other persons *(Note 2 and 4)*	373,900,080	46.74%
	Beneficial owner	300,000	0.04%
Prof. Wong Lung Tak Patrick	Beneficial owner	4,250,000	0.53%
	Interest of spouse	100,000	0.01%

Notes:

1. Mr. Chan owns 50% of Bright Creator Limited, which in turn owns 37.65% of the entire issued share capital of the Company. As such, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Bright Creator Limited for the purposes of the SFO. Mr. Chan is a director of Bright Creator Limited.

2. Mr. Chan and Mr. Lam (together with Ms. Liu Siu Kuen, Bright Creator Limited, Sun Foo Sing Development Limited, Mr. Ho Wood Yam, Mr. Tsui King Foo, Ms. Tsui Yuk Yi and Mr. Tsui Chi Kit) are parties acting in concert (having the meaning ascribed to it under the Code on Takeovers and Mergers) pursuant to the concert party deed, the supplemental deed and the second supplemental deed dated 25 September 2015, 6 June 2016 and 8 October 2019, respectively. As such, Mr. Chan and Mr. Lam (together with Ms. Liu Siu Kuen, Bright Creator Limited, Sun Foo Sing Development Limited, Mr. Ho Wood Yam, Mr. Tsui King Foo, Ms. Tsui Yuk Yi and Mr. Tsui Chi Kit) together control 46.78% of the entire issued share capital of the Company.

3. Mr. David Chow owns 37.5% issued shares of Sky Gain Investments Limited, which in turn owns 7.42% of the entire issued share capital of the Company.

4. Mr. Lam owns 10% issued shares of Sun Foo Sing Development Limited, which in turn owns 7.42% of the entire issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its associated corporation (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO),or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

Insofar as known to the Directors, as at the Latest Practicable Date, other than the interests of the Director or chief executive of the Company who had interests or short positions in the shares or underlying shares of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Name	Capacity/Nature	Number of shares held/ interested in	Approximate percentage of shareholding
Bright Creator Limited	Interests held jointly with other persons *(Note 1)*	72,974,960	9.12%
	Beneficial owner	301,225,120	37.65%
Ms. Liu Siu Kuen	Interests held jointly with other persons *(Note 1)*	59,624,960	7.45%
	Interest in a controlled corporation *(Note 2)*	301,225,120	37.65%
	Interest of spouse *(Note 2)*	13,350,000	1.67%
Sun Foo Sing Development Limited	Interests held jointly with other persons *(Note 1)*	314,875,120	39.36%
	Beneficial owner *(Note 3)*	59,324,960	7.42%
Mr. Ho Wood Yam	Interests held jointly with other persons *(Note 1)*	314,875,120	39.36%
	Interest in a controlled corporation *(Note 3)*	59,324,960	7.42%
Mr. Tsui King Foo	Interests held jointly with other persons *(Notes 1 and 3)*	374,200,080	46.78%
Ms. Tsui Yuk Yi	Interests held jointly with other persons *(Notes 1 and 3)*	374,200,080	46.78%
Mr. Tsui Chi Kit	Interests held jointly with other persons *(Notes 1 and 3)*	374,200,080	46.78%

Name	Capacity/Nature	Number of shares held/ interested in	Approximate percentage of shareholding
Sky Gain Investments Limited	Beneficial owner	59,324,960	7.42%
Mr. Chow Chor Ting Anthony	Interest in a controlled corporation *(Note 4)*	59,324,960	7.42%
Ms. Lau Lai Ngor	Interest of spouse *(Note 5)*	59,324,960	7.42%
Ms. Lau Ngar Ching Angel	Interest of spouse *(Note 6)*	59,324,960	7.42%
Ms. Lui Wai Har	Interest of spouse *(Note 7)*	374,200,080	46.78%
Ms. Cho Sin Sum Fion	Interest of spouse *(Note 8)*	59,324,960	7.42%
Ms. Chan Bik Yuk Mariana	Interest of spouse *(Note 9)*	374,200,080	46.78%
Mr. Fong Man Wai	Interest of spouse *(Note 10)*	374,200,080	46.78%
Sincere Expand Limited	Beneficial interest *(Note 11)*	53,530,000	6.69%
Richmax Investment (H.K.) Limited	Interest in a controlled corporation *(Note 11)*	53,530,000	6.69%
Mr. Cheung Yuen Chau	Interest in a controlled corporation *(Note 11)*	53,530,000	6.69%
Mr. David Chu	Interest in a controlled corporation *(Note 11)*	53,530,000	6.69%
Ms. Tsang Siu Lan	Interest of spouse *(Note 12)*	53,530,000	6.69%
Ms. Phyllis Woon Kink Cheng	Interest of spouse *(Note 13)*	53,530,000	6.69%

Notes:

1. Ms. Liu Siu Kuen, Bright Creator Limited, Sun Foo Sing Development Limited, Mr. Ho Wood Yam, Mr. Tsui King Foo, Ms. Tsui Yuk Yi and Mr. Tsui Chi Kit (together with Mr. Chan and Mr. Lam) are parties acting in concert (having the meaning ascribed to it under the Code on Takeovers and Mergers) pursuant to the concert party deed, the supplemental deed and the second supplemental deed dated 25 September 2015, 6 June 2016 and 8 October 2019, respectively. As such, Ms. Liu Siu Kuen, Bright Creator Limited, Sun Foo Sing Development Limited, Mr. Ho Wood Yam, Mr. Tsui King Foo, Ms. Tsui Yuk Yi and Mr. Tsui Chi Kit (together with Mr. Chan and Mr. Lam) together control 46.78% of the entire issued share capital of the Company.

2. Ms. Liu Siu Kuen owns 50% issued shares of Bright Creator Limited. As such, Ms. Liu Siu Kuen is deemed, or taken to be, interested in all the Shares held by Bright Creator Limited for the purposes of the SFO. Ms. Liu Siu Kuen is the spouse of Mr. Chan and is deemed or taken to be interested in all the Shares in which Mr. Chan has, or is deemed to have, an interest for the purpose of the SFO.

3. Each of Mr. Ho Wood Yam, Mr. Tsui King Foo, Mr. Lam, Mr. Tsui Chi Kit and Ms. Tsui Yuk Yi owns 50%, 25%, 10%, 7.5% and 7.5% issued shares of Sun Foo Sing Development Limited respectively.

4. Each of Mr. David Chow, Mr. Chow Chor Ting Anthony and Mr. Tam Chie Sang owns 37.5%, 37.5% and 25% issued shares of Sky Gain Investments Limited respectively.

5. Ms. Lau Lai Ngor is the spouse of Mr. Chow Chor Ting Anthony and is deemed or taken to be interested in all the Shares in which Mr. Chow Chor Ting Anthony has, or is deemed to have, an interest for the purpose of the SFO.

6. Ms. Lau Ngar Ching Angel is the spouse of Mr. Wong and is deemed or taken to be interested in all the Shares in which Mr. Wong has, or is deemed to have, an interest for the purpose of the SFO.

7. Ms. Lui Wai Har is the spouse of Mr. Tsui King Foo and is deemed or taken to be interested in all the Shares in which Mr. Tsui King Foo has, or is deemed to have, an interest for the purpose of the SFO.

8. Ms. Cho Sin Sum Fion is the spouse of Mr. David Chow and is deemed or taken to be interested in all the Shares in which Mr. David Chow has, or is deemed to have, an interest for the purpose of the SFO.

9. Ms. Chan Bik Yuk Mariana is the spouse of Mr. Lam and is deemed or taken to be interested in all the Shares in which Mr. Lam has, or is deemed to have, an interest for the purpose of the SFO.

10. Mr. Fong Man Wai is the spouse of Ms. Tsui Yuk Yi and is deemed or taken to be interested in all the Shares in which Ms. Tsui Yuk Yi has, or is deemed to have, an interest for the purpose of the SFO.

11. Sincere Expand Limited is an investment-holding company incorporated in the BVI and wholly-owned by Richmax Investment (H.K.) Limited. Each of Mr. David Chu and Mr. Cheung Yuen Chan owns approximately 46.67% and 40% issued shares of Richmax Investment (H.K.) Limited respectively. As such, each of Richmax Investment (H.K.) Limited, Mr. David Chu and Mr. Cheung Yuen Chau is deemed, or taken to be, interested in all the Shares held by Sincere Expand Limited for the purposes of the SFO.

12. Ms. Tsang Siu Lan is the spouse of Mr. David Chu and is deemed or taken to be interested in all the Shares in which Mr. David Chu has, or is deemed to have, an interest for the purpose of the SFO.

13. Ms. Phyllis Woon Kink Cheng is the spouse of Mr. Cheung Yuen Chau and is deemed or taken to be interested in all the Shares in which Mr. Cheung Yuen Chau has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, insofar as known to the Directors, as at the Latest Practicable Date, no other persons had any interests or short positions in the 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 which were recorded in the register required to be kept by the Company under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

3. COMPETING INTERESTS AND MATERIAL INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors nor any of their respective close associates had interests in a business, which compete or is likely to compete either directly or indirectly with the businesses of the Group which would be required to be disclosed under the Listing Rules.

As of the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been since 31 December 2018, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group.

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 the date of this circular and which is significant in relation to the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of any compensation (other than statutory compensation)).

5. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

No material contracts (not being contract entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding up to and including the Latest Practicable Date.

7. GENERAL

(a) The company secretary of the Company is Ms. Hui Wai Shu Jessica who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.

(b) The registered office of the Company is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business in Hong Kong is situated at Room 2702, 27/F., Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong.

(c) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) In the event of any inconsistency, the English text of this circular shall prevail over its Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 2702, 27/F., Tower 2, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong for a period of 14 days from the date of this circular:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018; and

(c) this circular.