TASTE • GOURMET GROUP LIMITED

嚐 • 高美集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8371

Sole Sponsor

東興證券(香港)
DONGXING SECURITIES (HONG KONG)

Sole Bookrunner and Sole Lead Manager

UOBKayHian

SHARE OFFER

La'taste 品越 Vietnamese Cuisine

牛気 NABE URAWA 日本牛気涮涮鍋うらわなべ物

稻成小館 DAB-PA PEKING & SZECHUAN BISTRO

say cheese CAFE & DESSERT

うらわ 浦和 Urawa 日本料理 Japanese Restaurant

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	**:**	**100,000,000 Shares (subject to the Offer Size Adjustment Option)**
Number of Public Offer Shares	**:**	**10,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**90,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)**
Offer Price	**:**	**Not more than HK$1.09 per Offer Share and expected to be not less than HK$0.86 per Offer Share, plus brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.10 per Share**
Stock code	**:**	**8371**

Sole Sponsor

東興證券(香港)
DONGXING SECURITIES (HONG KONG)

Dongxing Securities (Hong Kong) Company Limited

Sole Bookrunner and Sole Lead Manager

UOBKayHian

UOB Kay Hian (Hong Kong) Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies and available for inspection" attached to Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, Hong Kong Securities Clearing Company Limited, the Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of these documents.

The Offer Price is expected to be determined by agreement between us and the Sole Bookrunner (acting for itself and on behalf of the Underwriters) on or about Friday, 5 January 2018, or such time and date as may be agreed between us and the Sole Bookrunner (acting for itself and on behalf of the Underwriters). The Offer Price will be not more than HK$1.09 per Offer Share and is currently expected to be not less than HK$0.86 per Offer Share, unless otherwise announced. Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.09 per Offer Share, together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.09 per Offer Share. The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with our Company's consent, reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.tastegourmet.com.hk** not later than the morning of the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and Conditions of the Share Offer" and "How to Apply for Public Offer Shares" of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Bookrunner (acting for itself and on behalf of the Underwriters) on or before Friday, 5 January 2018, the Share Offer will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus.

Pursuant to certain provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Sole Bookrunner (acting for itself and on behalf of the Underwriters) has the right in certain circumstances, in its absolute discretion, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the day on which dealings in the Shares first commence on the Stock Exchange. Further details of the terms of such provisions are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Grounds for termination" in this prospectus. Should the Sole Bookrunner (acting for itself and on behalf of the Underwriters) terminate its obligations under the Underwriting Agreements in accordance with the terms of the Underwriting Agreements, the Share Offer will not proceed and will lapse.

No information on any website forms part of this prospectus.

29 December 2017

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to higher market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at ***www.hkexnews.hk*** *in order to obtain up-to-date information on GEM-listed issuers.*

We will issue an announcement in Hong Kong to be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk** if there is any change to the following expected timetable of the Share Offer.

(Note 1)

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk***(Note 2)* . . . . 11:30 a.m. on Friday, 5 January 2018

Application lists of the Public Offer open*(Note 3)* . . . . 11:45 a.m. on Friday, 5 January 2018

Latest time to complete payment for the **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . 12:00 noon on Friday, 5 January 2018

Latest time to lodge **WHITE** and **YELLOW** Application Forms . . . . 12:00 noon on Friday, 5 January 2018

Latest time to give **electronic application instructions** to HKSCC*(Note 4)* . . . . 12:00 noon on Friday, 5 January 2018

Application lists of the Public Offer close . . . . 12:00 noon on Friday, 5 January 2018

Expected Price Determination Date*(Note 5)* . . . . Friday, 5 January 2018

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares to be published on the website of our Company at **www.tastegourmet.com.hk** and the Stock Exchange at **www.hkexnews.hk** on or before . . . . Friday, 12 January 2018

(ii) Announcement of results of allocation of the Public Offer (with identification document numbers or business registration numbers of successful applicants, where appropriate) to be available through a variety of channels as set out in the section headed "How to apply for Public Offer Shares – 11. Publication of results" in this prospectus) from . . . . .Friday, 12 January 2018

Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID/Business Registration Number" function from . . . . .Friday, 12 January 2018

Despatch/collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before*(Note 6)* . . . . .Friday, 12 January 2018

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially successful applications pursuant to the Public Offer on or before*(Notes 7 to 8)* . . . . .Friday, 12 January 2018

Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . .Monday, 15 January 2018

Notes:

(1) All times and dates refer to Hong Kong local time, except otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 5 January 2018, the application lists will not open on that day. Please refer to the section headed "How to apply for Public Offer Shares – 10. Effect of bad weather on the opening of the application lists" in this prospectus for further details.

(4) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Public Offer Shares – 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus for further details.

(5) The Price Determination Date is expected to be on or around Friday, 5 January 2018. If, for any reason, the Offer Price is not agreed by Friday, 5 January 2018 between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse accordingly.

(6) Share certificates for the Offer Shares are expected to be issued on or before Friday, 12 January 2018, but will only become valid certificates at 8:00 a.m. on Monday, 15 January 2018, provided that: (i) the Share Offer has become unconditional in all respects; and (ii) none of the Underwriting Agreements has been terminated in accordance with its own terms before 8:00 a.m. on the Listing Date.

(7) Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application.

Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(8) Applicants who have applied on **WHITE** Application Forms or through the **HK eIPO White Form** service for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 12 January 2018 or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques. Individual applicants who are eligible for personal collection may not authorise any other person to collect on their behalf. Corporate applicants which are eligible for personal collection may arrange for collection by their authorised representatives bearing letters of authorisation from the corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Public Offer Shares – 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus for further details.

Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to those bank accounts in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the addresses as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Public Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

The above expected timetable is a summary only. Please refer to the sections headed "Structure and conditions of the Share Offer" and "How to apply for Public Offer Shares" in this prospectus for further details of the structure of the Share Offer, including the conditions of the Share Offer and the procedures for application for the Offer Shares.

Share certificates will only become valid certificates of title of the Shares to which they relate provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms at any time prior to 8:00 a.m. on the Listing Date. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus to make your investment decision.

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

Our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer.

The contents on the website at ***www.tastegourmet.com.hk*** *which is the official website of our Company do not form part of this prospectus.*

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of technical terms" in this prospectus.

OVERVIEW

We are a restaurant group in Hong Kong serving a variety of cuisines, mainly Vietnamese, Japanese, Chinese and Western cuisines targeting mid-to-high-end customer segments. Since the opening of the first restaurant, TUW in December 2007, we have been expanding our restaurant network in Hong Kong through our multi-brand business model. As at the Latest Practicable Date, we owned and operated a total of 13 full service restaurants and 1 quick service restaurant offering under seven brands, comprising six self-owned brands such as 品越越式料理 (La'taste Vietnamese Cuisine), 稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine), 稻成小館 (Dab-pa Peking & Szechuan Bistro), 浦和日本料理 (Urawa Japanese Restaurant), 牛氣 (Nabe Urawa), Say Cheese and one licensed brand known as FIAT Caffé. A majority of these restaurants are strategically located in first tier and/or premium shopping malls or on street levels in prime areas and CBD, covering Hong Kong Island, Kowloon and New Territories.

Our revenue increased significantly from approximately HK$163.4 million for the year ended 31 March 2016 to approximately HK$198.6 million for the year ended 31 March 2017, which is primarily due to (i) the commencement of operation of TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016; (ii) the additional contribution reflecting a full year operation of the TLK, which commenced operations in the fourth quarter of 2015; and (iii) net same-store growth in revenue from existing restaurants. Our revenue increased from approximately HK$45.6 million for the three months ended 30 June 2016 to approximately HK$48.7 million for the three months ended 30 June 2017 which is primarily due to the contribution from TDB which only had one month of operations during the three months ended 30 June 2016 and TNT which commenced operations in the fourth quarter of 2016 as well as a slight increase in revenue from TDC and TNM amounted to approximately HK$9.6 million. The increase was offset by (i) a decrease in the overall customers for our Vietnamese restaurants, TUS and TFC resulting in a decrease in revenue of approximately HK$2.1 million; (ii) the closure of TUT in the first quarter of 2017 which contributed approximately HK$4.5 million during the three months ended 30 June 2016. Our net profit also increased from approximately HK$18.9 million for the year ended 31 March 2016 to approximately HK$21.8 million for the year ended 31 March 2017 as a result of commencement of operation of two new restaurants in 2016 and full year operation of a restaurant, which commenced business in 2015. As a result of the expenses incurred in preparation of the Listing, loss before taxation amounted to HK$1.6 million during the three months ended 30 June 2017. However, adjusted for the impact of the listing expenses, our profit before tax for the period increased slightly from approximately HK$5.7 million for the three months ended 30 June 2016 to approximately HK$5.9 million for the three months ended 30 June 2017, representing an increase of 4.0%.

The following table sets out the breakdown of our revenue and the number of restaurants in operation by cuisine during the Track Record Period:

	Year ended 31 March						For the three months ended 30 June		
	2016			2017			2017		
	HK$'000	*% of total revenue*	*Number of restaurants in operation during the year*	*HK$'000*	*% of total revenue*	*Number of restaurants in operation during the year*	*HK$'000*	*% of total revenue*	*Number of restaurants in operation during the period*
Vietnamese	51,214	31.3%	5	71,297	35.9%	5	17,466	35.9%	5
Japanese	75,978	46.5%	3	78,992	39.8%	4	19,160	39.4%	3
Chinese	23,958	14.7%	1	37,377	18.8%	2	9,706	20.0%	2
Western	12,281	7.5%	1	10,902	5.5%	1	2,319	4.8%	1
	163,431	100.0%	10	198,568	100.0%	12	48,651	100.0%	11

During the Track Record Period, one of our restaurants, TUT incurred losses for the year ended 31 March 2017 and was closed down in February 2017. For further details, please refer to the section headed "Business – Our Business – Historical changes of our restaurants" in this prospectus.

We believe our multi-brand business model allows us to provide dining experience to a wider bandwidth of market segment, namely, different customer segments with mid-to-high-end spending power through the offering of a variety of cuisines covering Vietnamese, Japanese, Chinese and Western at varying prices. According to the Frost & Sullivan Report, the customers of restaurants in the mid-to-high-end market in the restaurant industry in Hong Kong generally spend HK$120 or above per person per meal for all cuisine segments based on the average spending of the customers for different cuisine segments. For the average spending of the mid-to-high-end market for major cuisine segments in the restaurant industry in Hong Kong, see "Industry Overview – Introduction to Mid-to-high-end Market" for further details. Hong Kong's full service restaurant market increased from HK$34.9 billion in 2011 to HK$42.8 billion in 2016 in terms of revenue, with a CAGR of 4.2% in that period. Throughout our years of operations, we believe that we are able to capture the growth in the full service restaurant market and have utilised a flexible expansion strategy in establishing our presence in Hong Kong.

KEY OPERATING DATA AND LEASE PROFILE OF OUR RESTAURANTS

During the Track Record Period, all of our restaurants were operated in leased properties. We set out below certain key operational information and lease profile of our restaurants for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017:

		Year ended 31 March 2016			Year ended 31 March 2017			For the three months ended 30 June 2017			
Brand	**Restaurant**	**Approximate average spending per customer per meal**	**Approximate daily seating turnover rate**	**Approximate revenue**	**Approximate average spending per customer per meal**	**Approximate daily seating turnover rate**	**Approximate revenue**	**Approximate average spending per customer per meal**	**Approximate daily seating turnover rate**	**Approximate revenue**	**Rental type**
		(HK$)	*(times)*	*(HK$ million)*	*(HK$)*	*(times)*	*(HK$ million)*	*(HK$)*	*(times)*	*(HK$ million)*	
Urawa Japanese Restaurant (浦和日本料理)	**TUS** *(Note 1)*	240	2.0	26.2	243	1.8	24.1	255	1.5	5.5	Fixed rent
	TUT *(Note 2)*	154	1.6	17.2	156	1.4	13.5	N/A	N/A	N/A	N/A
Nabe Urawa (牛氣)	**TNM**	191	3.5	32.5	191	3.6	33.0	214	3.0	7.6	Basic rent or turnover rent (whichever is higher)

Brand	Restaurant	Year ended 31 March 2016			Year ended 31 March 2017			For the three months ended 30 June 2017			Rental type
		Approximate average spending per customer per meal	Approximate daily seating turnover rate	Approximate revenue	Approximate average spending per customer per meal	Approximate daily seating turnover rate	Approximate revenue	Approximate average spending per customer per meal	Approximate daily seating turnover rate	Approximate revenue	
		(HK$)	*(times)*	*(HK$ million)*	*(HK$)*	*(times)*	*(HK$ million)*	*(HK$)*	*(times)*	*(HK$ million)*	
	TNT *(Note 3)*	N/A	N/A	N/A	215	2.9	8.4	227	2.8	6.0	Basic rent or turnover rent (whichever is higher)
La'taste Vietnamese Cuisine (品越越式料理)	**TLC**	106	3.7	13.3	110	3.9	14.7	116	3.5	3.5	Fixed rent
	TLA	102	2.8	10.0	96	3.2	10.8	99	2.9	2.5	Basic rent or turnover rent (whichever is higher)
	TLM	106	2.6	12.0	121	2.7	13.7	115	2.5	3.0	Basic rent or turnover rent (whichever is higher)
	TLO	98	4.0	8.9	93	4.7	9.8	99	4.4	2.5	Basic rent or turnover rent (whichever is higher)
	TLK	101	5.0	7.0	97	5.1	22.2	96	5.5	5.9	Basic rent or turnover rent (whichever is higher)
Dab-pa Peking & Szechuan Cuisine (稻成亞丁)	**TDC**	193	4.5	24.0	200	4.4	24.5	220	3.9	6.0	Basic rent or turnover rent (whichever is higher)
Dab-pa Peking & Szechuan Bistro (稻成小館)	**TDB** *(Note 4)*	N/A	N/A	N/A	126	3.8	12.8	127	3.5	3.7	Basic rent or turnover rent (whichever is higher)
FIAT Caffé	**TFC** *(Note 5)*	162	2.2	12.3	158	2.0	10.9	153	1.8	2.3	Basic rent or turnover rent (whichever is higher)

Notes:

(1) We consider that the drop in the revenue of TUS for the year ended 31 March 2017 was due to the extension of MTR's West Island Line which may lead to a decrease in the pedestrian flow in Sheung Wan.

(2) TUT was closed in the first quarter of 2017 and therefore there were only 10 months of operation for the year ended 31 March 2017. TUT was closed because we consider that the management and operation of the shopping mall was not in line with our expected standards and therefore the financial performance of the restaurant was below our expectation.

(3) TNT was opened in the fourth quarter of 2016 and therefore there was no relevant data for the year ended 31 March 2016.

(4) TDB was opened in the second quarter of 2016 and therefore there was no relevant data for the year ended 31 March 2016.

(5) We consider that the drop in the revenue of TFC for the year ended 31 March 2017 was due to the renovation works conducted at Mira Place (formerly known as Miramar Shopping Centre) which led to a decrease in customer traffic which ultimately led to a decrease in the number of customers.

For the analysis of their operating performance, please refer to the section headed "Business – Operating data of our restaurants" in this prospectus.

Our Group's leases have initial terms of between two to five years and may have an option to renew for an additional two to three years. As at the Latest Practicable Date, we had been able to renew all the leases which we desire to continue the operation in those premises and we had not received any indication from the relevant landlords that they may not renew when the leases are subject to renewal. For information of our leased properties, please refer to the section headed "Business – Our properties" in this prospectus.

OUR CUSTOMERS AND SUPPLIERS

We target the general public and have a large and diverse customer base in Hong Kong. Owing to the nature of our business, we do not rely on any single customer during the Track Record Period.

Our suppliers mainly include food ingredient suppliers, beverage suppliers, ancillary equipment and utensil suppliers. We have also engaged licensing consultants, renovation service providers, repair and maintenance service providers, cleaning companies and pest control companies on a regular basis. Our Group has maintained a list of approved food and beverage suppliers, comprising more than 30 suppliers as at the Latest Practicable Date. For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, purchases from our five largest suppliers accounted for approximately 38.8%, 34.1% and 33.0% of our total cost of raw materials and consumables used, respectively.

OUR COMPETITIVE STRENGTHS

We believe that the following principal strengths are crucial to our success and essential for our future growth: (i) we have a proven track record and our restaurants are strategically located in convenient locations throughout Hong Kong, either in first tier and/or premium shopping malls or on street levels in prime areas and CBD; (ii) diversification of our customer base through our multi-brand business model; (iii) we are a restaurant group and our centralised management of multi-brand business model creates synergy and improve our overall dining services; (iv) we are committed to quality food, service and hygiene; and (v) experienced senior management team with comprehensive industry and market knowledge. Please refer to the section headed “Business – Our competitive strengths” in this prospectus for more details.

OUR STRATEGIES

We intend to implement the following business strategies to expand our market share in Hong Kong and enhance our brand recognition and market reputation: (i) expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong; (ii) enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants; and (iii) enhance overall profitability of our restaurants by controlling our operating costs and increasing efficiency of restaurant operations and management. Please refer to the section headed “Business – Our strategies” in this prospectus for more details.

OUR SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer, without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, our Company will be owned as to 62.375% by IKEAB Limited. IKEAB Limited is in turn owned as to 70% and 30% by Mr. NS Wong and Ms. Chan. As IKEAB Limited, Mr. NS Wong and Ms. Chan are directly entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company immediately following the Listing, Mr. NS Wong, Ms. Chan and IKEAB Limited shall be regarded as a group of Controlling Shareholders under the GEM Listing Rules upon Listing. For details, please refer to the section headed “Relationship with our Controlling Shareholders” in this prospectus. Mr. NS Wong and Ms. Chan are also our co-founders and executive Directors. Please refer to the section headed “History, development and Reorganisation” in this prospectus for further details.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Our summary financial information has been prepared in accordance with the HKFRSs.

Selected items in our consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March		For the three months ended 30 June	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Revenue	163,431	198,568	45,589	48,651
Profit (loss) before tax	21,285	25,854	5,652	(1,576)
Profit (loss) and total comprehensive income (expenses) for the year/period	18,878	21,767	4,578	(2,588)

Our revenue increased by approximately HK$35,137,000, representing an increase of 21.5% from approximately HK$163,431,000 for the year ended 31 March 2016 to approximately HK$198,568,000 for the year ended 31 March 2017. The increase in revenue for the year ended 31 March 2017 was primarily due to (i) the commencement of operation of TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016 which contributed approximately HK$21,243,000; (ii) the additional contribution of approximately HK$15,230,000 reflecting a full year operation of the TLK, which commenced operation in the fourth quarter of 2015; and (iii) net same-store growth in revenue from existing restaurants (restaurants other than TDB, TNT, TLK and TUT) of approximately HK$2,342,000. However, the increase in revenue was slightly offset by approximately HK$3,678,000, being the difference in revenue due to the closure of the TUT in the first quarter of 2017. Our revenue increased from approximately HK$45,589,000 for the three months ended 30 June 2016 to approximately HK$48,651,000 for the three months ended 30 June 2017 which is primarily due to the contribution from TDB which only had one month of operations during the three months ended 30 June 2016 and TNT which commenced operations in the fourth quarter of 2016 and a slight increase in revenue from TDC and TNM amounted to approximately HK$9,581,000. The increase was offset by (i) a decrease in the overall customers for our Vietnamese restaurants, TUS and TFC resulting in a decrease in revenue of approximately HK$2,062,000; (ii) the closure of TUT in the first quarter of 2017 which contributed approximately HK$4,458,000 during the three months ended 30 June 2016.

Our profit before tax increased by approximately HK$4,569,000, representing an increase of 21.5% from approximately HK$21,285,000 for the year ended 31 March 2016 to approximately HK$25,854,000 for the year ended 31 March 2017. The increase in profit before tax for the year ended 31 March 2017 was primarily due to commencement of operations of two new restaurants in 2016 and full year operation of the TLK, which commenced operation in the fourth quarter of 2015. As a result of listing expenses incurred in preparation of the Listing, loss before taxation amounted to HK$1,576,000 during the three months ended 30 June 2017. However adjusted for the impact of the Listing expenses, our profit before tax for the period increased slightly from approximately HK$5,652,000 for the three months ended 30 June 2016 to approximately HK$5,876,000 for the three months ended 30 June 2017, representing an increase of 4.0%.

Selected items of our consolidated statements of financial position

	As at 31 March		As at 30 June
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Current assets	22,715	27,551	36,529
Current liabilities	24,844	40,844	50,366
Net current liabilities	(2,129)	(13,293)	(13,837)

Our current assets as at 31 March 2016 and 2017 and 30 June 2017 amounted to approximately HK$22,715,000, HK$27,551,000 and HK$36,529,000, respectively, which is primarily made up of trade and other receivables and bank balances and cash. Current liabilities as at 31 March 2016 and 2017 and 30 June 2017 amounted to approximately HK$24,844,000, HK$40,844,000 and HK$50,366,000, respectively, which is primarily made up of trade and other payables, amount due to a director, advances from non-controlling shareholders of subsidiaries and bank borrowings.

As at 31 March 2016 and 2017 and 30 June 2017, we recorded net current liabilities of approximately HK$2,129,000, HK$13,293,000 and HK$13,837,000, respectively as (i) we continue to expand our restaurant network by opening one restaurant (i.e. TLK) and two restaurants (i.e. TDB and TNT) for the years ended 31 March 2016 and 2017 respectively and all related expenditures such as rental and utilities deposits, and purchase of property, plant and equipment are classified as non-current asset; (ii) although the bank borrowings are term loan repayable over one year according to the predetermined repayment schedule, all bank borrowings are classified as current liabilities due to the repayment on demand clause, therefore resulted in net current liabilities position. Nevertheless, our Group has not been demanded an early repayment of any loans during the Track Record Period. Please refer to the section headed "Financial information – Net current liabilities" in this prospectus for more details.

With net cash generated from operating activities of HK$22,273,000, HK$28,928,000 and HK$193,000 for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 respectively, and as we have not had any loans recalled prior to maturity in the past, our Directors believe the net current liabilities position will not have any adverse effect on the going concern of our Company.

Selected items of our consolidated statements of cash flows

	Year ended 31 March		**Three months ended 30 June**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000 (unaudited)*	*HK$'000*
Operating cash flows before movements in working capital	24,971	31,416	6,671	355
Net cash from operating activities	22,273	28,928	5,734	193
Net cash (used in) from investing activities	(8,344)	(9,022)	(2,853)	1,806
Net cash (used in) from financing activities	(2,567)	(17,933)	(3,276)	3,798
Net increase (decrease) in cash and cash equivalents	11,362	1,973	(395)	5,797
Cash and cash equivalents at the beginning of the year/period	7,744	19,106	19,106	21,079
Cash and cash equivalents at the end of the year/period	19,106	21,079	18,711	26,876

Please refer to the sections headed "Financial information – Liquidity and capital resources" and "Consolidated statements of cash flows" in the Accountants' Report in Appendix I to this prospectus.

Key financial ratios

The following table sets forth our key financial ratios as at each of the dates indicated. Please refer to the section headed "Financial information – Key financial ratios" in this prospectus for more details.

	Year ended 31 March		For the three months ended 30 June
	2016	**2017**	**2017**
Profitability ratios			
Net profit margin before interest and tax	13.1%	13.2%	(3%)
Net profit margin	11.6%	11.0%	(5.3%)
Return on equity	57.9%	116.4%	(27.9%)
Return on assets	35.9%	36.2%	(3.9%)
Liquidity ratios			
Current ratio	0.9	0.7	0.7
Capital adequacy ratios			
Gearing ratio *(Note)*	56.1%	162.5%	217.1%
Net debt to equity ratio	Net cash	41.8%	36.5%
Interest coverage ratio	194.5	84.1	(11.5)

Note: Gearing ratio was calculated as the total borrowings (including bank borrowings, obligations under finance leases, advances due from non-controlling shareholders of subsidiaries and amount due to a director) at the end of the financial year divided by total equity at the end of the respective year and multiplied by 100%.

DIVIDEND POLICY

No dividend has been paid or declared by our Company since its date of incorporation.

During the year ended 31 March 2017, we declared and paid a dividend of HK$23.0 million by our then holding company, Better World Holdings, to our Controlling Shareholders. No dividend was declared and paid after the Track Record Period and until the Latest Practicable Date.

We will pay an annual dividend to our Shareholders at a ratio of no less than 30% of profit attributable to Shareholders. Any amount of dividends to be declared and paid by our Company in excess of the 30% ratio will be at the discretion of our Directors taking into consideration our future operations and earnings, our business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as our Directors consider appropriate. Any declaration and payment as well as the amount of dividends will be subject to the Articles and the Cayman Companies Law. Any declaration of final dividends will also require the approval of our Shareholders in general meeting. No dividend shall be declared or paid except out of our distributable profit and lawfully available for distribution under the Cayman Companies Law.

HIGHLIGHTS OF RISK FACTORS

Our business faces risks including those set out in the section headed "Risk factors" in this prospectus. Prospective investors should read the section headed "Risk factors" in this prospectus in its entirely before making any investment decision in the Offer Shares. The following highlights some of the risks which are considered to be material by our Directors:

- We experienced net current liabilities during the Track Record Period;
- If there is any adverse incident associated with the quality of our food and services provided or if the hygiene standard of our restaurants do not meet the relevant statutory requirements, our restaurant business could be adversely affected;
- Any failure or perceived failure to deal with customer complaints or adverse publicity involving our brand, products, services or industry could materially and have an adverse impact on our business and results of operations;

- If our suppliers do not deliver raw materials and consumables at competitive prices or in a timely manner, we may experience supply shortages and increased food costs; and

- Our business could be adversely affected by difficulties in recruitment and retention of our employees and minimum wage requirement in Hong Kong may further increase and impact our staff costs in future.

SYSTEMIC NON-COMPLIANCE INCIDENTS

During the Track Record Period and up to the Latest Practicable Date, there were certain non-compliance incidents by our operating subsidiaries of certain laws and regulations in Hong Kong, including: (i) failure to enrol casual workers who were hired and paid in daily or weekly salaries in the registered MPF scheme and make contributions for such casual workers; (ii) failure to give written notice to the Inland Revenue Department when our Group commenced to employ or ceased to employ its employees contrary to the Inland Revenue Ordinance; (iii) operation of two of our restaurants without a valid general restaurant licence for a specific period; (iv) sale of liquor at one of our restaurants without the valid liquor licence; (v) licensees of the liquor licence of five of our restaurants were non-restaurant staff and were not present at the respective premises at all times within the prescribed hours; (vi) sale of fresh salmon sashimi without the relevant permission; and (vii) sale of chilled confectionery without the relevant permit. Please refer to the section headed "Business – Legal proceedings and compliance" in this prospectus for more details.

During the Track Record Period and up to the Latest Practicable Date, such non-compliance incidents have not resulted, and are not expected to result, in any material impact on our financial operations. Based on the advice of our Legal Counsel, our Directors are of the view that such non-compliance incidents are not expected to result, in any material impact on our financial conditions and results of operations.

Please see the sections headed "Business – Legal proceedings and compliance" in this prospectus for further details. Please also refer to the sections headed "Risk factors – We require various approvals and licences to operate our business, and the loss of, or failure to, obtain or renew any or all of these approvals and licences, could materially and adversely affect our business" and "Risk factors – All the liquor licences of our restaurants were held by individuals" in this prospectus.

LISTING EXPENSES

Our net profit for the year ending 31 March 2018 will have a considerable reduction due to the incurrence of listing expenses in 2017. Listing expenses directly attributable to issuing new Shares are recognised in equity, while other listing expenses are recognised as administrative expenses. Assuming that the Offer Size Adjustment Option is not exercised, the total amount of expenses incurred for the Listing is estimated to be HK$23.9 million (based on the mid-point of the indicative range of the Offer Price of HK$0.975). No Listing expenses had been charged to our consolidated income statement during the year ended 31 March 2017. We expect that a total amount of HK$15.4 million will be charged to our consolidated statements of profit or loss for the year ending 31 March 2018 with the remaining balance of HK$8.5 million accounted for as a deduction in equity after the Listing for the year ending 31 March 2018. Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and results of operations for the year ending 31 March 2018 will be significantly and adversely affected by the Listing expenses.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

In terms of the recent development of our business, we opened (i) TNC, a Nabe Urawa Restaurant in Hysan Place in Causeway Bay in September 2017; (ii) TST, a restaurant under our new brand "Say Cheese" offering Western light meal in Park Central in Tseung Kwan O in November 2017; and (iii) TSO, a restaurant under our new brand "Say Cheese" offering western light meal in Olympian City in West Kowloon in December 2017. We have also entered into lease for the opening of one "Say Cheese Kiosk" in Metroplaza in Kwai Fong in the fourth quarter of 2017 and a Nabe Urawa Restaurant in Park Central in Tseung Kwan O in the fourth quarter of 2018, so as to capture additional revenue stream while leveraging on our strength in brand building and restaurant operation as well as the market reputation which we have established over the years. For more details, please refer to the section headed "Business – Our strategies" in this prospectus.

Based on our unaudited consolidated management account for the four months ended 31 October 2017, our average daily seating turnover rate and our average spending per customer were approximately 3.4 and HK$143.1, respectively. Based on the aforesaid information, our Group's operating data have remained stable, and our total revenue for the four months ended 31 October 2017 has increased by 2.7% when compared to that for the same period in 2016 primarily due to the opening of two additional restaurants, namely TNT and TNC in November 2016 and September 2017 respectively.

Based on our unaudited consolidated management account for the four months ended 31 October 2017, the unaudited net profit (adjusted by the Listing expenses) decreased by 2.4% when compared to that for the same period in 2016 primarily due to additional provision made for audit fees, and the unaudited net profit margin (adjusted by the Listing expenses) remained stable.

We expect that our revenue for the year ending 31 March 2018 will be higher than that for the year ended 31 March 2017, is primarily due to (i) the commencement of operation of TNC in September 2017, TST in November 2017 and TSO in December 2017; and (ii) the additional contribution of full year operation of TNT, which commenced operation in November 2016. Although the expansion will enhance our revenue base, we expect that our net profit margin for the year ending 31 March 2018 will decrease as a result of (i) the higher percentage of operating costs over revenue (including the expected increase in staff costs, raw materials and rental expenses as consistent with the market trend according to Frost & Sullivan Report) during the year ending 31 March 2018; and (ii) the material adverse impact of the Listing expenses of approximately HK$15.4 million on our financials during the year ending 31 March 2018. Save for Listing expenses as disclosed in the paragraph headed "Listing expenses" in this section and the expenses incurred in relation to the opening of additional restaurants, we did not have and expect to have any significant non-recurring items in our consolidated income statement for the four months ended 31 October 2017 and the year ending 31 March 2018.

Save for the Listing expenses and higher operational costs, our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial position, operations or prospects of our Group since 30 June 2017 (being the date to which our latest audited financial information was prepared as set out in Accountants Report in Appendix I to this prospectus) and there had been no event since 30 June 2017 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

OFFERING STATISTICS

	Based on the minimum indicative Offer Price of HK$0.86 per Offer Share	Based on the maximum indicative Offer Price of HK$1.09 per Offer Share
Market capitalisation of our Shares expected to be in issue following completion of the Capitalisation Issue and the Share Offer *(Note 1)*	HK$344,000,000	HK$436,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Share *(Note 2)*	HK$0.21	HK$0.27

Notes:

(1) The calculation of market capitalisation is based on 400,000,000 Shares expected to be in issue immediately following the completion of the Reorganisation, Capitalisation Issue and the Share Offer.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share has been prepared after the adjustments referred to in "Unaudited pro forma financial information" in Appendix II to this prospectus and on the basis of 400,000,000 Shares expected to be in issue assuming that the Reorganisation, Capitalisation Issue and the Share Offer had been completed.

USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting the underwriting fees and estimated fees payable in connection thereto, are estimated to be approximately HK$73.6 million (without taking into account any Shares that may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option or any option(s) which may be granted under the Share Option Scheme and assuming an Offer Price of approximately HK$0.975, being the mid-point if the indicative Offer Price Range).

We currently intend to apply such net proceeds in the following manner:

- approximately HK$50.0 million, representing about 68.0% of the net proceeds from the Share Offer, will be used for the setup of eight new restaurants in Hong Kong;

- approximately HK$8.8 million, representing about 12.0% of the net proceeds from the Share Offer, will be used for upgrading ten of our existing restaurants by way of renovation and refurbishment;

- approximately HK$0.4 million, representing about 0.5% of the net proceeds from the Share Offer, will be used for upgrading our information technology system;

- approximately HK$7.4 million, representing about 10.0% of the net proceeds from the Share Offer, will be used for the repayment of bank loans which had been utilised to finance the opening of new restaurants i.e. TNC and TST; and

- approximately HK$7.0 million, representing about 9.5% of the net proceeds from the Share Offer, will be used for our working capital and general corporate purposes.

Please see sections headed "Business – Our Strategies" and "Future plans and use of proceeds" in this prospectus for more details.

Unless the context otherwise requires, the following expressions shall have the following meanings in this prospectus. Certain other terms are explained in the section headed "Glossary of technical terms".

"Accountants' Report"	the accountants' report set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), individually or collectively, as the context may require
"Articles" or "Articles of Association"	the second amended and restated articles of association of our Company conditionally adopted on 20 December 2017 and effective on the Listing Date, as amended or supplemented from time to time
"associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"Better World Development"	Better World Development Limited (世佳發展有限公司), a company incorporated in Hong Kong with limited liability on 2 October 2009, and an indirect wholly-owned subsidiary of our Company
"Better World Holdings"	Better World Holdings Limited (世昌集團控股有限公司), a company incorporated in Hong Kong with limited liability on 10 April 2012, and an indirect wholly-owned subsidiary of our Company
"Better World Management"	Better World Management Limited (世昌管理有限公司), a company incorporated in Hong Kong with limited liability on 11 September 2014, and an indirect wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of Directors of our Company
"business day(s)"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public

"Business Development"	Business Development Limited (商拓有限公司), a company incorporated in Hong Kong with limited liability on 5 August 2014, and an indirect wholly-owned subsidiary of our Company
"BVI"	the British Virgin Islands
"BWHK"	BWHK Limited, a company incorporated in the BVI with limited liability on 31 May 2017, and a direct wholly-owned subsidiary of our Company
"Capitalisation Issue"	the issue of 297,000,000 Shares to be made upon completion of the Share Offer referred to in "Statutory and general information – A. Further information about our Company – 4. Extraordinary general meeting of our Shareholders held on 20 December 2017" in Appendix IV to this prospectus
"Cayman Islands"	the Cayman Islands
"Cayman Islands Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Cayman Islands Share Registrar"	Conyers Trust Company (Cayman) Limited
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"Chiu Kee"	Chiu Kee (潮記), one of our suppliers for food ingredients which is an individual business owned by Mr. Ng
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company" or "our Company"	Taste • Gourmet Group Limited (嚐 • 高美集團有限公司) (formerly known as Taste Gourmet Group Limited (嚐高美集團有限公司) and changed to its current name on 14 July 2017), the proposed new holding company of our Group after the Reorganisation and the proposed listing vehicle for the Listing, which is an exempted company incorporated in the Cayman Islands on 26 May 2017 with limited liability and the Shares of which are to be listed on the GEM of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholders"	has the meaning ascribed thereto under the GEM Listing Rules as Mr. NS Wong and Ms. Chan are concert parties who are beneficial owners of 70% and 30% of the issued share capital of IKEAB Limited, Mr. NS Wong, Ms. Chan and IKEAB Limited are a group of Controlling Shareholders
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules

"Dab-pa Restaurant(s)"	our Chinese themed full service restaurants which we operate under the brand name of 稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine) and/or 稻成小館 (Dab-pa Peking & Szechuan Bistro) from time to time. As at the Latest Practicable Date, we operated TDC and TDB
"Deed of Indemnity"	the deed of indemnity dated 20 December 2017 entered into by the Controlling Shareholders in favour of our Company (for ourselves and on behalf of our subsidiaries) in respect of, among other things, certain indemnities regarding taxation as referred to "Statutory and General Information – E. Other Information – 1. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition undertaking dated 20 December 2017 entered into by the Controlling Shareholders in favour of our Company (for ourselves and for the benefit of our subsidiaries) further details of which are set out in "Relationship with our Controlling Shareholders – Deed of Non-competition" in this prospectus
"Director(s)" or "our Directors"	the directors of our Company
"Existing Shareholders"	Mr. NS Wong, Ms. Chan, Mr. Chu, Mr. Huang, Mr. Ko, Ms. Lau, Mr. Ng and Mr. NM Wong
"FEHD"	Food and Environmental Hygiene Department of the government of Hong Kong
"Frost & Sullivan"	Frost & Sullivan International Limited, an independent industry consultant commissioned by us to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	the industry report prepared by Frost & Sullivan for the purpose of this prospectus
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider

"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**HK eIPO White Form**"	the application of the Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HK$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"IKEAB Limited"	IKEAB Limited, a company incorporated in the BVI with limited liability on 19 May 2017, and owned as to 70% by Mr. NS Wong and 30% by Ms. Chan
"Independent Third Party(ies)"	individual(s) or company(ies) which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any directors, chief executives and substantial shareholders of our Company or any of its subsidiaries and any of their respective associates

"La'taste Restaurant(s)"	our Vietnamese themed full service restaurants which we operate under the brand name of 品越越式料理 (La'taste Vietnamese Cuisine) from time to time. As at the Latest Practicable Date, we operated TLA, TLC, TLK, TLM and TLO
"Latest Practicable Date"	20 December 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Legal Counsel"	Mr. Chan Chung, barrister-at-law of Hong Kong
"Liquor Licensing Board" or "LLB"	Liquor Licensing Board of Hong Kong
"Listing"	the listing of the Shares on GEM
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date expected to be on or around 15 January 2018, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on GEM
"Listing Division"	the listing department of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the second amended and restated memorandum of association of our Company adopted on 20 December 2017, as amended or supplemented from time to time
"MP"	MP Limited, a company incorporated in Hong Kong with limited liability on 23 April 2015, and an indirect wholly-owned subsidiary of our Company
"MPF"	Mandatory Provident Fund
"MPFSO"	Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
"Mr. Huang"	Mr. Huang Yi Liang (黃毅亮), elder brother of Mr. NS Wong, younger brother of Mr. NM Wong and brother-in-law of Ms. Chan
"Mr. Chu"	Mr. Chu Kwan Foon (朱群歡), an employee, the executive chef in Vietnamese cuisine of our Group and an Independent Third Party

"Mr. Ko"	Mr. Ko Ka Lok (高家樂), spouse of Ms. Lau and an Independent Third Party
"Mr. Ng"	Mr. Ng Chun Yum (吳振欽), an Independent Third Party
"Mr. NM Wong"	Mr. Wong Ngai Ming (黃毅銘), elder brother of Mr. NS Wong and Mr. Huang and brother-in-law of Ms. Chan
"Mr. NS Wong"	Mr. Wong Ngai Shan (黃毅山), our executive Director and chairman of our Board, one of our Controlling Shareholders, the spouse of Ms. Chan and the younger brother of Mr. NM Wong and Mr. Huang
"Mr. Yu"	Mr. Yu Man To Gerald Maximillian (余孟滔), our chief financial officer, company secretary and compliance officer
"Ms. Chan"	Ms. Chan Wai Chun (陳慧珍), our executive Director and chief executive officer, one of our Controlling Shareholders, the spouse of Mr. NS Wong and sister-in-law of Mr. NM Wong and Mr. Huang
"Ms. Lau"	Ms. Lau Man Wai (劉文蕙), spouse of Mr. Ko and an Independent Third Party
"Nabe Urawa Restaurant(s)"	our Japanese full service hotpot restaurants which we operate under the brand name of 牛氣 (Nabe Urawa) from time to time. As at the Latest Practicable Date, we operated TNM, TNT and TNC
"Nice Grain"	Nice Grain Limited (麗禾有限公司), a company incorporated in Hong Kong with limited liability on 11 July 2011, and an indirect wholly-owned subsidiary of our Company
"Offer Price"	the price for each Offer Share of not more than HK$1.09 per Share and expected to be not less than HK$0.86 per Share (excluding brokerage, Stock Exchange trading fee and SFC transaction levy) and to be fixed on the Price Determination Date
"Offer Shares"	the Public Offer Shares and the Placing Shares

"Offer Size Adjustment Option"	the option expected to be granted by our Company to the Placing Underwriter, exercisable by the Sole Bookrunner (for itself and on behalf of the Placing Underwriter) at its sole and absolute discretion under the Placing Underwriting Agreement to require our Company to issue up to an additional 10,000,000 Shares, representing 10.0% of the number of the initial Offer Shares, at the Offer Price, details of which are described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriter on behalf of our Company together with, where relevant, any additional Offer Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option for cash to professional, institutional and other investors at the Offer Price, subject to the terms and conditions as described in the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing Shares"	the 90,000,000 new Shares initially offered for subscription at the Offer Price under the Placing, subject to re-allocation and the exercise of the Offer Size Adjustment Option, as described under the section headed "Structure and conditions of the Share Offer" of this prospectus
"Placing Underwriter"	the underwriter of the Placing, who is expected to enter into the Placing Underwriting Agreement
"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing and expected to be entered into by, among others, our Company, the Controlling Shareholders, the executive Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Placing Underwriter, as further described in the subsection headed "Underwriting – The Placing" in this prospectus
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan

"Price Determination Date"	the date expected to be on or around 5 January 2018 (or such other date as may be agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on which the Offer Price will be determined for the purposes of the Share Offer
"Public Offer"	the offer by our Company of the Public Offer Shares for subscription to the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) as described in the section headed "Structure and conditions of the Share Offer" in this prospectus and on and subject to the terms and conditions stated herein and in the Application Forms relating thereto
"Public Offer Shares"	the 10,000,000 new Shares initially offered by our Company for subscription at the Offer Price pursuant to the Public Offer (as described in the section headed "Structure and conditions of the Share Offer" in this prospectus)
"Public Offer Underwriter"	the underwriter of the Public Offer named in the subsection headed "Underwriting – Underwriters – Public Offer Underwriter" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement relating to the Public Offer entered into, among others, our Company, the Controlling Shareholders, the executive Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriter, as further described in section headed "Underwriting – The Public Offer – Public Offer Underwriting Agreement" in this prospectus
"Regulation S"	Regulation S under the US Securities Act
"Reorganisation"	the particularised arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed "History, development and Reorganisation" in this prospectus

"Rise Charm"	Rise Charm Limited (晉昌有限公司), a company incorporated in Hong Kong with limited liability on 13 September 2007, and an indirect wholly-owned subsidiary of our Company
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary share(s) with a nominal value of HK$0.10 each in the share capital of our Company
"Shareholder(s)"	holder(s) of Shares
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company, further details of which are described in the "Statutory and general information – A. Further information about our Company – 4. Extraordinary general meeting of our Shareholders held on 20 December 2017" in Appendix IV to this prospectus
"Sole Bookrunner" or "Sole Lead Manager"	UOB Kay Hian
"Sole Sponsor" or "Dongxing Securities"	Dongxing Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO), being the sole sponsor of the Share Offer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules

"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
"Taste Gourmet"	Taste Gourmet Limited (嘗好有限公司), a company incorporated in Hong Kong with limited liability on 19 May 2014, and an indirect wholly-owned subsidiary of our Company
"Taste New"	Taste New Limited (嘗新有限公司), a company incorporated in Hong Kong with limited liability on 18 June 2012, and an indirect wholly-owned subsidiary of our Company
"TDB"	a Chinese full service restaurant operating under the brand name of 稻成小館 (Dab-pa Peking & Szechuan Bistro) by MP offering Chinese cuisine and located at Shops Nos. 2162-2172, second floor of Commercial Accommodation, Tuen Mun Town Plaza, No. 1 Tuen Shing Street and No. 1 Tuen Shun Street, Tuen Mun, New Territories, Hong Kong
"TDC"	a Chinese full service restaurant operating under the brand of 稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine) by Nice Grain offering Chinese cuisine and located at Shop 1047, First Level, the Elements, West Kowloon
"TFC"	a Western full service restaurant operating under a licensed brand name of "FIAT Caffé" by Taste New offering Western cuisine and located at Shop B1018 and B1023, Basement One Floor, Mira Place (formerly known as Miramar Shopping Centre), No. 132 Nathan Road, Tsim Sha Tsui
"The HK 5-S Association"	The HK 5-S Association (香港五常法協會)
"TLA"	a Vietnamese full service restaurant operating under the brand name of 品越越式料理 (La'taste Vietnamese Cuisine) by Taste Gourmet serving full Vietnamese-style cuisine and located at Shop No. C2, Ground Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong

"TLC"	a Vietnamese full service restaurant operating under the brand name of 品越越式料理 (La'taste Vietnamese Cuisine) by Better World Development and located at First Floor, Conwell House, Nos. 34, 36 and 38 Stanley Street, Hong Kong
"TLK"	a Vietnamese full service restaurant operating under the brand name of 品越越式料理 (La'taste Vietnamese Cuisine) by Taste Gourmet and located at Shop Nos. F7-F8, First Floor of Kornhill Plaza, 1 Kornhill Road, Hong Kong
"TLM"	a Vietnamese full service restaurant operating under the brand name of 品越越式料理 (La'taste Vietnamese Cuisine) by Business Development and located at Shop No. 116, 1/F, Grand Plaza, 625 & 639 Nathan Road, Kowloon
"TLO"	a Vietnamese full service restaurant operating under the brand name of 品越越式料理 (La'taste Vietnamese Cuisine) by Better World Development and located at Shop No. G30, Ground Floor, Olympian City 3, No. 1 Hoi Wang Road, Kowloon, Hong Kong
"TNC"	a Japanese full service hotpot restaurant operating under the brand name of 牛氣 (Nabe Urawa) by MP and located at Shops Nos. 1404-1405 on the 14th Floor, Hysan Place, No. 500 Hennessy Road, Causeway Bay, Hong Kong
"TNM"	a Japanese full service hotpot restaurant operating under the brand name of 牛氣 (Nabe Urawa) by Business Development and located at Shop No. 118, 1/F, Grand Plaza, 625 & 639 Nathan Road, Kowloon
"TNT"	a Japanese full service hotpot restaurant operating under the brand name of 牛氣 (Nabe Urawa) by MP and located at Shops L404 and L405, Level 4, The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong
"Track Record Period"	the period comprising the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017

"TSO"	a western quick service restaurant operating under the brand name of "Say Cheese" by MP and located at Shop No. G09, Ground Floor, Olympian City 2, Olympian City, Kowloon
"TST"	a Western full service restaurant operating under the brand name of "Say Cheese" by MP and located at Shop No. 173 on the Level 1 of Park Central, No. 9 Tong Tak Street, Tseung Kwan O, Sai Kung, New Territories
"TUS"	a Japanese full service restaurant operating under the brand name of 浦和日本料理 (Urawa Japanese Restaurant) by Rise Charm serving full Japanese-style cuisine and located at Ground Floor, Tung Hip Commercial Building, Nos. 244-252 Des Voeux Road Central, Hong Kong
"TUT"	a Japanese full service restaurant operating under the brand name of 浦和日本料理 (Urawa Japanese Restaurant) by Rise Charm serving full Japanese-style cuisine and located at 3/F, Lik Sang Plaza, 269 Castle Peak Road, Tsuen Wan. It was closed in the first quarter of 2017
"TUW"	a Japanese full service restaurant operating under the brand name of 浦和日本料理 (Urawa Japanese Restaurant) by Rise Charm serving full Japanese-style cuisine and located at Unit A, G/F, Man Hee Mansion, No. 4 Landale Street, Wan Chai, Hong Kong. It was closed in the first quarter of 2015
"UOB Kay Hian"	UOB Kay Hian (Hong Kong) Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
"Underwriters"	the Public Offer Underwriter and the Placing Underwriter
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement

"Urawa Japanese Restaurant(s)"	our Japanese full service dining restaurants which we operate under the brand name of 浦和日本料理 (Urawa Japanese Restaurant) from time to time. As at the Latest Practicable Date, we operated TUS
"US" or "United States" or "U.S."	the United States of America
"US$" or "U.S. dollars" or US dollars"	United States dollars, the lawful currency of the United States
"US Securities Act"	the United States Securities Act 1933, as amended or supplemented from time to time
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Public Offer Shares to be issued in the applicant's own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require such Public Offer Shares to be deposited directly in CCASS
"%"	per cent

Unless otherwise specified, all times refer to Hong Kong local time and dates and references to years in this prospectus are to calendar years.

Unless otherwise specified or otherwise required in context, all data contained in this prospectus are as at Latest Practicable Date.

This glossary contains certain explanations of certain terms used in this prospectus in connection with our Group and/or its business. The terminology and their meanings may not correspond to standard industry definitions.

"CAGR"	compound annual growth rate, a method of assessing the average growth of a value over a certain time period
"CBD"	central business district
"full service restaurant"	full service restaurant refers to restaurant with full table service provided by waiters, where customers are served with meals at their tables and typically pay at the end of the meal. They are characterised by attentive table service and higher food quality, generally more comfortable dining ambience and a wider range of cuisines compared to quick service restaurants
"GDP"	gross domestic product
"GFA"	gross floor area
"mid-to-high-end"	when used in the context of Hong Kong restaurant industry, where customers generally spend approximately HK$120 or above per person per meal for all cuisine segments based on the average spending of the customers for different cuisine segments, according to the Frost & Sullivan Report
"quick service restaurant"	quick service restaurant refers to restaurant that provides fast and consistent food services, with no or little table service and simple dining ambience. Quick service restaurants typically have order taking and cooking platforms designed specifically for ordering, preparing and serving menu items with speed and efficiency. In general, customers' spending is lower at quick service restaurants

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed "Summary", "Risk factors", "Industry overview", "Business", "Financial information" and "Future plans and use of proceeds" in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed "Risk factors" in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our dividend policy;
- our profit estimate and other prospective financial information.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "project", "seek", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the government relating to any aspect of our business or operations;
- general global economic, market and business conditions;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed "Risk factors" in this prospectus.

You should carefully consider all information set out in this prospectus and, in particular, should evaluate the following risks associated with an investment in our Shares. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We experienced net current liabilities during the Track Record Period.

As of 31 March 2016 and 2017 and 30 June 2017, we had net current liabilities of approximately HK$2.1 million, HK$13.3 million and HK$13.8 million respectively as (i) we continue to expand our restaurant network by opening new restaurants and all related expenditures such as rental and utilities deposits, and purchase of property, plant and equipment are classified as non-current asset; (ii) although the bank borrowings are term loan repayable over one year according to the predetermined repayment schedule, all bank borrowings are classified as current liabilities due to the repayment on demand clause, therefore resulted in net current liabilities position. The increase of our net current liabilities position by approximately HK$11.2 million for the year ended 31 March 2016 to 31 March 2017 is primarily due to the (i) increase in bank borrowings of approximately HK$7.4 million; (ii) increase in income tax payable of approximately HK$2.7 million which was mainly attributable to the increase in revenue and net profits; and (iii) increase in amount due to a director of approximately HK$6.5 million, but was off-set by (a) increase in trade and other receivables of approximately HK$3.2 million mainly due to the reclassification of rental and utilities deposits from non-current assets as some of our restaurant leases are up for renewal within the following twelve months; and (b) increase in bank balance and cash of approximately HK$2.0 million. The increase in bank borrowings and amount due to a director was mainly used to finance the opening of the two new restaurants during the year ended 31 March 2017. Please refer to the section headed "Financial information – Net current liabilities" in this prospectus for further details regarding our net current liabilities.

We may continue to have net current liabilities in the future. Significant net current liabilities could constrain our operational flexibility and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financial needs, we may need to rely on external funding. If adequate external funds are not available on commercially reasonable terms, we may face liquidity issues and our business, financial condition and results of operations may be materially and adversely affected.

If there is any adverse incident associated with the quality of our food and services provided or if the hygiene standard of our restaurants does not meet the relevant statutory requirement, our restaurant business could be adversely affected.

Incidents of food contamination could materially harm our reputation and negatively impact our business. Our customers and restaurant guests may file complaints or claims against us regarding our food products and services, including the food prepared and served in, and taken outside of our restaurants. Being a player in the restaurant industry, we face an inherent risk of food contamination and liability claims. For instance, there were allegations of rotten meat being sold with falsified certificates by some Brazilian meat processing companies and cancer-linked chemicals found in hairy crabs imported to Hong Kong. These risks may be caused by unauthorised third parties tampering or product contamination, including the presence of foreign contaminants, bacteria, chemicals or other agents during the process of slaughtering, transportation and storage. Our food quality partly depends on the quality of the food ingredients and raw materials provided by our suppliers, and we may not be able to detect all defects of our supplies. In the event that the government of Hong Kong imposes import suspension of the raw materials which our suppliers source, it may interrupt the supply of raw materials from our suppliers. Our Group may not be able to deliver goods to our customers on time due to the sudden shortage of raw materials supply. The cost of raw materials will increase even though the import suspension is not imposed on our suppliers. If we are unable to adjust our price with our customers to fully reflect the increase in our cost of raw materials, our financial position and operation will be adversely affected.

During the Track Record Period, all of the food ingredients are processed at our restaurants. We also face the risk that some of our employees may not adhere to our food safety and quality control procedures and requirements. Any failure to detect defective food ingredients, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food served at our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, imposition of penalties against us by relevant authorities and compensation awards by courts. We cannot assure you that we will not receive any material orders or claims or penalty in relation to food and health-related matters in the future. Any such incidents could materially harm our reputation, results of operations and financial condition.

Any failure or perceived failure to deal with customer complaints or adverse publicity involving our brand, products, services or industry could materially and have an adverse impact on our business and results of operations.

We operate restaurant business that can be adversely affected by negative publicity or news reports, whether accurate or not, regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our restaurants, restaurants operated by other food service providers or others across the food industry supply chain. Any such negative publicity could materially harm our business and results of operations and result in damage to our brands. During the Track Record Period, certain customers made complaints at our restaurants, through our customer service hotline and in writing, and certain customers expressed their negative opinions on social media platforms and websites.

Significant numbers of complaints or claims against us, even if meritless or unsuccessful, could force us to divert management and other resources from other business concerns, which may adversely affect our business and operations. Adverse publicity resulting from such allegations, even if meritless or unsuccessful, could cause customers to lose confidence in us and our brands, which may adversely affect the business of the restaurants subject to such complaints and our restaurants under the same or related brand. As a result, we may experience significant decline in our revenue and customer traffic from which we may not be able to recover.

Our operations are susceptible to increases in procurement costs for raw materials and consumables, which could adversely affect our business, margins and results of operations.

Our raw materials and consumables used consist of food ingredients, beverages and consumables used in our restaurants. Prices of our raw materials which comprise food ingredients such as vegetables, seafood and meat fluctuated during the Track Record Period. Please refer to the section headed "Industry overview – Cost structure analysis – Average price of key raw materials" for details of the market trends, and the section headed "Financial information – Description of the principal components of our results of operations – Raw materials and consumables used" in this prospectus for details of our cost of food and beverages during the Track Record Period. Our profitability depends significantly on our ability to anticipate and react to changes in procurement costs of food ingredients. Our cost of raw materials and consumables accounted for 30.1%, 27.5% and 26.9% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 respectively.

The availability of food ingredients, such as the type, variety, quality, and their prices, can vary and are subject to factors beyond our control, including seasonal fluctuations, climate conditions, natural disasters, general economic conditions, market demand, governmental regulations, exchange rates, each of which may affect our cost of food ingredients and beverages or cause a disruption in our supply. Our suppliers may also be affected by higher costs due to rising labour costs, importation costs and other expenses that they may pass through to us. It will then lead to higher costs for raw materials and consumables supplied to us. As a result, our business, margins and results of operations may be adversely affected.

Our results of operations are susceptible to periodic fluctuations due to seasonality.

During the Track Record Period, certain restaurants of our Group recorded a relatively higher monthly revenue during July, August and December, which we believe was due to the summer holidays of students and the Christmas holiday. Our revenue in June and November during the Track Record Period were relatively lower. As a result, our results of operations may experience fluctuations from period to period and a comparison of different periods may not be prognostic. For details of the seasonality factors, please refer to the sections headed "Business – Pricing strategies" and "Financial information – Factors affecting our financial condition and results of operations" in this prospectus for further details.

If our suppliers do not deliver raw materials and consumables at competitive prices or in a timely manner, we may experience supply shortages and increased food costs.

The ability to source food ingredients at competitive prices in a timely manner is crucial to our business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants depends in part on our ability to acquire food ingredients from reliable sources that meet our quality specifications, in sufficient quantities and at competitive prices. We generally do not enter into any long-term contracts with our food ingredients suppliers. We believe that, based on our operating experience, this arrangement is the industry practice in Hong Kong. Please refer to the section headed "Business – Our raw materials, consumables and suppliers" in this prospectus for details of our relationship with our food ingredients suppliers.

For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, the total purchases from our five largest suppliers amounted to 38.8%, 34.1% and 33.0% of our total purchases of raw materials and consumables representing food ingredients and beverages, respectively. However, there can be no assurance that we will be able to maintain business relationships with our key suppliers.

Our business could be adversely affected by difficulties in recruitment and retention of our employees and minimum wage requirement in Hong Kong may further increase and impact our staff costs in future.

We believe hiring, training, motivating and retaining qualified employees are critical part of our success as a restaurant operator. Our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant managers, kitchen staff and waiting staff. As at 30 June 2017, we employed approximately 205 full-time employees, of whom 31 were headquarters personnel, 102 were restaurant staff and 72 were kitchen staff. According to Frost & Sullivan, full service restaurants have been affected by manpower shortage and high staff turnover. With the shortage of quality customer service staff, it presents a challenge for restaurants in Hong Kong, especially since it is often perceived as a less desirable occupation. For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, our average full-time staff turnover rates were approximately 63.6%, 71.7% and 63.6% (annualised) during the relevant period, respectively. Such staff turnover rate is calculated by dividing the number of employees who left during the period by the average number of employees at the beginning and the end of the relevant period. The relevant vacant positions are mainly junior kitchen staff and waiting staff.

In addition, staff costs is one of the major factors affecting our results of operations. For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, our staff costs amounted to approximately HK$51.9 million, HK$64.6 million and HK$15.5 million, representing 31.7%, 32.6% and 31.9% of our revenue respectively. We are also required to comply with the statutory minimum wage requirements, which came into force on 1 May 2011. According to Frost & Sullivan, staff salaries of the restaurant industry in Hong Kong increased at a CAGR of 6.7% from 2011 to 2016, and the rapid growing staff salaries were due to the increase of minimum wage. During the Track Record Period, the statutory minimum wage rate was HK$32.5 per hour. The statutory minimum wage rate was increased to HK$34.5 per hour from 1 May 2017 and onwards. Labour shortage has become a major challenge faced by restaurant groups as most of the potential employees prefer less laborious positions and higher job security at a similar salary.

It is therefore important for us to hire and retain good restaurant managers, kitchen staff and waiting staff and manage the staff costs effectively. Any failure to employ and retain enough good restaurant managers, kitchen staff and waiting staff could delay planned restaurant openings or result in higher employee turnover, either of which could have a material adverse effect on our business and results of operations. In addition, we may be required to pay higher wages to compete for qualified employees, which could result in higher staff costs. If there is any further increase in the statutory minimum wage rate in Hong Kong, our staff costs would likely increase as a result. As wages increase, competition for suitable employees also increases, which may indirectly result in further increases in our staff costs. Given the competitive market environment in Hong Kong, we may not be able to increase our prices high enough to pass these increased staff costs onto our customers, in which case our business and results of operations would be materially and adversely affected.

We may be unable to detect, deter and prevent all incidents of fraud, theft or other misconduct committed by our employees, customers or other third parties.

As we operate in the restaurant industry, we usually receive and handle large amount of cash in our daily operations. During the Track Record Period, substantially all of our purchases of raw materials and consumables directly placed by our restaurants were generally settled through our finance department. We had an incident of burglary in January 2016, which, we had incurred a loss of approximately HK$184,000 for the year ended 31 March 2016, however, had not materially adversely impacted on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. Please refer to the section headed "Business – Pricing strategies – Settlement and cash management – Cash" in this prospectus for more details. We cannot assure you that there will not be any incidents of fraud, theft or other misconduct involving our employees, customers and/or other third parties in the future. We may be unable to prevent, detect or deter all incidents of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

As we lease all of the properties for our restaurant operations, we are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

During the Track Record Period, we leased all of the properties for the operation of our restaurants. Property rentals and related expenses of our restaurants amounted to approximately HK$20.2 million, HK$24.1 million and HK$6.7 million, representing 12.3%, 12.2% and 13.7% of our revenue for the year ended 31 March 2016 and 2017 and the three months ended 30 June

2017, respectively. As there are provisions in relation to incremental rental payments under some of the lease agreements which we have entered into, we expect that there will be an increase in rental payment during the residual term of some of our leases, and thereby posing an adverse effect on our profit. In addition, the lease agreements which we have entered into in relation to some of our restaurants require us to pay the larger amount of the relevant monthly fixed rent or turnover rent which is calculated by a pre-agreed formula based on a specific percentage of the turnover of the restaurant. In such case, certain portion of our increased revenue of such restaurant would be absorbed by the rental costs, which may partly restrict the growth of our profit. During the Track Record Period and as at the Latest Practicable Date, 6 of 9, 8 of 11, 8 of 10 and 11 of 13 lease agreements (involving 7, 9, 9 and 12 restaurants) contain the clauses of turnover rent respectively. Property rentals and related expenses of our restaurants with the clauses of turnover rent amounted to approximately HK$14.4 million, HK$18.5 million and HK$5.6 million, representing 71.3%, 76.5% and 84.1% of the total property rentals of our restaurants for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. In addition, during the Track Record Period and as at the Latest Practicable Date, 5 of 9, 7 of 11, 7 of 10 and 8 of 13 lease agreements (involving 6, 8, 8 and 8 restaurants) contain the clauses of rental increment during the lease terms respectively. The extent of the increment are ranged from 4% to 25% in the basic rent of the immediately preceding year, of which 1 lease agreement has a provision of an increase in the turnover rent rate of 1% during the lease term. Property rental and related expenses of our restaurants with the clauses of rental increment during the lease terms amounted to approximately HK$12.5 million, HK$16.6 million and HK$5.1 million, representing 61.9%, 68.7% and 76.9% of the total property rentals of our restaurants for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. In the event that rental costs for properties that are suitable for restaurant businesses in Hong Kong increase in the future or if we are unable to offset such increase by reducing our other operating costs, or by passing the increase in our property rentals and related expenses to our customers, our financial condition and results of operations may be adversely affected. Please refer to "Business – Our properties – our restaurants" in this prospectus for further details.

We compete with other retailers and restaurants for sites in a highly competitive market for retail premises. If we cannot obtain desirable restaurant sites or secure renewal of existing leases on commercially acceptable terms, our business, results of operations and ability to implement our growth strategy will be adversely affected.

We compete with other retailers and restaurants for locations in the highly competitive markets for retail premises. There is no assurance that we will be able to enter into new lease agreements for suitable locations or renew existing lease agreements with our landlords on commercially acceptable terms, if at all. During the Track Record Period, we closed TUT in February 2017 as we consider that the management and operation of the shopping mall was not in line with our expected standards causing the financial performance of TUT to be below our expectations.

As at the Latest Practicable Date, the leases for our restaurants were generally a fixed lease term between two and five years, and only a few of the leases contain an option term in the relevant lease agreement which provides an option for us to renew upon expiry of the fixed lease term. Please refer to the section headed "Business – Our properties" in this prospectus for more details. However, all of these option terms have either provided that the new rental shall be adjusted to market rate or the manner to calculate the new rental has been specified, which will be higher than the existing rental of the relevant property. During the Track Record Period and as at the Latest Practicable Date, 5 of 9, 6 of 11, 5 of 10 and 6 of 13 lease agreements (involving 6, 7, 6 and 6 restaurants) contain an option to renew clause upon renewal with the renewed rental amount to be determined at the prevailing market rate, respectively, of these 4, 5, 4, and 5 lease agreements provides a cap on the maximum increase. The extent of the increment cap ranged from 15% to 20% in the basic rent prior to the expiry of the leases. Property rentals and related expenses of our restaurants with the clauses of capped rental increment upon renewal amounted to approximately HK$10.5 million, HK$11.7 million and HK$3.5 million, representing 52.2%, 48.6% and 52.5% of the total property rentals of our restaurants for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 respectively. As at the Latest Practicable Date, 7 of 13 lease agreements (involving 8 restaurants) do not contain any option to renew, 1 of 13 lease agreements (involving 1 restaurant) contain option to renew but without any cap on rental increment, and the increase of the rental costs upon renewal would be subject to the market prevailing rate and further negotiation with the landlords. If we do not have an option to renew a lease agreement, we may need to negotiate the terms of renewal with our landlord. If a lease agreement is renewed at a rate substantially higher than the existing rate or with less favourable terms than existing terms, we may evaluate whether renewal on such modified terms is in our best interest. If we are unable to renew leases for our restaurant sites on reasonable terms, we may consider closing or relocating the relevant restaurant, which may adversely affect the result of our operations during the period of the restaurant closure. Furthermore, we may incur additional cost for relocating a restaurant, including renovation and relocation costs. However, there is no certainty that the new replacement restaurants will have similar or better performance as compared to the closed restaurants. Therefore, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially reasonable terms could have a material adverse effect on our business and results of operations.

We require various approvals and licences to operate our business, and the loss of, or failure to, obtain or renew any or all of these approvals and licences, could materially and adversely affect our business.

We are required to maintain various types of licences, including general restaurant licences and water pollution control licences for the operation of our restaurant business in Hong Kong. We may also require additional certifications depending on the equipment installed in the kitchen at our restaurants, such as lifting appliances. We must obtain a general restaurant licence and a water pollution control licence before a restaurant can commence operations. Our general restaurant licences are valid for one year, and our water pollution control licences are valid for approximately five years. We need to renew these licences and certificates before they expire in order to comply with the relevant regulatory requirements and ensure that we may continue with our business operation without any disruption. Please refer to the sections headed "Regulatory overview – (A) Licences, approvals and permit necessary for our business operations" and "Regulatory overview – (B) Environmental protection" in this prospectus for more details.

We may experience difficulties or failures in obtaining the necessary approvals, licences, certificates and permits for new restaurants. During the Track Record Period, TDB was granted a temporary licence by FEHD to operate, which expired on 12 January 2017, yet FEHD did not grant a formal licence to TDB until 1 February 2017, there were 19 days where our Group operated the said restaurant without a licence. Our Group has previously been involved in other non-compliance incidents such as non-compliance with statutory requirements under the Inland Revenue Ordinance, Employees' Compensation Ordinance, Food Business Regulations, Dutiable Commodities Ordinance, Frozen Confections Regulation and the mandatory provident fund scheme. Please refer to the sections headed "Regulatory overview – (A) Licences, approvals and permit necessary for our business operations – General restaurant licence" and "Business – Legal proceedings and compliance" in this prospectus for requirements and the latest status of these non-compliances. In addition, there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licences, certificates and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain and/or maintain all licences required by us to operate our business, planned new business operations and/or expansion may be delayed and our ongoing operation of our business could be disrupted. We may also be subject to fines and penalties. It is possible that prosecution may be taken against our Group and/or the relevant Directors for the non-compliance. We could not assure you that the relevant authorities will not prosecute our Group and/or the relevant Directors for the non-compliance during the Track Record Period. As a result, our business, results of operations and financial condition may be adversely affected.

All the liquor licences of our restaurants were held by individuals.

All of the liquor licences of our restaurants were held by individuals as at the Latest Practicable Date. For details, please refer to the section headed "Business – Major licences and qualifications" and "Business – Legal proceedings and compliance" in this prospectus.

Pursuant to regulation 15 of the Dutiable Commodities (Liquor) Regulations, any transfer of a liquor licence must be conducted in the prescribed form with the consent of the liquor licence holder. In case of illness or temporary absence of the liquor licence holder, the secretary of the Liquor Licensing Board may in his/her discretion authorise any person to manage the licensed premises under regulation 24 of the Dutiable Commodities (Liquor) Regulations, upon application by the liquor licence holder. For any application for cancellation of the liquor licence made by the holder of liquor licence, one must make an application for new issue of a liquor licence to the Liquor Licensing Board. In case of death or insolvency of the liquor licence holder, his/her executor or administrator or trustee may carry on the business in the licensed premises until the expiration of the licence under section 54 of the Dutiable Commodities Ordinance.

If the relevant employee refuses to give consent to a transfer application when a transfer is required, or fails to make an application in respect of his/her illness or temporary absence or makes a cancellation application without our consent, or if an application for new issue of a liquor licence is required in case of death or insolvency of the relevant employee, the relevant restaurant may have to cease its sale of liquor for the time being, in which case may adversely affect our business and profitability.

We may not be able to implement our growth strategies or manage or growth effectively, in particular our ability to create new menu in response to the market trend, may hinder our ability to capitalise on new business opportunities.

Our future success depends, to a large extent, on our ability to implement our future plans. We intend to, among other things, to expand the coverage of our current brand portfolio. Please refer to the sections headed "Business – Our strategies" and "Future plans and use of proceeds" in this prospectus for more information of our future plans.

The implementation of our future plans will require capital investments, significant amount of managerial and technical resources, efforts and timely execution of the future plans, including site selection, renovations, obtaining the required licences and certificates for new restaurants, and is subject to the following risks and uncertainties:

- find suitable locations and secure leases on commercially acceptable terms;
- secure the required government licences and certificates;
- have sufficient funding for restaurant opening costs;
- efficiently manage the time and cost involved in the design, renovation and opening processes for each new restaurant;
- accurately estimate expected consumer demand in new locations and markets;
- secure adequate suppliers of food ingredients that meet our quality standards;
- hire, train and retain skilled management and other employees on commercially acceptable terms; and
- successfully promote our new restaurants and compete in the markets where our new restaurants are located.

We may not be able to open our planned new restaurants on a timely basis, if at all, and if opened, these restaurants may not be operated profitably. We cannot assure that we will be successful in new cuisine offerings and new concepts. The operating results of the new restaurants and new cuisine offerings may not be comparable to the operating results of any of our existing restaurants, and may result in lower operating margins than our existing restaurants and existing cuisine offering. We may incur higher depreciation expenses going forward due to the proposed rapid expansion in the number of our restaurants based on our expansion plan as disclosed in the section headed "Business – Our strategies" in this prospectus. We may also experience delays in restaurant openings. Opening new restaurants may place substantial strain on our managerial, operational and financial resources. We may not be able to attract enough customers to our new restaurants because potential customers may be unaware of or unfamiliar with our new brands, such as Say Cheese, the new restaurants or the menu of our new restaurants might not appeal to them.

Any of the above or similar risks or uncertainties could significantly delay or otherwise restrict our ability to implement our future plans, which could in turn adversely affect our ability to continue to improve our business prospects and profitability.

Opening new restaurants in existing markets may negatively affect sales and customer traffic at our existing restaurants.

The target customers of our restaurants may vary by location, depending on a number of factors such as population density, local retailers and business attractions, area demographics and geography. As a result, the opening of new restaurants near our existing restaurants in the same district could adversely impact the sales and customer traffic of our existing restaurants.

Also, we plan to open new restaurants in districts that we currently do not have existing restaurants operating under the same brand. We carefully consider any likely impact on our existing restaurants when we evaluate each new restaurant site. While we consider the new restaurant's potential ability to attract more customers from our competitors, we also seek to balance any potential impact of the new restaurant on our existing restaurants. We do not intent to open new restaurants that would materially impact the sales or customer traffic of our existing restaurants. However, we cannot assure that our restaurants will be accustomed in these new districts. There is no assurance that customer diversion among our existing and new restaurants will not occur or become more significant in the future as we continue to expand our operations, which could have a material adverse effect on sales at our existing restaurants and our overall profitability.

Opening of new restaurants could result in fluctuations in our financial performance.

Our operating results have been, and in the future, may continue to be, significantly influenced by the timing of the opening of new restaurants, which is often affected by factors beyond our control, such as, initially lower sales and customer traffic at the new restaurants. New restaurants also incur expenses before opening such as rental, renovation and staff costs. Based on our recent experience, the time required to open a restaurant from the time we take possession of the premise to the official opening of the restaurant takes approximately 1.5 months. All of our current expansion plan for new and replacement restaurants are prepared based on the assumption that the restaurants could be opened within a three-month period from the takeover of the premises from landlords. Any delay in opening new and replacement restaurants will affect the number of restaurants and the number of operation days we have in operation during the financial year, which will affect our results of operations. Accordingly, the number and timing of new restaurant openings has had, and may continue to have an impact on our profitability. As a result, our results of operations may fluctuate significantly from period-to-period and comparison of different periods may not be meaningful.

We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brand and adversely affect our business.

We believe that the success of our business and the strength of our competitive position depend mostly on our customer awareness and recognition of the qualities for which our brands stand. During the Track Record Period, we operated our restaurants under five self-owned brands, namely 品越越式料理 (La'taste Vietnamese Cuisine), 稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine), 稻成小館 (Dab-pa Peking & Szechuan Bistro), 浦和日本料理 (Urawa Japanese Restaurant) and 牛氣 (Nabe Urawa). Our ability to implement our business plan successfully also depend in part on our ability to further build our brand recognition using our trademarks, proprietary know-how, recipes, trade secrets and other intellectual property.

Furthermore, as at the Latest Practicable Date, six of our trademarks are registered in Hong Kong, and we have made one trademark application for registration in Hong Kong. We also have standardised recipes for our dishes to be prepared at our restaurants. We cannot prevent others from independently developing or otherwise obtaining access to our proprietary know-how, concepts, recipes and other trade secrets despite our efforts. As a result, the appeal of our restaurants could be reduced and our business and results of operations could be adversely affected.

If we fail to maintain and protect our intellectual property, or if any third party misappropriates, dilutes or infringes on our intellectual property, the value of our brands may be harmed, which may prevent our brand from achieving or maintaining market acceptance. Even if the use by an infringing restaurant of identical or similar trademarks, brands and logos does not confuse customers, the distinctive nature of our restaurants' brand image could be blurred. Furthermore, negative publicity or customer disputes and complaints regarding any infringing parties' unauthorised use of our or similar trademarks, brands and logos could dilute or tarnish our restaurants' brand appeal.

Our success depends on the members of our management and our business may be harmed if we lose their services or they are not able to successfully manage our growing operations.

Our future success depends on the ability of our management team to work together and successfully implement our growth strategy while maintaining the strength of our brand. Our future success also depends heavily upon the continuing services and performance of the members of our management, in particular (i) Mr. NS Wong who is our chairman and executive director, (ii) Ms. Chan who is our chief executive officer and executive director; (iii) Mr. Yu who is our chief financial officer, company secretary and compliance officer; and (iv) Mr. Fung Hong Chung Billy who is our Group executive chef. We must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel to maintain a consistent quality and atmosphere of our restaurants and meet our planned expansion plan. If the members of our management team fail to work together successfully, or if one or more of the members of our management team is unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner in which we expect it to. Competition for experienced management and operating personnel in the restaurant industry is intense, and the pool of qualified candidates is limited. We may not be able to retain the services of our key management and operating personnel or attract and retain high-quality senior executives in the future.

If one or more of the members of our management are unable or unwilling to continue in their present positions, we may not be able to replace them promptly or at all, and our business may be disrupted and our results of operations may be adversely affected. In addition, if any member of our management joins a competitor or forms a competing business, we may lose trade secrets and know-how as a result. Any failure to attract, retain and motivate these members of our management may harm our reputation and result in a loss of business.

Our insurance coverage may not cover all the risks arising from operations.

We maintain various insurance policies, such as the employees' compensation insurance, contractors' public liability insurance during the renovations of our restaurants, fire insurance and public liability insurance that we believe are customary for restaurant businesses of our size and type, which is in line with the standard commercial practice in Hong Kong. Please refer to the section headed "Business – Insurance" in this prospectus for more details. However, our insurance coverage is still limited in terms of its amount, scope and benefit. Consequently, we are exposed to various risks associated with our business and operations. We are exposed to risks including, but not limited to, accidents or injuries in restaurants that are beyond the scope of our insurance coverage, or other accidents for which we do not currently maintain an insurance for, loss of key management personnel, business interruption, natural disasters, terrorist attacks and social instability or any other events beyond our control. Any business disruption, litigation or legal proceedings or natural disaster, such as epidemics, pandemics or earthquakes, or other events beyond our control could result in substantial costs and the diversion of our resources. Our business, financial condition and results of operations may be materially and adversely affected as a result.

Unforeseeable business interruptions could adversely affect our business.

Our operations are vulnerable to interruption by fires, floods, power failures and shortages, hardware and software failures, computer viruses and other events beyond our control. For example, we rely on our computer systems, such as the point-of-sale (POS) system and the human resources system to monitor the daily operations of our restaurants and to collect accurate up-to-date financial and operating data for business analysis. Please refer to the section headed "Business – Information technology" in this prospectus for more details. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and results of operations.

Other unforeseeable events, such as adverse weather conditions, natural disasters, protests and political unrest, and severe traffic accidents and delays could lead to delay or lost deliveries to our restaurants, which may result in a loss of revenue. There may also be incidents where the quality of fresh, chilled or frozen food products, being perishable goods, deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our suppliers. This may result in a failure by us to provide quality food and services to customers, thereby affecting our business operations and damaging our reputation. Any such events experienced by us could disrupt our operations and we do not carry business interruption insurance to compensate us for losses that may occur as a result of such events.

Our historical financial and operating results may not be indicative of the future price of our Shares.

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to restaurants based in Hong Kong and our ability to control costs and operating expenses. You should not rely on our historical results to predict the future price of our Shares.

The adoption of HKFRS 16 may affect our financial position and results of operations due to our operating lease arrangements.

We leased premises for our restaurant operation, under which the relevant leases are classified as operating leases. The total future minimum lease payments under the non-cancellable operating leases of our Group in respect of the restaurant premises as at 30 June 2017 amounted to approximately HK$67.0 million. HKFRS 16 provides new provisions for the accounting treatment of leases and its application in the future means that all leases must be recognised in the form of right-of-use assets and as a financial liability for payment obligations. As we are planning to expand our restaurant network by opening additional restaurants, these new provisions for accounting treatment of leases are potentially relevant to our preparation of financial statements. Our Group's initial assessment indicates that these rental agreements will meet the definition of a lease under HKFRS 16, and hence our Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the statement of profit or loss in the initial years of the lease. Accordingly, there would be an increase in liabilities and assets on the consolidated statement of financial position at the same time, and there would not be a negative impact on the net asset position of our Group. However, it might affect certain financial ratios, such as increase in gearing ratios and decrease in current ratios. In addition, for classification of cash flows, under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion and will be presented as financing cash flows.

We were in breach of one of the financial undertakings for a bank loan subsequent to the Track Record Period. The bank may revoke the waivers previously granted to us, declare an event of default and accelerate our outstanding indebtedness under the relevant agreements, all of which would impact our ability to continue to conduct our business.

In September 2017, our Group was in breach of one of the financial undertakings for a bank loan which was waived by the bank subsequently on 25 October 2017. Such financial undertaking is subject to compliance review by the bank based on the audited results of Better World Holdings, our wholly-owned subsidiary for the year ending 31 March 2018.

The bank may revoke the waiver we obtained in relation to such breach and declare an event of default and accelerate our outstanding indebtedness under the relevant agreements. In addition, our violation of any financial undertaking provides the bank with the right to require us to post additional collateral, enhance our equity and liquidity and foreclose their liens on our inventories, and there is no guarantee that we can pass the compliance review to be conducted by the bank on the audited results of Better World Holdings for the year ending 31 March 2018. The bank may also require payment of additional fees, prepayment of a portion of our indebtedness to them, accelerate the amortisation schedule for our indebtedness and increase the interest rates they charge on us on the outstanding indebtedness. Any of these events would adversely affect our business, financial condition or results of operations and may impair our ability to continue to conduct our business and continue as a going concern.

RISKS RELATING TO OUR INDUSTRY

Our results of operations and financial condition may be affected by the occurrence of food-borne illnesses, health epidemics and other outbreaks.

The restaurant industry is susceptible to food-borne illnesses, health epidemics and other outbreaks. Furthermore, our reliance on third-party food ingredients suppliers increases the risk that food-borne illness incidents could be caused by third-party food suppliers outside of our control and could affect multiple restaurants in our Group. New illnesses resistant to any precautions currently in place may develop in the future, or diseases with long incubation periods could arise, such as mad-cow disease, that could give rise to claims or allegations on a retroactive basis. Reports in the media of incidents of food-borne illnesses can, if highly publicised, negatively affect our industry overall and us in particular, impacting our restaurant sales, forcing the closure of some of our restaurants and conceivably having significant impact on our results of operations. This risk exists even if it were later determined that the illness in fact was not caused by our restaurants.

We also face risks related to health epidemics. Past occurrences of epidemics, depending on their scale of occurrence, have caused different degrees of damage to the economy in Hong Kong. Epidemics such as influenza A (H1N1 and H3N2), influenza B and avian influenza (H5N1, H7N9 and H9N2), or reoccurrence of Severe Acute Respiratory Syndrome, may cause disruption of economic activity in Hong Kong, which can affect consumers' spending power and dining habit. As a result, our business would be adversely affected. Such events may also result in disruption of the supply and increase the costs of our food ingredients, as well as temporary closure of our restaurants for quarantine or for preventive purposes, which in turn may materially and adversely affect our business, financial condition and results of operations.

The restaurant business may be subject to increasingly stringent licensing requirements which can increase our operating costs.

We are required to obtain a number of approvals, licences, certificates and permits for our restaurant operations, including, among others, general restaurant licences, water pollution control licences and fire protection approvals. We are also required to comply with environmental protection regulations. We cannot assure you that the licensing requirements and environmental protection regulations for our restaurant operations in Hong Kong will not become more stringent in the future. Any failure to comply with existing regulations, or future legislative changes, could require our Group to incur significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or suspensions of some or all of our business, which can materially and adversely affect our financial condition and results of operations.

Restaurant business is a highly competitive industry in Hong Kong, if we are not able to compete with our competitors, our results could be adversely affected.

The competition in the restaurant industry is keen. Restaurants are competing to provide better environment and better quality of food to attract customers. Please refer to the section headed "Business – Market competition" in this prospectus for more details. We face significant competition at each of our locations from a variety of restaurants in various market segments. These competitors may be locally-owned restaurants and regional and international chains, and offer cuisines such as Chinese, Japanese, Korean, Southeast Asian and Western food. Our competitors also offer dine-in, take-away and delivery services. Other companies may develop new restaurants which operate with similar concepts and target the same group of customers resulting in increased competition.

Any inability to successfully compete with other restaurants in our markets may prevent us from increasing or sustaining our revenues and profitability and lose market share, which could have a material adverse effect on our business, financial condition, results of operations or cash-flows.

We rely on a single market in developing our restaurant business and our restaurant business in Hong Kong may not contribute to our results in the manner we anticipate.

During the Track Record Period, we generated all of our revenue from our Hong Kong restaurant operation. We anticipate that our restaurant business in Hong Kong will continue to be our core business following the completion of the Share Offer. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as downturn in the local tourism and retail sectors, general economic downturn, political unrest, strikes, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations or policies that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected. In addition, we have limited experience in operating businesses in other districts, and may have difficulties in relocating our business to other geographic markets. Therefore, if there is any deterioration in the economic, political and regulatory environment in Hong Kong, our business may be materially and adversely affected.

Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations.

The restaurant industry is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment rate and consumer spending patterns. In particular, our Group is operating restaurants in Hong Kong and accordingly our results of operations are directly affected by the macro-economic conditions in Hong Kong. Events with adverse impact on investors' confidence and risk appetites, such as a general deterioration of the Hong Kong economy or mass civil disobedience movements, may affect our business. Any deterioration in the Hong Kong economy, decrease in disposable consumer income, fear of a recession and decrease in consumer confidence may lead to a reduction of customer traffic and average spending per invoice at our restaurants, which could materially and adversely affect our financial condition and results of operations.

Moreover, the occurrence of a sovereign debt crisis, banking crisis or other disruptions in the global financial markets that could impact the availability of credit may have a material and adverse impact on our accessibility of financings. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict our ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and there can be no assurance that an active market would develop.

Prior to the Share Offer, there has been no public market for our Shares. The initial Offer Price range of the Offer Shares was the result of negotiations among us and the Sole Bookrunner on behalf of the Underwriters and the Offer Price may differ significantly from the market price for our Shares following the Share Offer. While we have applied for listing of and permission to deal in our Shares on the Stock Exchange, there is no assurance that the Share Offer will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

The liquidity, trading volume and market price of our Shares following the Share Offer may be volatile.

The price at which our Shares will trade after the Share Offer will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;
- an assessment of our management competencies, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- the present state of our business development;
- new investments, acquisitions or alliances in the future;
- addition or departure of our key management personnel;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- actions taken by our competitors;
- general market sentiment regarding the restaurant industry;
- changes in laws and regulations in Hong Kong;
- our inability to compete effectively in the market; and
- political, economic, financial and social developments in Hong Kong and worldwide.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

Because the Offer Price per Offer Share is higher than the net tangible book value per Share, purchasers of our Offer Shares in the Share Offer will experience immediate dilution.

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Share Offer. Therefore, purchasers of our Offer Shares in the Share Offer will experience an immediate dilution in pro forma adjusted net tangible assets value and existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per share of their shares. Please refer to the section headed "Financial information – Unaudited pro forma adjusted consolidated net tangible assets" in this prospectus for more details. If we issue additional Shares in the future, purchasers of our Offer Shares may experience further dilution.

Substantial future sales or the expectation of substantial sales of our Shares in the public market could cause the price of our Shares to decline.

Sales of substantial amounts of Shares in the public market after the completion of the Share Offer, or the perception that these sales could occur, could adversely affect the market price of our Shares. There will be 400,000,000 issued Shares immediately following the Share Offer, assuming that the Offer Size Adjustment Option is not exercised. Our Controlling Shareholders agreed that any Shares held by them will be subject to a lock-up after the Listing. Please refer to the sections headed "Underwriting – Underwriting arrangements and expenses – Undertakings pursuant to the Public Offer Underwriting Agreement – Undertakings by our Controlling Shareholders" and "Underwriting – Underwriting arrangements and expenses – Undertakings to the Stock Exchange pursuant to the GEM Listing Rules – Undertaking by our Controlling Shareholders" in this prospectus for more details. However, such Shares will be freely tradable after the expiry of the relevant lock-up period. Shares which are not subject to a lock-up arrangement represent approximately 25.0% of the total issued share capital immediately following the Share Offer and will be freely tradable immediately following the Share Offer (assuming the Offer Size Adjustment Option is not exercised).

The interest of our Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority Shareholders.

Immediately after the completion of the Reorganisation, Share Offer and the Capitalisation Issue (without taking into account of our Shares which may be issued upon the exercise of the Offer Size Adjustment Option or our Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own 62.375% of our Shares. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased Shares in the Share Offer. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be six business days after the Price Determination Date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Prior dividend distributions are not an indication of our future dividend policy.

For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, we declared and distributed dividends amounted to an aggregate of nil, HK$23.0 million and nil to our shareholders respectively. Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration or payment as well as the amount of dividends will also be subject to our Articles of Association, including the approvals from our Shareholders and our Directors. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries. As a result of the above, we cannot assure you that we will make any dividend payments on our Shares in the future with reference to our historical dividends. For further details of the dividend policy of our Company, please refer to the section headed "Financial information – Dividend and dividend policy" in this prospectus.

We have significant discretion as to how we will use the net proceeds of the Share Offer, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Share Offer in ways you may not agree with or that do not yield a favourable return to our Shareholders. We plan to use the net proceeds from the Share Offer, including expanding our market share and continue to expand our multi-brand dining restaurants such as opening new Nabe Urawa Restaurants, Dab-pa Restaurants and La'taste Restaurants and setting up new brand "Say Cheese". Please refer to the section headed "Future plans and use of proceeds – Use of proceeds" in this prospectus for more details. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Share Offer.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "going forward", "intend", "may", "ought to", "plan", "project", "seek", "should", "will", "would", "wish" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set out in this section. Subject to the requirements of the GEM Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Share Offer.

There may be, subsequent to the date of this prospectus but prior to the completion of the Share Offer, press and media coverage regarding us and the Share Offer, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Share Offer. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Share Offer or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Company. By applying to purchase our Shares in the Share Offer, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Application Forms.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept fully responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

THE PUBLIC OFFER AND THE PROSPECTUS

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer. Please refer to the section headed "How to apply for Public Offer Shares" in this prospectus and the Application Forms for further details of the procedures for applying for the Public Offer Shares.

The Public Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

STRUCTURE OF THE SHARE OFFER AND UNDERWRITING

Please refer to the section headed "Structure and conditions of the Share Offer" in this prospectus for further details of the structure of the Share Offer including its conditions and the arrangements relating to the Offer Size Adjustment Option.

The Listing is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriter pursuant to the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered into on the Price Determination Date, subject to agreement on the Offer Price between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company. The Share Offer is managed by the Sole Bookrunner. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. Please refer to the section headed "Underwriting" in this prospectus for further details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Public Offer Shares under the Public Offer will be required to confirm, and is deemed by his acquisition of Public Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32), if the permission for the Shares offered under this prospectus to be listed on the GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the "minimum prescribed percentage" of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the GEM unless the Stock Exchange otherwise agrees.

ELIGIBILITY FOR CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on GEM and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

HONG KONG SHARE REGISTER AND THE STAMP DUTY

All the Offer Shares will be registered on the branch share register of our Company to be maintained in Hong Kong by Tricor Investor Services Limited. Our principal register of members will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited. Only securities registered on the branch share register of our Company to be maintained in Hong Kong by Tricor Investor Services Limited may be traded on GEM unless the Stock Exchange otherwise agrees.

Dealings in the Offer Shares registered on the branch share register of our Company to be maintained in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, our Offer Shares. None of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence on Monday, 15 January 2018. The stock code of the Shares is 8371. The Shares will be traded in board lot of 4,000 Shares each.

LANGUAGE TRANSLATION

The English language version of this prospectus has been translated into the Chinese language and English and Chinese versions of this prospectus are being published separately. If there should be any inconsistency between the English and Chinese versions, the English version shall govern.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. WONG Ngai Shan (黃毅山)	Flat A, 19/F Seymour 9 Seymour Road Mid-levels Hong Kong	Chinese
Ms. CHAN Wai Chun (陳慧珍)	Flat A, 19/F Seymour 9 Seymour Road Mid-levels Hong Kong	Chinese
Independent non-executive Directors		
Mr. TSANG Siu Chun (曾少春)	Room A2, 4/F, Block A Castle Peak Villa 19 Lok Chui Street, Siu Lam Tuen Mun, New Territories	British
Mr. WANG Chin Mong (王展望)	Flat 3, 17/F, Chun Ying House Ko Chiu Road, Ko Chun Court Yau Tong, Kowloon	Chinese
Ms. CHAN Yuen Ting (陳婉婷)	Flat A, 19/F, Block 13 City Gardens, 233 Electric Road North Point, Hong Kong	Chinese

Further information of our Directors are disclosed in the section headed "Directors and senior management" of this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Dongxing Securities (Hong Kong) Company Limited** 6805-6806A, 68/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong *(A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO)*
Sole Bookrunner and Sole Lead Manager	**UOB Kay Hian (Hong Kong) Limited** 15/F, China Building 29 Queen's Road Central Hong Kong *(A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO))*
Underwriter	**UOB Kay Hian (Hong Kong) Limited** 15/F, China Building 29 Queen's Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law* **Deacons** *Solicitors, Hong Kong* 5th Floor, Alexandra House 18 Chater Road, Central Hong Kong *As to Cayman Islands law* **Conyers Dill & Pearman** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY-1111 Cayman Islands

Legal adviser to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **MinterEllison** 25/F, One Pacific Place 88 Queensway Hong Kong
Auditors and reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

Registered office	Cricket Square Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Office Unit No. 1A, 8/F Arion Commercial Centre Nos. 2-12 Queen's Road West Hong Kong
Company's website	www.tastegourmet.com.hk *(information contained in this website does not form part of this prospectus)*
Company secretary	YU Man To Gerald Maximillian (余孟滔) *(CPA)* C4, Grenville House 1 Magazine Gap Road Hong Kong
Authorised representatives *(for the purpose of the GEM Listing Rules)*	WONG Ngai Shan Flat A, 19/F Seymour 9 Seymour Road Mid-levels Hong Kong YU Man To Gerald Maximillian (余孟滔) *(CPA)* C4, Grenville House 1 Magazine Gap Road Hong Kong
Compliance officer	YU Man To Gerald Maximillian (余孟滔)
Audit committee	WANG Chin Mong (王展望) *(Chairman)* CHAN Yuen Ting (陳婉婷) TSANG Siu Chun (曾少春)
Remuneration committee	TSANG Siu Chun (曾少春) *(Chairman)* WONG Ngai Shan (黃毅山) CHAN Yuen Ting (陳婉婷) WANG Chin Mong (王展望)

Nomination committee	CHAN Yuen Ting (陳婉婷) *(Chairman)* TSANG Siu Chun (曾少春) WANG Chin Mong (王展望)
Compliance committee	CHAN Yuen Ting (陳婉婷) *(Chairman)* TSANG Siu Chun (曾少春) WANG Chin Mong (王展望)
Compliance adviser	**Dongxing Securities (Hong Kong) Company Limited** 6805-6806A, 68/F International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Principal share registrar	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Tricor Investor Services Limited** Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker(s)	**The Hongkong and Shanghai Banking Corporation Limited** 8/F Lower Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong **Bank of China (Hong Kong) Limited** 13/F, Cambridge House Taikoo Place 981 King's Road Island East Hong Kong

REGULATIONS AND SUPERVISION OF RESTAURANT BUSINESS IN HONG KONG

(A) Licences, approvals and permit necessary for our business operations

In addition to the business registration certificate required for the commencement of a restaurant business, there are two principal types of licences required to be obtained for the operations of our restaurants and club in Hong Kong:

(a) general restaurant licence; and

(b) liquor licence.

Business registration certificate

To commence the business of restaurants or clubs, in addition to other business licences described below, it is necessary to obtain business registration certificate pursuant to section 5 of the Business Registration Ordinance. The business registration application shall be made within one month of the commencement of business.

General restaurant licence

In Hong Kong, any person carrying on restaurant business is required to obtain a general restaurant licence granted by the Director of Food and Environmental Hygiene ("**DFEH**") under the Public Health and Municipal Services Ordinance and the Food Business Regulation before commencing the restaurant business. A general restaurant licence permits the licensee to prepare and sell any kind of food for consumption on the premises.

Generally, before a general restaurant licence is granted, the DFEH needs to be satisfied that certain requirements in respect of, for instance, means of ventilation, sanitary fitments, facilities for cleaning equipment and utensils, means of exit and entry and fire safety, are met. In deciding the suitability of the premises for use as a restaurant, the Food and Environmental Hygiene Department will consult the Buildings Department, the Planning Department and the Fire Services Department. If their comments are such that its policy or requirement cannot be complied with, the licensing authority will refuse the application and inform the applicant of the refusal with reasons.

Under section 33C of the Food Business Regulation, the DFEH may grant provisional general restaurant licences to new applicants who have fulfilled the essential requirements in accordance with the Food Business Regulation pending completion of all outstanding requirements for the issue of a full general restaurant licence. A provisional general restaurant licence shall be valid for a maximum period of six months and a general restaurant licence is generally valid for a period of 12 months, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislation and regulations. A provisional general restaurant licence is renewable on one occasion, and only on one occasion at the absolute discretion of the DFEH and a full general restaurant licence is renewable annually.

Any person who is guilty of an offence carries on restaurant business without a valid licence shall be liable on summary conviction to a maximum fine of HK$50,000 and imprisonment for 6 months and, where the offence is a continuing offence, to an additional fine of HK$900 for each day during which it is proved to the satisfaction of the court that the offence has continued.

As at the Latest Practicable Date, all the restaurants of our Group had obtained the general restaurant licences.

Liquor licence

Section 17(3B) of the Dutiable Commodities Ordinance provides that where regulations prohibit the sale or supply of any liquor except with a liquor licence, no person shall sell, or advertise or expose for sale, or supply, or possess for sale or supply, such liquor except with a liquor licence.

Any person who intends to operate a business which involves the sale of liquor for consumption at any premises must obtain a liquor licence from the Liquor Licensing Board under the Dutiable Commodities (Liquor) Regulations before commencement of such business. Regulation 25A of the Dutiable Commodities (Liquor) Regulations prohibits the sale of liquor at any premises for consumption on those premises or at a place of public entertainment or a public occasion for consumption at the place or occasion except with a liquor licence. A liquor licence will only be issued when the relevant premises have also been issued with a full or provisional restaurant licence. A liquor licence will only be valid if the relevant premises remain licensed as a restaurant. All applications for liquor licences are referred to the Commissioner of Police and the District Officer concerned for comments.

Under regulation 15 of the Dutiable Commodities (Liquor) Regulations, any transfer of a liquor licence must be made on the form as determined by the Liquor Licensing Board. For a transfer application, consent of the holder of liquor licence is required. Under regulation 24 of the Dutiable Commodities (Liquor) Regulations, in case of illness or temporary absence of the holder of liquor licence, the secretary to the Liquor Licensing Board may in his discretion authorise any person to manage the licensed premises. The application under such regulation is required to be made by the holder of liquor licence. For any application for cancellation of the liquor licence made by the holder of liquor licence, an application for new issue of a liquor licence will be required to be made to the Liquor Licensing Board.

A liquor licence is valid for a period of two years or a lesser period, subject to the continuous compliance with the requirements under the relevant legislation and regulations. Any person who contravenes section 17(3B) of the Dutiable Commodities Ordinance commits an offence and is liable on conviction to a fine of HK$1,000,000 and to imprisonment for 2 years.

As at the Latest Practicable Date, all the restaurants of our Group which are required under the applicable laws and regulations had obtained the liquor licences.

(B) Environmental protection

Water pollution control licence

In Hong Kong, discharges of trade effluents into specific water control zones are subject to control and the discharger is required to obtain a water pollution control licence granted by the Director of Environmental Protection ("**DEP**") under the Water Pollution Control Ordinance before commencing the discharge.

Under section 8 of the Water Pollution Control Ordinance, a person who discharges (i) any waste or polluting matter into the waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offence and where any such matter is discharged from any premises, the occupier of the premises also commits an offence.

Section 9 of the Water Pollution Control Ordinance provides that generally a person who discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offence.

Under section 11 of the Water Pollution Control Ordinance, a person who commits an offence under section 8(1), 8(2), 9(1) or 9(2) of the Water Pollution Control Ordinance is liable to imprisonment for six months and a fine of HK$200,000 for first offence and up to HK$400,000 for a second or subsequent offence and in addition, if the offence is continuing, to a fine of HK$10,000 for each day the offence has continued.

Under section 12(1)(b) of the Water Pollution Control Ordinance, a person does not commit an offence under sections 8(1), 8(2), 9(1) or 9(2) of the Water Pollution Control Ordinance if the discharge or deposit in question is made under, and in accordance with, a water pollution control licence.

Under section 15 of the Water Pollution Control Ordinance, the DEP may grant a water pollution control licence on terms and conditions as he thinks fit specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and keeping records.

A water pollution control licence may be granted for a period of not less than two years, subject to payment of the prescribed licence fee and continuous compliance with the requirements under the relevant legislation and regulations. A water pollution control licence is renewable.

As at the Latest Practicable Date, all the restaurants of our Group which are required under the applicable laws and regulations had obtained the water pollution control licences.

(C) General compliance

Hygiene Manager and Hygiene Supervisor Scheme

To strengthen food safety supervision in licensed food premises, the Food and Environmental Hygiene Department has introduced the Hygiene Manager and Hygiene Supervisor Scheme under which all large food establishments and food establishments producing high risk food are required to appoint a hygiene manager and a hygiene supervisor; and all other food establishments are required to appoint a hygiene manager or a hygiene supervisor. General restaurants which accommodate over 100 customers are required to appoint a hygiene manager plus a hygiene supervisor.

Food business operators are required to train up their staff or appoint qualified persons to take up the post of hygiene manager or hygiene supervisor. According to "A Guide to Application for Restaurant Licences (September 2016 Edition)" of the Food and Environmental Hygiene Department, one of the criteria for the issuance of a provisional restaurant licence/full general restaurant licence is the submission of a duly completed nomination form for hygiene manager and/or hygiene supervisor together with a copy of the relevant course certificate(s).

Demerit points system

The demerit points system is a penalty system operated by the Food and Environmental Hygiene Department to sanction food businesses for repeated violations of relevant hygiene and food safety legislation. Under the system:

(a) if within a period of 12 months, a total of 15 demerit points or more have been registered against a licensee in respect of any licensed premises, the licence in respect of such licensed premises will be subject to suspension for 7 days ("**First Suspension**");

(b) if, within a period of 12 months from the date of the last offence leading to the First Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the licence will be subject to suspension for 14 days ("**Second Suspension**");

(c) thereafter, if within a period of 12 months from the date of the last offence leading to the Second Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the licence will be subject to cancellation;

(d) for multiple offences found during any single inspection, the total number of demerit points registered against the licensee will be the sum of the demerit points for each of the offences;

(e) the prescribed demerit points for a particular offence will be doubled and tripled if the same offence is committed for the second and the third time within a period of 12 months; and

(f) any alleged offence pending, that is the subject of a hearing and not yet taken into account when a licence is suspended, will be carried over for consideration of a subsequent suspension if the licensee is subsequently found to have violated the relevant hygiene and food safety legislation upon the conclusion of the hearing at a later date.

Restricted Food Permit

Under section 30(1), 31A and schedule 2 of the Food Business Regulation and according to the guideline of the Food and Environmental Hygiene Department, it is required that no person shall sell, or offer or expose for sale, or possess for sale or for use in the preparation of any article of food for sale, any of the foods specified in schedule 2 of the Food Business Regulation (including sashimi, oysters to be eaten in raw state, live fish and shell fish).

Under section 35 of the Food Business Regulation, any person who is guilty of an offence under section 30(1) may be liable to a maximum fine of HK$50,000, imprisonment for six months and HK$900 for each day where the offence is a continuing offence.

Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations (Cap 59V) ("FIU(F)R")

The FIU(F)R ensures that the proprietor of every workplace shall maintain a means of escape from the workplace in good condition and free from obstruction. Under regulation 5(1) of the FIU(F)R, the proprietor of every notifiable workplace shall maintain in good condition and free from obstruction every doorway, stairway and passageway within the workplace which affords a means of escape from the workplace in case of fire. Regulation 14(5) of the FIU(F)R stipulates that the proprietor of any notifiable workplace who contravenes regulation 5(1) without reasonable excuse commits an offence and is liable to a fine of HK$200,000 and to imprisonment for six months.

Occupational Safety and Health Ordinance (Cap 509) ("OSHO")

OSHO is purported to ensure the safety and health of employees when they are at work and improves the safety and health standards applicable to certain hazardous processes, plant and substances used or kept in workplaces.

The employer shall ensure the safety and health at works of all his employees by:

(i) providing and maintaining plant and work systems that are safe and without risk to health;

(ii) making arrangements for ensuring safety and the absence of risks to health in connection with the use, handling, storage and transport of plants and substances;

(iii) providing all necessary information, instruction, training and supervision for ensuring safety and health;

(iv) providing and maintaining safe access to and egress from the workplaces; and

(v) providing and maintaining a work environment that is safe and without risk to health.

Under section 9(1) of the OSHO, the Commissioner for Labour may serve an improvement notice on an employer, or an occupier of premises where a workplace is located, if the employer or occupier is contravening the OSHO, or has contravened in circumstances that make it likely that the contravention will be continued or repeated. Section 9(2)(e) of the OSHO stipulates that an improvement notice must require the employer or occupier either to remedy the contravention within a period specified in the notice, or to refrain from continuing or repeating the contravention.

Section 9(5) of the OSHO stipulates that an employer who, without reasonable excuse, fails to comply with a requirement of an improvement notice commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 12 months.

Employment Ordinance (Cap 57) ("EO")

The EO provides for, amongst other things, the protection of the wages of employees, to regulate general conditions of employment, and for matters connected therewith.

Under section 25 of the EO, where a contract of employment is terminated, any sum due to the employee shall be paid to him as soon as it is practicable and in any case not later than seven days after the day of termination. Any employer who wilfully and without reasonable excuse contravenes section 25 of the EO commits an offence and is liable to a maximum fine of HK$350,000 and to imprisonment for a maximum of three years. Further, under section 25A of the EO, if any wages or any sum referred to in section 25(2)(a) of the EO are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Any employer who wilfully and without reasonable excuse contravenes section 25A of the EO commits an offence and is liable on conviction to a maximum fine of HK$10,000.

Employees' Compensation Ordinance (Cap 282) ("ECO")

This ordinance establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the obligations of employers in respect of injuries sustained by, or death of their employees caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases suffered by the employees.

Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay for the compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the ECO, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. Further, section 40 of the ECO provides that an employer is not permitted to employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the ECO.

Minimum Wage Ordinance (Cap 608) ("MWO")

The MWO, which came into effect on 1 May 2011, provides a statutory minimum wage for employees in Hong Kong. In essence, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage, which was HK$34.5 per hour as at the Latest Practicable Date. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employees by the MWO is void.

Mandatory Provident Fund Schemes Ordinance (Cap 485)

The Mandatory Provident Fund ("**MPF**") schemes are defined contribution retirement scheme managed by authorised independent trustees. The Mandatory Provident Fund Schemes Ordinance (Cap 485) provides that an employer shall participate in an MPF scheme and make contributions for its employees aged between 18 and 65. Under the MPF scheme, an employer and its employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. The maximum level of relevant income for contribution purposes is currently HK$30,000 per month or HK$360,000 per year.

Occupiers Liability Ordinance ("OLO")

The OLO regulates the obligations of a person occupying or having control of premises for injury or damage resulting to persons or goods lawfully on the land or other property from dangers.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of a premise to take reasonable care of the premise in all circumstances so as to ensure that his visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

(D) Compliance with applicable laws and regulations

Save as disclosed in "Business – Legal proceedings and compliance" in this prospectus, as confirmed by our Directors, our Group had obtained all relevant licences, certificates and permits and had complied with the applicable laws and regulations in all material aspects in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the industry report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer (excluding Frost & Sullivan) nor is any representation given as to its accuracy or completeness. Accordingly, you should not place undue reliance on such information or statistics.

REPORT COMMISSIONED FROM FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on, the restaurant industry in Hong Kong for the period from 2011 to 2021. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the Frost & Sullivan Report. We paid Frost & Sullivan a fee of HK$400,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy. Frost & Sullivan has been covering the Chinese market since the 1990s. Frost & Sullivan has four offices in China and direct access to the knowledgeable experts and market participants in the restaurant industry and its industry consultants, on average, have more than three years of experience.

We have included certain information from the Frost & Sullivan Report in this prospectus because we believe this information facilitates an understanding of the restaurant industry for the prospective investors. The Frost & Sullivan Report includes information on the restaurant industry as well as other economic data. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the restaurant industry. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. We believe that the sources of this information are appropriate sources for the information and we have taken reasonable care in extracting and reproducing this information. We have no reason to believe that this information is false or misleading in any material respect of that any fact has been omitted that would render such information false or misleading in any material respect. Our Directors confirm that, after taking reasonable care, they are not aware of adverse change in market information since the date of the Frost & Sullivan Report which may qualify, contradict or adversely impact the quality of the information in this section.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the restaurant industry. In addition, Frost & Sullivan has developed its forecast on the following bases and assumptions: Hong Kong's economy is likely to maintain stable growth in the next decade and the region's social, economic and political environment is likely to remain stable in the forecast period. Additionally, the restaurant industry is expected to grow based on the macroeconomic assumptions of the economy. Additional key industry drivers include: recovering Hong Kong tourism, increase in dine-out spending and creation in dishes and marketing.

OVERVIEW OF HONG KONG RESTAURANT INDUSTRY

Market size analysis of restaurant industry in Hong Kong

Overall market size

Hong Kong is one of the top destinations for any food lover. The market size of the restaurant industry in Hong Kong experienced a moderate growth from HK$89.3 billion in 2011 to HK$107.4 billion in 2016, representing a CAGR of 3.8%.

With further development of tourism industry, continuous improvement of annual disposable income per capita and a growing preference for dining out, the revenue of the restaurant market in Hong Kong is estimated to reach HK$135.0 billion in 2021, realising a CAGR of 4.7% from 2016 to 2021.

Subject to a fixed dining time and maximum seating capacity of a restaurant, it is difficult for a restaurant to achieve high revenue growth in the existing restaurants after a certain operation period. Generally, in order to maintain a sustainable growth in profit and revenue, new restaurants are opened to attract customer traffic and expand market base.

The table below sets out the market size of the restaurant industry in terms of revenue in Hong Kong for the periods indicated:

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016 CAGR**
Market size of restaurant industry in Hong Kong, (HK$ billion), by revenue	89.3	93.7	97.0	100.4	104.4	107.4	3.8%
	2016	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
	107.4	113.4	118.4	123.7	129.2	135.0	4.7%

Sources: HKSAR Census and Statistics Department, Frost & Sullivan

Market size breakdown by category

In Hong Kong, the restaurant industry mainly comprises of full service restaurants, casual dining restaurants and quick service restaurants.

Full service restaurants refer to traditional restaurants with full table services provided by waiters, where customers are served their meals at the table and typically pay at the end of the meal. Full service restaurants are characterised by attentive table services, higher food quality, generally more comfortable dining ambience and a wider range of cuisines compared to quick service restaurants. Full service restaurants are usually located in premium or high-end shopping malls or commercial areas, targeting customers with a mid-to-high-end spending power.

Casual dining restaurants refer to catering establishments that serve moderately priced food in a casual dining ambience. Usually, casual dining restaurants provide some table services. Examples are casual Chinese restaurants, casual Western dining establishments, teahouses and bars serving drinks along with snacks.

Quick service restaurants refer to restaurants that provide fast and consistent food services, with no or little table service and simple dining ambience. Quick service restaurants typically have order taking and cooking platforms designed specifically for ordering, preparing and serving menu items with speed and efficiency. In general, customers' spending is lower at quick service restaurants.

In Hong Kong, the casual dining and full service restaurants were the predominant market segments in the restaurant industry, accounting for 40.9% and 39.8% of the total revenue of Hong Kong's restaurant industry respectively in 2016, among which full service segment constituted to have the second largest customer base, considering the affordability and variety of cuisine offerings. This segment is estimated to grow further to account for 39.5% in total revenue of Hong Kong's restaurant industry in 2021.

The table below sets out the market size breakdown by category of the restaurant industry in Hong Kong for the periods indicated:

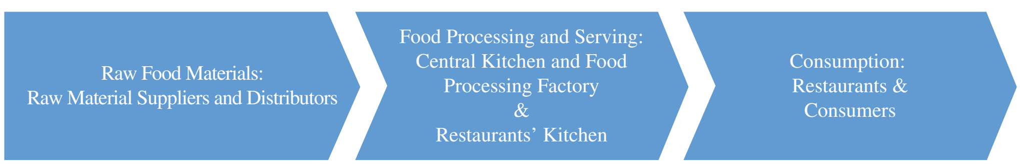
	Full Service	Casual Dining	Quick Service	Others
Market size breakdown by category, 2016	39.8%	40.9%	16.3%	3.0%
Market size breakdown by category, 2021E	39.5%	42.1%	15.9%	2.5%

Source: Frost & Sullivan

Industry value chain analysis

The value chain of Hong Kong's restaurant industry mainly involves raw material suppliers and distributors, food processing service providers, restaurants and customers. Raw material suppliers offer food ingredients such as meat, vegetable, seafood, etc., to restaurants where chefs prepare the dishes. Some chained or quick service restaurants may set up their food processing factories or central kitchens which supply processed and pre-packed food to those restaurants. In restaurants, prepared food will be served to or taken away by customers.

Upstream food raw materials are critical as their quality is often the decisive factor for the taste. Furthermore, purchase prices of the food raw materials, such as vegetables, meat, poultry and seafood, constitute a certain portion in the total cost for the operation of a restaurant. For full service and casual dining restaurants, after purchasing food raw materials, restaurant managers are likely to quickly transport them to the restaurants to ensure their freshness. Then these raw materials go into the step of processing and chefs now become the key success factor for restaurants. The ready-made dishes are then served to consumers by waiters or waitresses. For chained quick service restaurants, food raw materials are usually processed in the central kitchen and then wrapped as semi-products and go to different outlets. Little or no table service is offered in this segment of catering.



Market size breakdown by business model

In 2016, the revenue from the restaurant industry in Hong Kong reached HK$107.4 billion, 17.2% of which came from chained stores. It is estimated that the revenue from chained dining restaurants and non-chained dining restaurants will reach HK$22.3 billion and HK$112.7 billion, respectively, in 2021, which is mainly attributed to the rising income and tourism industry in Hong Kong.

In general, the average sales per chained restaurant is higher than that of non-chain restaurant, since chain stores generally have the competitive advantages including higher expenditure per capita, larger customer base, and prestigious brand image. Benefiting from the economies of scale, such as the use of central kitchen, chained restaurants tend to enjoy higher profitability.

The table below sets out the market size breakdown by business model of the restaurant industry in Hong Kong for the periods indicated:

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016 CAGR**
Market size of chained restaurants, (HK$ billion), by revenue	16.5	16.9	17.1	17.2	17.9	18.5	2.3%
	2016	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
	18.5	19.6	19.7	20.9	21.1	22.3	3.8%
	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016 CAGR**
Market size of non-chained restaurants, (HK$ billion), by revenue	72.8	76.8	79.9	83.2	86.5	88.9	4.1%
	2016	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
	88.9	93.8	98.7	102.8	108.1	112.7	4.9%

Source: Frost & Sullivan

Market size analysis of full service restaurant market in Hong Kong

Overall market size

Hong Kong's full service restaurant market increased from HK$34.9 billion in 2011 to HK$42.8 billion in 2016 in terms of revenue, with a CAGR of 4.2% in that period. This growth can be attributed to the increasing consumption for dining out in Hong Kong along with the increasing household expenditure on food, as a result of the rising living standards and lifestyle improvement.

In the forecasting period, as consumers with higher income are becoming increasingly focused on the food flavours and dining ambiance, as well as have higher requirements on the food quality, the full service restaurant market in Hong Kong is expected to maintain an upward trend. The total revenue from the full service restaurant market in Hong Kong is expected to reach HK$53.3 billion in 2021, representing a CAGR of 4.5% from 2016 to 2021.

The table below sets out the market size of the full service restaurant market in terms of revenue in Hong Kong for the periods indicated:

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2011-2016 CAGR**
Market size of full service restaurants in Hong Kong, (HK$ billion), by revenue	34.9	36.8	38.2	39.6	41.1	42.8	4.2%
	2016	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
	42.8	44.6	46.5	48.6	50.9	53.3	4.5%

Sources: HKSAR Census and Statistics Department, Frost & Sullivan

Market size breakdown by cuisine

The segment of Chinese cuisine reached HK$24.9 billion in terms of revenue in Hong Kong full service restaurant market in 2016, under the influence of the Chinese culture and traditions which diversified the customers' choices with more flavours and dishes to choose. Japanese cuisine, which is popular in Hong Kong, increased to HK$5.7 billion in 2016. Vietnamese cuisine entered Hong Kong market in the 1970s due to the influx of Vietnamese immigrants adapting to Hong Kong locals' flavour. The revenue of Vietnamese cuisine segment grew to HK$0.5 billion in 2016 and it is likely to grow in the future and is estimated to increase to HK$0.6 billion in 2021.

The other Asian cuisines including cuisines from Korea, Thailand, Indonesia and other Southeast Asian countries generated HK$7.4 billion in 2016 and is estimated to grow to HK$8.8 billion by 2021 in Hong Kong, which is mainly influenced by the rising impact from Asian culture.

The revenue of Western cuisine segment in Hong Kong full service restaurant market reached HK$4.3 billion in 2016.

The table below sets out the market size breakdown by cuisine in terms of revenue of the full service restaurants in Hong Kong for the periods indicated:

	Chinese	**Japanese**	**Vietnamese**	**Other Asian**	**Western**
Market size breakdown by cuisine, by revenue, (HK$ billion), 2016	24.9	5.7	0.5	7.4	4.3
Market size breakdown by cuisine, by revenue, (HK$ billion), 2021E	30.4	8.5	0.6	8.8	5.0

Source: Frost & Sullivan

Introduction to Mid-to-high-end Market

The mid-to-high-end market in the restaurant industry in Hong Kong refers to the restaurants where customers spend approximately HK$120 or above per person per meal. However, the average spending of different cuisines in the mid-to-high-end market varies due to various factors such as different operation cost. For example, consumers spend more than HK$80 and HK$100 per person per meal respectively on average in the mid-to-high-end Vietnamese and Chinese restaurants, while in the mid-to-high-end Japanese and Western restaurant, consumers spend more than HK$150 or above per person per meal.

The table below sets out the average spending of the mid-to-high-end market for major cuisine segments in the restaurant industry in Hong Kong:

Average Spending of the Mid-to-high-end Market in the Restaurant Industry (HK$ per person per meal)

Overall average price	≥120
Vietnamese cuisine	≥80
Chinese cuisine	≥100
Western cuisine	≥150
Japanese cuisine	≥150

Source: Frost & Sullivan

Our Company is a multi-cuisine restaurant group in Hong Kong. The average spending per consumer per meal in all the restaurants of different cuisines of our Company exceeds the market average level. The average spending per consumer per meal of our Company is approximately HK$150 which is higher than the market average. To be more specific, the average spending per consumer per meal in the Vietnamese cuisine restaurants of our Company is approximately HK$103; Western cuisine restaurants HK$158; Chinese cuisine restaurants HK$163; and Japanese cuisine restaurants HK$201. The four restaurants of our Group where consumers spend less than HK$120 per person per meal are all Vietnamese cuisine restaurants and the lowest spending of HK$93 also surpasses the average level of Vietnamese cuisine mid-to-high-end market. Therefore, our Company's target segment are mid-to-high-end customers.

Market opportunities and threats

Opportunities

- *Growing awareness of healthy lifestyle and customised service*

With the economic development and higher living standards, Hong Kong locals have growing awareness to a healthy diet. Besides, in view of various customers' requirements and the Government's promotions on healthy diet, some restaurants are offering dishes with customised features, such as different sizes, ingredients with no allergens, less fat and oil, vegetarian dishes and customised dishes according to customers' specific nutrition requirements. As a result, restaurants with capability to provide customised healthy dishes are usually more favourable to customers.

- *Rising popularity of Japanese cuisine*

According to Japan National Tourism Organisation, the number of visitors from Hong Kong to Japan has experienced a robust growth from 364,865 in 2011 to 1,839,189 in 2016, indicating that Japanese culture is on a rising trend for Hong Kong residents and support the rising demand for Japanese cuisine in Hong Kong. As a result, the demand for Japanese food in Hong Kong serves as an opportunity in the restaurant industry.

- *Expansion of online channels for marketing*

In recent years, according to HKSAR Census and Statistics Department, the percentage of population aged 10 and above having smartphones in Hong Kong had increased from approximately 54% in 2012 to approximately 83% in 2016. Meanwhile, the percentage of population aged 10 and above who had used internet reached approximately 99% in 2016. The high penetration of smartphones and internet offers a new marketing channel, apart from traditional marketing tool, for restaurant operators to further develop their business.

- *Longer working hours*

Generally, employees in Hong Kong have longer working hours than those working in other Asia-Pacific regions, unlike the Chinese in the PRC where most employees do not work during weekends, some Hong Kong people still have to work at certain days of the weekends. As a result, there is an increasing number of people prefer to eat out since they have no time or do not desire to cook by themselves.

Threats

- *Increasing operation cost on labour, raw materials and rents*

The increasing operation costs like rising rents, wages and expenditure on raw materials have been putting financial pressure on restaurant operators during the recent years, mainly attributable to the increasing minimum wage from bi-annual review of Statutory Minimum Wages since 2011 and the soaring cost of raw materials including meat and vegetables along with inflation. Besides, the average monthly salary of employees in the restaurant industry in Hong Kong has increased at a CAGR of 6.7% from HK$10.1 thousand in 2011 to HK$14.0 thousand in 2016. The minimum wage rose as both Minimum Wage Commission and labour unions have suggested higher minimum wage which has come into effect on 1 May 2017.

- *Evolving customer preference to dishes and dining pattern*

Restaurants in Hong Kong are expected to encounter the challenges of higher customer requirements not only on the dishes, but also on the dining environment, which are mainly attributable to increasing economic and social activities and higher education level. People are also adopting a fast-pace lifestyle with changes in working hours and working pattern. Therefore, those restaurants with limited capital and slow response to the market may fail to meet the evolving customer preference and may be eliminated from the competition.

- *Increasing consumers going to mainland for food*

As the transportation system between the mainland China and Hong Kong matures, there are an increasing number of Hong Kong residents travelling to Shenzhen or other cities in Pearl River Delta for food because of the cheaper price and a wider variety of choices, which may bring challenges to the local restaurants in Hong Kong.

Market drivers of the restaurant industry in Hong Kong

- ***Recovering tourism in Hong Kong***

The tourism industry, which averagely contributes around 5% to the GDP in Hong Kong every year, has always been a major force to drive the growth of other related industries including retail, hotel and restaurant industries, and contributes significantly to the Hong Kong's economy. Moreover, according to the Hong Kong Tourism Board, in 2011, inbound tourists in Hong Kong spent a total of HK$20,143.0 million on food and beverages and the total spending amount continued to increase and reached HK$28,447.3 million by the end of 2016, representing a CAGR of 7.2%. The performance of the restaurant industry in Hong Kong has a close relationship with Hong Kong's tourism industry. In 2016, Hong Kong received 56.7 million visitors from around the world, which led to a higher demand for the services from the restaurants. Accordingly, further development of Hong Kong tourism is the major driver in Hong Kong's restaurant industry.

- ***Increase in frequency of dine-out***

Nowadays, Hong Kong people live a faster life style, leaving them with less time and desire to prepare meals at home. As a result, more people are willing to dine out instead of dining at home. Besides, due to the fast development of social media, the social network of Hong Kong people has been greatly expanded. The enlarged social network brings about the growing social activities including social gatherings to meet new friends, team building, reunion, etc. All these social activities have increased the dining out frequency of Hong Kong people. As a result, the restaurant industry is developed with such drivers. According to the research on eating habits of Hong Kong people conducted by the Surveillance and Epidemiology Branch, Centre for Health Protection of the Department of Health in Hong Kong, in 2010, for breakfast, 57.6% of respondents ate out for at least once in a week; for lunch, 80.5% of them ate out for at least once in a week; for dinner, 60.7% of the respondents ate out for at least once in a week. In the aforesaid research of 2015, for breakfast, 64.1% of respondents ate out for at least once in a week; for lunch, 82.9% of them ate out for at least once in a week; for dinner, 67.8% of the respondents ate out for at least once in a week. The increase in percentage has reflected the growth trend in eating out, which may drive the restaurant industry.

- ***Creation in dishes and marketing***

Hong Kong has always been an open city with different cultures and the restaurant industry has no exception. After decades of development, the local cuisine of Hong Kong has been influenced by many other cuisines in terms of cooking skills, selection of raw materials, etc.. Restaurants in Hong Kong keep trying to explore new dishes. Moreover, as the internet is changing the whole world, restaurants are encouraged to make full use of advanced communication media and technologies such as online advertising and advertising on mobile application platforms. On the other hand, more diversified social activities due to the growing popularity in social media have also encouraged consumers to dine out.

Market trends of the restaurant industry in Hong Kong

- ***Increasing quality control***

As the consumers are paying higher attention to the food quality, many restaurants are establishing a standardised quality control system. In order to avoid food quality issues, restaurants are developing more stringent supplier selection procedures, such as requesting suppliers to provide certification of certain food ingredients. Establishment of central kitchens is gaining popularity among leading chain restaurant brands as it helps ensure consistency of the food quality. As a result, customers are able to enjoy consistent food taste and quality across restaurants operating under the same brand. It is expected that there will be an increasing number of restaurants in Hong Kong adopting centralised and standardised operating model.

- ***Increasing level of automation***

The restaurant industry is labour-intensive and there is a risk of labour shortage which reduces the operational efficiency and quality of service. Given this background, with the ever-changing technology, the restaurant industry is increasingly adopting technology to relieve the shortage of labour and enhance operational efficiency and service quality. For example, they can use the automatic dishwasher, ordering system (自助點單系統), mobile payment applications, remote table reservation and customer data analysis software according to their business demand.

- ***Diversified restaurant locations***

In order to target more potential consumers, a number of leading players in the restaurant industry not only open their restaurants in CBD area, but also in some large shopping malls and transportation junctions, including airport, railway stations, bus stations and even small alleys that are not being utilised to their full potential, to achieve a higher food traffic. It is likely that this trend will continue in the future. Accordingly, after opening restaurants in diversified locations, these industry leaders are estimated to attract more consumers and build their brand images in a short term.

Cost Structure Analysis

Labour cost

The average monthly salary of employees in the restaurant industry in Hong Kong has risen from HK$10.1 thousand in 2011 to HK$14.0 thousand in 2016, representing a CAGR of 6.7%. The main reasons were inflation and higher living cost. Meanwhile, the rise of minimum wage in Hong Kong also drove the growth. It is forecasted that the average monthly salary of employees in the restaurant industry in Hong Kong will continue with the uptrend and reach HK$18,600 in 2021, representing a CAGR of 5.8% over the period from 2016 to 2021.

As a result, labour shortage has become a major challenge faced by the restaurants as potential employees prefer less laborious positions and higher job security at a similar salary. Moreover, since attentive table service and flavour of food are the most important criteria when customers choose a full service restaurant, labour shortage and high staff turnover would greatly affect them.

	Unit	2011	2012	2013	2014	2015	2016	2011-2016 CAGR
Average monthly salary of employees in the restaurant industry	HK$'000	10.1	11.1	11.7	12.5	13.2	14.0	6.7%
	Unit	**2016**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
	HK$'000	14.0	14.8	15.7	16.6	17.6	18.6	5.8%

Source: HKSAR Census and Statistics Department, Frost & Sullivan

Rents for retail premises

According to the Rating and Valuation Department of Hong Kong, the average retail rents in Hong Kong recorded a CAGR of approximately 2.9%, from HK$1,192.0 sq.m. per month in 2011 to HK$1,378.0 sq.m. per month in 2016. Influenced by the decreasing tourists from mainland China, the retail market downturn was the main reason for the decline of rents in 2016 for retail premises. With the recovery in travelling and retailing industry in Hong Kong, the average rents for retail premises in Hong Kong is likely to bounce back in the near future and increase to HK$1,540.4 sq.m. per month in 2021, representing a CAGR of 2.3% from 2016 to 2021.

In Hong Kong, it is a common practice for the landlord of a property (such as a shopping mall) to sign the leasing contract with the lessee 1 to 1.5 years before the lessee starts its business in order to plan and design the general business layout within the property in advance.

	Unit	2011	2012	2013	2014	2015	2016	2011-2016 CAGR
Average monthly rents for retail premises	HK$/m^2	1,192.0	1,356.0	1,402.0	1,471.0	1,472.0	1,378.0	2.9%
	Unit	**2016**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
	HK$/m^2	1,378.0	1,389.0	1,405.7	1,438.0	1,482.6	1,540.4	2.3%

Source: Rating and Valuation Department of Hong Kong, Frost & Sullivan

Average price of key raw materials

Beef, pork, seafood, and vegetable are most commonly-used raw materials in the restaurant industry. During the Track Record Period, the price of beef, pork, seafood, and vegetable showed an upward trend from 2011 to 2016. In 2016, the price of beef and seafood reached HK$70.0 per kilogram and HK$79.9 per kilogram, almost twice as much as the average price of 2011. Meanwhile, the price of pork and vegetable stayed relatively stable from 2011 to 2016.

Resulting from the increasing demand for food, the prices of all raw materials are expected to demonstrate an uptrend in the near future. The price of beef and seafood is projected to increase steadily and reach HK$95.7 per kilogram and HK$110.4 per kilogram in 2021, respectively. Meanwhile, the price of pork and vegetable is anticipated to grow to HK$27.4 per kilogram and HK$10.1 per kilogram in 2021, respectively.

	Unit	2011	2012	2013	2014	2015	2016	2011-2016 CAGR
Beef	HK$/kg	42.1	52.6	69.4	70.0	70.0	70.0	10.7%
Pork	HK$/kg	24.5	22.0	22.3	20.8	22.6	26.1	1.2%
Seafood	HK$/kg	33.3	37.3	45.9	69.6	74.7	79.9	19.1%
Vegetable	HK$/kg	6.3	7.1	7.8	7.5	7.6	8.0	4.9%
	Unit	**2016**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2016-2021E CAGR**
Beef	HK$/kg	70.0	69.2	75.3	81.6	88.4	95.7	6.5%
Pork	HK$/kg	26.1	23.7	25.3	26.2	26.8	27.4	1.0%
Seafood	HK$/kg	79.9	83.5	89.5	96.9	104.2	110.4	6.7%
Vegetable	HK$/kg	8.0	8.4	8.8	9.3	9.7	10.1	4.8%

Source: HKSAR Census and Statistics Department, Frost & Sullivan

COMPETITIVE ANALYSIS OF HONG KONG RESTAURANT INDUSTRY

Overview of competitive landscape

Hong Kong restaurant industry was fragmented with a large number of operators. According to HKSAR Census and Statistics Department, there were over 13,000 establishments in the restaurant industry in Hong Kong in 2016 and over 90% of these establishments were small and medium-sized establishments who engaged less than 50 employees while accounting for over 40% of the total revenue generated from the restaurant industry in Hong Kong. The competition in the full service restaurant industry was fierce where restaurants were competing to provide better environment and quality of food to attract more customers. The competitors could be locally-owned, regionally-owned or international chains offering dine-in, take-away and delivery services for a variety of Chinese, Japanese, Korean, Southeast Asian and Western cuisines.

As an international hub and one of the major tourist spots, Hong Kong consists of a wide range of restaurants including Chinese, Western, Japanese, Korean and Southeast Asian cuisines, among which Japanese and Western cuisines have been the favourite cuisines in Hong Kong apart from Chinese cuisine, while there had been an increased number of Thai and Vietnamese restaurants in response to the changing consumer preference.

According to HKSAR Census and Statistics Department, Chinese cuisine, which includes Cantonese Cuisine, Peking Cuisine, Sichuan Cuisine, etc., has been the major cuisine dominating the local market, accounting for over 30% of the total number of establishments. The remaining share was split by fast food shops (about 7%) and others (about 58%), including all types of non-Chinese cuisines.

The top five full service restaurant groups in Hong Kong were operating a large number of restaurants including Chinese, Japanese, Korean, Southeast Asian and Western cuisines. Company A was the leader of the restaurant industry in Hong Kong for offering a diversified portfolio of cuisines with total revenue of HK$4.50 billion and a market share of 10.5% in 2016, followed by Company B (6.5%) and Company C (5.9%). Having established a presence in the mid-to-high-end market, which refers to the restaurants where customers spend approximately HK$120 or above per person per meal, our Group had a total revenue of HK$198.6 million and accounted for about 0.5% of the full service restaurant market in Hong Kong in 2016. The following table sets forth the top five full service restaurant groups in Hong Kong in 2016.

Ranking	Restaurant operators	Types of cuisines	No. of full service restaurants in Hong Kong	Total revenue in Hong Kong in 2016	Estimated market share
				(HK$ billion)	
1	Company A	Cantonese, Chiu Chow, Japanese, Western, Vietnamese, Thai	146	4.50	10.5%
2	Company B	Cantonese, Other Chinese, Korean	82	2.78	6.5%
3	Company C	Cantonese, Chiu Chow, Shanghainese, Hakka, Japanese	64	2.54	5.9%
4	Company D	Cantonese	17	0.80	1.9%
5	Company E	Cantonese	19	0.78	1.8%
			Top five total	11.4	26.6%
			Total sales value	42.8	100.0%

Source: Frost & Sullivan

Entry barriers of Hong Kong restaurant industry

- ***Stringent licensing requirement***

In order to enter into the restaurant industry in Hong Kong, the services providers are required to obtain several licences including the General Restaurant Licence, Light Refreshment Restaurant Licence, Bakery Licence and Food Factory Licence from Food and Environmental Hygiene Department and Liquor Licence from Liquor Licensing Board in some cases. Therefore, it may cost new market entrants extra efforts and time to meet the regulatory requirement and go through the licence application process which may take several months.

- ***Initial investment and operating cost***

Apart from the rental expense, and raw material cost, the interior design, decoration, purchase of equipment, installation cost also account for large part of initial setup cost for a restaurant. Depending on the scale, operation model and themes, the setup cost for a single restaurant could range from approximately HK$0.5 million to HK$1.5 million. In addition, daily operating expenses will likely to put financial stress on the new entrants especially during the early stage of operation with a low turnover. As a result, new entrants are required have certain financial resources to start and sustain their business in the restaurant industry.

- ***Quality, branding and customer preference***

Quality of food and service are perceived as one of the selection criteria for customers. Generally, established restaurant are able to offer a variety of food with consistent quality and cater the needs from different customers, in addition to offering high quality of service such as quick and polite responses to enquires. Hence, customers may prefer those established restaurants brands due to guaranteed food quality, previous dining experience, branding effect and recommendation on social media and by other customers, while such preference is unlikely to be achieved by new market entrants within a short period of time.

- ***Business reputation and relationship with suppliers***

It is crucial for restaurants in Hong Kong to maintain a good reputation and establish good long-term relationships with their suppliers. Compared with established restaurants brands, due to the lack of relevant experience, new entrants are more likely to encounter operation and management issues such as low serving speed and low operation efficiency. On the other hand, existing restaurants brands are generally in a good relationship with their raw material suppliers. Hence, new entrants with little experience and short track records are not easily accepted by customers and suppliers.

Key success factors

- ***Location section***

In the restaurant industry, location selection is very crucial as favourable location could bring more traffic to the restaurants and help increase turnover. In Hong Kong, shopping malls are the most popular tourist attractions where visitor throughput rate is high. Typical tourist districts are located in Tsim Sha Tsui, Mong Kok and Causeway Bay.

- ***Menu and service quality***

The menu is the essence of a restaurant. Whether to develop a menu that is diverse enough to appeal to the majority of diners or an exotic menu targeting a niche market should be considered with the profile of customers that the catering business intends to market to. Meanwhile, the quality of the service is also crucial. Whether it is dedicated services for fine dining or casual dining, they should be carefully planned ahead and aligned with the image of the catering business.

- ***Flexible business hours***

One of the most important success factors is flexibility of business hours. In Hong Kong, diners eat at all times during the day. The culture of having afternoon tea and second dinner at around 12 a.m. are embedded within many consumers eating habits. This means catering businesses need to have a flexible opening hours and employees who are able to work at those hours to capture a bigger market.

- ***Multi-branding strategy***

As the competition is intense in the restaurant industry in Hong Kong, it is seen that many small businesses could not survive and sustain their businesses, partly due to the rising rental costs and decreasing number of mainland Chinese tourists. Those who survived have adopted a multi-branding strategy, having a diverse portfolio of restaurants, including Chinese, Southeast Asian and Western cuisines, to disperse risks and increase the choice for diners.

BUSINESS DEVELOPMENT OF OUR GROUP

Our history can be traced back to 2007 when Mr. NS Wong, one of our Controlling Shareholders and Mr. Ng, a business partner of Mr. NS Wong, founded Rise Charm and established our first restaurant TUW in Wan Chai. Over the years, we have grown to an established restaurant group based in Hong Kong operating full service and quick service restaurants offering a variety of cuisine under a portfolio of brands to a diversified customer base. A majority of these restaurants are strategically located in first tier and/or premium shopping malls or on street levels in prime areas and CBD, covering Hong Kong Island, Kowloon and New Territories.

The key milestones in our Group's development to date are set out below:

Year	Key milestones
2007	Incorporation of Rise Charm and established our first restaurant, TUW, in Wan Chai, Hong Kong.
2008	We opened TUS.
2010	We expanded our own brand portfolio by developing and opening our first Vietnamese restaurant, TLC.
2012	Incorporation of Better World Holdings as the restaurant management company for the management of all our restaurants.
	We opened TLO.
	We expanded our brand presence by developing and opening our first Chinese restaurant, TDC, in the Elements, West Kowloon, Hong Kong.
2013	We entered into an operation agreement with an Independent Third Party for acquiring the catering right of FIAT Caffé to operate TFC.

Year	Key milestones
2014	TDC was awarded with "2013/2014 Food Waste Reduction Pledge Silver Award (2013/2014廚餘減少細章銀獎)" by MTR malls.
	We opened TLM.
2015	Leveraging on the success of our Nabe Urawa brand, we experimented and launched our Japanese hotpot restaurant, TNM.
	We opened TLA and TLK.
2016	We opened TDB.
	We opened TNT.
	TDC was awarded with "Quality Service Award 2016 (2016優質顧客服務大獎)" by MTR malls.
2017	We opened TNC and expanded our restaurant network into Causeway Bay.
	We opened TST and expanded our restaurant network into Tseung Kwan O.
	We opened TSO.

Our operating subsidiaries

As at the Latest Practicable Date, we set up various companies in Hong Kong operating our restaurants.

In 2012, Better World Holdings was set up as a restaurant management company for the management of our restaurants. Better World Holdings facilitates us in centralising our resources in restaurant management and maintains the flexibility and convenience in relevant licencing, compliance and leasing arrangement, in particular when we open new restaurants in our ordinary course of business.

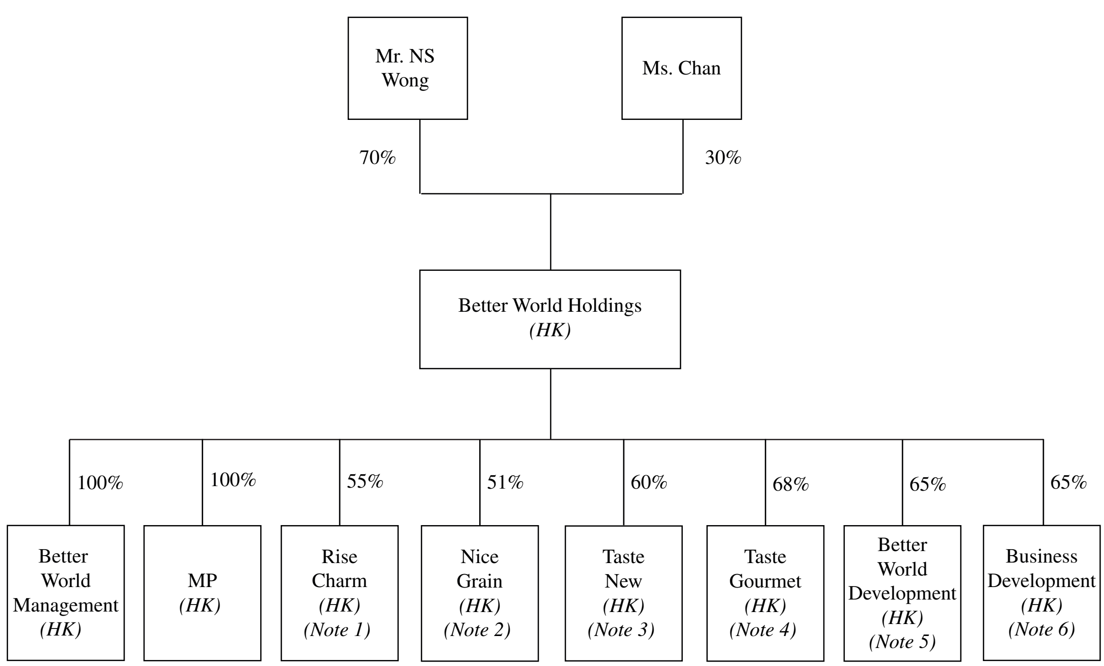
The following table sets out details of our subsidiaries as at the Latest Practicable Date:

Name of subsidiary	Name of restaurant operating under the subsidiary	Date and place of incorporation	Interest attributable to our Group immediately prior to the Reorganisation	Shareholding immediately prior to the Reorganisation	Interest attributable to our Group immediately after the Reorganisation	Shareholding immediately after the Reorganisation
Better World Holdings	Nil	10 April 2012 (Hong Kong)	0%	As to 70% by Mr. NS Wong and as to 30% by Ms. Chan.	100%	100% by BWHK
Rise Charm	TUS	13 September 2007 (Hong Kong)	55%	As to 55% by Better World Holdings, and as to 45% by Mr. Ng.	100%	100% by Better World Holdings
Better World Development	TLC TLO	2 October 2009 (Hong Kong)	65%	As to 65% by Better World Holdings, as to 25% by Mr. Chu, and as to 10% by Mr. Ng.	100%	100% by Better World Holdings
Nice Grain	TDC	11 July 2011 (Hong Kong)	51%	As to 51% by Better World Holdings, as to 20% by Mr. Ng, as to 7% by Mr. Huang, as to 7% by Mr. NM Wong, as to 5% by Mr. Chu, as to 5% by Mr. Ko, and as to 5% by Ms. Lau.	100%	100% by Better World Holdings
Taste New	TFC	18 June 2012 (Hong Kong)	60%	As to 60% by Better World Holdings, as to 15% by Mr. Ng, as to 15% Mr. NM Wong, as to 5% by Mr. Ko, and as to 5% by Ms. Lau.	100%	100% by Better World Holdings

Name of subsidiary	Name of restaurant operating under the subsidiary	Date and place of incorporation	Interest attributable to our Group immediately prior to the Reorganisation	Shareholding immediately prior to the Reorganisation	Interest attributable to our Group immediately after the Reorganisation	Shareholding immediately after the Reorganisation
Taste Gourmet	TLA TLK	19 May 2014 (Hong Kong)	68%	As to 68% by Better World Holdings, as to 15% by Mr. NM Wong, as to 10% by Mr. Ng, and as to 7% by Mr. Chu.	100%	100% by Better World Holdings
Business Development	TLM TNM	5 August 2014 (Hong Kong)	65%	As to 65% by Better World Holdings, as to 15% by Mr. NM Wong, as to 10% by Mr. Chu, and as to 10% by Mr. Ng.	100%	100% by Better World Holdings
Better World Management	Nil	11 September 2014 (Hong Kong)	100%	100% by Better World Holdings	100%	100% by Better World Holdings
MP	TNT TDB TNC TST TSO	23 April 2015 (Hong Kong)	100%	100% by Better World Holdings	100%	100% by Better World Holdings

REORGANISATION

The following is the shareholding structure of our Group immediately before the implementation of the Reorganisation:



Notes:

(1) The remaining shareholdings are held as to 45% by Mr. Ng.

(2) The remaining shareholdings are held as to 20% by Mr. Ng, 7% by Mr. Huang, 7% by Mr. NM Wong, 5% by Mr. Chu, 5% by Mr. Ko and 5% by Ms. Lau.

(3) The remaining shareholdings are held as to 15% by Mr. NM Wong, 15% by Mr. Ng, 5% by Ms. Lau and 5% by Mr. Ko.

(4) The remaining shareholdings are held as to 15% by Mr. NM Wong, 10% by Mr. Ng and 7% by Mr. Chu.

(5) The remaining shareholdings are held as to 25% by Mr. Chu and 10% by Mr. Ng.

(6) The remaining shareholdings are held as to 15% by Mr. NM Wong, 10% by Mr. Ng and 10% by Mr. Chu.

In preparation for the Listing, our Company underwent a series of reorganisation steps to streamline our corporate and shareholding structure. The Reorganisation involved the following steps:

(a) Incorporation of IKEAB Limited

On 19 May 2017, IKEAB Limited was incorporated in BVI with limited liability. As at the date of its incorporation, IKEAB Limited was authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.00 each.

On 1 June 2017, IKEAB Limited allotted and issued 70 shares with a par value of US$1.00 as fully paid to Mr. NS Wong and allotted and issued 30 shares with a par value of US$1.00 as fully paid to Ms. Chan and the issued share capital of IKEAB Limited became 70% owned by Mr. NS Wong and 30% owned by Ms. Chan.

(b) Incorporation of our Company

On 26 May 2017, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorised share capital of our Company was HK$380,000 divided into 3,800,000 Shares with a par value of HK$0.10 each. After the Reorganisation, our Company became the holding company of our Group with its business being conducted through our operating subsidiaries in Hong Kong. The principal business of our Company is investment holding.

On 26 May 2017, our Company allotted and issued one subscriber Share with a par value of HK$0.10 as nil paid to an Independent Third Party as the initial subscriber and such subscriber share was transferred to IKEAB Limited on the same day. The entire issued share capital of our Company became wholly owned by IKEAB Limited.

(c) Incorporation of BVI intermediate holding company

On 31 May 2017, BWHK was incorporated in BVI with limited liability. As at the date of its incorporation, BWHK was authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.00 each.

On 31 May 2017, BWHK allotted and issued one share with a par value of US$1.00 as fully paid to our Company and the issued share capital of BWHK became owned by our Company.

(d) Acquisition of 100% Better World Holdings by our Company

Immediately before the Reorganisation, Better World Holdings was owned as to 70% by Mr. NS Wong and 30% by Ms. Chan.

On 23 June 2017, pursuant to a sale and purchase agreement dated 23 June 2017 entered into between Mr. NS Wong, Ms. Chan, BWHK and our Company, our Company agreed to acquire, through BWHK as its nominee, the entire issued share capital of Better World Holdings at a consideration of HK$116,410,000, which was determined based on arm's length negotiations with reference to the net asset value of our Group as at 31 March 2017. The aforesaid transfers were properly and legally completed and settled on the same date. The consideration has been satisfied by, at the joint direction of Mr. NS Wong and Ms. Chan, allotment and issue of 2,494,499 Shares credited as fully paid to IKEAB Limited on 23 June 2017.

Upon completion of the above acquisition, Better World Holdings became a wholly-owned subsidiary of BWHK.

(e) Acquisition of 35% interests in Business Development by Better World Holdings

Immediately before the Reorganisation, Business Development was owned as to 65% by Better World Holdings, as to 15% by Mr. NM Wong, as to 10% by Mr. Ng and as to 10% by Mr. Chu.

On 23 June 2017, Better World Holdings agreed to acquire 35% of the issued share capital of Business Development at an aggregate consideration of HK$8,172,000, comprising HK$3,588,000 for the 15% of the issued share capital of Business Development held by Mr. NM Wong, HK$2,292,000 for the 10% of the issued share capital of Business Development held by Mr. Ng and HK$2,292,000 for the 10% of the issued share capital of Business Development held by Mr. Chu, which was determined based on arm's length negotiations with reference to the cash flow contribution of TLM and TNM over the remaining term of their respective leases. The aforesaid transfers were properly and legally completed and settled on the same date. The consideration had been satisfied by the allotment and issue of 76,886, 49,114 and 49,114 Shares, credited as fully paid to Mr. NM Wong, Mr. Ng and Mr. Chu respectively on 23 June 2017.

Upon completion of the above acquisition, Business Development became a wholly-owned subsidiary of Better World Holdings.

(f) Acquisition of 49% interests in Nice Grain by Better World Holdings

Immediately before the Reorganisation, Nice Grain was owned as to 51% by Better World Holdings as to 20% by Mr. Ng, as to 7% by Mr. Huang, as to 7% by Mr. NM Wong, as to 5% by Mr. Chu, as to 5% by Mr. Ko and as to 5% by Ms. Lau.

On 23 June 2017, Better World Holdings acquired the 49% of the issued share capital of Nice Grain at a consideration of HK$6,038,000, which was determined based on arm's length negotiations with reference to the cash flow contribution of TDC over the remaining term of the lease. The aforesaid transfers were properly and legally completed and settled on the same date. The consideration had been satisfied by the allotment and issue of 45,257, 22,500, 22,500, 15,814, 11,657, 11,657, Shares, credited as fully paid to Mr. Ng, Mr. Huang, Mr. NM Wong, Mr. Chu, Mr. Ko and Ms. Lau, respectively. The respective consideration in relation to the transfer of shares held by each of Mr. Ng, Mr. NM Wong, Mr. Huang, Mr. Chu, Mr. Ko and Ms. Lau are summarised as follows:

Name of shareholders	No. of shares of Nice Grain held immediately prior to the Reorganisation	Approximate shareholding percentage in Nice Grain immediately prior to the Reorganisation	Amount of consideration for transfer	Number of Shares allotted
		(%)	*(HK$)*	
Better World Holdings	51	51	N/A	N/A
Mr. Ng	20	20	2,112,000	45,257
Mr. Huang	7	7	1,050,000	22,500
Mr. NM Wong	7	7	1,050,000	22,500
Mr. Chu	5	5	738,000	15,814
Mr. Ko	5	5	544,000	11,657
Ms. Lau	5	5	544,000	11,657
Total	100	100	6,038,000	129,385

Upon completion of the above acquisition, Nice Grain became a wholly-owned subsidiary of Better World Holdings.

(g) Acquisition of 45% interests in Rise Charm by Better World Holdings

Immediately before the Reorganisation, Rise Charm was owned as to 55% by Better World Holdings and as to 45% by Mr. Ng.

On 23 June 2017, Better World Holdings agreed to acquire 45% of the issued share capital of Rise Charm held by Mr. Ng at a consideration of HK$1,155,000, which was determined based on arm's length negotiations with reference to the cash flow contribution of TUS over the remaining term of its lease. The aforesaid transfers were properly and legally completed and settled on the same date. The consideration had been satisfied by the allotment and issue of 24,750 Shares credited as fully paid to Mr. Ng on 23 June 2017.

Upon completion of the above acquisition, Rise Charm became a wholly-owned subsidiary of Better World Holdings.

(h) Acquisition of 40% interests in Taste New by Better World Holdings

Immediately before the Reorganisation, Taste New was owned as to 60% by Better World Holdings, as to 15% by Mr. NM Wong, as to 15% by Mr. Ng, as to 5% by Ms. Lau and as to 5% by Mr. Ko.

On 23 June 2017, Better World Holdings agreed to acquire 40% of the issued share capital of Taste New at an aggregate consideration of HK$1,248,000 comprising HK$468,000 for the 15% of the issued share capital of Taste New held by Mr. NM Wong, HK$468,000 for the 15% of the issued share capital of Taste New held by Mr. Ng, HK$156,000 for the 5% of the issued share capital of Taste New held by Ms. Lau and HK$156,000 for the 5% of the issued share capital of Taste New held by Mr. Ko, which was determined based on arm's length negotiations with reference to the cash flow contribution of TFC over the remaining term of its lease (excluding the management fees charged by Taste New). The aforesaid transfers were properly and legally completed and settled on the same date. The consideration had been satisfied by the issue and allotment of 10,029, 10,029, 3,343 and 3,343 Shares, credited as fully paid, to Mr. NM Wong, Mr. Ng, Ms. Lau and Mr. Ko, respectively on 23 June 2017.

Upon completion of the above acquisition, Taste New became a wholly-owned subsidiary of Better World Holdings.

(i) Acquisition of 32% interests in Taste Gourmet by Better World Holdings

Immediately before the Reorganisation, Taste Gourmet was owned as to 68% by Better World Holdings, as to 15% by Mr. NM Wong, as to 10% by Mr. Ng and as to 7% by Mr. Chu.

On 23 June 2017, Better World Holdings agreed to acquire 32% of the issued share capital of Taste Gourmet at a consideration of HK$3,978,000, comprising HK$1,894,000 for the 15% of the issued share capital of Taste Gourmet held by Mr. NM Wong, HK$1,225,000 for the 10% of the issued share capital of Taste Gourmet held by Mr. Ng and HK$859,000 for the 7% of the issued share capital of Taste Gourmet held by Mr. Chu, which was determined based on arm's length negotiations with reference to the cash flow contribution of TLA and TLK over the remaining term of their respective leases. The aforesaid transfers were properly and legally completed and settled on the same date. The consideration had been satisfied by the allotment and issue of 40,585, 26,250 and 18,408 Shares, credited as fully paid, to Mr. NM Wong, Mr. Ng and Mr. Chu, respectively on 23 June 2017.

Upon completion of the above acquisition, Taste Gourmet became a wholly-owned subsidiary of Better World Holdings.

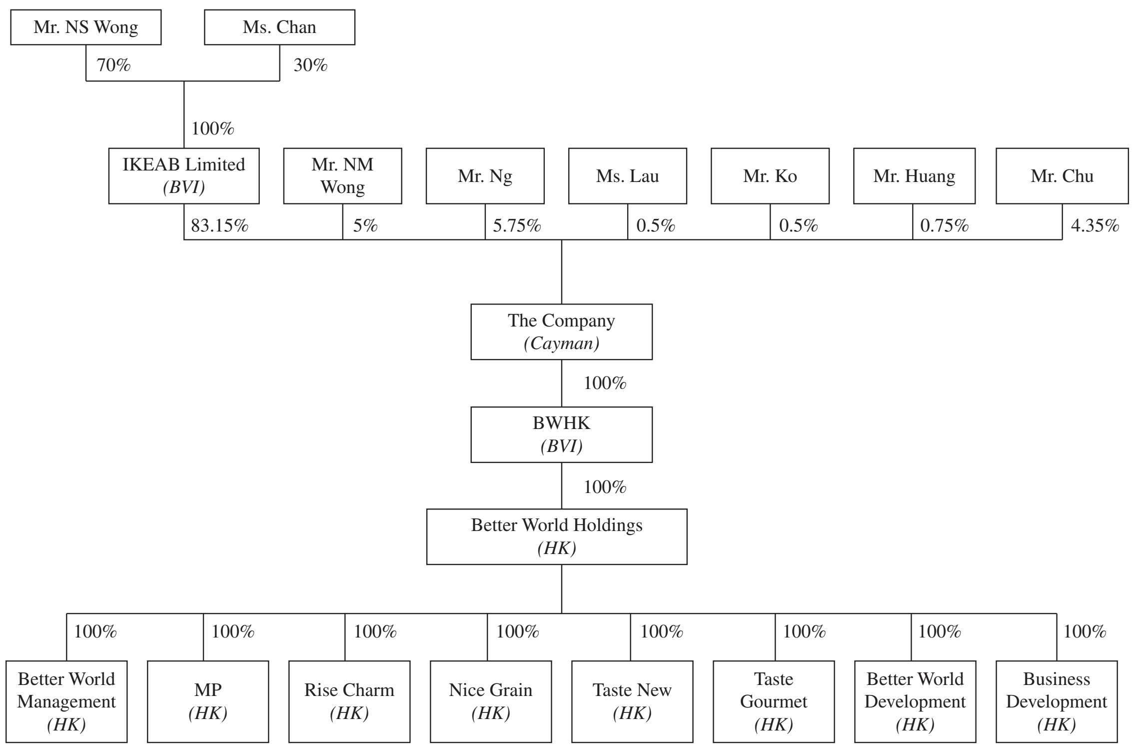
(j) Acquisition of 35% interests in Better World Development by Better World Holdings

Immediately before the Reorganisation, Better World Development was owned as to 65% by Better World Holdings, as to 25% by Mr. Chu and as to 10% by Mr. Ng.

On 23 June 2017, Better World Holdings agreed to acquire 35% of the issued share capital of Better World Development at a consideration of HK$2,999,000, comprising HK$2,201,000 for the 25% of the issued share capital of Better World Development held by Mr. Chu and HK$798,000 for the 10% of the issued share capital of Better World Development held by Mr. Ng, which was determined based on arm's length negotiations with reference to the cash flow contribution of TLC and TLO over the remaining term of their respective leases. The aforesaid transfers were properly and legally completed and settled on the same date. The consideration had been satisfied by the issue and allotment of 47,164 and 17,100 Shares, credited as fully paid, to Mr. Chu and Mr. Ng respectively on 23 June 2017.

Upon completion of the above acquisition, Better World Development became a wholly-owned subsidiary of Better World Holdings.

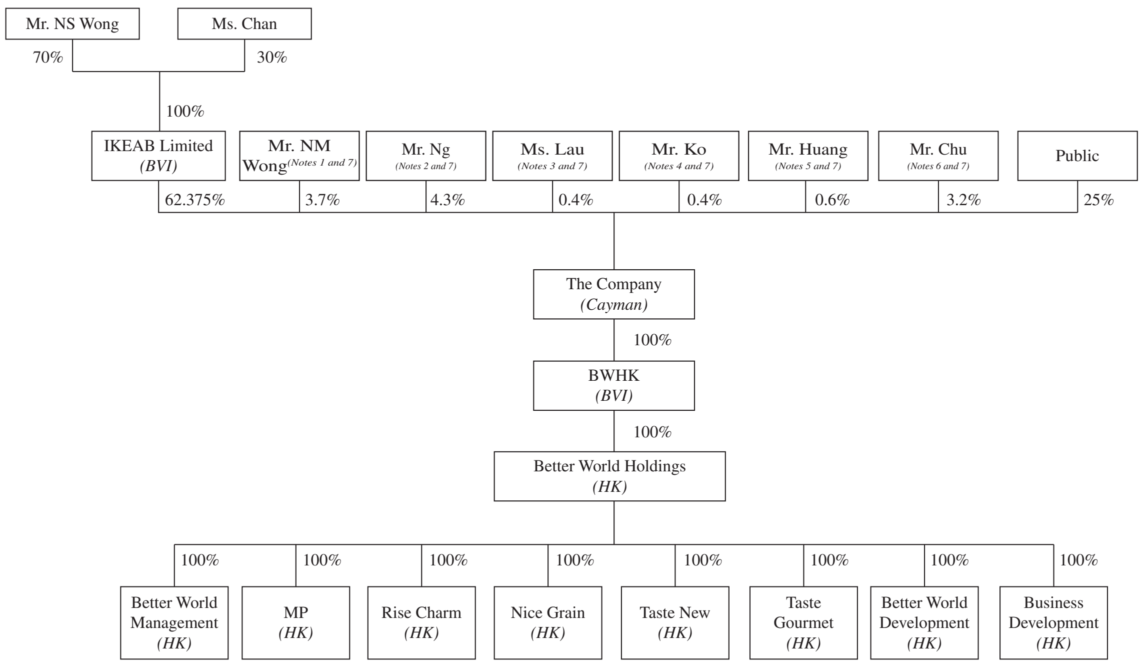
Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The shareholding and corporate structure of our Group immediately upon completion of the Reorganisation but prior to completion of the Capitalisation Issue and the Share Offer without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme is set out below:



CAPITALISATION ISSUE

Pursuant to resolutions passed at the extraordinary general meeting of our Shareholders held on 20 December 2017, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to allot and issue a total of 297,000,000 Shares to the holders of shares on the register of members of our Company at the close of business on 20 December 2017 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share), credited as fully paid at par by way of capitalisation of the sum of HK$29,700,000 standing to the credit of the share premium account of our Company, comprising 246,955,500 Shares to IKEAB Limited, 17,077,500 Shares to Mr. Ng, 14,850,000 Shares to Mr. NM Wong, 12,919,500 Shares to Mr. Chu, 2,227,500 Shares to Mr. Huang, 1,485,000 Shares to Mr. Ko and 1,485,000 Shares to Ms. Lau.

The following is the shareholding structure of our Group immediately upon completion of the Capitalisation Issue and the Share Offer (but not taking into account any Shares that may be allotted and issued upon exercise of the Offer Size Adjustment Option and the exercise of options to be granted under the Share Option Scheme):



Note:

1. Mr. NM Wong will be beneficially interested in approximately 3.7% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). He is the elder brother of Mr. NS Wong and Mr. Huang and brother-in-law of Ms. Chan. As at the Latest Practicable Date, he has worked in the administration and personnel department of a large-scale trading company covering trading of marine, food and commodities products for approximately 25 years.

2. Mr. Ng will be beneficially interested in approximately 4.3% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) and is an Independent Third Party. He is the sole owner of Chiu Kee which is a vegetable grocery and has supplied vegetables to our Group since January 2008 and had set up Rise Charm with Mr. NS Wong in October 2007.

3. Ms. Lau will be beneficially interested in approximately 0.4% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). She is the spouse of Mr. Ko and an Independent Third Party. As at the Latest Practicable Date, she has worked in the information technology department of a financial institution for approximately 10 years.

4. Mr. Ko will be beneficially interested in approximately 0.4% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). He is the spouse of Ms. Lau and an Independent Third Party. As at the Latest Practicable Date, he has worked as a member of senior management in a financial institution for approximately 16 years.

5. Mr. Huang will be beneficially interested in approximately 0.6% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). He is the elder brother of Mr. NS Wong, younger brother of Mr. NM Wong and brother-in law of Ms. Chan. As at the Latest Practicable Date, he owns and manages a company established in the PRC engaging in the business of sale of electronic appliances, motor cycles and metallic components.

6. Mr. Chu will be beneficially interested in approximately 3.2% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). He is the executive chef in Vietnamese cuisine of our Group and an Independent Third Party. He has been employed by our Group as the executive chef in Vietnamese cuisine of our Group since January 2010.

7. The Shares held by each of Mr. NM Wong, Mr. Ng, Ms. Lau, Mr. Ko, Mr. Huang and Mr. Chu are not subject to any lock-up arrangement and will be counted towards public float under the Listing for the purpose of Rule 11.23 of the GEM Listing Rules.

OVERVIEW

We are a Hong Kong based restaurant group operating full service and quick service restaurants offering a variety of cuisines under a portfolio of brands to a diversified customer base. Since the opening of the first restaurant, TUW in December 2007, we have expanded into a multi-brand business. As at the Latest Practicable Date, we owned and operated 13 full service restaurants and 1 quick service restaurant offering Vietnamese, Japanese, Chinese and Western cuisines under seven brands, comprising six self-owned brands such as 品越越式料理 (La'taste Vietnamese Cuisine), 稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine), 稻成小館 (Dab-pa Peking & Szechuan Bistro), 浦和日本料理 (Urawa Japanese Restaurant), 牛氣 (Nabe Urawa), Say Cheese and one licensed brand known as FIAT Caffé. A majority of these restaurants are strategically located in first tier and/or premium shopping malls or on street levels in prime areas and CBD, covering Hong Kong Island, Kowloon and New Territories.

With the success of TUW, our Group proceeded to set up TUS in 2008 and TUT in 2009. In the first quarter of 2010, our Group set up TLC, our first La'taste Restaurant in Central. From 2012 to 2015, we further opened three additional La'taste Restaurants, namely TLM, TLA and TLK, in Mong Kok, Admiralty and Kornhill Plaza respectively. We expanded our cuisines to Chinese cuisine by setting up TDC in the Elements, West Kowloon in 2012 and TDB in Tuen Mun in 2016. In 2013, we acquired the catering right to operate TFC, which offers light meal in Western cuisine, and which restaurant was then located in Causeway Bay and subsequently moved to Tsim Sha Tsui in 2014. We also extended our Japanese cuisine to Japanese style hotpot (shabu shabu) in 2015 under the brand name of Nabe Urawa, and the three Nabe Urawa Restaurants, namely TNM, TNT and TNC, are currently strategically located in the shopping malls in Mong Kok, Tsim Sha Tsui and Causeway Bay with close proximity to other shopping malls and entertainment attractions. In 2017, we further expanded our cuisines to Western cuisine offering Western light meals by setting up TST in Tseung Kwan O and a "Say Cheese Kiosk" in Olympian City.

We strive to uphold our core values of "Food Quality and Customer Satisfaction" through providing to our diversified customer base a pleasant experience with quality dishes and attentive services at affordable price. We believe our multi-brand strategy enables us to capture a diversified group of customers with different taste and allow us to benefit from a wide source of revenue. Given the dynamic market and changing taste of customers in general, we endeavour to maintain a diversified portfolio of brands in order to maintain our competitiveness towards our customers. Since our inception in 2007, we have been expanding our network in Hong Kong through setting up restaurants of different styles under our multi-brand business model. Furthermore, we entered into lease to open one "Say Cheese Kiosk" under our new brand "Say Cheese" offering Western light meal in Kwai Fong tentatively opening in the fourth quarter of 2017 and a Nabe Urawa Restaurant in Park Central in Tseung Kwan O tentatively opening in the fourth quarter of 2018, so as to capture additional revenue stream while leveraging on our strength in brand building and restaurant operation as well as the market reputation which we have established over the years.

The following table sets out the breakdown of our revenue and the number of restaurants in operation by cuisines during the Track Record Period:

	Year ended 31 March						For the three months ended 30 June		
	2016			2017			2017		
	HK$'000	*% of total revenue*	*Number of restaurants in operation during the year*	*HK$'000*	*% of total revenue*	*Number of restaurants in operation during the year*	*HK$'000*	*% of total revenue*	*Number of restaurants in operation during the period*
Vietnamese	51,214	31.3%	5	71,297	35.9%	5	17,466	35.9%	5
Japanese	75,978	46.5%	3	78,992	39.8%	4	19,160	39.4%	3
Chinese	23,958	14.7%	1	37,377	18.8%	2	9,706	20.0%	2
Western	12,281	7.5%	1	10,902	5.5%	1	2,319	4.8%	1
	163,431	100.0%	10	198,568	100.0%	12	48,651	100.0%	11

Notes:

1. TUT was closed down in February 2017.

2. TLK, TDB and TNT opened in December 2015, June 2016 and December 2016, respectively.

We recorded significant growth during the Track Record Period. Our revenue increased from approximately HK$163.4 million for the year ended 31 March 2016 to approximately HK$198.6 million for the year ended 31 March 2017, which is primarily due to (i) the commencement of operation of TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016; (ii) the additional contribution reflecting a full year operation of the TLK, which commenced operations in the fourth quarter of 2015; and (iii) net same-store growth in revenue from existing restaurants. Our revenue increased by approximately HK$3.1 million, representing an increase of 6.7% from approximately HK$45.6 million for the three months ended 30 June 2016 to HK$48.7 million for the three months ended 30 June 2017. The increase in revenue for the three months ended 30 June 2017 was primarily due to the contribution from TDB which only had one month of operations during the three months ended 30 June 2016 and TNT which commenced operations in the fourth quarter of 2016 and a slight increase in revenue from TDC and TNM. The increase was offset by (i) a slight decrease in the overall customers for our Vietnamese restaurants, TUS and TFC; and (ii) the closure of TUT in the first quarter of 2017. Our net profit also increased from approximately HK$18.9 million for the year ended 31 March 2016 to approximately HK$21.8 million for the year ended 31 March 2017 as a result of commencement of operation of two new restaurants in 2016 and full year operation of the TLK, which commenced operation in the fourth quarter of 2015. As a result of the expenses incurred in preparation of the Listing, loss before taxation amounted to HK$1.6 million during the three months ended 30 June 2017. However adjusted for the impact of the listing expenses, our profit before tax for the period increased slightly from approximately

HK$5.7 million for the three months ended 30 June 2016 to approximately HK$5.9 million for the three months ended 30 June 2017, representing an increase of 4.0%. For details of our financial performance, please refer to the section headed "Financial information – Description of the principal components of our results of operations" in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following principal strengths are crucial to our success and essential for our future growth:

We have a proven track record and our restaurants are strategically located in convenient locations throughout Hong Kong, either in first tier and/or premium shopping malls or on street levels in prime areas and CBD

We have a proven track record in operation of restaurants under our multi-brand business model. Since opening our first Urawa Japanese Restaurant, namely TUW, in 2007, we have now expanded into a restaurant group operating 13 full service restaurants and 1 quick service restaurant under seven brands as at the Latest Practicable Date. According to Frost & Sullivan, Hong Kong's full service restaurant market increased from HK$34.9 billion in 2011 to HK$42.8 billion in 2016 in terms of revenue, with a CAGR of 4.2% in that period. Throughout our years of operations, we believe that we are able to capture the growth in the full service restaurant market and have utilised a flexible expansion strategy in establishing our presence in the mid-to-high-end market in Hong Kong.

Our Directors believe that the locations of our Group's restaurants are critical for supporting our Group's strategy of targeting a diversified customer base in Hong Kong and the success in promoting our Group's brand and reputation. Our restaurants are located in various districts of Hong Kong, and we have strategically located our restaurants either in shopping malls or street levels in prime areas and CBD, such as Central, Admiralty, Tsim Sha Tsui and Mong Kok as well as residential areas with concentration of private housing estate such as Olympian City, Kornhill Plaza and Tseung Kwan O so that we can easily reach out to a diversified group of customers. We also explore new business opportunities to open new restaurants, and look for suitable locations on a continuous basis either at prime shopping areas, commercial districts or densely populated areas, and acquire mindful understanding through market research and evaluating customer needs from time to time. We believe that our proven track record throughout our years of operation earns us the reputation which allows us to be able to operate in first tier and/or premium shopping malls. Through our expansion over the years, our revenue recorded HK$163.4 million for the year ended 31 March 2016, HK$198.6 million for the year ended 31 March 2017 and HK$48.7 million for the three months ended 30 June 2017.

Diversification of our customer base through our multi-brand business model

We believe our multi-brand business model allows us to provide dining experience to a wider bandwidth of market segment, namely, different customer segments with mid-to-high-end spending power through the offering of a variety of cuisines mainly Vietnamese, Japanese, Chinese and Western, at varying prices. According to Frost & Sullivan, Hong Kong's full service restaurant market increased from HK$34.9 billion in 2011 to HK$42.8 billion in 2016 in terms of revenue, with a CAGR of 4.2% in that period. There is also an increasing demand for various cuisines, in particular Japanese cuisine which accounted for 13.3% of Hong Kong full service restaurant market in 2016 as a result of rising popularity of Japanese culture. As at the Latest Practicable Date, we owned and operated restaurants under six self-owned brands, and operated one "FIAT Caffé" which brand is licensed from an Independent Third Party. For details of our restaurants, please refer to the paragraph headed "Our business – Our restaurant network" in this section. We believe that we are able to maintain flexibility in our operations and in planning our future expansion strategy.

We review our branding policy on a continuous basis, and depending on the market trend, we may open additional restaurants under the same brand or establish new brands to attract different customer segments. We have been continuously developing new brands and strengthening our existing brands throughout our years of operation. We launched our first restaurant under the brand "浦和日本料理 (Urawa Japanese Restaurant)" in Wan Chai, namely TUW, in 2007, followed by development of other restaurants which offer various cuisines under different brand names. We set up our own brand "品越越式料理 (La'taste Vietnamese Cuisine)" in 2010, "稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine)" in 2012, "牛氣 (Nabe Urawa)" in 2015, "稻成小館 (Dab-pa Peking & Szechuan Bistro)" in 2016 and "Say Cheese" in 2017. Apart from developing our own brands, we also operate a franchised Western restaurant under the name "FIAT Caffé", namely TFC, which was first opened in 2013 as part of our brand building strategies. With our multi-brand strategy, we believe that we maintain flexibility and can readily fit in plans of shopping malls as the landlords may specify or prefer restaurants serving particular cuisines, therefore we are able to enter into new lease agreements for suitable locations or renew existing lease agreements with our landlords on commercially acceptable terms.

According to Frost & Sullivan, the monthly average expenditure per household on food in Hong Kong was HK$5,859 in 2010 and is estimated to reach HK$7,886 in 2016, representing a CAGR of 5.1%. We believe that with our multiple branding strategies and cuisines, the diversified range of the prices of our dishes enables us to capture customers with different spending power. The average spending per customer was approximately HK$150, HK$143 and HK$150 for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. We consider our pricing strategy has been successful in attracting different customers with mid-to-high-end spending power to our restaurants. Please refer to the paragraph headed "Operating data of our restaurants" of this prospectus for details.

We believe that our history of operation under different brands with diversified cuisines allow us to establish a diversified customer base which provide us with knowledge and experience to further adjust our branding strategies in the fast changing and competitive industry. Our Directors believe that our flexible multi-branding strategies have broadened our customer base, which is crucial to our success and future growth.

We are a restaurant group and our centralised management of multi-brand business model creates synergy and improve our overall dining services

Within 10 years, we have successfully established our multi-brand restaurant group with 14 restaurants under seven brands as at the Latest Practicable Date, and have been able to leverage on our management expertise and apply in the operation of our restaurants.

We attribute our success to the vision of our co-founders, as well as the talents of our senior management. Our senior management promotes a corporate culture and standardised operation procedures and policies by working collaboratively with our staff in achieving a customer-focused approach to deliver quality dining services to our customers. Our business relies on our centralised management so as to improve operational and administrative efficiency and enhance the quality of our services.

We believe that our Group is able to enjoy advantages brought by economies of scale. In terms of business management, we adopt standardised procedures to ensure quality of dining experience throughout our restaurants, and monitor and analyse our daily sales of our different restaurants on an on-going basis so that we can react quickly to respond to the market and our customer needs. For example, we anticipate the need for marketing activities to promote the restaurants, and customise our menu or meal sets with respect to the respective needs of the customers of our restaurant or each locality. In terms of human resources, due to our operations as a restaurant group, we believe that we are better able to deploy our resources, and provide more opportunities for staff training as well as promotion prospects. In addition, we have adopted centralised procurement, where the selection of suppliers and negotiation of terms with the suppliers are conducted by our senior management and the daily purchase orders for food ingredients are being placed at the individual restaurant level. We believe that this has allowed us to ensure the quality of our food ingredients and to negotiate with our suppliers at prices favourable to us through bulk purchasing.

We are committed to quality food, service and good hygiene

Our Directors believe that in order to operate our restaurants successfully, we are required to consistently deliver high quality food in an enjoyable environment, served by good and attentive floor staff and ensure that our operations are operated in a hygienic manner. Our Group emphasises the need to use freshly sourced quality ingredients in producing its products and dishes. Our Group imposes stringent criteria for the choice of suppliers of food ingredients, and internal control and management system in the food preparation process. To ensure dishes served by us are in good quality, our purchasing department works closely with the head chefs of our Group's restaurants in choosing quality and stable food ingredient suppliers. During the selection process of our suppliers, our chefs also participate in selecting food ingredient and beverage suppliers in order to ensure the freshness of food ingredients and the stability of supply. Our Group also implements internal control and management systems for ensuring the quality of food products served by our Group's restaurants. We have also adopted strict hygiene policy at our restaurants to minimise any risk of food contamination. Our efforts in providing quality food and services are recognised by our awards received over our past years of operation. TDC was awarded the Quality Service Award 2016 by MTR malls. Our La'taste Restaurants and FIAT Caffé were also awarded the "Best-Ever Dining Award 2013 – Vietnamese Cuisine" and the "Best-Ever new restaurant (Western Cuisine)" by a local magazine respectively. For details, please refer to the section headed "Business – Awards and certifications" in this prospectus. During the Track Record Period, we engaged third party service providers in carrying out cleaning and maintenance work of our restaurants, such as pest control, maintenance of fridges and air conditioners. For details, please refer to the paragraph headed "Quality control" in this section. During the Track Record Period and up to the Latest Practicable Date, our Group did not receive any material complaints from the FEHD nor were our restaurants subject to any investigation on food hygiene by any government authorities or relevant consumer protection organisations due to any food safety incident.

Experienced senior management team with comprehensive industry and market knowledge

Our Group's management team consists of experienced personnel with extensive, diversified experience and knowledge in business management and the food and beverage industry. Mr. NS Wong, one of our co-founders, has over a decade's experience in investing in the restaurant industry with a professional qualification of certified public accountant. We believe that his industry knowledge and accounting background provided our Group a strong foundation for the management and the diversification of our corporate strategies as well as future development direction. Ms. Chan, one of our co-founders, utilises her years of teaching experience in devising training programmes for our staff and is responsible for setting up our internal control policies and overseeing the day to day operation. Mr. Yu, our chief financial officer and company secretary, a fellow certified public accountant with his wealth of experience in accounting, finance, management and company secretarial field, also assists our Group in finance and company secretarial matters presently and after Listing, as well as overseeing the corporate governance of our Group. In addition, our Group executive chef, Mr. Fung Hong Chung Billy, a "blue belt" chef awarded by The HK 5-S Association (香港五常法協會), formulated our own fresh food ingredients procurement, production and quality control process. Together with other senior management members of our Group, who have substantial operational expertise in various fields, conveyed a strong management team. For further details, please refer to the section headed "Directors and senior management" of this prospectus. Our Directors believe that the cumulative experience of our management team will continue to lead our Group's operations in a professional manner with a view to maximise profits.

OUR STRATEGIES

We intend to implement the following business strategies to expand our market share in Hong Kong and enhance our brand recognition and market reputation.

Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong

We intend to expand our current restaurant network in Hong Kong. As at the Latest Practicable Date, we operated 13 full service restaurants and 1 quick service restaurant in Hong Kong. Please refer to the paragraph headed "Our business – Our restaurant network" in this section for details of the location of our restaurants. We believe our operations do not require intensive capital investments.

Our revenue is largely affected by the number of restaurants in our network, and our future revenue growth depends on our ability to open new restaurants. According to the Frost & Sullivan Report, subject to a fixed dining time and maximum seating capacity of a restaurant, it is difficult for a restaurant group to achieve high revenue growth in the existing restaurants after a certain operation period. Generally, in order to maintain a sustainable growth in profit and revenue, restaurant groups open new restaurants to attract customer traffic and expand market base.

As part of our expansion plan to capture a larger market share in the mid-to-high-end market segment, we opened (i) TNC, a Nabe Urawa Restaurant in Hysan Place in Causeway Bay in September 2017; (ii) TST, a restaurant under our new brand "Say Cheese" offering Western light meal in Park Central, Tseung Kwan O in November 2017; and (iii) TSO, a restaurant under new brand "Say Cheese" offering western light meal in Olympian City in West Kowloon in December 2017. In additional to opening one Nabe Urawa Restaurant in Park Central, Tseung Kwan O in the fourth quarter of 2018 and one "Say Cheese Kiosk" in Metroplaza, Kwai Fong in the fourth quarter of 2017 which we have leased the premises for, we also intend to open three Nabe Urawa Restaurants in the second quarter of 2018, the first quarter of 2019 and the first quarter of 2020, respectively, two La'taste Restaurant in the third quarter of 2018 and third quarter of 2019, respectively, and two Dab-pa restaurants in the fourth quarter of 2018 and the first quarter of 2020, respectively. Our Group has a set of comprehensive site selection process which involves detailed feasibility studies including qualitative and quantitative analysis for the new restaurants development to ensure that the suitable locations with sufficient demand and can reach their growth potential and maximise the profit. We intend to open these restaurants with easy access through public transport and in major shopping centres and/or CBD or densely populated residential areas.

To ensure there is sufficient demand for the new restaurants, our Group also considers the demographics of the residents, working groups, tourists and shoppers in the proposed location such as their age groups, income levels and spending power and analysed the market pattern by estimating through conducting site visit and reviewing menus of the restaurants serving similar cuisines in the proposed locations. Our business development team will keep themselves abreast of the customer behaviour and spending power of a district by reviewing relevant government publications such as census for objective figures, property agents and magazines or websites for food and entertainment to understand the latest spending pattern in that particular location. To ensure the profitability of the restaurant at the proposed location, our Group also obtained information from the shopping malls operators, property developers and property agents and analyse the rental costs, average spending of customers and the monthly turnover of the restaurants serving similar cuisines in the proposed locations from the information so obtained. Our Group evaluates the existence of direct and indirect competition of actual or potential competitors at the proposed location and the cuisines offered by them. Our Directors believe that the new restaurant will face minimal competition as according to the Frost & Sullivan Report, it is a market practice for shopping mall operators to specify or prefer restaurants serving a particular type of cuisines to avoid direct competition of the tenants and to diversify the customer base.

Our Directors believe that our Group is able to leverage on the reputation of existing brands in the expansion plans of our Group's restaurant network. Our Group has an established history of restaurant operation since 2007, and the fact that most of the existing restaurants are located in first tier and/or premium shopping malls in Hong Kong also increase the recognition and awareness of the existing brand names amongst the customers. In addition, our Group's restaurants have also obtained recognition in terms of food and service quality, which proves the sustainability and growth potential of the existing brands, and in turn exerts positive effect on our Group's new restaurants. Our Group believes that the expansion plan helps to achieve economies of scale and save costs. As most of the new restaurants will operate under our existing brands, our Group will use standardised recipes and purchase similar materials and supplies from our suppliers. Through bulk purchases, stronger pricing power can be asserted and the suppliers will be more ready to offer extra discounts. In addition, our Group will also adopt our standardised interior designs which are similar to our existing restaurants operating under the same brand. The design costs incurred for the new restaurants will be minimal. Given the favourable cost structure and the future outlook of our new restaurants as previously mentioned, our Directors are of the view that our Group would be able to maintain equivalent profitability level in our new restaurants.

Apart from further developing the existing brands, our Group also endeavours to establish new brand such as "Say Cheese" to serve Western light meal featuring cheese and ice cream desserts. By broadening our cuisine offering and expanding our restaurant network in strategic location where we currently do not have presence, we believe that there will be sufficient demand enabling us to maintain our growth.

We intend to incur approximately HK$55.7 million for our expansion plan to set up nine new restaurants, of which approximately HK$50.0 million will be funded by the net proceeds of the Share Offer to set up eight new restaurants. The following sets out the restaurants which are expected to be opened by us:

	Brand	**Location**	**GFA (Approximate)**	**Lease term/ expected lease term**	**Tentative date for opening**	**Estimated investment cost** *(Note 5)*	**Seating (persons)**	**Status**	**Source of funds**	**Projected breakeven period (month(s))** *(Note 4)*	**Projected investment payback period (month(s))** *(Note 4)*
1.	Nabe Urawa	Park Central, Tseung Kwan O, New Territories	3,300 sq.ft.	4 years (with an option to renew for a term of 2 years)	4th quarter 2018 *(Note 1)*	Approximately HK$5.6 million	140	Lease has been entered into	Net proceeds from the Share Offer and rental deposit from internal resources of our Group	1	13
2.	Say Cheese Kiosk	Metroplaza, Kwai Fong, New Territories	238 sq.ft.	3 years	4th quarter 2017	Approximately HK$0.7 million	*(Note 2)*	Lease has been entered into	Internal resources of our Group	1	14
3.	Dab-pa	New Territories	2,550 sq.ft.	5 years	4th quarter 2018	Approximately HK$5.0 million	120	Location selection stage	Net proceeds from the Share Offer and rental deposit from internal resources of our Group	1	11

	Brand	Location	GFA (Approximate)	Lease term/ expected lease term	Tentative date for opening	Estimated investment cost *(Note 5)*	Seating (persons)	Status	Source of funds	Projected breakeven period (month(s)) *(Note 4)*	Projected investment payback period (month(s)) *(Note 4)*
4.	Nabe Urawa	New Territories	2,063 sq.ft.	3 years	2nd quarter 2018	Approximately HK$4.5 million	90	Location selection stage	Net proceeds from the Share Offer	1	16
5.	La'taste	New Territories	1,100 sq.ft.	5 years	3rd quarter 2018	Approximately HK$13.0 million	*(Note 3)*	Location selection stage	Net proceeds from the Share Offer	1	9
6.	Nabe Urawa	New Territories	3,600 sq.ft.	4 years	1st quarter 2019	Approximately HK$6.7 million	150	Location selection stage	Net proceeds from the Share Offer	1	11
7.	La'taste	Kowloon	2,500 sq.ft.	5 years	3rd quarter 2019	Approximately HK$4.8 million	120	Location selection stage	Net proceeds from the Share Offer	1	13
8.	Nabe Urawa	New Territories	4,400 sq.ft.	4 years	1st quarter 2020	Approximately HK$8.2 million	200	Location selection stage	Net proceeds from the Share Offer	1	16
9.	Dab-pa	New Territories	3,500 sq.ft.	4 years	1st quarter 2020	Approximately HK$6.3 million	150	Location selection	Net proceeds from the Share Offer	1	12

Notes:

(1) The renovation works of the Park Central where the new restaurant will be situated is expected to be completed in late 2018. According to Frost & Sullivan, it is a common practice that large shopping malls formulate strategic plans on the diversity of shops and secure the tenants 1 to 1.5 years ahead before the commencement of the tenants' business at the shopping malls. Due to the above reasons, our Group leased the Park Central property for opening Nabe Urawa approximately a year before the tentative opening date.

(2) Say Cheese Kiosk at Metroplaza only offers take away services with no seating area inside the restaurant.

(3) Food court style with common seating area.

(4) The breakeven period and investment payback period for the above new restaurants have been determined based on historical breakeven period and investment payback period of our existing restaurants opened during the Track Record Period which took approximately one month to reach breakeven and approximately 11 to 20 months to achieve investment payback, assuming that these new restaurants will have similar performance as the existing comparable restaurants of our Group.

Please refer to the paragraph headed "Business – Breakeven period and investment payback period" of this prospectus for details on how the breakeven and projected investment period is calculated.

(5) The estimated investment cost per new restaurant as set out above has taken into account of the rental deposit to be paid to the landlord upon entering into a new lease which range from three to six months of monthly rental but is excluded for the purpose of calculating the investment payback period.

For the above expansion plan, we position the new restaurants to target the mid-to-high-end market customers by offering a variety of dining experience to them. We evaluate the feasibility of opening of new restaurants in each proposed site by reference to the target customer segment. While we will continue to operate our own restaurants, we will also identify suitable opportunities for franchising or other cooperation arrangements with third parties to promote our brands. We believe that such strategy allows us to devote to other business opportunities. Since it will be our first attempt to franchise our own brands to a third party, we will proceed our franchising business with care and caution. In determining whether we will operate our own restaurants or franchise our self-owned brands to third party operators in the future, we will take into account the profitability, capital requirements, operation efficiency, experience of the potential franchisee, the terms and the conditions of the individual franchise agreement and the potential competition with our Group's restaurants.

To develop our potential franchising business, we intend to recruit professional franchising managers to devise franchising documentations for our brands, liaise with potential franchisees, provide training to our franchisees and monitor their compliance with the franchising agreements. We also plan to invest more resources in promoting our restaurant brand awareness so as to facilitate our potential franchising business model. As at the Latest Practicable Date, we have not entered into any legally binding agreements for franchising our brands to any third parties for the operation of our restaurants.

Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants

We plan to enhance our brand recognition through maintaining food quality as well as enhancing service quality at our restaurants. In terms of dining experience, we target to continue our effort in menu design, our commitment in food quality as well as enhancing the dining experience of our customers. We plan to increase training on service to our staff so as to enhance the quality of our dining services. The marketing activities of our Group aim to promote pleasant dining experience at our restaurants with quality food and affordable prices available in a range of cuisines and dining setting from casual to full service dining. We promote our restaurants through various marketing activities, including the maintenance of our website, the display of our menu in digital panels at the shopping malls to the public at our restaurant, launching promotion campaigns with credit cards and shopping mall networks, offering discount to major corporates and residents in the vicinity. We also have a VIP card programme, use various forms of media, such as social media and magazines, third-party smartphone applications for online table reservation as well as promote our restaurants through the distribution of flyers/coupons which can broaden our reach to our potential customers.

Other than the quality of food and services, we believe that the ambience and environment of the restaurants are also important to the customers' dining experience. In order to stay competitive in the market, we undertake renovation works for our restaurants according to the conditions of the decorations, furniture and fixture generally at around the time of the renewal of existing leases, sometimes at the request of the shopping mall landlords. For our Group, major renovation works are generally carried out on a regular interval, which is within the industry norm of four to eight years according to the Frost & Sullivan Report. We incurred approximately HK$1.9 million, HK$1.7 million and HK$0.1 million on equipment purchases and renovation costs for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. Our Group recorded relatively low renovation costs during the Track Record Period because of the relatively smaller number of restaurants operated by us at the beginning of the Track Record Period. The renovation works carried out by us during the Track Record Period usually involved superficial works which involve paint work and/or replacement of fixtures and do not require substantial tasks such as water proofing, wiring and structural changes to the premises.

After Listing, our Group will continue to enhance and upgrade the image of our restaurants, restaurant equipment, utensils and general supplies in our restaurants. Our Group will review the interior design, concept of our existing restaurants and will refurbish if necessary. Our Group also intends to purchase quality kitchen and cooking tools, equipment and appliances in order to increase the efficiency of our chefs. We propose to fund the enhancement and upgrades with our internal resources and the net proceeds from the Share Offer. Since seven of our Group's existing restaurants as at the Latest Practicable Date were opened during the years ended 31 March 2015, 2016 and 2017 and having considered that our Group generally carries out major renovation works at an interval of four to eight years or from time to time at the request of the landlords or at our own initiatives, significant renovation costs are expected to incur in the years ended 31 March 2019 and 2020. We intend to incur an aggregate of approximately HK$8.9 million in renovation costs and equipment purchases, which will be funded by the net proceeds of the Share Offer, as part of our renovation and upgrade of our restaurants. We intend to incur approximately HK$1.5 million for renovation of TDC during the year ending 31 March 2019 due to the expected wear and tear and the necessity to upkeep the image of our restaurant which is located at first-tier shopping mall, and incur approximately HK$2.5 million for renovation of TNM/TLM for the year ending 31 March 2020 due to the expected wear and tear and the large size of the premises. For each of our seven other existing restaurants (i.e. TUS, TLO, TFC, TLA, TLK, TLC and TNT), we expect to incur approximately HK$600,000 to HK$800,000 to carry out minor renovation works and/or replace existing fixtures and equipment due to the expected wear and tear for the next two years and three months. It is expected that renovation works generally require approximately three to 15 days, depending on the size of the premises and the works required to be performed. Therefore, our Directors do not expect there will be any material disruption to our Group's business or any material impact on the financial performance of our Group as a result of the proposed renovation to be carried out.

Enhance overall profitability of our restaurants by controlling our operating costs and increasing efficiency of restaurant operations and management

Apart from enhancing our revenue base through the expansion of our restaurant network and raising our brand awareness, we intend to continue to monitor our profitability by controlling our operating costs.

We believe our established and well-recognised restaurant brands will enhance our bargaining power with our existing and potential lessors and suppliers. We will continue to centralise our procurement negotiations through our head office with our suppliers to leverage on our extensive restaurant network in order to reduce costs and facilitate lease negotiations with our lessors for lease with longer terms and on more favourable conditions.

We will also identify suitable information technology systems, quality kitchen and cooking tools, equipment and appliance to increase the efficiency of our restaurant operations and management. We expect to continue with our training programmes and internal promotion initiatives emphasising on training our chefs and management personnel. These programmes and initiatives will minimise our need to hire chefs or managers externally at high costs, promote employee satisfaction, retention and reduce our employee replacement costs.

OUR BUSINESS

Our business model

Our major business is the operation of restaurants under a portfolio of brands in Hong Kong, during the Track Record Period, except for TFC which we obtained franchise rights from an Independent Third Party, we operated our restaurants under our self-owned brands. As at the Latest Practicable Date, we have not entered into any legally binding agreements for franchising our brands to any third parties for the operation of our restaurants. During the Track Record Period, there were no change in our business model.

Overview of our restaurants and cuisines

As at the Latest Practicable Date, we operated 13 full service restaurants and 1 quick service restaurant offering different cuisines under seven different brands in Hong Kong. As at the Latest Practicable Date, save for TSO, all of our restaurants are full service and offer dine-in meals. Other than our Nabe Urawa Restaurants, all of our restaurants offer take-away meals.

Vietnamese cuisine

During the Track Record Period, we operated five restaurants under the brand name "品越越式料理 (La'taste Vietnamese Cuisine)" serving Vietnamese cuisine. We serve a full menu including starters, salads, rice paper rolls, grilled dish, main such as rice and noodle, drinks and desserts. During the Track Record Period, the revenue generated from our La'taste Restaurants amounted to approximately HK$51.2 million, HK$71.3 million and HK$17.5 million representing 31.3%, 35.9% and 35.9% of our total revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

All of our five Vietnamese restaurants are strategically located in the shopping malls in prime areas and CBD such as Central, Admiralty or Mong Kok or densely populated residential areas such as Olympian City or Kornhill Plaza. We believe our site selection strategy allows customers to visit our restaurants conveniently, which in turn provides us with a steady flow of customer traffic day and night throughout the week.

As at the Latest Practicable Date, prices of individual food items on our menu at La'taste Restaurants ranged from HK$15 to HK$188, which we believe such prices appeal to the general public and are less susceptible to economic downturn.

Set out below are some of our signature dishes at our La'taste Restaurants:

The dining environment of our La'taste Restaurants feature a contemporary style, with similar decoration across all our La'taste Restaurants, which aims to give our customer a contemporary eating experience at an affordable price.

The store front and interior of TLA

The interior of TLC

The store front of TLK

The interior of TLM

The store front and interior of TLO

Japanese cuisine

During the Track Record Period, we operated three restaurants offering Japanese cuisine under two different brand names of Urawa Japanese Restaurants and Nabe Urawa Restaurants. Our Japanese restaurants are all conveniently located along the MTR network and adjacent to commercial buildings and shopping malls, which provides us a steady flow of pedestrians.

During the Track Record Period, the revenue generated from our Urawa Japanese Restaurants and Nabe Urawa Restaurants amounted to approximately HK$76.0 million, HK$79.0 million and HK$19.2 million, comprising a total of 46.5%, 39.8% and 39.4% of our total revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

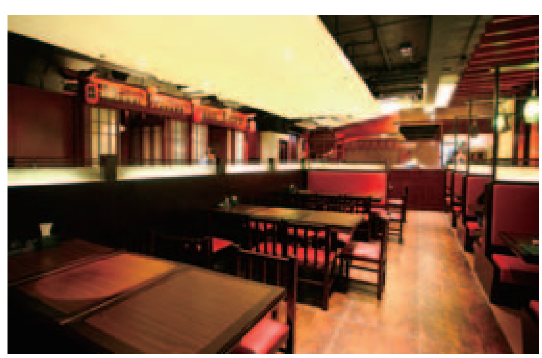
Urawa Japanese Restaurant

Urawa Japanese Restaurant offers full menu Japanese cuisine including sushi, sashimi, ramen and various Japanese set meal.

As at the Latest Practicable Date, prices of individual food items on our menu at Urawa Japanese Restaurant ranged from HK$10 to HK$738; and buffet with price ranged from HK$148 to HK$478, depending on the selection of dishes served.

Set out below are some of our signature dishes at our Urawa Japanese Restaurant:

The dining environment of our Urawa Japanese Restaurant features traditional Japanese style. The following shows the images of our Urawa Japanese Restaurant:



The interior of TUS

Nabe Urawa Restaurants

We operated two Nabe Urawa Restaurants in Mong Kok and Tsim Sha Tsui during the Track Record Period and further opened a Nabe Urawa Restaurant in Causeway Bay in September 2017 under the brand name "牛氣 (Nabe Urawa)" which offers Japanese hot pot in semi-buffet style, consisting of a fixed set of selected meat of pork, beef, seafood or a combination of buffet with other food and drinks. Our innovative cotton candy sukiyaki is one of the favourite dishes of our customers. As at the Latest Practicable Date, our Nabe Urawa Restaurants charged on a per head basis for the meal set chosen ranging from HK$78 to HK$388, depending on the variety of meal set chosen.

Set out below are some of our signature dishes at our Nabe Urawa Restaurants:

Nabe Urawa Restaurants provide a modern ambience. The following shows the images of our Nabe Urawa Restaurants:

The buffet table of TNM

The store front of TNT

Chinese cuisine

During the Track Record Period, we operated two Chinese restaurants under the brand name of 稻成亞丁 (Dab-pa Peking & Szechuan Cuisine) in West Kowloon and 稻成小館 (Dab-pa Peking & Szechuan Bistro) in Tuen Mun respectively. During the Track Record Period, the revenue generated from our Chinese restaurants amounted to approximately HK$24.0 million, HK$37.4 million and HK$9.7 million, comprising a total of 14.7%, 18.8% and 20.0% of our total revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 respectively.

Dab-pa Peking & Szechuan Cuisine

Dab-pa Peking & Szechuan Cuisine is priced at a slightly higher level after having considered the demographics and nature of the locations. It aims to provide high quality and traditional style Peking and Szechuan with a focus on the specialty dishes and main dishes. As at the Latest Practicable Date, prices of individual food items (excluding drinks) on our menu at Dab-pa Peking & Szechuan Cuisine ranged from HK$15 to HK$588.

Set out below are some of our signature dishes at Dab-pa Peking & Szechuan Cuisine:

Dab-pa Peking & Szechuan Cuisine features a stunning combination of Pekingese and Sichuanese design, which aims to bring out the local culture and atmosphere. The following shows the image of Dab-pa Peking & Szechuan Cuisine:

The store front of TDC

Dab-pa Peking & Szechuan Bistro

Dab-pa Peking & Szechuan Bistro is priced at a slightly lower level after having considered the demographics and nature of the locations. It strives to provide quality Chinese cuisine which mainly consist of dim sum, steamed dishes and traditional Peking and Szechuan cuisine at reasonable prices. Our Directors believe that such pricing policy helps to create an attractive price value proposition typically favoured by customers. As at the Latest Practicable Date, prices of individual food items (excluding drinks) on our menu at Dab-pa Peking & Szechuan Bistro ranged from HK$15 to HK$188.

Set out below are some of our signature dishes at Dab-pa Peking & Szechuan Bistro:



Dab-pa Peking & Szechuan Bistro features a youthful and dynamic setting, which aims to bring out an energetic ambience. The following shows the image of Dab-pa Peking & Szechuan Bistro:

The store front of TDB

Western cuisine

During the Track Record Period, we operated one Western restaurant under the name of FIAT Caffé in Tsim Sha Tsui, which we obtained franchise rights from an Independent Third Party to operate. FIAT Caffé offers various types of Western food such as burger, sandwiches, salad and pasta. During the Track Record Period, the revenue generated from our Western restaurant amounted to approximately HK$12.3 million, HK$10.9 million and HK$2.3 million respectively, representing 7.5%, 5.5% and 4.8% of our total revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

As at the Latest Practicable Date, prices of individual food items (excluding alcoholic drinks) on our menu at our FIAT Caffé ranged from HK$28 to HK$288.

Set out below are some of our signature dishes at our FIAT Caffé:

The dining environment of our Western restaurant features a leisure style, with cosy and relaxing ambience. The following shows the images of our FIAT Caffé:

The store front of TFC

As part of our development strategies and in line with the trend of healthy living, we are expanding our Western cuisine offering by opening new restaurants under our new self-owned brand "Say Cheese", offering Western light meal featuring cheese and ice cream desserts. The restaurant is positioned to create a relaxing and fresh ambience, one of which has been opened in Tseung Kwan O in November 2017 and a "Say Cheese Kiosk" has been opened in Olympian City, West Kowloon in December 2017. We intend to open one "Say Cheese Kiosk" in Metroplaza, Kwai Fong in the fourth quarter of 2017 which we have leased the premise for. Please refer to the paragraph headed "Our strategies – Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong" in this section for more details.

Our restaurant network

A majority of our restaurants are strategically located in first tier and/or premium shopping malls or on street levels in prime areas and CBD, covering Hong Kong Island, Kowloon and New Territories. As at 31 March 2016, 31 March 2017, 30 June 2017 and the Latest Practicable Date, we owned 10, 11 and 11 and 14 restaurants respectively, and as at the Latest Practicable Date, all of them were located on leased premises.

As at the Latest Practicable Date, 11 restaurants are located in shopping malls and the other three are located in street stores or ground floor of commercial buildings. The following table summarises the details of our restaurants, including the brand, location, the cuisine offered, opening hours, date of commencement, area and seating capacity:

Brand	Restaurant	Type of premises/ Name of shopping mall	District	Cuisine	Opening hours	Date of commencement	FEHD licensed area	Seating capacity
							(sq.m.)	
Urawa Japanese Restaurant (浦和日本料理)	TUS	Ground floor and basement of a commercial building	Sheung Wan	Japanese	From 11:30 a.m. to 3:30 p.m. and from 5:30 p.m. to 11:00 p.m.	August 2008	291.25	155
Nabe Urawa (牛氣)	TNM	Shopping mall (Grand Plaza)	Mong Kok	Japanese	From 11:30 a.m. to 2:00 a.m.	January 2015	656.43(1)	132

Brand	Restaurant	Type of premises/ Name of shopping mall	District	Cuisine	Opening hours	Date of commencement	FEHD licensed area	Seating capacity
							(sq.m.)	
	TNT	Shopping mall (The One)	Tsim Sha Tsui	Japanese	From 11:30 a.m. to 11:30 p.m.	November 2016	215.36	104
	TNC	Shopping mall (Hysan Place)	Causeway Bay	Japanese	From 11:30 a.m. to 11:00 p.m.	September 2017	300.24	142
La'taste Vietnamese Cuisine (品越越式料理)	TLC	Ground floor and first floor of a commercial building	Central	Vietnamese	From 11:00 a.m. to 10:30 p.m.	January 2010	146.79	94
	TLA	Ground floor of a commercial building	Admiralty	Vietnamese	From 11:00 a.m. to 10:30 p.m.	January 2015	151.26	97
	TLM	Shopping mall (Grand Plaza)	Mong Kok	Vietnamese	From 11:30 a.m. to 11:00 p.m.	December 2014	656.43[(1)]	117
	TLO	Shopping mall (Olympian City 3)	Olympian City	Vietnamese	From 11:00 a.m. to 10:30 p.m.	May 2012	91.82	62
	TLK	Shopping mall (Kornhill Plaza)	Kornhill Plaza	Vietnamese	From 11:00 a.m. to 10:30 p.m.	December 2015	211.66	124
FIAT Caffé	TFC	Shopping mall (Mira Place, formerly known as Miramar Shopping Mall)	Tsim Sha Tsui	Western	From 11:30 a.m. to 10:30 p.m.	August 2014	286.07	93
Dab-pa Peking & Szechuan Cuisine (稻成亞丁)	TDC	Shopping mall (The Elements)	West Kowloon	Chinese	From 11:30 a.m. to 3:30 p.m. and from 5:30 p.m. to 11:00 p.m.	September 2012	116.00	76
Dab-pa Peking & Szechuan Bistro (稻成小館)	TDB	Shopping mall (Tuen Mun Town Plaza)	Tuen Mun	Chinese	From 11:30 a.m. to 4:00 p.m. and from 5:30 p.m. to 11:00 p.m.	June 2016	165.12	92
Say Cheese	TST	Shopping mall (Park Central)	Tseung Kwan O	Western	From 11:30 a.m. to 10:30 p.m.	November 2017	144.31	80
	TSO	Shopping mall (Olympian City 2)	Olympian City	Western	From 11:30 a.m. to 9:30 p.m.	December 2017	33.01	16

Note:

(1) TNM and TLM share the premises in Mong Kok.

Operating data of our restaurants

We set out below certain key operational information of our restaurants for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017:

	Year ended 31 March 2016						Year ended 31 March 2017						
	Number of customer visit	Number of operation days	Approximate average spending per customer per meal *(Note 6)*	Approximate average daily revenue	Approximate daily seating turnover rate *(Note 7)*	Approximate revenue	Number of customer visit	Number of operation days	Approximate average spending per customer per meal *(Note 6)*	Approximate average daily revenue	Approximate daily seating turnover rate *(Note 7)*	Approximate revenue	Approximate increase/ (decrease) In revenue for the year in percentage
	(approximately and rounded to the nearest thousand)	*(days)*	*(HK$)*	*(HK$'000)*	*(times)*	*(HK$ million)*	*(approximately and rounded to the nearest thousand)*	*(days)*	*(HK$)*	*(HK$'000)*	*(times)*	*(HK$ million)*	*(%)*
TUS *(Note 1)*	110,000	362	240	72.5	2.0	26.2	99,000	358	243	67.2	1.8	24.1	(8.3)
TUT *(Note 2)*	111,000	362	154	47.4	1.6	17.2	87,000	318	156	42.4	1.4	13.5	(21.4)
TNM *(Note 8)*	171,000	366	191	89.0	3.5	32.5	173,000	365	191	90.5	3.6	33.0	1.9
TNT *(Note 3)*	N/A	N/A	N/A	N/A	N/A	N/A	39,000	130	215	64.7	2.9	8.4	N/A
TLC	126,000	362	106	36.7	3.7	13.3	134,000	361	110	40.8	3.9	14.7	10.9
TLA	98,000	362	102	27.5	2.8	10.0	113,000	361	96	29.9	3.2	10.8	8.4
TLM *(Note 8)*	113,000	366	106	32.8	2.6	12.0	114,000	364	121	37.7	2.7	13.7	14.2
TLO	91,000	364	98	24.5	4.0	8.9	105,000	364	93	26.9	4.7	9.8	9.7
TLK	70,000	112	101	62.7	5.0	7.0	230,000	364	97	61.1	5.1	22.2	217.0
TDC	124,000	366	193	65.5	4.5	24.0	124,000	365	200	67.2	4.4	24.5	2.5
TDB *(Note 4)*	N/A	N/A	N/A	N/A	N/A	N/A	102,000	289	126	44.4	3.8	12.8	N/A
TFC *(Note 5)*	76,000	364	162	33.7	2.2	12.3	69,000	363	158	30.0	2.0	10.9	(11.2)

Notes:

(1) We consider that the drop in the revenue of TUS for the year ended 31 March 2017 was due to the extension of MTR's West Island Line which may lead to a decrease in the pedestrian flow in Sheung Wan.

(2) TUT was closed in the first quarter of 2017 and therefore there were only 10 months of operation for the year ended 31 March 2017.

(3) TNT was opened in the fourth quarter of 2016 and therefore there was no relevant data for the year ended 31 March 2016.

(4) TDB was opened in the second quarter of 2016 and therefore there was no relevant data for the year ended 31 March 2016.

(5) We consider that the drop in the revenue of TFC for the year ended 31 March 2017 was due to the renovation works carried out at Mira Place (formerly known as Miramar Shopping Mall) which led to a decrease in customer traffic which ultimately led to a decrease in the number of customers.

(6) The average spending per customer per meal is calculated by dividing the total amount of revenue by the total number of customer visit.

(7) The daily seating turnover rate is calculated by the number of customer during the year divided by seating capacity of the relevant restaurants and further divided by the number of operating days in that year.

(8) TNM and TLM operate under the same premises, therefore the operating costs have not been allocated individually between TLM and TNM.

	For the three months ended 30 June 2017					
	Number of customer visit	**Number of operation days**	**Approximate average spending per customer per meal** *(Note 2)*	**Approximate average daily revenue**	**Approximate daily seating turnover rate** *(Note 3)*	**Approximate revenue**
	(approximately and rounded to the nearest thousand)	*(days)*	*(HK$)*	*(HK$'000)*	*(times)*	*(HK$ million)*
TUS	22,000	91	255	60.8	1.5	5.5
TUT *(Note 1)*	N/A	N/A	N/A	N/A	N/A	N/A
TNM *(Note 4)*	36,000	91	214	83.7	3.0	7.6
TNT	26,000	91	227	66.1	2.8	6.0
TLC	30,000	91	116	38.5	3.5	3.5
TLA	25,000	91	99	27.7	2.9	2.5
TLM *(Note 4)*	26,000	91	115	33.3	2.5	3.0
TLO	25,000	91	99	27.3	4.4	2.5
TLK	62,000	91	96	65.0	5.5	5.9
TDC	27,000	91	220	65.8	3.9	6.0
TDB	29,000	91	127	40.9	3.5	3.7
TFC	15,000	91	153	25.5	1.8	2.3

Notes:

(1) TUT was closed in the first quarter of 2017.

(2) The average spending per customer per meal is calculated by dividing the total amount of revenue by the total number of customer visit.

(3) The daily seating turnover rate is calculated by the number of customer during the period divided by seating capacity of the relevant restaurants and further divided by the number of operation days in that period.

(4) TNM and TLM operate under the same premises, therefore the operating costs have not been allocated individually between TNM and TLM.

Operating margins of our restaurants

	Operating margins *(Note 1)*		
	Year ended 31 March 2016	**Year ended 31 March 2017**	**Three months ended 30 June 2017**
	(%)	*(%)*	*(%)*
TUS	12.6	7.1 *(Note 2)*	1.1 *(Note 2)*
TUT	0.1	(9.4) *(Note 3)*	N/A
TNM	16.5	15.4	13.6
TNT	N/A	11.5	16.4 *(Note 4)*
TLC	13.4	17.5	14.9
TLA	9.4	12.8	5.7 *(Note 5)*
TLM	16.5	15.4	13.6
TLO	12.1	11.2	12.8
TLK	7.8	19.9 *(Note 6)*	21.4
TDC	23.3	20.1	25.1
TDB	N/A	8.2	8.8
TFC	4.3	(0.4) *(Note 7)*	0.7

Notes:

(1) Operating margin is calculated by dividing the operating profit for the period by the revenue for that period. Operating profit is defined as profit for the period before other income, other losses, finance costs, and income tax credit/expense.

(2) The operating margin of TUS has decreased (i) for the three months ended 30 June 2017 as compared with that of the year ended 31 March 2017; and (ii) for the year ended 31 March 2017 as compared with that of the year ended 31 March 2016 because of the drop in revenue due to the extension of the MTR's West Island Line, which may lead to a decrease in the pedestrian flow in Sheung Wan and hence customer visits.

(3) The operating margin of TUT has decreased for the year ended 31 March 2017 as compared with that of the year ended 31 March 2016 due to the unsatisfactory maintenance conditions of escalators and piping systems in the shopping mall where TUT was located, which in turn affected the accessibility by customers and hence decrease of customer visits of TUT prior to its closure in February 2017.

(4) The operating margin of TNT for the three months ended 30 June 2017 has improved as compared with that of the year ended 31 March 2017 because there were only four months of operation in the year ended 31 March 2017 which included the preliminary expenses for the establishment of the restaurant.

(5) The operating margin of TLA for the year ended 31 March 2017 has improved as compared with that of the year ended 31 March 2016 due to the increase in revenue as a result of increased customer visits for the year ended 31 March 2017. The operating margin for the three months ended 30 June 2017 has decreased as compared with that of the year ended 31 March 2017 because of (i) the annual increase of rental expenses during the three months ended 30 June 2017 under the terms of the lease; and (ii) the relocation of the Vietnamese executive chef from TLK to TLA during the three months ended 30 June 2017 which increased the staff costs of TLA.

(6) The operating margin of TLK for the year ended 31 March 2017 has improved as compared with that of the year ended 31 March 2016 due to the following: (i) there were only four months of operation in the year ended 31 March 2016 which included the preliminary expenses for the establishment of the restaurant; and (ii) there were full 12 months of operation during the year ended 31 March 2017 and hence an increase of revenue due to increased customer visits. The operating margin for the three months ended 30 June 2017 has increased as compared with that for the year ended 31 March 2017 due to the relocation of the Vietnamese executive chef from TLK to TLA which decreased the staff costs of TLK.

(7) The operating margin of TFC has decreased for the year ended 31 March 2017 as compared with that of the year ended 31 March 2016 due to the renovation work carried out at Mira Place (formerly known as Miramar Shopping Mall) led to a decrease in customer traffic which ultimately led to a decrease in the number of customers.

Our restaurant locations

It is our strategy to open restaurants in areas with high pedestrian flow, either in commercial or residential areas. During the Track Record Period, most of our restaurants are located in first-tier and/or premium shopping malls in Hong Kong Island, Kowloon and New Territories. The following map illustrates the locations of our restaurants in Hong Kong as at the Latest Practicable Date:

Notes:

(1) Nabe Urawa is expected to be opened in the fourth quarter in 2018 in Park Central, Tseung Kwan O.

(2) A Say Cheese Kiosk is expected to be opened in the fourth quarter in 2017 in Metroplaza, Kwai Fong.

Historical changes of our restaurants

We set out below the movement of the number of restaurants during the Track Record Period and up to the Latest Practicable Date:

	Year ended 31 March		For the three months ended 30 June	From 1 July 2017 to the Latest Practicable
	2016	2017	2017	Date
At the beginning of the year/period	9	10	11	11
Opening during the year/period	1	2	–	3
Closure during the year/period	–	1	–	–
At the end of the year/period	10	11	11	14

We closed TUT in February 2017 as we consider that the management and operation of the shopping mall was not in line with our expected standards including unsatisfactory maintenance conditions of escalators and piping systems in the shopping mall, the malfunctioning of each of the escalators linking each floor from ground floor to 3/F discouraged the customers from walking up to the restaurant which was located on 3rd floor of the mall, which in turn affected the accessibility and operating effectiveness of TUT. Such malfunction in relation to the escalators and piping systems in the shopping mall took place after our Group started to operate TUT at the premise and therefore were not discovered during the site selection process. During our site selection process, we would assess the facilities of the site, including its renovation, neighbourhood and the surrounding environment of the shopping mall, including facilities such as escalator and lifts, yet since such malfunction did not happen during our visit to the site where TUT was located, and based on the experience of our management, it is reasonable for us to choose an established shopping mall with systematic management services, as such, the incident in TUT is an isolated incident. The financial performance of the restaurant was therefore below our expectation with a loss incurred for the year ended 31 March 2017 prior to its closure in February 2017. Since TUT recorded a loss during the year ended 31 March 2017, and an increase in revenue was derived from the two additional restaurants opened during the year ended 31 March 2017, the closure of TUT does not have any material financial impact on our Group.

Franchise agreement

As at the Latest Practicable Date, only TFC was operating under a franchise agreement with an Independent Third Party. For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, approximately 7.5%, 5.5% and 4.8% of our revenue respectively was attributable to TFC. The franchise fees of approximately HK$246,000, HK$251,000 and HK$70,000 incurred for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively, was waived by the franchisor by mutual agreement and the franchisor has not agreed to continue to waive the franchise fees going forward. As confirmed by our Directors the franchise agreement was entered into with an Independent Third Party in September 2013. Save as disclosed in the section headed "Connected transactions – Exempt continuing connected transaction", no other third parties waived any other fees or expenses that should have been borne by our Group during the Track Record Period.

Salient terms of the franchise agreement entered into by us are summarised below:

Date of the franchise agreement	1 September 2013
Franchise fees payable and basis of calculation	One-off takeover fee of HK$400,000 and (i) between 1 September 2013 and 31 July 2014, a fee covering the actual monthly rent, operating charges, promotion levy, utility charges and others incurred on a monthly basis; and (ii) after 1 August 2014, a monthly royalty fee calculated at 2% or 3% of the monthly gross sales turnover of TFC.

Our roles and obligations as restaurant operator	We are responsible for the costs of operations and the profits/losses for the catering operations, obtaining the necessary licences, taking all necessary actions in order to comply with the relevant laws and regulations, maintaining the layout, submitting marketing/advertising/promotional proposal every 6 months for any planned activities (the "**Planned Activities**"), displaying one vehicle and general merchandises of the franchisor, maintaining the insurance against loss, damage or liability and using an established point-of-sale (POS) system for the recording of the sales turnover.
Roles and obligations of the franchisor	The franchisor shall assist in our Planned Activities.
Minimum investment amount	Nil
Tenure	Effective from 1 September 2013 for an indefinite period unless terminated by either party by written notice.
Termination clause	Either party may terminate the agreement by written notice and in the events of default.

The breakeven period of TFC has been estimated taking into account the pedestrian flow of the location and the market acceptance for such restaurants, in particular, our Directors, based on their past experience, are of the view that since TFC is the first western restaurant of our Group and that it is the first one operating under a franchise arrangement, it is expected that it may take a relatively longer period to attain breakeven point for TFC. The drop in the revenue during the Track Record Period is considered an isolated incident as the Mira Place (formerly known as Miramar Shopping Mall), where TFC is located, had been undergoing renovation works which reduced the pedestrian flow during the Track Record Period. With the renovated shopping mall with refreshed settings, we expect that the traffic would increase in Mira Place, which in turn would increase our revenue. In addition, our Directors believe that TFC laid a good foundation for our Group's capability in developing other cuisines and operating under a franchise arrangement, therefore the relevant lease of TFC has been renewed for a further three years until 2 June 2020.

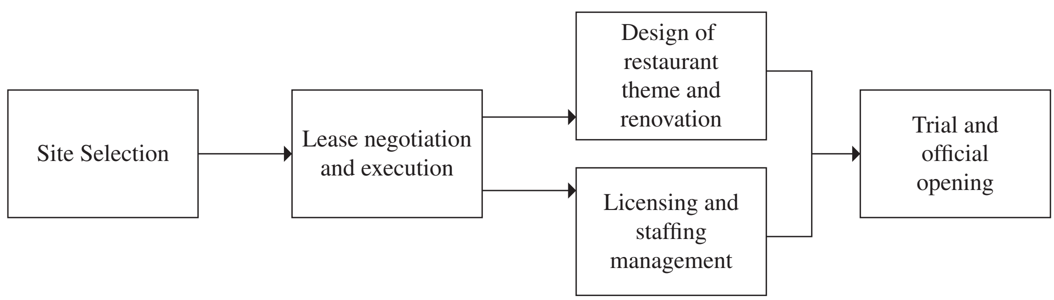
Since 1 July 2017 and up to the Latest Practicable Date, we had not entered into any new franchise agreement or licence agreement. Our Directors believe that operating well-recognised brands under the franchise/licence agreements may have positive impact on our performance and image, allowing us to leverage on the synergies generated to build and develop our own brands.

OUR RESTAURANT DEVELOPMENT

To maintain our competitiveness and as part of our business strategy, we constantly review the performance of our existing restaurants and seek to improve our operations. We also carry out renovation works for our existing restaurants according to the conditions of the decorations, furniture and fixtures.

To achieve a sustainable and constant growth, we constantly look to expand our restaurant network in Hong Kong to strengthen our presence and expand our market coverage. We have implemented internal policies in respect of site selection, feasibility study, interior design, renovation and licensing arrangement.

Set out below is a typical flowchart of our procedures of setting up a new restaurant:



(a) Site selection

When we plan to set up a new restaurant or replace a closed restaurant, we first look at the potential new regions for our expansion, and our management either identify a potential restaurant site or consider a potential restaurant site based on invitations we received from property owners, shopping mall operators or property agents of potential sites available for rent, which we will prepare a feasibility study. When deciding on whether a potential site is suitable for opening our new restaurant, we would take into account the following factors:

(i) Accessibility

We will consider the accessibility for our customers such as the availability of parking spaces and proximity to public transportation system such as the MTR network and transportation hub, which we believe it will not only provide convenience to our targeted customers in visiting our restaurants, it also guarantees certain amount of pedestrian flow and pool of potential customers; we also consider the ancillary services and maintenance condition of the potential sites when assessing a potential site.

(ii) Demographics

As we target customers with mid-to-high-end spending power, we consider demographics of the residents of the site's neighbourhood, such as the age groups, income levels and spending power of the local residents and potential customers in the region. We also take into account the surrounding environment of the shopping malls such as the availability of ancillary commercial facilities such as offices and hotels which help to create a vibrant shopping ambience. We believe the aforesaid factors allow us to understand the daily consumption pattern of our targeted customers, including their spendings on lunch, tea-time and dinner.

(iii) Competition

We consider actual or potential, direct or indirect competition within the area, including the number of competitors offering similar cuisines in the neighbourhood, business performance of those competitors and our proximity to each other.

(iv) Lease term

We will consider the rental cost, size and structure of the premises and restrictions on opening hours of the premises. A maximum rent per restaurant has been fixed by our management in budgeting for each new project to ensure the profit margin of each of our restaurants.

As part of our feasibility study, we also conduct site visits to assess the customer traffic and customer profile in the area. We generally select our restaurant sites strategically in order to increase our market penetration and establish restaurants under different brands to attract different customer segments in the same geographical area. We believe our multi-brand strategy enables us to minimise the dilution of traffic among our own restaurants. We usually have a conceptual design of our new restaurant at this initial stage.

(b) Lease negotiation and execution

Once we are satisfied with the feasibility on a potential site for opening a new restaurant, we will commence negotiation with the landlord for the terms of lease, in particular the rental cost (including fixed rent and contingent rent, if any). We take into consideration rents of comparable site of similar size and locations within the vicinity, potential increases in rents at expiry of the lease when we negotiate the lease terms. We generally request a rental term of approximately three to five years and a rent free period of at least three months to balance the renovation cost and time.

(c) Design of restaurant theme and renovation

Once the lease terms reach the final stage of negotiation, we will engage external interior designers and commence discussion to prepare initial design proposal that will fit our planned theme and image of the restaurant which we believe will appeal to our targeted customers. Our in-house project team would work together with the external interior designers in formulating the design and renovation details. It takes approximately one to two months to finalise the design, which includes the initial design stage and internal review process by our Directors.

Upon receiving the final approval of the design by our chief executive officer, we engage third party contractors for the fitting out and renovation work, which generally requires approximately 1.5 months to three months, depending on the size of the premises.

(d) Licensing and staffing arrangement

In the meantime when the renovation is being carried out, we would apply for the necessary licences, permits and/or certificates required for the operations, including the general restaurant licence, liquor licence, water pollution control licence (except for the restaurants in the shopping malls where the mall operators would be responsible for obtaining such licence) and the required certification from the Fire Services Department for fire safety. We will commence operations of the new restaurant after obtaining all of the required licences and permits. We had isolated incidents of operating some of our restaurants without proper licences. Please refer to the section headed "Business – Legal proceedings and compliance" in this prospectus for further details.

Based on the staffing requirements in our internally approved feasibility study, we will prepare a detailed staffing and hiring plan, which will include the total number of staff required, their respective positions, job specifications, salary structure and recruitment timeline based on the progress of the renovation. We will first check whether there could be internal transfers and promotions from our other restaurants. We also consider reallocating our existing staff to satisfy our staff requirements for opening the new restaurant. Then, we will proceed with hiring the remaining required staff based on our recruitment policy. We train our new hirings in the preparation of the opening of the new restaurant. We also purchase various equipment and utensils for the new restaurants.

(e) Trial and official openings

Our new restaurants may have a trial opening period of about one to two weeks before the official opening to allow testing of the operations, procedures and facilities of the new restaurant. During the week before the trial opening, the head chef of the restaurant would brief the kitchen staff on food purchasing and preparation, whilst our restaurant manager would brief the restaurant staff on services and operational details. To ensure a smooth operation of the new restaurants, senior head chefs of our Group would also station at the new restaurant for several weeks from its trial opening to provide guidance and assistance to the new team.

Based on our experience, the time required to open a restaurant from the time we take possession of the premises to the official opening of a restaurant is within three months.

Breakeven period and investment payback period

According to Frost & Sullivan, a restaurant achieves breakeven in approximately three to six months when its monthly revenue is able to cover its monthly operating costs and expenses on an accounting basis, while the average investment payback period is approximately two to three years when its accumulated net cash inflow from its commencement of operation is able to cover the total investment amount (which includes investments from internal resources). The time required to achieve a breakeven point and investment payback point depends on various factors including the size, location and brand of a restaurant. Investment costs refer to the total investment costs which include all costs associated with setting up the restaurant prior to the commencement of operation. Rental and utilities deposits are not included in investment costs. The investment payback period is the time required for the cash flow of the relevant restaurant to recover the total investment costs incurred in opening that restaurant. As at the Latest Practicable Date, save for TST which only commenced operations in November 2017 and TSO which only commenced operation in December 2017, all of our restaurants had achieved breakeven. Save for TDB, TNT, TFC, TNC, TST and TSO, all our other restaurants have achieved investment payback (including TUT and TUW which have since ceased operations). The restaurants we opened during the Track Record Period are expected to take, and the restaurants we opened prior to the Track Record Period and have achieved investment payback took, approximately one month to reach breakeven and approximately 11 to 20 months to achieve investment payback.

For TNC, TST and TSO which were opened after 30 June 2017, the projected investment payback period is calculated based on the time taken on recovery of investment costs from the commencement of their respective operations with reference to historical breakeven and investment payback period of our existing restaurants opened during the Track Record Period, for the rest of the restaurants opened before 30 June 2017, the projected investment payback period is calculated based on the time taken on the partial recovery of the investment costs as at 30 June 2017 plus the time required for the projected cash flow with reference to the average monthly cash flow of the relevant restaurant during the three months ended 30 June 2017, to recover the remaining investment costs.

The projected investment payback period of the total investment costs of our restaurants which have not achieved investment payback were as follows (the restaurants are disclosed in the order of their commencement year):

TFC	Within 6 years and 2 months from the commencement of operations
TDB	Within 20 months from the commencement of operations
TNT	Within 11 months from the commencement of operations
TNC	Within 15 months from the commencement of operations
TST	Within 26 months from the commencement of operations
TSO	Within 13 months from the commencement of operations

The investment payback period of the total investment costs of our restaurants which had achieved investment payback were as follows (the restaurants are disclosed in the order of their commencement year):

TUS	Within 11 months from the commencement of operations
TLC	Within 15 months from the commencement of operations
TLO	Within 14 months from the commencement of operations
TDC	Within 10 months from the commencement of operations
TLM	Within 15 months from the commencement of operations
TNM	Within 15 months from the commencement of operations
TLA	Within 13 months from the commencement of operations
TLK	Within 12 months from the commencement of operations

TFC was operated under a franchise agreement entered into with an Independent Third Party. Pursuant to the franchise agreement, Taste New is obliged to display one vehicle as designated by the franchiser and as a result of which, Taste New has leased a larger premises to accommodate the vehicle for display which led to higher rental costs. During the year ended 31 March 2017 and the three months ended 30 June 2017, there were renovation works conducted at shopping mall at which the restaurant was situated which, we believe, had led to a decrease of foot traffic, ultimately leading to a decrease in the revenue generating opportunities.

The projected investment payback period of TST is relatively longer because TST operates under our new brand “Say Cheese” which incurs higher preliminary costs in developing the brand. In addition, there was a delay in the handover of the premises at which TST is being operated when our Group has already employed staff for its operation.

We expect the investment payback period of TDB to be relatively longer because of the decrease in the footfall of PRC tourists who are the key customers of TDB. There is relatively higher concentration of PRC tourists in the northern part of Hong Kong such as Tuen Mun. TDB, which is located in Tuen Mun, is therefore more susceptible to the effect of the drop in PRC tourists as compared to other parts of Hong Kong, which lead to a longer investment payback period of TDB as compared to our restaurants in other districts of Hong Kong.

The above historical breakeven period and investment payback period for our restaurants operated during the Track Record Period are not indicative of our future performance as our Group’s revenue, expense and operating results may vary from period to period in response to various factors beyond its control.

RESTAURANT OPERATION AND MANAGEMENT

We have implemented standardised restaurant operations and management procedures. We believe our standardised operations and management procedures have provided us with a platform to maximise our profitability and to control our operational costs, which have allowed us to systematically and steadily grow our business during the Track Record Period.

We set out below a summary of our standardised restaurant operations and management procedures:

Management system and structure

Our management structure is designed to promote efficiency in supervising, directing and supporting our operations, quality control system, recruitment and training in each of our restaurants. Our Group is managed by our management team comprising head office management, finance and administration management and restaurant level management.

- ***Management at head office level:*** Our head office is responsible for the overall management of our business and operations, such as financial planning and analysis, strategic initiatives, marketing and brand building. Our head office also works closely together with the following departments to ensure a smooth operation of our Group:

  - *Finance and administration team:* headed by our chief financial officer who is supported by a finance manager and a senior accountant, the team oversees the accounting system, attend to finance, accounting and corporate governance matters;

  - *Human resources team:* headed by our human resources and administration manager and the team supervises the overall recruitment, training and development of staff;

  - *Business development team:* our business development team comprises a marketing manager, business development manager and a project manager. The team is responsible for implementing the marketing strategies upon finalisation with our senior management members and handling customer complaints of our restaurants and carry out remedial works. The project manager is responsible for implementing new business plans including setting up of new restaurants, formulating design and theme of new restaurants, liaison with contractors and other coordination works involved in the setting up of a new restaurant;

  - *Chef team:* our chef team is headed by our Group executive chef who formulates new dishes and cuisines offering for our Group, the team also comprises executive chefs of Vietnamese, Japanese, Chinese and Western cuisines. The chef team would also put forward proposal on new ingredients or new suppliers for approval by the head office;

  - *Operation team:* headed by our three district managers, responsible for Vietnamese, Japanese, Chinese and Western, respectively. The staff of each restaurant is divided into the kitchen division and the dining service division. Each of our restaurants is headed by a restaurant manager who oversees the daily operation of the restaurant, while the head chef of each restaurant oversees the kitchen staff, supervises the kitchen operations, responsible for monitoring the level of fresh food supplies every day and deciding on the types and quantities of food ingredients to be purchased. The dining service division is responsible for overseeing the dining area of the restaurant, taking orders from customers, serving meals and dealing with settlement of bills.

FOOD PREPARATION AND NEW DISH DEVELOPMENT

We aim to offer quality cuisines to maintain our existing customer base and to attract potential new customers, therefore food preparation and new dish development are an important process of our business operation.

Food preparation process

We stress on food safety and quality control of our dishes. Therefore we have adopted a series of stringent standardised quality control policies and procedures to ensure and maintain our food quality.

(1) Purchasing process

Head chef of each restaurant is responsible for monitoring the quality of food ingredients regularly and placing purchase orders for food ingredients from an approved list of suppliers. Head chef of our Group may request for samples before placing orders with suppliers. For details on supplier selection, please refer to the paragraph headed "Our raw materials, consumables and suppliers" in this section. Upon delivery of the food ingredients, kitchen staff weighs the incoming food ingredients with an electronic scale, records the types and quantities of food ingredients and checks the information on the delivery notes against the purchase orders placed before confirming the receipt of the food ingredients. Head chef of each restaurant would inspect the food ingredients to ensure that they meet with our requirement. Food ingredients which fall below our quality control standards would be returned to the suppliers for replacement. Our cost management system records and monitors all the purchase of each type of food ingredients, beverages, equipment and utensils made by each restaurant, and delivery notes and invoices would be forwarded to our accounting department on the next day following the relevant delivery.

(2) Storage and preservation

Head chef of each restaurant is responsible for ensuring the procurement, proper processing and storage of food ingredients. Food ingredients are generally delivered to our restaurants on a daily basis and we monitor the usage on a daily basis. For fresh and perishable food ingredients, we generally do not store them for more than one day and only maintain a minimum level of food ingredients on hand. For non-perishable food ingredients, we ensure an adequate stock of two to three days is maintained in each of our restaurants based on the individual operation needs. Upon delivery of the food ingredients to our restaurants, we store the food ingredients under appropriate temperature and storage conditions in accordance with our procedures and manuals. Stock count is performed on a daily basis. In addition, hygiene managers and/or hygiene supervisors are appointed in each of our restaurants to strengthen the food safety supervision in the restaurants. Given the limited space in the restaurants, we also have a separate storage facility for storing equipment, consumables and furnitures, which are not needed on a daily basis.

We did not experience an excessive accumulation of inventory of our food ingredients and beverages during the Track Record Period since all purchase orders are placed to match demand, deliveries are made daily and our inventories are closely monitored by head chefs, sous chefs and restaurant managers.

(3) Food preparation

Head chef of each restaurant is responsible for the overall operation of the kitchen of the respective restaurant. Under the coordination of head chefs, there is a division of labour for different processes for food preparation in accordance with the recipes to promote efficiency and quality. The recipes are either developed by us and each restaurant is required to follow the display and taste of the dish. Different divisions of kitchen staff are responsible for different parts of the food processing chain including washing, cutting, seasoning, cooking, serving and cleaning.

(4) Plating/serving/delivery

Once the dishes have been properly prepared, they are plated and checked by the head chef before serving the same to our customers in the restaurants or delivering to our customers by our staff or through food delivery companies.

Development of new dishes

We modify our existing dishes and update our menu in response to the changing tastes of our customers, shifting food trends, nutrition trends, seasonal factors and feedback from our customers. Our marketing department works closely with our executive chefs of each cuisine to introduce promotional and festive dishes regularly to attract potential customers. Our new dish development process mainly consists of the following key steps:

- ***proposal:*** head chefs at our restaurants prepare proposals of new dishes after considering the market trends, seasonal factors, taste, target price, sales volume and food costs;

- ***approval:*** after we finalise the recipe setting out the food ingredients, seasoning, sauces and cooking method, we carry out cost analysis for the food ingredients to determine the cost of the new dish. The head chef selects food ingredients carefully to ensure the food costs will account for no more than a certain percentage of the target price of the new dish. The finalised recipe and the price of the new dish will be reviewed and approved by our Group executive chef; and

- ***launch of the new dish:*** after we approve the new dish and secure the source of the key food ingredients, the menu will be re-designed or updated and printed. The head chefs will follow the new recipe when preparing the new dish.

PRICING STRATEGIES

Pricing of our menu

We adopt a cost-plus strategy when setting our menu prices. The pricing of our food and services varies depending on the menu served. When we price our menu items in our standardised menu, we consider the price of our food ingredients, average cost structure of our restaurants, including staff cost, rental and utility outgoings, target operating margin and pricing of our major competitors in Hong Kong with similar cuisines and target customers, spending patterns and purchasing power of customers, customers' value perception.

We set the prices of our menu for restaurants in different regions in accordance to the demographics of each district. The items in a la carte menu and set menu may also vary in order to capture different needs and demand of the customers. For Nabe Urawa Restaurants, the menu contains meal sets with difference price and there is no price for individual food items given its dining style. On special holidays such as the Valentine's Day, seasonal holidays such as Christmas and New Year's Eve, we may serve special menu at some of our restaurants at a relatively higher price.

We target our menu pricing for the mid-to-high-end market segments. We regularly review the pricing of our standardised menu twice a year to determine whether any pricing adjustment will be made. For products not on the standardised menu, such as new products and seasonal items, we generally set the prices taking into consideration similar factors as set out above. Furthermore, at each of our restaurants, we offer special sets during off-peak hours, such as special discount for lunch set at Nabe Urawa Restaurants as there are generally fewer customers choosing hotpot for lunch, tea sets for La'taste Restaurants and FIAT Caffé, which are priced lower than our normal sets, to attract customer traffic during those hours.

We charge a 10% service fee at our restaurants. Our menu prices were relatively stable during the Track Record Period. Please refer to the paragraph headed "Our business – Operating data of our restaurants" above for details of our estimated average spending per customer for our restaurants operated during the Track Record Period. Our Directors expect that the future trend of our menu prices will remain relatively stable.

Settlement and cash management

We generally accept payment by way of cash and credit cards, which may vary across different restaurants. Our customers usually settle our bills by cash and for the two years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, 39.2%, 39.0% and 37.2% of our restaurant revenue were settled in cash and the remaining were by way of credit card by our customers. Please refer to the section headed "Financial information – Discussion of selected statements of financial position items" in this prospectus for the breakdowns of our different types of settlement by our customers at our restaurants during the Track Record Period.

	Year ended 31 March				For the three months ended 30 June	
	2016		2017		2017	
	Revenue (HK$'000)	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*	*Revenue (HK$'000)*	*% of total revenue*
Cash	63,990	39.2%	77,381	39.0%	18,083	37.2%
Credit cards	98,239	60.1%	116,894	58.9%	29,504	60.6%
Bank transfers from delivery companies	1,202	0.7%	4,293	2.1%	1,064	2.2%
Total	163,431	100%	198,568	100%	48,651	100%

Credit cards

Our restaurants accept credit cards from most major credit card issuers for settlement of bills.

We normally receive remittances from the relevant credit card issuers, net of service charges, on the next business day after the day on which the credit card transaction is approved. During the Track Record Period, service charge ranging from 1.8% to 3.0% was generally imposed by the credit card issuers.

Cash

As our Group handles cash on a daily basis, to ensure the accuracy of customer bill amounts, we have (i) installed a computerised point-of-sale (POS) system recording the ordering and invoicing at each of our restaurants; (ii) established a cash handling procedure which includes segregation of duties and reconciliation between the cash receipts as recorded in our POS system against the cash kept at the cash register at each of our restaurants on a daily basis and the restaurant manager would check and counter-sign on the cash reconciliation report prepared by the cashier; and (iii) carry out daily cash count at our restaurants which the head chef of each restaurant carries out random check.

We believe these measures help to effectively deter errors and mitigate relevant risks in collecting cash payments from customers. To avoid misappropriation and illegal uses of cash, we have implemented a cash management policy. During the Track Record Period and up to the Latest Practicable Date, and except for the New Year holiday in 2016, the cashier of each restaurant bank in cash received every day either at the bank on a weekday or through automatic teller machine every day after counting the amount of cash and reconciling them with the sales record received each day.

On 2 January 2016, TNM was burgled and our Group incurred a loss of approximately HK$184,000 which was stored in a safe in the restaurant during the New Year holidays. Our insurer recompensed to us an amount of approximately HK$66,000 under the relevant insurance policy in September 2016. After the incident, our Group has reviewed and tightened our cash handling policy by requiring the restaurant manager or cashier staff to bank in the amount of cash received every day through automatic teller machine.

Our Directors confirmed that we did not encounter any incident of cash misappropriation or embezzlement during the Track Record Period and up to the Latest Practicable Date.

OUR CUSTOMERS

We target the general public and have a large and diverse customer base in Hong Kong. Owing to the nature of our business, we do not rely on any single customer during the Track Record Period. As such, during the Track Record Period, our Directors consider that it is not practicable to identify the five largest customers of our Group. Our Directors confirmed that our Group had no material dispute with our customers during the Track Record Period and up to the Latest Practicable Date.

Customer services

To continuously improve and ensure the quality of our customer service levels are of a high standard, we provide on-the-job trainings for our restaurant service staff. Our senior management and restaurant managers constantly monitors the performance of our restaurant staff to ensure our standard of customer service is maintained. We also closely monitor comments posted on social media in order to timely address any issues that have not been reported to us at the restaurant level. Through our internal management meeting, we constantly discuss the recent concerns and issues, and solutions to avoid the same issues in our other restaurants. Certain shopping mall operators would also engage secret customers and check on our service and food quality of the restaurants. Please refer to the paragraph headed "Quality control" in this section for more details.

Marketing and promotion

During the Track Record Period, we generally marketed and promoted our brands and food in different forms, from promotional activities to online. In terms of promotional activities, we currently do not actively engage in marketing initiatives other than participating in the marketing campaigns that are carried out by shopping malls operators where our restaurants are located.

These include foam board and light box advertisements, leaflets distributions and shopping mall discounts through food coupons and shopping mall members' discounts. Furthermore, we have recently cooperated with online food ordering and delivery service provider to broaden our market coverage and presence. We also cooperate with credit card issuers and provide discount or complimentary desserts to credit card users to elevate our brand awareness among the vast customer base of credit card issuers from time to time. We believe these promotional activities have provided us with a steady flow of customers and increase our exposure to new customers. Please also refer to paragraph headed "Our strategies – Enhance our brand recognition through raising our service levels on a continued basis, the increase of marketing initiatives and renovation of our restaurants" in this section for more details on our future marketing plans.

Customer complaints

We occasionally receive complaints from our customers, either through email or social media. During the Track Record Period, we recorded two, nine and four complaints from our customers for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 respectively. The complaints we received from customers during the Track Record Period were generally on the service quality of our restaurant staff and the seating arrangement, which were all minor complaints and had been settled. During the Track Record Period and up to the Latest Practicable Date, our Group has not been referred any material complaints and/or claims by government authorities and/or customer protection organisations.

After receiving a complaint from a customer in our restaurants, our restaurant manager will try to resolve the matter to the customer's satisfaction. If the restaurant manager is unable to resolve the matter to the customer's satisfaction, we will provide the customer with our hotline number where our marketing manager will further look into the complaint. If the complaint is received through online platform such as email or via social media, our marketing manager would handle such complaint directly, and would enquire the relevant restaurant manager if further information is required. We may provide our customers with a settlement sum if necessary. The complaint will be forwarded to our senior management for further discussion where necessary. For each complaint received, we promptly record the complaint in our internal records and selected complaints are highlighted at the monthly meeting among restaurant managers for discussion in order to improve our service level and food quality. We have also received compliment of our improved service quality from certain customers who have made a prior complaint. During the Track Record Period and up to the Latest Practicable Date, we did not incur any sum for the settling customer complaints.

OUR RAW MATERIALS, CONSUMABLES AND SUPPLIERS

During the Track Record Period, our suppliers mainly included food ingredient suppliers, beverage suppliers, ancillary equipment and utensil suppliers. We have also engaged licensing consultants, renovation service providers, repair and maintenance service providers, cleaning companies and pest control companies on a regular basis. In line with the industry practice, during the Track Record Period and up to the Latest Practicable Date, we had not entered into any long-term contract with our approved suppliers. The terms and conditions set out in our purchase orders placed with our different types of suppliers may differ. As the number of suppliers is abundant, such arrangement helps our Group to maintain flexibility in operations and pricing. We had an average of over four years of relationship with our top five food ingredient suppliers during the Track Record Period.

Our Directors confirm that there was no rebate or kick back arrangement with any of our suppliers. To the best knowledge of our Directors, we had not encountered any incident that any of our Directors or employees was involved in any bribery or kickback arrangement with our suppliers during the Track Record Period.

During the Track Record Period, we did not experience any interruption of supply, early termination of supply agreements or failure to secure sufficient quantities of food ingredients that had any material adverse impact on our business or results of operations. The following table illustrates the profile of our top five suppliers based on our total purchases attributable to them during the Track Record Period:

	Ranking					Approximate percentage of our total raw materials and consumables used attributable to the supplier			
	For the year ended 31 March		For the three months ended 30 June	Principal business activities	Approximate years of business with our Group	For the year ended 31 March		For the three months ended 30 June	Food ingredients/ goods provided
Supplier	2016	2017	2017			2016	2017	2017	
						(%)	(%)	(%)	
Chiu Kee (潮記)	1	1	1	sale of vegetables	9	12.2	10.8	9.9	vegetables
Vincent Frozen Food Limited (偉珊凍肉有限公司)	2	2	2	sale of frozen meat	5	9.4	8.8	6.9	frozen meat
Amerasia Food Service Company Limited (美亞食品貿易有限公司)	3	3	N/A	sale of frozen meat and groceries	2	7.8	6.4	N/A	frozen meat and groceries
Supplier A	5	4	N/A	wholesale of seafood	2	4.3	4.4	N/A	salmon
Sin Shun (Asia) Limited (興順(亞洲)有限公司)	4	5	N/A	sale of groceries	4	5.1	3.7	N/A	groceries
Supplier B	N/A	N/A	3	sales of meat and groceries	1	N/A	N/A	6.7	groceries
Supplier C	N/A	N/A	4	wholesale of frozen meat	2	N/A	N/A	5.5	frozen meat
Supplier D	N/A	N/A	5	sale of frozen meat	1	N/A	N/A	4.1	packaged meat

For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, purchases from our five largest suppliers accounted for approximately 38.8%, 34.1% and 33.0% of our total purchases of raw materials and consumables used, respectively. During the Track Record Period, Chiu Kee was an individual business owned by Mr. Ng, one of our Shareholders who is interested in approximately 4.3% of our issued Share capital immediately upon completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued upon exercise of Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). During the Track Record Period, our Group also obtained quotation and sourced relevant food ingredients, i.e. vegetables from other two suppliers who are Independent Third Parties and provided similar products to us. The purchases from Chiu Kee were conducted at arm's length and on normal commercial terms and the purchase prices from Chiu Kee were fair and reasonable and comparable to those offered by the other two vegetables suppliers. During the Track Record Period, purchase orders were made by the head chefs at each restaurant based on the demand of each restaurant and the price is determined with reference to prices offered by similar suppliers, delivery schedule and stability in supply, availability of fresh quality vegetables, overall administrative convenience, the minimum order quantity level and subject to negotiations by the parties at arm's length basis. Our Directors confirm that, as consistent with the industry trend, there has not been any significant changes to the average unit price of our Group's purchases from Chiu Kee after the Track Record Period except for the normal fluctuation that is in line with changes in the market prices of vegetables in Hong Kong. For details of Mr. Ng's shareholding in our Company during the Track Record Period, please refer to the section headed "History, development and Reorganisation" in this prospectus.

None of our Directors, their respective close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer) had any interest in any of our top five suppliers during the Track Record Period.

Supplier selection and management

We generally select our suppliers based on a set of selection criteria, which includes (i) capacity, reputation and business operations of the supplier; (ii) type, variety and quality of food ingredients, goods or services offered by the supplier; (iii) pricing of the food ingredients, goods or services; (iv) supply terms and conditions, such as payment terms, delivery schedule and discount; (v) past performance; and (vi) our relationship with the suppliers.

New suppliers may be introduced by first passing our executive chef's sample testing, followed by an assessment by our Group executive chef and final approval by our Directors. If we identify a potential new supplier, our head chef will first screen the supplier whether their product quality can meet our standards and whether they satisfy our other requirements, such as the cost, origin of the supply of the food ingredients, possession of necessary licences and timely delivery of orders. We will only choose potential suppliers as our approved supplier if the price quoted by the supplier is lower than the purchase prices generally offered by our existing approved suppliers or, if higher, then need to be justifiable by other reasons such as exclusivity. If the potential supplier passes our initial screening, we will place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery. If the potential supplier passes the testing phase, we will then negotiate a long-term supply relationship although we generally do not enter into any framework or long-term agreements, which we believe is the customary industry practice in Hong Kong. Our chief executive officer and our business development director will then consider the above factors and results to determine whether to approve the supplier as an approved supplier.

Our Group has maintained a list of approved food and beverage suppliers, comprising more than 30 suppliers as at the Latest Practicable Date. In order to secure a stable supply of food ingredients and beverages, there are at least two approved suppliers for each type of food ingredient and beverage when possible. Our Group executive chef and business development manager will monitor the quality of our raw materials and consumables, and may suggest to our management to consider removing certain suppliers if there is deterioration in the capacities, reliability or consistency of service and product quality of those suppliers. We may remove suppliers failing to meet our selection criteria or being susceptible of negative publicity from our supplier list. During the Track Record Period, we had not removed any supplier from our approved list.

Procurement procedures

Our restaurants may only procure food ingredients and beverages from our pre-approved suppliers where our Directors have negotiated the general terms. Our restaurants will generally procure items which require processing or marinating and have longer shelf life, such as frozen meat, sauces, seasoning and soup seasoning, while our restaurants will procure fresh food ingredients such as fresh vegetables and fresh herbs, and beverages from pre-approved suppliers. Generally, our restaurants will procure food ingredients and beverages from our suppliers the day before delivery except where there is occasional need to purchase certain ingredients on an ad hoc basis from nearby supermarkets or grocery stores. Most of our suppliers invoice are settled centrally by our finance department. We believe this arrangement will maximise the quality of the food ingredients as we keep fresh and perishable ingredients and suppliers to the minimum and to increase efficiency.

When supplies are delivered, our staff check the quantity and quality of the items before the same will be accepted. If there is any discrepancy in quantity or quality issue, the delivery will not be accepted. We will inform our suppliers of the issue and will request them to make the redelivery within a certain timeframe. If the relevant supplier fails to meet the timeframe, we will deduct from our payment to them of any costs we incurred as a result of procuring similar items from another supplier in order to avoid potential disruption to our operations.

Cost control

We have implemented stringent cost control measures by closely monitoring the market prices of our food ingredients. The head chef of each restaurant is responsible for ensuring procurement, proper processing and storage of food ingredients which helps to reduce storage costs as the head chef should know the daily usage of various food ingredients and the consumption patterns of the customers at each restaurant which in turn reduces food wastage. When developing new dishes, the head chef selects food ingredients carefully to ensure the food costs will account for no more than a certain percentage of the target price of the new dish and that same food ingredients can be used in more than one dish. The overall cost of food ingredients is generally fixed to limit to a certain percentage of the total revenue of each restaurant. We have maintained an approved list of suppliers and, during the Track Record Period and up to the Latest Practicable Date, we have no difficulty in finding substitute suppliers. Material increase in the purchase price for any food ingredients will be reported to our management team and we will seek quotations from alternative suppliers as substitutes.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any difficulty in sourcing our food ingredients and beverages or any other raw materials, nor had we experienced any material increase in our purchase cost which had a material and adverse impact on our business operations or financial performance. Notwithstanding such measures, we may not be able to respond to changes in costs and implement menu price adjustments in the future to pass on the increases in the cost of food ingredients to our customers. Please refer to the section headed "Risk factors – Our operations are susceptible to increases in procurement costs for raw materials and consumables, which could adversely affect our business, margins and results of operations" for the relevant risk.

Credit terms

Our suppliers generally offer us a credit term of 30 days during the Track Record Period. During the Track Record Period, most of our purchases from our suppliers were denominated and settled by cheque and cash in Hong Kong dollars.

Food ingredients management

Each of our restaurant monitors the consumption amount of our food ingredients on a daily basis, which we believe is an effective way to reduce wastage and storage costs as the head chef of each restaurant should know the best utilisation of the various food ingredients and the consumption patterns of the customers at each restaurant. We generally minimise the amount of food ingredients stored at our restaurants based on our estimated sales and production volume of the following day.

Our frozen food ingredients such as frozen meat and dry ingredients such as seasoning and dry noodles generally have a longer shelf life of up to two to three days, while our fresh meat products and fresh vegetables each have a shelf life of approximately one day. Our Dab-pa Peking & Szechuan Cuisine in Elements was awarded 2013/2014 Food Waste Reduction Pledge Silver Award by the MTR malls in 2014. For further details, please refer to the paragraph headed "Awards and certifications" of this section.

QUALITY CONTROL

We have established a formal quality management system. Our quality control team has eight members consisting of our Group executive chef and the executive chefs of each cuisines. The team is headed by Mr. Fung Hong Chung Billy who has more than 24 years of experience in the restaurant industry in Hong Kong. For the biography and experience of Mr. Fung, please refer to the section headed "Directors and senior management" in this prospectus.

Food safety and hygiene

Our food safety and quality control policies and procedures are closely integrated with our supplier selection process and food preparation process. Our restaurant managers and head chefs are responsible for the quality control at each of our restaurants. They are responsible for inspecting the food supplies and ingredients, overseeing the food preparation process and monitoring the dining environment and kitchen area. For details, please refer to the paragraphs headed "Food preparation and new dish development – Food preparation process" and "Our raw materials, consumables and suppliers" in this section. We clean and sanitise each of our restaurants in accordance with our policies and procedures. We ensure the implementation of our quality control policies through (i) training and supervision of our employees; and (ii) the evaluation of our procedures.

As confirmed by our Directors, no material complaints or claims on our food was received by us nor were our restaurants subject to any investigation on food hygiene by any government authorities or relevant consumer protection organisations due to any food safety incident during the Track Record Period and up to the Latest Practicable Date.

Service and food quality

Daily briefing sessions and evaluations are conducted by our restaurant manager of each restaurant to ensure the quality of our services, and to brief the staff about the new dishes launched to ensure they have a good understanding of the menu. Head chef and the restaurant manager of each restaurant also have a daily meeting to communicate any problems encountered so as to ensure a smooth operation of the restaurant. Our senior management hold a monthly meeting to discuss various issues, including the profitability, food and service quality, staffing arrangement, renovation and marketing strategy, to understand the current status as well as adjust our business strategy as appropriate.

We collect feedback from our customers through various channels: (i) our social media pages and emails; (ii) food-critic websites; (iii) visits by our marketing team, who will examine various aspects such as service quality and customers' feedback. Our restaurant managers discuss the customer feedbacks during daily briefing sessions and our marketing department compiles all the feedbacks and identify and evaluate the issues with the relevant personnel in order to improve our overall operations. Our restaurant managers will also discuss the customer feedbacks with our senior management in order to improve our overall operations.

During the Track Record Period and up to the Latest Practicable Date, as confirmed by our Directors, our Group did not receive any material complaints nor complaint filed by our customers to the Consumer Council. We were not aware of any incident of customer complaint claiming material compensation that could have a material adverse impact on our business, results of operations and financial position. During the Track Record Period, most of the customer complaints related to the food and service quality.

MAJOR LICENCES AND QUALIFICATIONS

As at the Latest Practicable Date, we operate 13 full service restaurants and 1 quick service restaurant in Hong Kong and have obtained all major licences, permits and certificates required to run a restaurant in Hong Kong including (i) general restaurant licence issued by the FEHD; (ii) liquor licence issued by the Liquor Licensing Board for serving alcoholic beverages; and (iii) water pollution control licence issued by the Environmental Protection Department due to discharge of effluents during the operation of our restaurants, where required.

All licences operate on a validity period and our management will start the renewal process for all licences with sufficient time to ensure licences are renewed before expiry. As confirmed by our Directors, no demerit point has been registered against any of our restaurants and none of our restaurants have had their licence suspended. We did not experience any material difficulties in renewing these licences and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulties in renewing such licences and certificates when they expire. As at the Latest Practicable Date, the relevant authorities had not issued any complaints or warnings, nor taken any action against the relevant subsidiaries of our Group.

For further details of the regulatory regime of restaurant operations, please refer to the section headed "Regulatory overview" in this prospectus.

The table below sets forth information on the licences held by our restaurants as at the Latest Practicable Date:

Type of licence	Name of restaurant	Licence holding company/individual	Licence reference number	Expiry date
General Restaurant Licence	1. TUS	Rise Charm	2218803116	29 April 2018
	2. TNM	Business Development	2262810980	9 August 2018 *(Note 1)*
	3. TNT	MP	2261806829	13 March 2018
	4. TNC	MP	3812815374	19 March 2018
	5. TLC	Better World Development	2218804164	6 October 2018
	6. TLA	Taste Gourmet	2218804155	5 October 2018
	7. TLM	Business Development	2262810980	9 August 2018 *(Note 1)*
	8. TLO	Better World Development	2262808691	30 December 2018
	9. TLK	Taste Gourmet	2211806620	20 June 2018
	10. TFC	Taste New	2261811904	26 January 2019
	11. TDC	Nice Grain	2261809271	13 March 2018
	12. TDB	MP	2293803975	31 January 2019
	13. TST	MP	3898803744	9 May 2018
	14. TSO	MP	3962804853	12 June 2018
Liquor Licence *(Note 2)*	1. TUS	CHOI Chun-fai	5218802572	1 December 2019
	2. TNM	YUNG Andy	5262823400	11 January 2018 *(Notes 1 and 4)*
	3. TNT	CHAN Yuk Ming	5261821513	11 October 2018
	4. TNC	WONG Man Kam	5212832087	19 March 2018
	5. TLC	CHU Kwan Foon	5218820453	27 April 2018
	6. TLA	SZETO Tsz-chung, Panda	5218827126	16 February 2018
	7. TLM	YUNG Andy	5262823400	11 January 2018 *(Notes 1 and 4)*
	8. TLO	LEE Wing Keung	5262821653	3 September 2018
	9. TLK	LEE Sze-yin	5211823383	15 December 2018
	10. TFC	YU, Ka Fai Arthur	5261827326	7 August 2019
	11. TDC	LAU Chi Chin	5261824442	24 September 2018
	12. TDB	LI Kat Choi	5293821589	1 September 2018
	13. TST	Not applicable	Not applicable	Not applicable
	14. TSO	Not applicable	Not applicable	Not applicable

Type of licence	Name of restaurant		Licence holding company/individual	Licence reference number	Expiry date
Water pollution control licence *(Note 3)*	1.	TUS	Rise Charm	WT00018414-2014	31 January 2019
	2.	TNM	Business Development	Not applicable	Not applicable
	3.	TNT	MP	Not applicable	Not applicable
	4.	TNC	MP	Not applicable	Not applicable
	5.	TLC	Better World Development	WT00022991-2015	31 August 2020
	6.	TLA	Taste Gourmet	Not applicable	Not applicable
	7.	TLM	Business Development	Not applicable	Not applicable
	8.	TLO	Better World Development	Not applicable	Not applicable
	9.	TLK	Taste Gourmet	Not applicable	Not applicable
	10.	TFC	Taste New	Not applicable	Not applicable
	11.	TDC	Nice Grain	Not applicable	Not applicable
	12.	TDB	MP	Not applicable	Not applicable
	13.	TST	MP	Not applicable	Not applicable
	14.	TSO	MP	Not applicable	Not applicable

Notes:

(1) TNM and TLM operate under the same premises, therefore only one general restaurant licence and liquor licence are required for the single premises.

(2) As discovered in the due diligence exercise in connection with the preparation for the Listing, the licensees of the liquor licence of five of our restaurants were non-restaurant staff and were not present at the respective premises at all times within the prescribed hours. Please refer to the section headed "Business – Legal proceedings and compliance" in this prospectus for further details. With a view to rectify the non-compliance, up to the Latest Practicable Date, we had transferred the liquor licence of the five restaurants to our restaurant staff. As an additional internal control measure, seven restaurants have a reserve licensee in place with two other restaurants under application for a reserve licensee. We shall apply to have a reserve licensee for the remaining three restaurants which have a liquor licence during their respective liquor licence renewal. The reserve licensee can temporarily take over the principal licensee for a maximum period of three months in the absence of the principal licensee. Please also refer to "Risk factors – Risk relating to our Business – All the liquor licences of our restaurants were held by individuals" in this prospectus for further details.

During the Track Record Period and up to the Latest Practicable Date, none of our liquor licence holders were being suspended or penalised.

(3) Water pollution control licence is not required for our restaurants situated outside of a water control zone, or in commercial buildings and shopping malls whereas their building management and operators are responsible for such licence.

(4) Our Group has submitted the requisite documents to the Liquor Licensing Board for application of the renewal of liquor licence and published the newspaper notice in September 2017. Our Group does not expect there will be any difficulty in renewing the liquor licence before the expiry date of the current licence.

AWARDS AND CERTIFICATIONS

This table below sets forth the major awards and recognition received by our restaurants during its operational history:

Restaurant/brands	Award/Recognition	Awarding body	Year of Grant
Dab-pa Peking & Szechuan Cuisine	Quality Service Award 2016 (2016 優質顧客服務大獎)	MTR malls	2016
Dab-pa Peking & Szechuan Cuisine	2013/2014 Food Waste Reduction Pledge Silver Award (2013/2014 廚餘減少約章銀獎)	MTR malls	2014
La'taste Restaurants	Best-Ever Dining Award 2013 – Vietnamese Cuisine (新假期必吃食店大獎 – 必吃越菜)	Weekend Weekly	2013
FIAT Caffé	Choice of Chinese voters – The best "OpenRice" restaurant in Hong Kong (中國網民投選 – 最優秀香港開飯熱點)	OpenRice	2013
FIAT Caffé	Best-Ever Dining Award 2012 – Weekend Weekly Best-Ever new restaurant (Western Cuisine) (2012必吃食店大獎 – 新假期必吃新登場食店(西菜)票王)	Weekend Weekly	2012

INFORMATION TECHNOLOGY

We have installed a point-of-sale (POS) system at all of our restaurants to record ordering and invoicing data including the date and time of the meal, table number, food and beverage ordered, types of payment and the amount of spending by the customers, which allows us to monitor the daily operations of our restaurants and to obtain accurate up-to-date financial and operating data for business analysis. We perform reconciliation between the receipts issued to our customers and cash at hand in the restaurants on a daily basis.

EMPLOYEES

Our Group had a 188, 197 and 205 full-time employees as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively. The following table sets forth the number of our full-time employees by functional role as at 30 June 2017:

	Number of full-time headcount
Directors and heads of various departments/senior management	18
Head chefs/Section head/other chefs	13
Restaurant staff	102
Kitchen staff	72
Total	205

In addition to our full-time staff, at times when there may be shortage of staff due to sick or holiday leave taken by staff, we employed casual workers from time to time during the Track Record Period. Since April 2017, our Group had ceased to employ staff whose salary is calculated by hourly rate. Meanwhile, our Group entered into agreements with two dispatch work agencies which assign their employees to our restaurants upon our request. There is no employment relationship between the dispatched labour and us, and the dispatch work agencies shall be responsible for the MPF contributions of their employees.

Due to the labour intensive and service-orientated nature of the restaurant business, our employees play an important role in the success of our restaurants. During the Track Record Period, our staff costs and benefits represented approximately 31.7%, 32.6% and 31.9% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. In order to retain quality employees, our Group offers competitive remuneration and incentive schemes. We plan to continue this remuneration policy. Other than the general staff, our senior management has a relatively low turnover rate.

During the Track Record Period and up to the Latest Practicable Date, there had not been any labour strikes within our Group and we did not experience any material labour disputes nor any material insurance claims related to employees' injuries. We had not set up any trade union for our staff. Our Directors believe we have maintained a good working relationship with our employees.

Recruitment

Recruitment in the catering industry for quality staff is highly competitive and we believe that running a restaurant is essentially a team effort. We believe that each restaurant is different and we provide our restaurant managers the discretion to recruit employees at different levels based on the budget assigned by our head office in order to suit the needs of the specific outlet. Our headcount planning is subject to regular review by our head office, taking into factors including but not limited to (i) market conditions; (ii) the size of the restaurant; (iii) proportion of labour costs to total overheads; and (iv) profit margin of the restaurant. Our employees may be recruited on referral basis by our existing staff or restaurant managers.

Our newly recruited full time employees are generally required to undergo a probation period of three months before they may officially join our Group, subject to their performance and seniority. In order to facilitate new recruits to familiarise with our Group's operations, we assign experienced employees to guide them in the beginning weeks of their employment. We believe that this arrangement is also effective in reducing operational risks and high employee turnover.

Employee training

We believe that training is needed to ensure that all employees possess the required knowledge on our standards and procedures as well as work and safety procedures. For our front-line new recruits, we provide on-the-job training to assist the new recruit to become familiarised with our operation processes. We provide our experienced staff with checklists to ensure all matters on food quality, internal procedures and safety standards are properly discussed with new recruits. To cater for the working hours of our staff, we also provide various training classes including dining service and preparation of a dish in video format so that the staff can access the training materials at the time and place at their convenience.

Employee retention

Quality service is an important success factor to our business and employee retention is a known challenge within the fierce restaurant business. Aside from offering competitive remuneration packages, our Group has also implemented an incentive bonus scheme for each restaurant to encourage self-initiatives to drive sales, employee retention and reduction in unnecessary headcount at every outlet. Our bonus scheme is performance based and would be calculated taking into account the achievement of performance target including financial indicators such as revenue and profit target, as well as other qualitative targets such as service quality and work attitude such as timeliness of the employee. Such bonus vary in accordance with the seniority and positions of different employees.

We also conduct annual performance reviews for our employees, which is used as a basis to determine salary adjustments which frequency would depend on a number of factors such as our financial performance and general market conditions and suitability for promotion, taking into account market conditions and business needs.

For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, our average full-time staff turnover rates were approximately 63.6%, 71.7% and 63.6% (annualised) during the relevant period, respectively. Such staff turnover rate is calculated by dividing the number of employees who left during the period by the average number of employees at the beginning and the end of the relevant period. The relevant vacant positions are mainly junior kitchen staff and waiting staff, and we have generally been able to locate replacement within one week.

Work safety

In conformity with industry norms, we are required to comply with various laws and regulations applicable to the restaurant industry in Hong Kong. In order to comply with safety related laws and regulations and occupational health and safety regulations issued by the government authorities in Hong Kong, we have designed and implemented internal safety measures and guidelines for our employees to follow. We also provide training to new recruits and existing employees to keep them up to date with work safety procedures and standards.

We also maintain an internal record and reporting procedure in relation to work injuries in order for our Directors to monitor work injury incidences and make necessary amendments to the internal procedures to reduce the risk of further injuries.

In March 2017, a resigned restaurant staff alleged that he sustained a work injury in August 2015 and reported the same to the Labour Department. However, the alleged incident was initially reported to the Labour Department to have taken place in September 2015 but was subsequently revised to August 2015. We are in the process of handling the incident with the Labour Department. As at the Latest Practicable Date, we understood from the Labour Department that the supply of further evidence and documents are pending from the resigned staff, and we had not been informed of any decision or settlement suggestion put forward by the Labour Department nor had we paid any compensation to the staff in relation to the incident. We received a writ dated 2 August 2017 from the legal representative of the resigned restaurant staff, claiming damages for his medical expenses and compensation arising from his alleged injury, and a court hearing has been scheduled in December 2017. However, no amount of claim has been stated in the writ. As details of the claim, including the amount to be claimed, is absent in the writ, we have been trying to get in touch with the resigned staff in respect of details of his claims with an aim to reach an out-of-court settlement, if appropriate. As at the Latest Practicable Date, we were in the process of obtaining further information about such allegations and claim and had not reached any agreement with the resigned staff nor the insurance company. In addition, according to a memorandum dated 8 November 2017 from the Director of Legal Aid, the application for legal aid by the resigned staff has been refused. Given the limit of indemnity under the relevant insurance is HK$100 million and the only document submitted to the court in support of the claim is the report filed by the resigned staff to the Labour Department of such claim, our Directors believe that such claim was without grounds and it is unlikely to have any potential material impact on our Group. Our Group renewed the insurance plan with the insurance company in September 2016 and 2017 respectively, and there has not been any significant increase in the amount of insurance premiums in respect of the restaurant involved in the aforesaid claim paid by our Group. Therefore, our Directors believe that the claim has no significant impact on the insurance premiums to be paid by our Group in future. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, except as the aforesaid, there were no significant incidents or accidents in relation to work safety at all of our restaurants.

MARKET COMPETITION

In Hong Kong, according to the Frost & Sullivan Report, full service restaurants had a total revenue of HK$42.8 billion, accounting for 39.8% of the total revenue of Hong Kong's restaurant industry in 2016. We believe the full service restaurant industry in Hong Kong is highly competitive and fragmented by a large number of independent restaurant operators and chained restaurant operators. According to the Frost & Sullivan Report, in 2016, the aggregated top five services providers in the full service restaurant market had a market share of approximately 26.6%. The full service restaurant industry is mainly driven by the dining out spending, creation in dishes and marketing and the recovery of Hong Kong tourism industry. We believe the establishment of a sustainable business in the industry requires the support of sufficient funding and flexible strategies in order to cater a diversified customer base in Hong Kong. We intend to maintain our competitiveness over other competitors through strengthening and developing our competitive strengths. Details of our competitive strengths are set out in the paragraph headed "Our competitive strengths" in this section.

For further details on the competitive landscape and market entry barriers of the industry in which we operate, please refer to the section headed "Industry overview" in this prospectus.

OUR PROPERTIES

Head Office, directors' quarters and storage facilities

As at the Latest Practicable Date, our head office is located at Office Unit No. 1A, 8/F, Arion Commercial Centre, Nos. 2-12 Queen's Road West, Hong Kong which is leased from an Independent Third Party for a term commencing from 1 June 2017 to 31 May 2019 (both days inclusive).

In addition, we have leased (i) a residential property located at Flat B, 25/F, Seymour, 9 Seymour Road, Mid-levels, Hong Kong which is leased from an Independent Third Party as directors' quarters for the period from 22 October 2015 to 21 October 2017 and the provision of directors' quarters has been ceased since then; and (ii) a storage facility located at Units 1242, 1244 and 1246, 12/F, Profit Industrial Building, 1-15 Kwai Fung Crescent & Nos. 65-69 Container Port Road, Kwai Chung, New Territories which is leased from our Controlling Shareholders, Mr. NS Wong and Ms. Chan. For further details of the lease of our storage facility, please refer to the section headed "Connected transactions – Exempt continuing connected transaction" in this prospectus.

Our restaurants

As at the Latest Practicable Date, all of our restaurants were operated in the 13 properties which our Group leased from Independent Third Parties. Property rentals and related expenses of our restaurants amounted to approximately HK$20.2 million, HK$24.1 million and HK$6.7 million, representing 12.3%, 12.2% and 13.7% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

Below sets out details of properties leased by our Group for operating of restaurants as at the Latest Practicable Date:

No.	Address in Hong Kong	Name of the restaurant	FEHD licensed area	Period occupied by our Group at the premises as at the Latest Practicable Date (approximate)	Tenancy period	Rental type and rental increase (if any) after the Track Record Period for the remaining tenancy period prior to its expiry	Availability and rental increase (if any) under the option to renew
			(sq.m.)				
1.	Ground Floor, Tung Hip Commercial Building, Nos. 244-252 Des Voeux Road Central, Hong Kong	TUS	291.3	9 years and 4 months	From 1 June 2017 to 31 May 2019 (both days inclusive)	Fixed rent; No rental increase for the remaining tenancy period.	No option to renew
2.	Shop No. 118, 1/F, Grand Plaza, 625 & 639 Nathan Road, Kowloon	TNM	656.4 *(Note 1)*	2 years and 11 months	From 1 November 2017 to 31 October 2020 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease only commenced from 1 November 2017. The basic rent remains the same for the tenancy period.	No option to renew
3.	Shops L404 and L405, Level 4, The ONE, 100 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong	TNT	215.4	1 year and 1 month	From 1 October 2016 to 30 September 2019 (both days inclusive)	Basic rent or turnover rent (whichever is higher). Immediately after the Track Record Period, it was within the first year of the tenancy period. The lease provides an increase of approximately 4% and 8% in the basic rent (compared to the basic rent of the immediate preceding year) for the second and third years of the tenancy period respectively.	Option to renew for three years from 1 October 2019 at basic rent or turnover rent (whichever is higher). The rent under the option to renew is the prevailing market rate not less than the rent prior to the expiry of the lease but capped at an increase of 20% from the rental amount prior to the expiry of the lease.

No.	Address in Hong Kong	Name of the restaurant	FEHD licensed area	Period occupied by our Group at the premises as at the Latest Practicable Date (approximate)	Tenancy period	Rental type and rental increase (if any) after the Track Record Period for the remaining tenancy period prior to its expiry	Availability and rental increase (if any) under the option to renew
			(sq.m.)				
4.	First Floor, Conwell House, Nos. 34, 36 and 38 Stanley Street, Hong Kong	TLC	146.8	7 years and 11 months	From 2 November 2015 to 1 November 2018 (both days inclusive)	Fixed rent; No rental increase for the remaining tenancy period.	Option to renew for three years from 2 November 2018 at market rent as agreed. The lease agreement does not provide for any rent increase when exercising the option to renew.
5.	Shop No. C2, Ground Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong	TLA	151.3	2 years and 11 months	From 1 December 2014 to 14 October 2019 (both days inclusive)	Basic rent or turnover rent (whichever is higher). Immediately after the Track Record Period, it was within the third year of the tenancy period. The lease provides an increase of approximately 5% and 5% in the basic rent (compared to the basic rent of the immediate preceding year) for the fourth and fifth years of the tenancy period respectively.	No option to renew
6.	Shop No. 116, 1/F, Grand Plaza, 625 & 639 Nathan Road, Kowloon	TLM	656.4 *(Note 1)*	3 years	From 1 November 2017 to 31 October 2020 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease only commenced from 1 November 2017. The basic rent remains the same for the tenancy period.	No option to renew
7.	Shop No. G30, Ground Floor, Olympian City 3, No. 1 Hoi Wang Road, Kowloon, Hong Kong	TLO	91.8	5 years and 7 months	From 1 April 2015 to 31 March 2018 (both days inclusive) *(Note 2)*	Basic rent or turnover rent (whichever is higher). Immediately after the Track Record Period, it was within the last year of the tenancy period. Therefore, the lease does not provide any rental increase for the remaining tenancy period.	No option to renew

No.	Address in Hong Kong	Name of the restaurant	FEHD licensed area	Period occupied by our Group at the premises as at the Latest Practicable Date (approximate)	Tenancy period	Rental type and rental increase (if any) after the Track Record Period for the remaining tenancy period prior to its expiry	Availability and rental increase (if any) under the option to renew
			(sq.m.)				
8.	Shop Nos. F7-F8, First Floor of Kornhill Plaza, 1 Kornhill Road, Hong Kong	TLK	211.7	2 years	From 19 October 2015 to 18 October 2018 (both dates inclusive)	Basic rent or turnover rent (whichever is higher). Immediately after the Track Record Period, it was within the second year of the tenancy period. The lease provides an increase of approximately 5% in the basic rent for the third year of the tenancy period.	Option to renew for two years at basic rent or turnover rent (whichever is higher). The rent under the option to renew is the prevailing market rate not less than the rent prior to the expiry of the lease but capped at an increase of 15% from the rental amount prior to the expiry of the lease.
9.	Shops Nos. B1018 and B1023, Basement One Floor, Mira Place (formerly known as Miramar Shopping Centre), No. 132 Nathan Road, Kowloon, Hong Kong	TFC	286.1	3 years and 4 months	Three years commencing from 7th day from the date of notification by the landlord or its solicitor that the vacant possession of the premise is ready for delivery; i.e. From 3 June 2017 to 2 June 2020	Basic rent or turnover rent (whichever is higher). The lease only commenced from 3 June 2017. The basic rent remains the same for the tenancy period.	Option to renew for three years at open market rent or turnover rent (whichever is higher). The rent under the option to renew is the prevailing market rate not less than the rent prior to the expiry of the lease but capped at an increase of 15% from the rental amount prior to the expiry of the lease.
10.	Shop 1047, First Level, the Elements, West Kowloon	TDC	116.0	5 years and 3 months	From 1 August 2015 to 31 July 2018 (both days inclusive)	Basic rent or turnover rent (whichever is higher). Immediately after the Track Record Period, it was within the second year of the tenancy period. The lease provides an increase of approximately 5% in the basic rent for the third year of the tenancy period.	No option to renew

No.	Address in Hong Kong	Name of the restaurant	FEHD licensed area	Period occupied by our Group at the premises as at the Latest Practicable Date (approximate)	Tenancy period	Rental type and rental increase (if any) after the Track Record Period for the remaining tenancy period prior to its expiry	Availability and rental increase (if any) under the option to renew
			(sq.m.)				
11.	Shops Nos. 2162-2172, Second Floor of Commercial Accommodation, Tuen Mun Town Plaza, No. 1 Tuen Shing Street and No. 1 Tuen Shun Street, Tuen Mun, New Territories, Hong Kong	TDB	165.1	1 year and 6 months	From 26 April 2016 to 25 April 2021 (both days inclusive)	Basic rent or turnover rent (whichever is higher). Immediately after the Track Record Period, it was within the second year of the tenancy period. The lease provides (i) an increase of approximately 5% in the basic rent (compared to the basic rent of the immediate preceding year) for each of the third, fourth and fifth years of the tenancy period respectively; and (ii) an increase of 1% in the turnover rent for the fourth and fifth years of the tenancy period.	No option to renew
12.	Shop Nos. 1404 to 1405 on 14th Floor, Hysan Place, No. 500 Hennessy Road, Causeway Bay, Hong Kong	TNC	300.2	3 months	From 3 August 2017 to 2 August 2020 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease only commenced from 3 August 2017. The basic rent remains the same for the tenancy period.	Option to renew for three years at basic rent or turnover rent (whichever is higher). The rent under the option to renew is the prevailing market rate not less than the rent prior to the expiry of the lease but capped at an increase of 20% from the rental amount prior to the expiry of the lease.
13.	Shop No. 173 on the Level 1 of Park Central, No.9 Tong Tak Street, Tseung Kwan O, Sai Kung, New Territories	TST	144.3	1 month	From 1 May 2017 to 30 April 2021 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease only commenced from 1 May 2017. The lease provides an increase of approximately 25% in the basic rent for the second year of the tenancy period but does not provide any increase in the basic rent after the end of the second year of the tenancy period.	Option to renew for two years at open market rent or turnover rent (whichever is higher). The rent under the option to renew is the prevailing market rate not less than the rent prior to the expiry of the lease but capped at an increase of 20% from the rental amount prior to the expiry of the lease.

No.	Address in Hong Kong	Name of the restaurant	FEHD licensed area	Period occupied by our Group at the premises as at the Latest Practicable Date (approximate)	Tenancy period	Rental type and rental increase (if any) after the Track Record Period for the remaining tenancy period prior to its expiry	Availability and rental increase (if any) under the option to renew
			(sq.m.)				
14.	Shop No. G09, Ground Floor, Olympian City 2, Olympian City, Kowloon	TSO	33.0	1 week	From 15 September 2017 to 14 September 2021 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease only commenced from 15 September 2017. The lease provides an increase of approximately 10%, 9%, 8% in the basic rent (compared to the basic rent of the immediately preceding year) for the second, third and fourth years of the tenancy period, respectively.	No option to renew
15.	Shop Nos. 140-141 on the Level 1 of Park Central, No. 9 Tong Tak Street, Tseung Kwan O, Sai Kung, New Territories	Nabe Urawa Restaurant (to be opened in the fourth quarter of 2018)	N/A *(Note 3)*	N/A	From 1 September 2018 to 31 August 2022 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease will only commence from 1 September 2018. The lease provides an increase of approximately 7%, 7% and 6% in the basic rent (compared to the basic rent of the immediately preceding year) for the second, third and fourth years of the tenancy period respectively.	Option to renew for two years at open market rent or turnover rent (whichever is higher). The rent under the option to renew is the prevailing market rate not less than the rent prior to the expiry of the lease but capped at an increase of 20% from the rental amount prior to the expiry of the lease.
16.	Shop No. 345 on Level 3 of Metroplaza, New Territories	Say Cheese Kiosk (to be opened in the fourth quarter of 2017)	N/A *(Note 3)*	N/A	From 27 November 2017 to 26 November 2020 (both days inclusive)	Basic rent or turnover rent (whichever is higher). The lease only commenced from 27 November 2017. The basic rent remains the same for the tenancy period.	No option to renew

Notes:

(1) TNM and TLM operate under the same premises and a single general restaurant licence, therefore the FEHD licensed area is not apportioned.

(2) The lease of TLO will expire on 31 March 2018 and we have informally commenced initial discussion with the landlord on the renewal of the lease. For the year ended 31 March 2017 and the three months ended 30 June 2017, TLO recorded revenue of approximately HK$9.8 million and HK$2.5 million and net profits of approximately HK$0.9 million and HK$0.3 million.

(3) The general licences of the restaurants to be opened are still under application, therefore the FEHD licensed area will only be available upon issue of the licence. Please refer to the paragraph "Our strategies – Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong" of this section for further details.

As at the Latest Practicable Date, we had not received any indication from the relevant landlords that they may not renew our leases or that there will be a substantial increase in rental fees which are not in line with market rates or will have material adverse impact on our financial performance when the leases are subject to renewal. During the Track Record Period, we were successful in renewing all the leases which we desire to continue the operation in those premises.

Notwithstanding the above, there is no assurance that we will be able to renew leases for our restaurant sites on reasonable terms, in which case our financial performance may be negatively impacted. Please refer to the sections headed "Risk factors – We compete with other retailers and restaurants for sites in a highly competitive market for retail premises. If we cannot obtain desirable restaurants sites or secure renewal of existing leases on commercially acceptable terms, our business, results of operations and ability to implement our growth strategy will be adversely affected" and "Risk Factors – As we lease all of the properties for our restaurant operations, we are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs" for the relevant risks.

For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, our property rentals and related expenses amounted to approximately HK$24.9 million, HK$32.1 million and HK$8.2 million, respectively.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered or are in the process of applying for registration of trademarks for our respective self-owned brand restaurants. For further information about our intellectual property rights and trademarks, please refer to the section headed "Statutory and general information" as set out in Appendix IV to this prospectus. In respect of the intellectual property rights of FIAT Caffé franchised brand, the trademarks are held and owned by the franchisor and are licensed to us for the operation of FIAT Caffé. For details of the terms of franchise agreement, please refer to the paragraph headed "Our business – Franchise agreement" in this section.

As at the Latest Practicable Date, we had not received any material claim against us for infringement of any trademark nor were we aware of any pending or threatened claim in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us or third parties.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

Except for the writ dated 2 August 2017 received from a resigned restaurant staff in relation to an alleged work accident, as at the Latest Practicable Date, our Directors were not aware of any litigation, claims or arbitration of material importance to or against any member of our Group, which may affect our Group and its operations and/or financial position in an adverse way. For further details of the claim, please refer to the section headed "Employees – Work safety" of this section.

Legal compliance

During the Track Record Period and up to the Latest Practicable Date, there were certain non-compliance incidents by our operating subsidiaries, of certain laws and regulations in Hong Kong, details of which are set out below. Such non-compliance incidents have not resulted, and are not expected to result, in any material impact on our financial condition and/on operations. During the Track Record Period and up to the Latest Practicable Date, we had no material non compliances with food and health related laws and regulations which resulted in any material penalty to our Group.

Systemic non-compliance incidents of our Group

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
1.	Our Group failed to enrol 868 casual workers whose salaries were calculated on a daily or weekly basis and paid on a monthly basis in the registered MPF scheme and make contributions for such casual workers. The earliest of these non-compliances occurred in December 2007 and we first discovered them in April 2017 during the due diligence exercise in connection with the preparation of the Listing. Upon realising the statutory requirements concerning these casual workers, we reviewed our records and discovered that during the years ended 31 March 2016 and 2017, the outstanding MPF contributions by us as employer and the relevant casual workers were approximately HK$158,000 and HK$115,000 respectively. As at the Latest Practicable Date, we have not been prosecuted for any of such breaches nor have we received any complaints from these casual workers.	The restaurant managers and the relevant human resources personnel were unaware of the different contribution requirements for MPF applicable to casual workers in the catering industry where the employers are required to enrol these employees in the MPF Scheme and make contributions although that they are employed for less than 60 days. Our Directors failed to exercise proper supervision over MPF matters as they did not have in-depth, complete and accurate understanding of the relevant MPF contribution requirements and, as a result, unintentionally failed to identify and enrol the casual workers in the MPF Scheme and make contributions for them. Our Directors were not aware of such non-compliance which was discovered during the due diligence exercise in connection with the preparation of the Listing.	Breach of sections 7 and 7AA of the Mandatory Provident Fund Schemes Ordinance is subject to a maximum penalty of a fine of HK$350,000 and imprisonment of three years and a fine of HK$100,000 on first conviction and imprisonment of six months, respectively. As advised by our Legal Counsel, taken into account of precedent cases and the number of casual workers involved, the estimated penalty for each offence is HK$16,000 and the aggregate maximum potential penalty is approximately HK$13,888,000. As advised by our Legal Counsel, the risk of prosecution and the chance of our Group being subject to the maximum potential penalty is remote given that our Group has taken substantial rectification for most of the casual workers. As advised by our Legal Counsel, the time limit of prosecution is 6 months after discovery by or come to the notice of the MPF Schemes Authority. As we informed the MPF Schemes Authority about this non-compliance on 29 June 2017, any such prosecution will be time-barred after 29 December 2017. Our Controlling Shareholders have also executed the Deed of Indemnity in favour of our Group whereby they will indemnify us for all claims, expenses, losses incurred by us and liabilities and damages suffered by us arising out of or in connection with the above non-compliance. For further details, please refer to the section headed "Statutory and general information – 1. Tax and other indemnities" in Appendix IV to this prospectus.	With a view to rectify our non-compliance, we provided our MPF service provider with the relevant details and salary records of the casual workers we hired since the commencement of business of our Group for the purpose of ascertaining the amount of outstanding MPF contributions. In addition to the aggregate outstanding sum of approximately HK$274,000 concerning the years ended 31 March 2016 and 2017, based on the calculation of our MPF service provider, the outstanding sum for the period prior to the Track Record Period amounted to approximately HK$105,000. In June 2017, we have duly paid to our MPF service provider the total outstanding sum which included the mandatory contributions from both the employer and the employees. On 29 June 2017, we have informed the MPF Schemes Authority about this non-compliance.	We have designated (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) our human resources and administration manager to review the MPF contribution summary and check the completeness and accuracy of the record to ensure that the MPF contribution payments are paid on time. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee. Our Group had ceased to employ staff whose salary is calculated by hourly rate since April 2017. Meanwhile, our Group entered into agreements with two dispatch work agencies which assign their employees to our restaurants upon our request. There is no employment relationship between the dispatched labour and us, and the dispatch work agencies shall be responsible for the MPF contributions of their employees. On 28 September 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and our human resources and administration manager attended a seminar relating to MPF scheme and regulations organised by an external training provider to strengthen the knowledge in complying with the relevant rules and regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations and keep abreast of the latest development in the catering industry.

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
2.	Our Group failed to give written notice (Form 56E) in relation to 863 employees and delayed in filing Form 56F in relation to 580 employees to the Inland Revenue Department when it commenced to employ or ceased to employ our employees in breach of sections 52(4) and 52(5) of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**IRO**") within the required timeframe. The earliest of these non-compliances occurred in December 2007 and we first discovered them in April 2017 during the due diligence exercise in connection with the preparation of the Listing.	The non-compliance was due to the inadvertent oversight of the human resources personnel who was responsible for employees records at the relevant time, who genuinely believed that (i) there was no need to give written notices (Form 56E) to the Inland Revenue Department when our Group commenced to employ the employees as long as Form 56B was filed on a timely basis during the annual reporting of the employer's return to the Inland Revenue Department; and (ii) the written notice (Form 56F) can be given to IRD during the annual reporting of the employer's return. Our Directors did not have complete and accurate understanding of the requirements under the IRO to exercise proper supervision and, as a result misinterpreted that it was an accepted practice of the Inland Revenue Department as long as the filings of Form 56B and Form 56F were made on an annual basis. Such non-compliance was discovered during the due diligence exercise in connection with the preparation of the Listing.	Under the IRO, the maximum penalty for each such offence is HK$10,000. As advised by our Legal Counsel, under section 80(3) of the IRO, the time limit of prosecution of this kind of defaults is either in the year of assessment in respect of or during which the offence was committed or within 6 years after the expiration thereof. Having taken into account the maximum penalty per offence, the sentence in precedent cases necessary adjustment, the estimated penalty to which we may be subject for such non-compliance is approximately HK$2,886,000.	Our Group has filed Form 56B on a timely basis. Going forward, we have arranged and will arrange filing of the relevant notices for all employees of our Group who commence or cease employment within the prescribed time limit. As advised by our Legal Counsel, if a company has filed Form 56B to the Inland Revenue Department, it generally will not insist the filing of Form 56E and Form 56F since these can easily result in double counting. In addition, non-compliances not for wilful evasion of tax will be dealt with administratively such as compound in lieu if prosecution. Our Legal Counsel is of the view that the likelihood of the Inland Revenue Department instituting prosecution against our Group for the non-compliance is remote.	We have designated (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) our human resources and administration manager to monitor the compliance of our Group in this aspect. Our Group will also keep a register of the commencement and cessations of employment of all employees to ensure that the relevant information will be filed to the Inland Revenue Department when appropriate. There are additional cross checking of the relevant filings by staff and supervisors. The checklists of different tax filing requirements are to be maintained by the relevant staff and checked by the supervisors. In addition, our Group also hired two experienced operational managers to oversee the daily operations of our restaurants and to ensure all regulatory procedures and system have been adhered to. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee.

Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
		Our Controlling Shareholders have also executed the Deed of Indemnity in favour of our Group whereby they will indemnify us for all claims, expenses, losses incurred by us and liabilities and damages suffered by us arising out of or in connection with the above non-compliance. For further details, please refer to the section headed "Statutory and general information – 1. Tax and other indemnities" in Appendix IV to this prospectus.		On 6 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man to Maximillian and our human resources and administration manager attended a seminar relating to filing of employers' returns with IRD organised by an external training provider to strengthen the knowledge in complying with the relevant rules and regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations including relevant laws and regulations relating to registered MPF scheme and other corporate tax related issues and keep abreast of the latest development in the catering industry.

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
3.	MP and Taste Gourmet continued to operate TDB and TLK without valid general restaurant licences in breach of section 31(1) of the Food Business Regulations (Chapter 132X of the Laws of Hong Kong) ("**FBR**") between 13 January 2017 and 31 January 2017 and between 16 June 2016 and 20 June 2016 respectively, before the respective general restaurant licences were obtained on 1 February 2017 and 21 June 2016, respectively.	During the Track Record Period, our Group relied on an external consultant to assist in advising on and applying for the general restaurant licences for our operations. According to Frost & Sullivan, it is not uncommon for restaurant operators to engage external consultant to advise them on licensing relating matters. Our Group instructed the external consultant to begin the application process for a full general restaurant licence before the commencement of the business operation. As part of normal procedure, our Group obtained a provisional general restaurant licence which was valid for a period of six months. Our Group understands that it is consistent with industry practice that the FEHD would grant a provisional general restaurant licence to restaurant operator, and immediately after the expiry of the provisional general restaurant licence a full general restaurant licence would be issued. Due to (i) the lack of complete and accurate understanding of the relevant laws and regulations and having solely relied on the advice given by the external consultants; and (ii) the lack of adequate internal control measures of our Group to monitor whether the requisite licences had been obtained prior to its restaurants commencing operations, our Directors were under the mistaken impression that they could operate TDB and TLK legally during the period between the expiry of the provisional general restaurant licence and the date of grant of the full general restaurant licence.	Under section 35 of the FBR, carrying a food business without a licence is a criminal offence liable on summary conviction to a maximum principal fine of HK$50,000, imprisonment of 6 months and HK$900 maximum for each day of continuation of each offence. As advised by our Legal Counsel, each of MP and Taste Gourmet shall be subject to a maximum fine of HK$67,100 and HK$54,500 respectively and each of the directors of MP and Taste Gourmet shall be subject to a maximum fine of HK$67,100 and HK$54,500 respectively and imprisonment of 6 months.	The general restaurant licences of TDB and TLK were obtained on 1 February 2017 and 21 June 2016, respectively. There had been no warnings received nor any potential prosecution action taken against our Group during the non-compliance period and up to the Latest Practicable Date. As advised by our Legal Counsel, the breaches in relation to TDB and TLK are time-barred from prosecution as the time limit to prosecute is six months starting from 31 January 2017 and 20 June 2016, respectively.	We have engaged another external consultant which has provided the licensing consultancy services since April 2017. The scope of work of the new external consultant is the same as the former external consultant, which includes to assist our Group in advising, applying and renewing licences required for the restaurants operations. In selecting a licensing consultant, our Group takes into account factors such as the experience, reputation, cooperation records, service fees and referrals of the potential licensing consultants. Our Directors are of the view that the new external consultant is more competent, experienced and reliable than our former external consultant. (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager, have been designated to supervise the renewal of all required licences, permits and approvals by making timely submission for the relevant licence renewal application and monitoring their expiration dates. A restaurant opening checklist is to be completed and approved by our Directors before the restaurant commences business. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee. On 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing participated in a course in food business licence and catering related facility management organised by an external training provider to strengthen the knowledge in complying with the relevant rules are regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations and keep abreast of the latest development in the catering industry.

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
4.	MP operated TLK in breach of sections 17(3B) and 46(1) of the Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong) ("**DCO**") for selling liquor without a liquor licence between 16 June 2016 and 22 June 2016 before the liquor licence was obtained on 23 June 2016.	Since the liquor licence would only be granted when the relevant premises have been granted with a valid provisional or full general restaurant licence, the delay in obtaining the liquor licence is attributable to the procedural delay in granting the full general restaurant licence as explained in paragraph 3 above. Our Directors had informed the restaurant staff about the absence of the requisite liquor licence and requested them not to sell liquor before the liquor licence has been obtained. However, as affected by the high restaurant staff turnover rate which is an industry norm, some of the restaurant staff were not aware of the absence of the requisite liquor licence, and since our Group unintentionally failed to exclude the alcoholic beverages from the point-of-sale (POS) system in time, a few bottles of beer were sold by the restaurant staff.	The maximum penalty under section 17(3B) and 46(1) of the DCO for selling liquor without a licence is a fine of HK$1,000,000 and imprisonment for two years.	The liquor licence of TLK was obtained on 23 June 2016. As advised by our Legal Counsel, since the nature of the non-compliance is very minor as it only involved the sale of a few bottles of beer, the likelihood of our Group being prosecuted is remote.	(i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager, have been designated to monitor the process of renewal of all required licences, permits and approvals by making timely submission for the relevant licence renewal application and monitoring their expiration dates. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee. To prevent reoccurrence of the incident, our Group will disable the sale of all alcoholic beverages in the point-of-sale (POS) system if similar situation arises in the future. On 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing participated in a course in food business licence and catering related facility management organised by an external training provider to strengthen the knowledge in complying with the relevant rules are regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations and keep abreast of the latest development in the catering industry.

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
5.	During the Track Record Period, the licensees of the liquor licence of TUS, TLA, TLK, TFC and TDC were Directors, senior management or office personnel who were non-restaurant staff and were not present at the respective premises at all times within the prescribed hours. As it is a common condition imposed on a liquor licence that the licensee shall be on duty on the premise between certain hours except the weekly day-off, members of the senior management who do not station at a particular restaurant may not be able to comply with such requirement.	Our Directors failed to exercise proper supervision as they did not have in-depth, complete and accurate understanding of the relevant condition imposed on the liquor licences. Our Group did not have adequate internal control measures to ensure that the licensees shall be on duty on the premises for certain hours. Our Directors were not aware of such non-compliance which was discovered during the due diligence exercise in connection with the preparation of the Listing.	The maximum penalty for each of the liquor licences is HK$1,000,000 and imprisonment of 2 years. Having considered precedent cases of similar breaches, as advised by our Legal Counsel, a fine ranging from HK$4,000 to HK$8,000 is likely to be imposed per offence for each of the liquor licensees. Therefore, the aggregate maximum potential penalty to which we may be subject for such non-compliance ranges from HK$20,000 to HK$40,000.	With a view to rectify our non-compliance, as at the Latest Practicable Date, we had transferred the liquor licences of TUS, TLA, TLK, TFC and TDC to our restaurant staff. Since 28 March 2017, the reserve licensee mechanism has come into effect which minimises disruption to liquor selling business due to sudden departure of liquor licensee by identifying a suitable person as a reserve licensee to take over the role of the licensee within a short period. As an additional internal control measure, seven restaurants have a reserve licensee in place with two other restaurants under application for a reserve licensee. We shall apply to have a reserve licensee for the remaining three restaurants which have a liquor licence during their respective liquor licence renewal. The reserve liquor licensee can temporarily take over the principal licensee for a maximum period of three months in the absence of the principal licensee. As advised by our Legal Counsel, as our Group has rectified the non-compliance by transferring the liquor licences of the five restaurants to our restaurant staff, the chance of prosecution is remote.	(i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager, have been designated to supervise the renewal of all required licences, permits and approvals by making timely submission for the relevant licence renewal application and monitoring their expiration dates. Our Group would also strengthen the knowledge and training of relevant laws and regulations and implement a comprehensive control system to avoid recurrence of the incident. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee. On 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing participated in a course in food business licence and catering related facility management organised by an external training provider to strengthen the knowledge in complying with the relevant rules are regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations and keep abreast of the latest development in the catering industry.

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
6.	MP operated TNT in breach of section 30 of FBR by selling fresh salmon sashimi without the permission of the FEHD. The earliest of these non-compliances occurred in November 2016 and we first discovered them in May 2017 during the due diligence exercise in connection with the preparation of the Listing.	The non-compliance was not wilful and was due to the inadvertent oversight of the former external consultant engaged by our Group to handle licensing matters relating to our business operations. According to Frost & Sullivan, it is not uncommon for restaurant operators to engage external consultant to advise them on licensing relating matters. The former external consultant did not advise our Directors, and our restaurant manager who was responsible for liaising with the former external consultant was not aware of the need to obtain the endorsement or permission under the relevant general restaurant licence for selling certain restricted food. Our Directors did not have in-depth, complete and accurate understanding of the laws and regulations applicable to our Group's operations, and have solely relied on the advice given by the external consultant. Our Directors were not aware of such non-compliance which was discovered during the due diligence exercise in connection with the preparation of the Listing.	Under section 35 of FBR, non-compliance with section 30 of FBR is a criminal offence liable on summary conviction to a maximum principal fine of HK$50,000, imprisonment for 6 months and a maximum of HK$900 for each day of continuation of each offence. As advised by our Legal Counsel, the maximum penalty is HK$212,900, having taken into account of precedent cases, the estimated penalty is HK$38,100. As advised by our Legal Counsel, the time limit for prosecution is six months starting from 20 May 2017 on which our Group ceased to serve fresh salmon sashimi, therefore prosecution is time-barred.	Application has been made for the restricted food endorsement on sales of sashimi at the relevant restaurant from FEHD on 24 May 2017. As at the Latest Practicable Date, the relevant restricted food endorsement on sales of fresh salmon sashimi which will be valid until 13 March 2018 was obtained. Since 20 May 2017, the fresh salmon sashimi has been served as ingredients for the hotpot (shabu shabu) in TNT and has not been served to be eaten in the raw state. No notices or warnings had been served and no actions had been taken against our Group in relation to the sale of fresh salmon sashimi in TNT.	We have engaged another external consultant which has provided the licensing consultancy services since July 2017. The scope of work of the new external consultant is the same as the former external consultant, which includes to assist our Group in advising, applying and renewing licences required for the restaurants operations. In selecting a licensing consultant, our Group takes into account factors such as the experience, reputation, cooperation records, service fees and referrals of the potential licensing consultants. Our Directors are of the view that the new external consultant is more competent, experienced and reliable than our former external consultant. (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager, have been designated to supervise the new external consultant in the application for all required licences, permits and approvals by making timely application if our Group intends to sell any restricted food. They are also responsible for monitoring the menu of each restaurant and review periodically to ensure that all food provided comply with their respective general restaurant licences. Any updates in the menu shall be reviewed carefully and discussed in the monthly meeting with proper written record. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee.

Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
				On 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing participated in a course in food business licence and catering related facility management organised by an external training provider to strengthen the knowledge in complying with the relevant rules are regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations and keep abreast of the latest development in the catering industry.

	Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
7.	Rise Charm operated TUS in breach of section 5 of Frozen Confections Regulation (Chapter 132AC of the Laws of Hong Kong) ("**FCR**") by selling chilled confectionery without the permission of the FEHD. The earliest of these non-compliances occurred in August 2008 and we first discovered them in May 2017 during the due diligence exercise in connection with the preparation of the Listing.	The non-compliance was not wilful and was due to the inadvertent oversight of the former external consultant engaged by our Group to handle licensing matters relating to our business operations. According to Frost & Sullivan, it is not uncommon for restaurant operators to engage external consultant to advise them on licensing relating matters. The former external consultant did not advise our Directors, and our restaurant manager who was responsible for liaising with the former external consultant was not aware of the need to obtain the endorsement or permission under the relevant general restaurant licence for selling certain restricted food. Our Directors did not have in-depth, complete and accurate understanding of the laws and regulations applicable to our Group's operations, and have solely relied on the advice given by the external consultant. Our Directors were not aware of such non-compliance which was discovered during the due diligence exercise in connection with the preparation of the Listing.	Under section 41 of FCR, non-compliance with section 5 of FCR is a criminal offence liable on summary conviction to a maximum principal fine of HK$50,000, imprisonment for 6 months and a maximum of HK$900 for each day of continuation of each offence. As advised by our Legal Counsel, the maximum penalty is HK$212,900, having taken into account of precedent cases, the estimated penalty is HK$38,100. As advised by our Legal Counsel, the time limit for prosecution is six months starting from 20 May 2017 on which our Group ceased to sell chilled confectionery, therefore prosecution is time-barred.	Application has been made for the restricted food endorsement on sales of chilled confectionery for the relevant restaurant from FEHD on 24 May 2017. As at the Latest Practicable Date, the relevant restricted food endorsement on sales of chilled confectionery which will be valid until 29 April 2018 was obtained. Since 20 May 2017, chilled confectionery has been removed from the menu of TUS and TUS has ceased to sell chilled confectionery.	We have engaged another external consultant which has provided the licensing consultancy services since April 2017. The scope of work of the new external consultant is the same as the former external consultant, which includes to assist our Group in advising, applying and renewing licences required for the restaurants operations. In selecting a licensing consultant, our Group takes into account factors such as the experience, reputation, cooperation records, service fees and referrals of the potential licensing consultants. Our Directors are of the view that the new external consultant is more competent, experienced and reliable than our former external consultant. (i) Mr. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager, have been designated to supervise the new external consultant in the application for all required licences, permits and approvals by making timely application if our Group intends to sell any restricted food. They are also responsible for monitoring the menu of each restaurant and review periodically to ensure that all food provided comply with their respective general restaurant licences. Any updates in the menu shall be reviewed carefully and discussed in the monthly meeting with proper written record. Our Group has also established a compliance committee to assist in overseeing compliance with the laws and regulations relevant to the operations as well as adequacy and effectiveness of regulatory compliance procedures and system. See the paragraph headed "Internal Control and Risk Management Measures" of this section for details of our compliance committee.

Particulars of non-compliance	Reasons for non-compliance	Maximum potential liabilities (where applicable) and legal consequences	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance
				On 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing participated in a course in food business licence and catering related facility management organised by an external training provider to strengthen the knowledge in complying with the relevant rules are regulations. Our Directors, senior management and the relevant staff will continue to attend training courses and seminars to ensure that they possess the required knowledge to comply with the relevant laws and regulations and keep abreast of the latest development in the catering industry.

ENVIRONMENTAL PROTECTION

We are required to comply with environmental protection laws and regulations in Hong Kong. We will allocate resources to environmental compliance as required by local laws and regulations. As at the Latest Practicable Date, all of our restaurants which are required under the applicable laws and regulations had obtained the water pollution control licences. For details of such relevant laws, please refer to the section headed "Regulatory overview" in this prospectus. During the Track Record Period, our Directors confirm that our Group was in material compliance with applicable environmental laws and regulations in Hong Kong.

For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, we incurred cleaning expenses in respect of sewage charge and grease trap cleaning charges in the approximate amount of HK$267,000, HK$303,000 and HK$98,000 respectively, which we consider immaterial. Our Directors believe that the cost of compliance with respect to environmental laws and regulations for the year ending 31 March 2018 to be immaterial.

INSURANCE

Our Group maintains (i) property insurance for loss and damage of business property, equipment and inventory; (ii) public liability insurance for claims against illness, injuries or damages to personal property of customers; (iii) personal injury insurance and work-related insurance for our employees and Directors; and (iv) insurance for our key executives. Our Directors are of the view that our insurance coverage is adequate and in line industry standard for the size and type of our business.

The insurance expenses of our Group for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 amounted to approximately HK$414,000, HK$547,000 and HK$52,000 respectively. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group had not made or been subject to any material claims.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

Our Directors are primarily responsible for formulating and overseeing the design, implementation and effectiveness with internal controls measures.

Our Group engaged an independent internal control consultant, an international reputable firm (the "**Internal Control Consultant**"), to perform a detailed analysis of our internal control systems in respect of risk management and quality control management. The scope of the review covers the review of, among others, (i) internal control systems; (ii) human resources and payroll management; (iii) insurance; (iv) food safety, quality control and complaints handling; and (v) compliance with rules and regulations. The Internal Control Consultant performed the work in relation to our internal controls and put forward recommendations.

Accordingly, we have modified and adopted certain new internal control procedures to enhance our internal control system, the implementation of which has been confirmed by the internal control report issued by our Internal Control Consultant upon the conduct of the follow-up reviews which took place in May 2017.

Establishment of compliance committee

On 20 December 2017, our Company established the compliance committee for the purpose of assisting in overseeing compliance with the laws and regulations relevant to our operations as well as adequacy and effectiveness of regulatory compliance procedures and system. The compliance committee consists of three independent non-executive Directors: Mr. WANG Chin Mong, Mr. TSANG Siu Chun and Ms. CHAN Yuen Ting, with Ms. CHAN Yuen Ting serves as the chairman of the compliance committee. Members of the compliance committee are chosen with the intention that it comprises individuals with relevant compliance experience covering all aspects of our Group's operations. Ms. CHAN Yuen Ting is a solicitor of Hong Kong and has approximately 11 years of legal and compliance experience to oversee legal and compliance training, observe and monitor legal and compliance procedures and to correct inadequacies in compliance. Mr. TSANG Siu Chun is well experienced in various aspects of business operations and management due to his prior management experience in Po Leung Kuk, a sizeable charitable organisation in Hong Kong and is familiar with accountability due to his appointment as Non-official Justice of Peace since 1993. Mr. WANG Chin Mong is a certified public accountant, served as the financial controller and company secretary of various companies and possesses the expertise in financial accounting and company secretarial compliances. He also served as director of various companies listed on the Stock Exchange and overlooked internal control and corporate governance matters. For further details of the qualification and experience of the members of the compliance committee, please refer to the section headed "Directors and senior management" in this prospectus.

The compliance committee shall:

- review the effectiveness of our Group's regulatory compliance procedures and system, including operational and compliance procedures and risk management functions;
- assess and review the adequacy of resources and training provided to our management and staff in relation to our Group's regulatory compliance functions; and
- receive and handle any actual or potential non-compliance matters and engage external professional advisers where necessary.

Specific internal control and corporate governance review

To specifically address the reason of each of the non-compliance incidents and to prevent the reoccurrence of the same, we have adopted the following procedures:

- ***Mandatory Provident Fund:*** We have designated (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) our human resources and administration manager to review the MPF contribution summary and check the completeness and accuracy of the record to ensure that the MPF contribution payments are paid on time. Our Group had ceased to employ staff whose salary is calculated by hourly rate since April 2017. Meanwhile, our Group entered into agreements with two dispatch work agencies which assign their employees to our restaurants upon our request. There is no employment relationship between the dispatched labour and us and the dispatch work agencies shall be responsible for the MPF contributions of their employees. To strengthen the knowledge in complying with the relevant rules and regulations, on 28 September 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun and Mr. Yu Man To Gerald Maximillian, and our human resources and administration manager attended a seminar relating to MPF scheme and regulations organised by an external training provider.
- ***Filings with Inland Revenue Department:*** We have designated (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) our human resources manager to monitor the compliance of our Group in this aspect. Our Group will also keep a register of the commencement and cessations of employment of all employees to ensure that the relevant information will be filed with the Inland Revenue Department when appropriate. Checklists of different tax filing requirements are to be maintained by the relevant staff and checked by the supervisors. In addition, our Group also hired two experienced operational managers who will oversee the daily operations of our restaurants and to ensure all regulatory procedures and system have been adhered to. To strengthen the knowledge in

complying with the relevant rules and regulations, on 6 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun and Mr. Yu Man To Maximillian, and our human resources manager attended a seminar relating to filing of employer's returns with Inland Revenue Department organised by an external training provider.

- ***General restaurant licences and liquor licences:*** We have designated (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager to supervise the renewal of all required licences, permits and approvals by making timely submission for the relevant licence renewal application and monitoring their expiration dates. A restaurant opening checklist is to be completed and approved by our Directors before the restaurant commences business. Our Group would also strengthen the knowledge and training of relevant laws and regulations and implement a comprehensive control system to avoid occurrence of the incident. To strengthen the knowledge in complying with the relevant rules and regulations, on 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing also participated in a course in food business licences and catering related facility management organised by an external training provider.

- ***Sale of restricted food:*** (i) Ms. Chan Wai Chun, our executive Director, (ii) Mr. Yu Man To Maximillian, our chief financial officer, company secretary and compliance officer, and (iii) Mr. Chan Ka Shing, our project manager, have been designated to supervise the application for all required licences, permits and approvals by making timely application if our Group intends to sell any restricted food. They are also responsible for monitoring the menu of each restaurant and review periodically to ensure that all food provided comply with their respective general restaurant licences. Any updates in the menu shall be reviewed carefully and discussed in the monthly meeting with proper written record. To strengthen the knowledge in complying with the relevant rules and regulations, on 17 October 2017, Mr. Wong Ngai Shan, Ms. Chan Wai Chun, Mr. Yu Man To Gerald Maximillian and Mr. Chan Ka Shing also participated in a course in food business licences and catering related facility management organised by an external training provider.

- ***Coordination of restaurant operation and overall compliance:*** To prevent recurrence of the non-compliance incidents and to cope with our expanding network of restaurants, we have hired two experienced operational managers who will oversee the daily operations of our restaurants and to ensure all regulatory procedures and systems have been adhered to.

General internal control recommendations

In response to the recommendations of the Internal Control Consultant, we will adopt or have adopted the following procedures to enhance our internal control system:

- ***Corporate governance practice:*** We intend to adopt written procedures and guidelines in relation to board communication, notifiable transactions, connected transactions and insider information in compliance with the GEM Listing Rules before Listing;

- ***Employees' compensation insurance coverage:*** We have assigned our human resources and administration manager to check the number of employees covered under the existing insurance policies on a monthly basis to ensure that the employees' compensation insurance has sufficient coverage; and

- ***Compliance with fire safety requirement:*** We have assigned the restaurant manager of each restaurant to monitor the means of escape on a regular basis to ensure that the escape route of each restaurant is free from obstruction.

Ms. Chan Wai Chun, one of our co-founders who has over nine years of experience in the food and beverage industry, is responsible for setting up the internal control policies of our Group and overseeing the day to day operation of our Group. Leveraging on her years of human resources management experience, Ms. Chan has sufficient capability and experience in supervising the implementation of the internal control measures. To further strengthen the effectiveness in implementing the relevant internal control measures, Mr. Yu Man To Gerald Maximillian, our chief financial officer, company secretary and compliance officer, who possesses expertise in financial accounting and general company secretarial compliance matters, has also been designated to supervise the above implementation measures. Our Directors consider, and the Sole Sponsor concurs that, our Company can effectively prevent the re-occurrence of similar non-compliances on the basis that each of Ms. Chan and Mr. Yu possesses wealth of experience and knowledge in their respective areas, will be able to facilitate the implementation and ongoing supervision of the enhanced internal control measures.

General internal control and corporate governance measures

In addition, we recognise the need for internal control and risk management for our operation and day-to-day management. To manage the risks and ensure the smooth running of our business, we have adopted the following measures based on the major findings to ensure ongoing compliance with all applicable laws and regulations after the Listing and strengthen our internal controls:

- our audit committee reviews the internal control system and procedures for compliance with the requirements of applicable laws and regulations and the Corporate Governance Code. The committee is also responsible for establishing arrangements to consider how it will apply financial reporting, risk management and internal control principles;

- we have appointed Dongxing Securities as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the GEM Listing Rules; and

- our Group engaged the Internal Control Consultant to perform a comprehensive evaluation of our internal control system, covering the areas of financial, operations, compliance and risk management. With respect to the non-compliance incidents mentioned in the paragraph headed "Legal proceedings and compliance" in this section, the Internal Control Consultant has reviewed our internal control system and made corresponding recommendations. Our Group believes that the remedial measures which had been taken or are to be taken by us are able to prevent the reoccurrence of the non-compliance incidents and enhance our internal control and risk management measures. The Internal Control Consultant had performed a follow-up review and our Group did not have significant deficiencies in our internal control system upon follow-up review.

VIEWS OF OUR DIRECTORS AND THE SOLE SPONSOR

Our Directors consider that the abovementioned non-compliance incidents would not affect the suitability of our executive Directors under Rules 5.01 and 5.02 of the GEM Listing Rules or the suitability of listing of our Company under Rule 11.06 of the GEM Listing Rules and that the various internal control measures adopted by our Group are adequate and effective having taken into account that:

(i) the non-compliance of FBR on the operation of TDB and TLK without valid full general restaurant licences and the sale of liquor at TLK without the valid liquor licence were mainly due to (a) a procedural delay in application process; and (b) our Group's understanding from the verbal reply of the relevant government authority that the non-compliance can be timely rectified. The relevant general restaurant licences and liquor licence had been obtained as at the Latest Practicable Date and there had been no warnings received nor any potential prosecution action taken against our Group during the Track Record Period and up to the Latest Practicable Date. As advised by our Legal Counsel, (a) the breach of TDB in relation to FBR is technical breach only; (b) the breach of TLK in relation to FBR is time-barred from prosecution; and (c) the nature of breach of TLK in relation to DCO is very minor and the likelihood of our Group being prosecuted is remote;

(ii) our Group has implemented (or will implement where applicable) the abovementioned measures to avoid recurrence of the non-compliance incidents;

(iii) there were no recurrence of similar non-compliance incidents since the implementation of such measures; and

(iv) the non-compliance incidents were unintentional, did not involve any dishonesty or cast any doubt on the integrity or competence on the part of the executive Directors.

The Sole Sponsor, having reviewed the internal control measures, concurs with the view of our Directors that the abovementioned non-compliance incidents would not materially affect the suitability of our Directors under Rule 5.01 and 5.02 of the GEM Listing Rules or the suitability of listing of our Company under Rule 11.06 of the GEM Listing Rules and that the various internal control measures adopted by our Group are adequate and effective.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or pursuant to any options which may be granted under the Share Option Scheme), our Company will be owned as to 62.375% by IKEAB Limited. IKEAB Limited is in turn owned as to 70% and 30% by Mr. NS Wong and Ms. Chan. Mr. NS Wong and Ms. Chan, as spouse and co-founders of our Group, have historically been managing and operating our Group collectively and would reach consensus among themselves through discussions before making all major decisions in respect of our Group to vote in shareholders' meetings on an unanimous basis. Mr. NS Wong and Ms. Chan have confirmed that they will continue to be acting in concert upon Listing so far as the voting rights of our Company are concerned. By virtue of the aforesaid relationship, Mr. NS Wong, Ms Chan and IKEAB Limited are regarded as a group of our Controlling Shareholders. Each of NS Wong, Ms. Chan and IKEAB Limited will not: (a) dispose of Shares during the six months from the Listing Date (the "**First Six-month Period**"); and (b) dispose of Shares in the period of six months commencing on the date on which the First Six-month Period expires if immediately following such disposal that person or group of persons would cease to be a controlling shareholder of our Company in compliance with the GEM Listing Rule 13.16A (the "**Second Six-month Period**"). For details of the undertakings given by each of our Company and our Controlling Shareholders in favour of our Company, the Sponsor, the Sole Bookrunner and Sole Lead Manager and the Underwriters in respect of the Shares, see the section headed "Underwriting" of this prospectus.

Save for each of IKEAB Limited, Mr. NS Wong and Ms. Chan, there is no other person who will, immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or pursuant to any options which may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing. Having considered the matters as described below, the Board is of the view that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after Listing.

Operational independence

We have established our own organisational structure comprising individual departments, each with specific areas of responsibilities. We make business decisions independently of our Controlling Shareholders and have sufficient capital, equipment and employees to operate our business independently. We have not shared our operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates. Further, we are not required to have sufficient capital, equipment and employees to operate our businesses independently. We have also established various internal control procedures to facilitate the effective operation of our business.

Save as disclosed in the section headed "Connected transactions", as at the Latest Practicable Date, there were no ongoing business transactions between us and any of our Controlling Shareholders and/or their respective close associates.

Management independence

We have an independent management team comprising our executive Directors and senior management who have substantial experience in our business. Our management team is able to implement our Group's policies and strategies and performs its roles in our Company independently.

We aim at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The three independent non-executive Directors have extensive experience in different areas or professions. The main functions of our Board include approving our overall business plans and strategies, monitoring the implementation of these plans and strategies and the overall management of our Group.

Our Company will have two common directors with IKEAB Limited, namely Mr. NS Wong and Ms. Chan. Despite the common directorship, our Company believes that management independence between our Company and IKEAB Limited will be maintained as IKEAB Limited is an investment holding company, the only significant business interest of which is our Group. Our Directors consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) and their respective close associate(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in the quorum subject to the provision of the Articles of Association;

(c) our Group has established its own organisational structure made up of individual functions including management, administration and accounting and finance, which are responsible for daily operations of our Group and are independent from our Controlling Shareholders; and

(d) the three independent non-executive Directors will also bring independent judgement to the decision-making process of the Board.

Financial independence

Our Group has our own accounting systems, accounting and finance department and independent treasury function for cash receipts and payments. We make financial decisions according to our own business needs. Our finance department will be responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns.

Our Directors confirm that all guarantees, indemnities and other securities provided by Mr. NS Wong and Ms. Chan and/or companies controlled by Mr. NS Wong and Ms. Chan for the benefit of our Group will be released upon the Listing. As at 31 October 2017, our bank borrowings of approximately HK$23,227,000 were guaranteed by Mr. NS Wong and Ms. Chan, our Controlling Shareholders, and we had unutilised banking facilities of approximately HK$16,400,000 as at 31 October 2017. Our Directors confirm that all loans and advances due to our Controlling Shareholders will be fully settled prior to the Listing. For further information, please refer to the section headed "Financial Information – Indebtedness" in this prospectus.

Notwithstanding the above, our Group has independent financial systems and independent treasury function for receiving cash and making payments and independent access to third party financing. Our Group makes financial decisions according to its own business needs.

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

COMPETITION

Our Controlling Shareholders, apart from our Group's business, our Directors and their respective close associates do not have any interest which competes or may compete, directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

In addition, our Controlling Shareholders have given a non-competition undertaking in favour of our Group. For details, please refer to the paragraphs headed "Deed of Non-competition" in this section below.

DEED OF NON-COMPETITION

Our Controlling Shareholders as covenantors (each a "**Covenantor**", and collectively the "**Covenantors**") entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) on 20 December 2017 and confirm that none of them is engaged in any business which directly or indirectly, competes or is likely to compete with the business of our Company and any of our subsidiaries, or has any interest in such business.

Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably undertaken and covenanted with our Company that, during the Relevant Period, it/he shall, and shall procure his/her close associates (other than members of our Group) not to engage, on his/her own account or with each other or in conjunction with or on behalf of any person, firm, company or organisation, carry on or be engaged, concerned with or interested in, directly or indirectly, whether as a director, shareholder, partner, agent, employee or otherwise (other than being a director or shareholder of members of our Group) and whether for profit, reward or otherwise, in any business which competes with the operation of restaurants business and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (the "**Restricted Business**") within Hong Kong unless prior written consent from our Company is obtained.

In addition, each of the Covenantors has unconditionally and irrevocably undertaken to us that in the event that it/he or his/her close associates (other than members of our Group) (the "**Offeror**") is given or identified or offered any business investment or commercial opportunity by independent third parties and such investment or opportunity directly or indirectly competes, or may lead to competition with the Restricted Business (the "**New Opportunities**"), it/he will and will procure his/her close associates (other than members of our Group) to refer the New Opportunities to our Company as soon as practicable in the following manner:

(a) each of the Covenantors is required to, and shall procure his/her close associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to our Company, and shall, within 10 days, give written notice to our Company of any New Opportunities containing information available to the relevant Covenantor for our Company to consider whether (i) such New Opportunities would constitute competition with the Restricted Business; and (ii) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "**Offer Notice**"); and

(b) the Offeror will be entitled to pursue the New Opportunities only if (i) the Offeror has received a notice from our Company declining the New Opportunities; or (ii) the Offeror has not received such notice from our Company within 30 days from our Company's receipt of the Offer Notice.

Upon receipt of the Offer Notice, our Company, including our independent non-executive Directors, will consider factors including whether (a) such New Opportunities would constitute competition with the Restricted Business; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

For the above purpose of the Deed of Non-competition, the "**Relevant Period**" means the period from the Listing Date until the earlier of:

(a) the relevant Covenantor, his/her close associates individually or taken as a whole, cease to be the Controlling Shareholders for the purpose of the GEM Listing Rules; and

(b) the Shares cease to be listed on the Stock Exchange.

Nothing in the Deed of Non-competition shall prevent any of the Covenantors and his/her close associates from holding or being interested in shares or other securities in any company which conducts or is engaged in any Restricted Business (the "**Subject Company**") provided that:

(a) such shares or securities are held for investment purposes and are or are proposed to be listed on any internationally recognised stock exchange;

(b) the aggregate equity interest or number of shares held by the relevant Covenantor and his/her close associates do not exceed 10% of the issued share capital or issued shares of the Subject Company; and

(c) such shares or securities do not confer rights to be involved directly or indirectly with the operations of the Subject Company such that the relevant Covenantor and his/her close associates do not have any representative on the board or management team of the Subject Company.

The Deed of Non-competition is conditional and will take effect immediately upon Listing.

Each of the Covenantors has further undertaken under the Deed of Non-competition that it/he shall provide to us and our Directors (including our independent non-executive Directors) with information available to it/him from time to time which is necessary for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the Deed of Non-competition. Each of the Covenantors has also undertaken (if necessary) to make an annual declaration as to compliance with the terms of the Deed of Non-competition in our annual reports.

CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing the conflicts of interest between our Group and our Controlling Shareholders to safeguard the interests of our Shareholders will be adopted:

(a) our independent non-executive Directors will review, on an annual basis, due compliance with the terms of the Deed of Non-competition by the Covenantors so long as such deed is still effective;

(b) our Company will disclose decisions with basis on matters reviewed by our independent non-executive Directors relating to compliance with and enforcement of the Deed of Non-competition and each of the Covenantors will make (if necessary) annual declaration on compliance with his/her/her undertaking under the Deed of Non-competition in the annual reports of our Company;

(c) the Independent Board Committee comprising all independent non-executive Directors will be responsible for deciding and given the authority to decide, without attendance by any Directors with beneficial or conflicting interest in any business opportunity which directly or indirectly engages in or owns a Restricted Business (the "**New Opportunity**") referred to our Group by the Covenantors (or their close associates other than members of our Group), on pursuing or declining such New Opportunity and the exercise of the Pre-emptive Right under the Deed of Non-competition;

(d) any transaction (if any) between (or proposed to be made between) us and our connected persons will be required to comply with Chapter 20 of the GEM Listing Rules, including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the grant of waiver(s) from strict compliance with relevant requirements under the GEM Listing Rules;

(e) where a conflict of interest arises, any Director who is considered to be interested in a particular matter or the subject matter shall disclose his/her interest to our Board and that under the Articles of Association, any Director having any material interest in the matter shall not vote on the Board resolutions approving the same and shall not be counted in the quorum of the relevant Board meeting; and

(f) we have appointed Dongxing Securities as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal control measures.

Following the Listing, the following transaction is expected to continue between our Group and the relevant connected persons, which will a constitute continuing connected transaction under the GEM Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTION

Immediately after the Listing, the following transaction will constitute exempt continuing connected transaction of our Company as the applicable percentage ratio under Rule 19.07 of the GEM Listing Rules as less than 5% and the annual consideration is less than HK$3,000,000. By virtue of Rule 20.74 of the GEM Listing Rules, such transaction will be exempt from the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 20 of the GEM Listing Rules.

Leasing of the property situated at Units 1242, 1244 and 1246, 12/F, Profit Industrial Building, 1-15 Kwai Fung Crescent & Nos. 65-69 Container Port Road, Kwai Chung, N.T. (the "Property") from Mr. NS Wong and Ms. Chan

Background and nature of transaction and connected relationship

On 22 June 2017, Better World Management, our wholly-owned subsidiary as tenant entered into a lease agreement (the "**Lease Agreement**") in respect of the leasing of Property with a GFA of approximately 2,559 sq.ft. from Mr. NS Wong and Ms. Chan as landlords commencing from 1 July 2017 for a fixed term of one year expiring on 30 June 2018, at a rent of HK$27,000 per month assessed by an independent valuer, exclusive of rates and building management fees which shall be borne by Better World Management.

Mr. NS Wong is our executive Director, chairman of our Board and one of our Controlling Shareholders. Ms. Chan is our executive Director, chief executive officer and one of our Controlling Shareholders. Mr. NS Wong and Ms. Chan will become our connected persons upon Listing under the GEM Listing Rules. The lease under the Lease Agreement will therefore constitute a continuing connected transaction of our Company under Chapter 20 of the GEM Listing Rules following the Listing.

The annual rental amount payable by our Group under the Lease Agreement for each of the years ending 31 March 2018 and 31 March 2019 is HK$243,000 and HK$81,000 respectively.

Since January 2016, Unit 1242 of the Property had been owned by Better World Holdings, our wholly-owned subsidiary, whereas Units 1244 and 1246 of the Property were owned by Mr. NS Wong and Ms. Chan, respectively. Units 1244 and 1246 of the Property were provided for use by our Group free of rent from 15 September 2016 to 30 June 2017. Based on the market rent, the fair rental value during the year ended 31 March 2017 amounted to HK$117,600. On 19 May 2017, Better World Holdings entered into a sale and purchase agreement with Mr. NS Wong and Ms. Chan for the disposal of Unit 1242 of the Property to Mr. NS Wong and Ms. Chan at a consideration of HK$2,640,000, which was determined with reference to the prices realised or market prices of comparable properties of similar size, character and location as assessed by an independent valuer. Completion of the disposal of Unit 1242 of the Property took place on 30 June 2017. As such, the aggregate amounts of rental paid by our Group in relation to leasing of Units 1244 and 1246 of the Property for the years ended 31 March 2016 and 31 March 2017 and the three months ended 30 June 2017 amounted to nil. Our Company had not paid any rental for Units 1244 and 1246 of the Property during the Track Record Period.

Implications under the GEM Listing Rules

The applicable percentage ratio (as defined under the GEM Listing Rules) calculated with reference to the annual rental payable under the Lease Agreement by our Group as tenant to Mr. NS Wong and Ms. Chan as landlords exceeds 0.1% but is less than 5%, and the annual rental payable by our Group under the Lease Agreement will not exceed HK$3,000,000. Therefore, upon Listing, the transaction contemplated under the Lease Agreement constitutes a de minimis continuing connected transaction for our Company pursuant to the GEM Listing Rules, which will be exempt from reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 20 of the GEM Listing Rules.

Confirmation of our Directors

Our Directors confirmed that the rental payment under the Lease Agreement was determined by the parties through arm's length negotiations with reference to the market rent for similar properties in the vicinity of the Property at the time when the Lease Agreement was entered into. Our Directors are of the view that the Lease Agreement was entered into and will be carried out in the ordinary and usual course of our Group's business and on normal commercial terms and that the terms were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

DIRECTORS

Our Board of Directors consists of two executive Directors and three independent non-executive Directors. The following table sets out the information concerning our Directors and senior management:

Name	Age	Position	Date of Appointment as Director	Date of Joining Our Group	Roles and Responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. WONG Ngai Shan (黃毅山)	43	Executive director and chairman	26 June 2017	13 September 2007	Our Group's overall corporate strategies, management, business development, project planning and implementation	Spouse of Ms. CHAN Wai Chun
Ms. CHAN Wai Chun (陳慧珍)	40	Executive director and chief executive officer	26 June 2017	13 September 2007	Responsible for overall day to day operation and management of our business, overseeing menu design, accounting, internal control, human resources, and staff training	Spouse of Mr. WONG Ngai Shan
Independent Non-executive Directors						
Mr. TSANG Siu Chun (曾少春)	62	Independent non-executive director	20 December 2017	20 December 2017	Supervising the management of our Company, chairman of our remuneration committee, member of our audit, nomination and compliance committees	N/A

Name	Age	Position	Date of Appointment as Director	Date of Joining Our Group	Roles and Responsibilities	Relationship with other Directors and senior management
Mr. WANG Chin Mong (王展望)	46	Independent non-executive director	20 December 2017	20 December 2017	Supervising the management of our Company, chairman of our audit committee, member of our remuneration, nomination and compliance committees	N/A
Ms. CHAN Yuen Ting (陳婉婷)	43	Independent non-executive director	20 December 2017	20 December 2017	Supervising the management of our Company, chairman of our nomination committee, chairman of our compliance committee and member of our audit and remuneration committees	N/A

Executive Directors

Mr. WONG Ngai Shan (黃毅山), aged 43, is our chairman and executive Director. Mr. Wong is one of the co-founders of our Group. He is responsible for our Group's overall corporate strategies, management, business development, project planning and implementation. He has assumed a leading role in our management and is responsible for formulating business direction of our Group.

Mr. Wong graduated from the City University of Hong Kong with a Higher Diploma in Accountancy in November 1995 and became an associate of the Association of Chartered Certified Accountants and The Hong Kong Society of Accountants in July 1999 and October 1999 respectively. Mr. Wong has worked for an audit firm in Hong Kong from June 1995 to January 1997 and another audit firm in Hong Kong from 1997 to 1999. He also worked in a group in the coatings industry as a financial controller from August 2000 to August 2007, and subsequently worked in the same group in 2009 responsible for the liquidation of one of its subsidiaries and other ad hoc projects as a part-time finance counsellor.

Mr. Wong started investing in the food and beverage business since 2006 and is familiar with industry trends, market behaviour, customer and supplier impact and dealing with competitions and other operational challenges. He obtained the Basic Food Hygiene Certificate for Hygiene Managers in July 2009.

Mr. Wong is the spouse of Ms. CHAN Wai Chun. He is also a director of all members of our Group.

Ms. CHAN Wai Chun (陳慧珍), aged 40, is our executive Director, chief executive officer and one of the co-founders of our Group. She is responsible for the overall day to day operation and management of our business, overseeing menu design, accounting, internal control, human resources, and staff training.

Ms. Chan obtained a Postgraduate Diploma in Education (Primary) from the Hong Kong Institute of Education in November 2001, and a Bachelor of Science degree from The University of Hong Kong in November 2000. Ms. Chan obtained the Certificate of Registration as a Teacher under the Education Ordinance in December 2001. She also obtained the Certificate in Food Hygiene for Hygiene Supervisor by the FEHD in July 2008.

Ms. Chan has over nine years of experience in the food and beverage industry. She worked as a teacher of Tung Chung Catholic School from September 2001 to February 2008 before joining our Group.

Ms. Chan is the spouse of Mr. Wong Ngai Shan. She is also a director of all members of our Group.

Independent Non-Executive Directors

Mr. TSANG Siu Chun (曾少春), aged 62, was appointed as an independent non-executive Director of our Company on 20 December 2017. He is the chairman of the remuneration committee of our Group.

Mr. Tsang obtained a Bachelor's degree in Arts from the University of Toronto in June 1978.

Mr. Tsang serves as the managing director of An Seng Enterprises Limited which is principally engaged in the manufacturing and sales of furniture and home decoration products from May 2002 to present. He has been the managing director of Chan Seng Yee Estates Ltd which is principally engaged in estates agency investment from February 1978 to present, and was the chairman of Po Leung Kuk from 1992 to 1993. Mr. Tsang was appointed as a Non-official Justice of Peace since June 1993. He was the vice president of An Kwei Clans Association (H.K.) Ltd from November 2011 to February 2017, and has been the president from February 2017 to present. Mr. Tsang is also the vice president of The Fukienese Association Ltd from April 2014 to present.

Mr. WANG Chin Mong (王展望), aged 46, was appointed as an independent non-executive Director of our Company on 20 December 2017. He is the chairman of the audit committee of our Group.

Mr. Wang was awarded a higher diploma in accountancy at the City University of Hong Kong in November 1995. Mr. Wang became an associate of the Hong Kong Society of Accountants in October 1999 and a fellow of The Association of Chartered Certified Accountants in July 2004. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. He was an accountant and later promoted to a semi-senior accountant in Kwan Wong Tan & Fong, which later merged with Deloitte Touche Tohmatsu from March 1997 to September 1999. He joined GET Holdings Limited (formerly known as Inworld Group Limited) (stock code: 08100.HK) as the financial controller and company secretary from August 2001 to April 2003, and has been serving as the financial controller of Styland Holdings Limited since October 2003 and the company secretary of the same company since November 2003.

Mr. Wang served as an independent non-executive director of Heng Xin China Holdings Limited (formally known as Tiger Tech Holdings Limited) (stock code: 08046.HK), a company listed on the Stock Exchange from April 2008 to March 2009. From August 2009 to March 2017, he served as an independent non-executive director of Chinese Strategic Holdings Limited (formally known as China Railway Logistics Limited) (stock code: 08089.HK), a company listed on the Stock Exchange.

Ms. CHAN Yuen Ting (陳婉婷), aged 43, was appointed as an independent non-executive Director of our Company on 20 December 2017. She is the chairman of the nomination and compliance committees of our Group.

Ms. Chan obtained a Bachelor's degree of Social Science from The Chinese University of Hong Kong in December 1995. She obtained a Master's degree in Arts, major in Public Administration and Public Policy from the University of York in United Kingdom in July 1998. She was granted the award of Postgraduate Diploma of the Manchester Metropolitan University in United Kingdom having followed an approved programme in English and Hong Kong Law (Common Professional Examination) at The University of Hong Kong (Space) in July 2004. Ms. Chan obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 2005. She obtained a Master's degree of Law, major in International Trade and Commercial Law from the University of Durham in United Kingdom in January 2007. She was admitted as a solicitor in Hong Kong in November 2008 and has been a member of the Law Society of Hong Kong since November 2008.

Ms. Chan has approximately 11 years of legal and compliance experience. She worked as a trainee for Philip KH Wong, Kennedy YH Wong & Co. Solicitors & Notaries from September 2006 to September 2008, then as paralegal from September 2008 to December 2008, then as an associate solicitor from January 2009 to November 2011. She served as a legal counsel of NWS Transport Services Limited from October 2011 to June 2016, and is the head of legal and company secretary of NWS Transport Services Limited, its subsidiaries and associated companies from July 2016 to present.

Save as disclosed in this section headed "Directors and senior management", each of our Directors confirms with respect to himself or herself that: (i) he or she is independent from and is not related to any other Directors, senior management, the substantial shareholders of our

Company and our Controlling Shareholders; (ii) he or she has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus, and has not been involved in any of the events described under Rules 17.50(2)(h) to 17.50(2)(v) of the GEM Listing Rules; and (iii) there are no other matters concerning his or her directorship with our Company that need to be brought to the attention of our Shareholders and the Stock Exchange and there are no other matters in connection with his appointment which shall be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules. Immediately following completion of the Capitalisation Issue and the Share Offer, save as the interests of the Shares which are disclosed in the sections headed "Substantial shareholders" and "Statutory and general information – C. Further information about our Directors and chief executive and substantial Shareholders – 3. Disclosure of Directors' interests" and "Statutory and general information – C. Further information about Directors and chief executive and substantial Shareholders – 4. Substantial Shareholders" in Appendix IV to this prospectus, none of our Directors will have any interests in the Shares within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Name	Age	Position	Date of Joining Our Group	Roles and Responsibilities	Relationship with other Directors and senior management
Mr. YU Man To Gerald Maximillian (余孟滔)	51	Chief financial officer, company secretary and compliance officer	April 2017	Responsible for human resources, administration, secretarial and financial matters	N/A
Mr. FUNG Hong Chung Billy (馮漢琮)	49	Group executive chef	March 2011	Responsible for operations, procurement, quality control and menu design	N/A
Ms. LEE Ching Ha Virginia (李靜霞)	36	Human Resources & Administration Manager	September 2013	Responsible for the recruitment and management of restaurant staff	N/A
Mr. WONG Chun Kuen (黃振權)	38	Marketing Manager	June 2015	Overseeing marketing and customer service teams	Nephew of Mr. WONG Ngai Shan
Mr. CHAN Ka Shing (陳嘉誠)	29	Project Manager	September 2014	Overseeing the opening and furnishing of our new stores	N/A

Mr. YU Man To Gerald Maximillian (余孟滔), aged 51, is our chief financial officer, company secretary and compliance officer. He is mainly responsible for human resources, administration, secretarial and financial matters of our Group.

Mr. Yu obtained a Bachelor's degree in Business from La Trobe University, Australia in 1993, and a Master's degree in Business Administration from Macquarie University, Australia in 2001. Mr. Yu was admitted as a Certified Practising Accountant of the Australian Society of Certified Practising Accountants (now known as CPA Australia) in 1995 and admitted as a fellow member in 2014. He was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants in 2007. Mr. Yu has a wealth of experience in accounting, finance, management and company secretarial field.

Prior to joining our Group in April 2017, Mr. Yu worked for Towngas China Company Limited (formerly known as Panva Gas Holdings Limited) (stock code: 01083.HK) as the financial controller, qualified accountant and company secretary from December 2000, then appointed as the chief financial officer in July 2004 and his last position was vice president of finance before he left the company in October 2009. Mr. Yu also worked for Sound Global Limited (stock code: 00967.HK and E6E.SI) and China MeiDong Auto Holdings Limited (stock code: 01268.HK) as chief financial officer and company secretary from June 2011 to February 2013 and May 2013 to April 2016 respectively.

Mr. FUNG Hong Chung Billy (馮漢琮), aged 49, has been our Group executive chef since March 2011. He is the executive chef of our Group and heads our production, procurement and logistics departments. His responsibilities include managing operations, procurement, selecting suppliers, providing marketing and promotion directions, developing new dishes, menu design and quality control.

With more than 24 years of working experience in the food and beverage industry in Hong Kong. His career highlights include his positions at Chef Japanese Restaurant & Bar in Hong Kong as restaurant manager from November 2003 to November 2007, as Japanese chef of World Trade Centre Club and as executive Japanese chef of The Green Market under Plaza Airport Business Services Limited from December 2007 to February 2011. Mr. Fung worked for several Japanese restaurants during the period from April 1992 to March 2003, gradually being promoted to head chef.

Mr. Fung sought to improve his industry knowledge by completing the "green belt" certificate course organised by The HK 5-S Association (香港五常法協會) in April 2005, and was subsequently advanced to the "blue belt" certificate in February 2007. He obtained the Basic Food Hygiene Certificate for Hygiene Managers in December 2004, attained Wonder-Host training in August 2000 and completed the course of Food Hygiene for Better Health course in September 1997.

Ms. LEE Ching Ha Virginia (李靜霞), aged 36, joined our Group in September 2013 as marketing manager, then appointed as human resources and administration manager in March 2015 and subsequently promoted to associate director in May 2015. She is primarily responsible for the recruitment and management of restaurant staff.

Ms. Lee obtained an Associate in Arts Degree from the Northeast Iowa Community College in May 2003, and a Bachelor's degree in Business Administration from the Empresarial University of Costa Rica in December 2005. She has completed a course in Intermediate French in June 2009.

Prior to joining our Group, Ms. Lee worked for The Repulse Bay Company Limited (a subsidiary of The Hongkong and Shanghai Hotels Limited) as club receptionist from May 2005 to October 2006. She worked as a customer service coordinator at ET Business College Limited (a member of Hong Kong Economic Times Holdings Limited) from October 2006 to March 2008, as senior customer service coordinator from April 2008 to October 2009, and then promoted to a customer services supervisor from March 2010 to June 2011. Ms. Lee has also worked for PricewaterhouseCoopers as an administrator from June 2011 to September 2013.

Mr. WONG Chun Kuen (黃振權), aged 38, joined our Group in June 2015 as marketing manager, overseeing the marketing functions and manage customer feedbacks for our Group.

Mr. Wong graduated from the Bachelor of Public Administration and Management with honours from the De Montfort University in June 2005. Mr. Wong was certificated by Travel Industry Council of Hong Kong in 2003.

Mr. Wong worked as a manager for Xiamen Gangpin Imp & Exp Co. Ltd. from May 2010 to May 2015, overseeing the development of new markets including the sourcing, import and sales of wine in the Fujian and Guangdong provinces of the PRC. He worked as a merchandiser of A.Y.N. Accessories Trading Limited from August 2006 to May 2010, and a merchandiser for Joy Life Ltd from May 2003 to June 2005.

Mr. Wong is a nephew of Mr. Wong Ngai Shan, our Controlling Shareholder and Executive Director, and is therefore an associate of a connected person of our Company.

Mr. CHAN Ka Shing (陳嘉誠), aged 29, is our project manager since September 2014, and subsequently promoted to operation manager in January 2016, responsible for the opening of our new stores, including the decoration, floor plan and design of our different brands of restaurants.

Mr. CHAN completed a bartending course in December 2010. He obtained the Merit Awards in the Asian Cocktail Championship, De Kuyper Cocktail Championship and Creative Classic and Bartending Flair in 2010 to 2011. Mr. Chan was awarded the Certificate in Food Hygiene for Hygiene Supervisor and obtained the Level 2 Award in Food Safety in Catering in January 2013.

Mr. CHAN worked for IPC Foodlab as a restaurant supervisor from January 2014 to April 2014 and worked as an assistant restaurant manager from April 2014 to September 2014 after working as a management trainee in the food and beverage department of Page One The Designer's Bookshop (HK) Ltd from September 2013 to January 2014. He was a bar supervisor for the Nabe One Limited from November 2007 to September 2013.

None of our senior management has been a director of any listed entities in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Mr. YU Man To Gerald Maximillian (余孟滔), is the company secretary of our Company. Details of his qualifications and experience are set out in the paragraph headed "Senior management" above in this section.

COMPLIANCE OFFICER

Mr. YU Man To Gerald Maximillian (余孟滔) is the compliance officer of our Company. Details of his qualifications and experience are set out in the paragraph headed "Senior management" above in this section.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon Listing.

BOARD COMMITTEES

Audit Committee

We have established an audit committee on 20 December 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. TSANG Siu Chun, Ms. CHAN Yuen Ting and Mr. WANG Chin Mong, with Mr. Mr. WANG Chin Mong serves as the chairman of the audit committee. The primary responsibilities of the audit committee are to review and supervise our financial reporting process, risk management and internal control systems, which include, among other things:

- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;

- reviewing the planning and staffing of internal audits, the organisation, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;

- reviewing our risk assessment and management policies; and

- establishing procedures for the treatment of complaints received by us regarding accounting, internal controls, auditing matters, potential violations of law and questionable accounting or auditing matters.

Remuneration Committee

We have established a remuneration committee on 20 December 2017 with written terms of reference in compliance with paragraph B.1.1 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The remuneration committee of our Company consists of four Directors: Ms. CHAN Yuen Ting, Mr. WONG Ngai Shan, Mr. WANG Chin Mong and Mr. TSANG Siu Chun, with Mr. TSANG Siu Chun serves as the chairman of our Company's remuneration committee. The primary responsibilities of the remuneration committee are to formulate the evaluation standards and conduct evaluation of our Directors and senior management, and to determine, and review the compensation policies and schemes for our Directors and senior management, including, among other things:

- approving and overseeing the total compensation package for our Directors and senior management, evaluating the performance of and determining and approving the compensation to be paid to senior management;
- reviewing and making recommendations to the Board with respect to our Directors' compensation; and
- reviewing and making recommendations to the Board regarding our Company's policy and structure for the remuneration of all Directors and senior management.

Nomination Committee

We have established a nomination committee on 20 December 2017 with written terms of reference in compliance with paragraph A.5.2 of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules. The nomination committee of our Company consists of three Directors, namely Mr. WANG Chin Mong, Mr. TSANG Siu Chun and Ms. CHAN Yuen Ting, with Ms. CHAN Yuen Ting serves as the chairman of the nomination committee. The primary responsibilities of our Company's nomination committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management.

Compliance Committee

We established a compliance committee on 20 December 2017. The primary function of the compliance committee is to make recommendations to the Board regarding regulatory and compliance matters relating to our Group. The compliance committee consists of three Directors, namely Mr. WANG Chin Mong, Mr. TSANG Siu Chun and Ms. CHAN Yuen Ting, with Ms. CHAN Yuen Ting serves as the chairman of the compliance committee.

COMPLIANCE ADVISER

In compliance with Rule 6A.19 of the GEM Listing Rules, we have appointed Dongxing Securities as our compliance adviser to provide advisory services to our Company. It is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following matters:

– before the publication of any regulatory announcements, circulars or financial reports;

– where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share repurchases;

– where we propose to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

– where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of compensation paid (salaries and allowances, other benefits, discretionary bonuses and retirement-based scheme contributions) by our Company to our Directors for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 were approximately HK$4.9 million, HK$5.8 million and HK$1.3 million respectively.

The aggregate amount of compensation paid (basic salary, performance-based compensation and retirement-based contribution) by our Company to our Company's five highest paid individuals for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 were approximately HK$6.3 million, HK$7.3 million and HK$1.7 million respectively.

Our executive Directors are also employees of our Company and receive, in their capacity as employees of our Company, compensation in the form of salaries and other allowances and benefits in kind. Our Company reimburses our Directors for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to the operations of our Company.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group. Details of the terms of the service agreements are set out in "Statutory and general information – C. Further information about our Directors and chief executive and substantial Shareholders – 1. Directors' service contracts" in Appendix IV to this prospectus.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals during the Track Record Period for the loss of office in connection with the management of the affairs of any subsidiary of our Group. Our Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors will be HK$5.2 million for the year ending 31 March 2018.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period. Save as disclosed in this paragraph headed "Remuneration of Directors and senior management", no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Our Directors consider the purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of our Group and to provide incentive to them to further contribute to our Group. The principal terms of the Share Option Scheme are summarised under the section headed "D. Share Option Scheme" in Appendix IV to this prospectus.

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other member of our Group:

		Shares held immediately prior to the Share Offer and the Capitalisation Issue		**Shares held immediately after the Share Offer and the Capitalisation Issue** *(Note 1)*	
Name of Shareholder	**Nature of interest**	**Number**	**Approximate percentage**	**Number**	**Approximate percentage**
IKEAB Limited	Beneficial owner	249,450,000	83.2%	249,450,000	62.375%
Mr. NS Wong *(Note 2)*	interest in a controlled corporation and interest of spouse *(Note 3)*	249,450,000	83.2%	249,450,000	62.375%
Ms. Chan *(Note 2)*	Interest in a controlled corporation and interest of spouse *(Note 3)*	249,450,000	83.2%	249,450,000	62.375%

Notes:

1. Assuming the Offer Size Adjustment Option is not exercised and taking no account of Shares which may be issued and allotted upon exercise of options which may be granted under the Share Option Scheme.

2. IKEAB Limited is owned by Mr. NS Wong as to 70% and Ms. Chan as to 30%. As such, Mr. NS Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

3. Mr. NS Wong is the spouse of Ms. Chan.

Save for each of IKEAB Limited, Mr. NS Wong and Ms. Chan, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme), have an interest or a short position in the Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the issued voting shares of any other member of our Group.

For details of our Directors' interests in Shares immediately following completion of the Capitalisation Issue and the Share Offer, please refer to the section headed "Statutory and general information – Further information about our Directors and chief executive and substantial Shareholders – Disclosure of Directors' interests" in Appendix IV to this prospectus.

SHARE CAPITAL OF OUR COMPANY

The following is a description of our authorised and issued share capital and shares to be issued as fully paid or credited as fully paid immediately before and following the completion of the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or pursuant to any options which may be granted under the Share Option Scheme) and the Capitalisation Issue.

Authorised share capital:		*HK$*
1,000,000,000	Shares	100,000,000
Shares issued or to be issued, fully paid or credited as fully paid:		
3,000,000	Share in issue as at the date of this prospectus	300,000
297,000,000	Shares to be issued pursuant to the Capitalisation Issue	29,700,000
100,000,000	Shares to be issued under the Share Offer	10,000,000
400,000,000	**Shares in total**	40,000,000

ASSUMPTIONS

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of our Shares in the hands of the public.

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or pursuant to any options which may be granted under the Share Option Scheme, or any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Pursuant to resolutions passed at the extraordinary general meeting of our Shareholders held on 20 December 2017, our Company has conditionally adopted the Share Option Scheme, the principal terms of which are summarised in the section headed "Share Option Scheme" in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares with a total number of Shares of not more than the aggregate of:

1. 20% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or pursuant to any options which may be granted under the Share Option Scheme); and

2. the total number of Shares repurchased by our Company (if any) pursuant to a separate mandate to repurchase Shares and described more fully in the section headed "General mandate to repurchase Shares" below in this section.

This general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement in accordance with the Articles of Association, or the exercise of any options which may be granted under the Share Option Scheme.

This general mandate to allot and issue Shares will expire until the earliest of:

1. the conclusion of our Company's next annual general meeting; or

2. the expiration of the period within which our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to hold its next annual general meeting; or

3. when varied or revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed "Statutory and general information – A. Further Information about our Company – 4. Extraordinary general meeting of the Shareholders held on 20 December 2017" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of not more than 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or pursuant to any options which may be granted under the Share Option Scheme.

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the requirements of the GEM Listing Rules and all applicable laws. For the summary of the relevant requirements of the GEM Listing Rules, please refer to the section headed "Statutory and general information – repurchase by our Company of its own securities" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire until the earliest of:

1. the conclusion of our Company's next annual general meeting; or

2. the expiration of the period within which our Company is required by the Articles of Association or any applicable laws of the Cayman Islands to hold its next annual general meeting; or

3. when varied or revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed "Statutory and general information – A. Further Information about our Company – 4. Extraordinary general meeting of our Shareholders held on 20 December 2017" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, please refer to the section headed "Summary of the constitution of the Company and Cayman Islands Company Laws – Articles of Association – Shares – Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum of Association and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, please refer to the section headed "Summary of the constitution of the Company and Cayman Islands Company Laws – Articles of Association – Shares – Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

You should read this section in conjunction with our audited consolidated financial information as at and for the years ended 31 March 2016 and 2017 and three months ended 30 June 2017, including the notes thereto, as set out in "Appendix I – Accountants' Report" to this prospectus. The consolidated financial information has been prepared in accordance with HKFRS. The following discussion and analysis contains certain forward-looking statements that reflect our current reviews with respect to future events and financial performance which involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Our actual results reported in future periods could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in the sections headed "Risk factors" and "Business" and elsewhere in this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a Hong Kong based restaurant group operating full service and quick service restaurants offering a variety of cuisines under a portfolio of brands to a diversified customer base. Since the opening of the first restaurant, TUW in December 2007, we have expanded into a multi-brand business. As at the Latest Practicable Date, we owned and operated a total of 13 full service restaurants and 1 quick service restaurant offering Vietnamese, Japanese, Chinese and Western cuisines under seven brands, comprising six self-owned brands such as 品越越式料理 (La'taste Vietnamese Cuisine), 稻成亞丁京川料理 (Dab-pa Peking & Szechuan Cuisine), 稻成小館 (Dab-pa Peking & Szechuan Bistro), 浦和日本料理 (Urawa Japanese Restaurant), 牛氣 (Nabe Urawa), Say Cheese and one licensed brand known as FIAT Caffé. A majority of these restaurants are strategically located in first tier and/or premium shopping malls or on street levels in prime areas and CBD, covering Hong Kong Island, Kowloon and New Territories.

We strive to uphold our core values of "Food Quality and Customer Satisfaction" through providing to our diversified customer base a pleasant experience with quality dishes and attentive services at affordable price. We believe our multi-brand strategy enables us to capture a diversified group of customers with different taste and allow us to benefit from a wide source of revenue. Given the dynamic market and changing taste of customers in general, we endeavour to maintain a diversified portfolio of brands in order to maintain our competitiveness towards our customers. Since our inception in 2007, we have been expanding our network in Hong Kong through setting up restaurants of different styles under our multi-brand business model. For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, our revenue amounted to approximately HK$163.4 million, HK$198.6 million and HK$48.7 million, respectively.

BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands on 26 May 2017 as an exempted company with limited liability. Pursuant to the Reorganisation as described in the sub-section headed "History, development and reorganisation – Reorganisation" of this prospectus, our Company became the holding company of the subsidiaries now comprising our Group on 23 June 2017. Our Company and its subsidiaries have been under the common control of our Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period. Accordingly, the financial information have been prepared under the principles of merger accounting as if the current group structure has been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial performance and results of operations have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed "Risk factors" and those set forth below.

Market competition

The competition in the restaurant industry is keen. Restaurants are competing to provide better environment and better quality of food to attract customers. Please refer to the section headed "Business – Market competition" in this prospectus for more details. We face significant competition at each of our locations from a variety of restaurants in various market segments. These competitors may be locally-owned restaurants and regional and international chains, and offer cuisines such as Chinese, Japanese, Korean, Southeast Asian and Western food. Our competitors also offer dine-in, take-away and delivery services. Other companies may develop new restaurants which operate with similar concepts and target the same group of customers resulting in increased competition.

We rely on a single market in developing our restaurant business and our restaurant business in Hong Kong may not contribute to our results in the manner we anticipate. During the Track Record Period, we generated all of our revenue from our Hong Kong restaurant operation. We anticipate that our restaurant business in Hong Kong will continue to be our core business following the completion of the Share Offer. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as downturn in the local tourism and retail sectors, general economic downturn, political unrest, strikes, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations or policies that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected. In addition, we have limited experience in operating businesses in other places, and may have difficulties in relocating our business to other geographic markets. Therefore, if there is any deterioration in the economic, political and regulatory environment in Hong Kong, our business may be materially and adversely affected.

Properties rental market in Hong Kong

We compete with other retailers and restaurants for locations in the highly competitive markets for retail premises. There is no assurance that we will be able to enter into new lease agreements for suitable locations or renew existing lease agreements with our landlords on commercially acceptable terms, if at all. During the Track Record Period, we closed TUT in February 2017 as we consider that the management and operation of the shopping mall was not in line with our expected standards and therefore the financial performance was below our expectations.

As at the Latest Practicable Date, the leases for our restaurants were generally with a fixed lease term between two and five years, and only a few of the leases contain an option term in the relevant lease agreement which provides an option for us to renew upon expiry of the fixed lease term. Please refer to the section headed "Business – Our properties" in this prospectus for more details. However, all of these option terms have either provided that the new rental shall be adjusted to market rate or the manner to calculate the new rental has been specified, which will be higher than the existing rental of the relevant property. If we do not have an option to renew a lease agreement, we may need to negotiate the terms of renewal with our landlord. If a lease agreement is renewed at a rate substantially higher than the existing rate or with less favourable terms than existing terms, we may evaluate whether renewal on such modified terms is in our best interest. If we are unable to renew leases for our restaurant sites on reasonable terms, we may consider closing or relocating the relevant restaurant, which may adversely affect the result of our operations during the period of the restaurant closure. Furthermore, we may incur additional cost for relocating a restaurant, including renovation and relocation costs. However, there is no certainty that the new replacement restaurants will have similar or better performance as compared to the closed restaurants. Therefore, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially reasonable terms could have a material adverse effect on our business and results of operations.

Staff costs

Staff costs is one of the major factors affecting our results of operations. For the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, our staff costs amounted to approximately HK$51.9 million, HK$64.6 million and HK$15.5 million, respectively, representing 31.7%, 32.6% and 31.9% of our revenue respectively. We are required to comply with the statutory minimum wage requirements, which came into force on 1 May 2011. During the Track Record Period, the statutory minimum wage rate was HK$32.5 per hour. The statutory minimum wage rate was increased to HK$34.5 per hour from 1 May 2017 and onwards.

In order to retain our restaurant employees, the salaries of all of our restaurant employees paid were higher than the applicable statutory minimum wage at the time. From time to time, we increase the salary of our restaurant staff based on their performance and a number of factors such as our financial performance, the general market conditions and suitability for promotion. If there is any further increase in the statutory minimum wage rate in Hong Kong, our staff costs would likely to increase as a result. As wages increase, competition for qualified employees also increases, which may indirectly result in further increases in our staff costs. Given the competitive market environment in Hong Kong, we may not be able to increase our prices high enough to pass these increased staff costs onto our customers, in which case our business and results of operations would be materially and adversely affected.

For illustrative purpose, we set out below a sensitivity analysis which illustrates the impact of hypothetical fluctuations of staff costs on our profit/loss for the periods indicated:

Hypothetical Fluctuations	**-15%**	**-10%**	**-5%**	**+5%**	**+10%**	**+15%**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2016						
Change in staff costs	(7,781)	(5,188)	(2,594)	2,594	5,188	7,781
Change in profit and comprehensive income for the year	6,902	4,601	2,301	(2,301)	(4,601)	(6,902)
For the year ended 31 March 2017						
Change in staff costs	(9,696)	(6,464)	(3,232)	3,232	6,464	9,696
Change in profit and comprehensive income for the year	8,164	5,443	2,721	(2,721)	(5,443)	(8,164)
For the three months ended 30 June 2017						
Change in staff costs	(2,327)	(1,552)	(776)	776	1,552	2,327
Change in profit and comprehensive income for the period	1,927	1,285	642	(642)	(1,285)	(1,927)

Procurement costs for raw materials and consumables

Our raw materials and consumables used consist of food ingredients, beverages and consumable used in our restaurants. Our profitability depends significantly on our ability to anticipate and react to changes in procurement costs of food ingredients. During the Track Record Period, our cost of raw materials and consumables used was the second largest component of our operating costs which accounted for 30.1%, 27.5% and 26.9% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

The availability of food ingredients, such as the type, variety, quality, and their prices, can fluctuate and are subject to factors beyond our control, including seasonal fluctuations, climate conditions, natural disasters, general economic conditions, market demand, governmental regulations, exchange rates, each of which may affect our cost of food ingredients and beverages or cause a disruption in our supply. Our suppliers may also be affected by higher costs due to rising labour costs, importation costs and other expenses that they may pass through to us. It will then lead to higher costs for raw materials and consumables supplied to us. As a result, our business, margins and results of operations may be adversely affected.

For illustrative purpose, we set out below a sensitivity analysis which illustrates the impact of hypothetical fluctuations of raw materials and consumables used on our profit/loss for the periods indicated:

Hypothetical Fluctuations	**-15%**	**-10%**	**-5%**	**+5%**	**+10%**	**+15%**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2016						
Change in cost of raw materials and consumables used	(7,378)	(4,919)	(2,459)	2,459	4,919	7,378
Change in profit and comprehensive income for the year	6,544	4,363	2,181	(2,181)	(4,363)	(6,544)
For the year ended 31 March 2017						
Change in cost of raw materials and consumables used	(8,188)	(5,458)	(2,729)	2,729	5,458	8,188
Change in profit and comprehensive income for the year	6,894	4,596	2,298	(2,298)	(4,596)	(6,894)
For the three months ended 30 June 2017						
Change in cost of raw materials and consumables used	(1,952)	(1,301)	(651)	651	1,301	1,952
Change in profit and comprehensive income for the period	1,627	1,085	542	(542)	(1,085)	(1,627)

Seasonality

During the Track Record Period, certain restaurants of our Group recorded a relatively higher monthly revenue during July, August and December which we believe was due to the summer holidays of students and the Christmas holiday. Our revenue in June and November during the Track Record Period were generally relatively lower. As a result, our results of operations may experience fluctuations from period to period and a comparison of different periods may not be prognostic. Our results for a given financial period are not necessarily indicative of results to be expected for any other financial period. For details of the seasonality factors, please refer to the section headed "Business – Pricing strategies" in this prospectus for further details.

Property rentals and related expenses

As we lease all of the properties for our restaurant operations, we are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs.

During the Track Record Period, we leased all of the properties for the operation of our restaurants. In the event that rental costs for properties that are suitable for restaurant businesses in Hong Kong increase in the future or if we are unable to offset such increase by reducing our other operating costs, or by passing the increase in our property rentals and related expenses to our customers, our financial condition and results of operations may be adversely affected.

For illustrative purpose, we set out below a sensitivity analysis which illustrates the impact of hypothetical fluctuations of property rentals and related expenses on our profit/loss for the periods indicated:

Hypothetical Fluctuations	**-15%**	**-10%**	**-5%**	**+5%**	**+10%**	**+15%**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2016						
Change in property rentals and related expenses	(3,733)	(2,488)	(1,244)	1,244	2,488	3,733
Change in profit and comprehensive income for the year	3,311	2,207	1,104	(1,104)	(2,207)	(3,311)
For the year ended 31 March 2017						
Change in property rentals and related expenses	(4,814)	(3,209)	(1,605)	1,605	3,209	4,814
Change in profit and comprehensive income for the year	4,053	2,702	1,351	(1,351)	(2,702)	(4,053)
For the three months ended 30 June 2017						
Change in property rentals and related expenses	(1,230)	(820)	(410)	410	820	1,230
Change in profit and comprehensive income for the period	1,018	679	339	(339)	(679)	(1,018)

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. In the application of our Group's accounting policies, our management is required to make significant assumptions, estimates and judgement about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Our significant accounting policies, judgement and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 4 and 5 of the Accountants' Report in Appendix I to this prospectus.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from restaurant operations and net of discounts. Revenue from restaurant operations is recognised at the point of sales to customers.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings for the operation purpose are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Asset held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

RESULTS OF OPERATIONS

The following table set forth our consolidated statements of profit and loss and other comprehensive income for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2016 and 2017 which are derived from the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Revenue	163,431	198,568	45,589	48,651
Other income	206	290	139	158
Other gains or losses, net	(346)	(50)	–	(335)
Raw materials and consumables used	(49,188)	(54,584)	(12,797)	(13,102)
Staff costs	(51,876)	(64,642)	(14,700)	(15,516)
Depreciation	(3,470)	(5,191)	(983)	(1,486)
Property rentals and related expenses	(24,884)	(32,093)	(7,992)	(8,199)
Utilities and cleaning expenses	(5,771)	(7,106)	(1,572)	(2,078)
Other expenses	(6,707)	(9,027)	(1,982)	(2,091)
Listing expenses	–	–	–	(7,452)
Finance costs	(110)	(311)	(50)	(126)
Profit (loss) before tax	21,285	25,854	5,652	(1,576)
Income tax expense	(2,407)	(4,087)	(1,074)	(1,012)
Profit (loss) and total comprehensive income (expenses)for the year/period	18,878	21,767	4,578	(2,588)
Profit (loss) and total comprehensive income (expenses) for the year/period attributable to				
– Owners of the Company	12,001	14,214	2,567	(4,151)
– Non-controlling interests	6,877	7,553	2,011	1,563
	18,878	21,767	4,578	(2,588)

DESCRIPTION OF THE PRINCIPAL COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We derive our revenue from the sales of food and beverages at our restaurants in Hong Kong. The following tables sets forth the breakdown of our revenue by cuisine and the number of restaurants in operations by cuisine during the Track Record Period.

	Year ended 31 March						Three months ended 30 June					
	2016			2017			2016			2017		
	HK$'000	*% of total revenue*	*Number of restaurants in operation during the year*	*HK$'000*	*% of total revenue*	*Number of restaurants in operation during the year*	*HK$'000 (unaudited)*	*% of total revenue*	*Number of Restaurants in operation during the period*	*HK$'000*	*% of total revenue*	*Number of Restaurants in operation during the period*
Vietnamese	51,214	31.3%	5	71,297	35.9%	5	18,206	39.9%	5	17,466	35.9%	5
Japanese	75,978	46.5%	3	78,992	39.8%	4	17,787	39.0%	3	19,160	39.4%	3
Chinese	23,958	14.7%	1	37,377	18.8%	2	6,617	14.5%	1	9,706	20.0%	2
Western	12,281	7.5%	1	10,902	5.5%	1	2,979	6.5%	1	2,319	4.8%	1
	163,431	100.0%	10	198,568	100.0%	12	45,589	100.0%	10	48,651	100.0%	11

Notes:

1. TUT was closed down in February 2017.

2. TLK, TDB and TNT opened in December 2015, June 2016 and December 2016, respectively.

Our revenue increased by approximately HK$35,137,000, representing an increase of 21.5% from approximately HK$163,431,000 for the year ended 31 March 2016 to approximately HK$198,568,000 for the year ended 31 March 2017. The increase in revenue for the year ended 31 March 2017 was primarily due to (i) the commencement of operation of TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016 which contributed approximately HK$21,243,000; (ii) the additional contribution of approximately HK$15,230,000 reflecting a full year operation of the TLK, which commenced operation in the fourth quarter of 2015; and (iii) net same-store growth in revenue from existing restaurants (restaurants other than TDB, TNT, TLK and TUT) of approximately HK$2,342,000. However, the increase in revenue was slightly offset by approximately HK$3,678,000, being the difference in revenue due to the closure of the TUT in the first quarter of 2017.

Our revenue increased by approximately HK$3,062,000, representing an increase of 6.7% from approximately HK$45,589,000 for the three months ended 30 June 2016 to approximately HK$48,651,000 for the three months ended 30 June 2017. The increase in revenue for the three months ended 30 June 2017 was primarily due to (i) the contribution from TDB which only had one month of operations during the three months ended 30 June 2016; (ii) TNT which commenced operations in the fourth quarter of 2016; and (iii) a slight increase in revenue from TDC and TNM, collectively amounted to approximately HK$9,581,000. The increase was offset by (i) a slight decrease in the overall customers for our Vietnamese restaurants, TUS and TFC resulting in a decrease in revenue of approximately HK$2,062,000; and (ii) the closure of TUT in the first quarter of 2017 which contributed approximately HK$4,458,000 during the three months ended 30 June 2016.

Other income

Other income primarily consists of interest income from life insurance policies and sundry income.

Other gains and losses, net

Other gains and losses, net primarily consist of loss on disposal of property, plant and equipment, loss from a burglary accident and insurance claim for a burglary accident.

Raw materials and consumables used

Raw materials and consumables used consist of food ingredients, beverages and related consumables used in our restaurants, which include but not limited to items such as meat, seafood, vegetables, condiments, rice, noodles, alcoholic and non-alcoholic beverages, and so forth. Raw materials and consumables used is our second largest cost component behind staff costs, which amounted to 30.1%, 27.5% and 26.9% of our revenue for the year ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

Our raw materials and consumables used increased by approximately HK$5,396,000, representing an increase of 11.0% from approximately HK$49,188,000 for the year ended 31 March 2016 to approximately HK$54,584,000 for the year ended 31 March 2017. The increase in raw materials and consumables used for the year ended 31 March 2017 was primarily due to (i) the commencement of operation of TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016; and (ii) the additional cost reflecting a full year operation of the TLK, which commenced operations in the fourth quarter of 2015. The increase in raw materials and consumables used was slightly offset by (i) the decrease in raw materials and consumables used due to the closure of the TUT in the first quarter of 2017 and (ii) net same-store decrease in raw materials and consumables used by existing restaurants, which is the result of our continuous review of our suppliers' prices as well as reduced food wastage due to our improved control over the quantity of our orders.

Our raw materials and consumables used increased by approximately HK$305,000, representing an increase of 2.4% from approximately HK$12,797,000 for the three months ended 30 June 2016 to approximately HK$13,102,000 for the three months ended 30 June 2017. The net increase in raw materials and consumables used for the three months ended 30 June 2017 was primarily due to the contribution from TDB which only had one month of operations during the three months ended 30 June 2016 and TNT which commenced operations in the fourth quarter of 2016 but offset by the closure of TUT in the first quarter of 2017 and slight decreases for those restaurants that recorded a lower revenue when compared to the three months ended 30 June 2016.

Staff costs

Staff costs is our largest cost component during the Track Record Period and is primarily comprised of wages and salaries, directors' remuneration, performance-based bonus, MPF contributions, and other benefits. Staff costs amounted to 31.7%, 32.6% and 31.9% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. The following table sets forth the breakdown of our staff costs during the Track Record Period.

	Year ended 31 March		**Three months ended 30 June**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Directors' remuneration	4,858	5,835	1,408	1,311
Salaries and other benefits	40,741	50,774	11,752	12,754
Performance-based bonus	4,619	5,908	1,051	923
Retirement benefits scheme contribution	1,658	2,125	489	528
	51,876	64,642	14,700	15,516

Our staff costs increased by approximately HK$12,766,000, representing an increase of 24.6% from approximately HK$51,876,000 for the year ended 31 March 2016 to approximately HK$64,642,000 for the year ended 31 March 2017. The increase in staff costs was primarily due to (i) the commencement of operation of the TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016; (ii) the additional cost reflecting a full year operation of TLK, which commenced operations in the fourth quarter of 2015; (iii) net same-store increase in the number of staff employed from existing restaurants; and (iv) increases in head office head counts as well as salary increases. However, the increase in staff costs was slightly offset by the decrease in the number of staff employed resulting from the closure of TUT in the first quarter of 2017.

Our staff costs increased by approximately HK$816,000, representing an increase of 5.6% from approximately HK$14,700,000 for the three months ended 30 June 2016 to approximately HK$15,516,000 for the three months ended 30 June 2017. The net increase in staff costs for the three months ended 30 June 2017 was primarily due to (i) additional staff employed for TDB which only had one month of operations during the three months ended 30 June 2016; (ii) TNT which commenced operations in the fourth quarter of 2016; and (iii) increase in head office headcount. However, the increase was offset by the closure of TUT in the first quarter of 2017 and slight decrease in the number of staff in some of our restaurants.

Property rentals and related expenses

Property rentals and related expenses primarily represent rental payments under operating leases, rates and property management fees paid for our restaurants, office premises and storage facility. Property rentals and related expenses are the third largest cost component, which amounted to 15.2%, 16.2% and 16.9% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. For our restaurants, rental leases can be classified as (i) fixed rent; and (ii) basic rent or turnover rent (whichever is higher). Most of our rental agreements include an annual increment during the period of the lease. The following table sets forth the breakdown of our property rentals and related expenses of our restaurants by rental classification during the Track Record Period.

	Year ended 31 March		**Three months ended 30 June**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Fixed rent	5,799	5,664	1,476	1,061
Basic rent or turnover rent (whichever is higher)	14,374	18,485	4,550	5,619
	20,173	24,149	6,026	6,680

Our property rentals and related expenses increased by approximately HK$7,209,000, representing an increase of 29.0% from approximately HK$24,884,000 for the year ended 31 March 2016 to approximately HK$32,093,000 for the year ended 31 March 2017. The increase in property rentals and related expenses was primarily due to (i) the commencement of operation of TDB in the second quarter of 2016 and TNT in the fourth quarter of 2016; (ii) the additional cost reflecting a full year operation of TLK, which commenced operations in the fourth quarter of 2015; and (iii) rental incremental for existing restaurants in accordance with their respective rental agreements and renewed leases. However, the increase in property rentals and related expenses was slightly offset by the closure of TUT in the first quarter of 2017.

Our property rentals and related expenses increased by approximately HK$207,000, representing an increase of 2.6% from approximately HK$7,992,000 for the three months ended 30 June 2016 to approximately HK$8,199,000 for the three months ended 30 June 2017. The net increase in property rentals and related expenses for the three months ended 30 June 2017 was primarily due (i) to the additional property rentals and related expenses for TDB which only had one month of operations during the three months ended 30 June 2016; and (ii) TNT which commenced operations in the fourth quarter of 2016 but the increase was offset by the closure of TUT in the first quarter of 2017.

Depreciation

Depreciation represents depreciation charges for our property, plant and equipment which consists of leasehold land and building, leasehold improvements, furniture and equipment and motor vehicles. Our depreciation amounted to approximately HK$3,470,000, HK$5,191,000 and HK$1,486,000 representing 2.1%, 2.6% and 3.1% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

During the Track Record Period, our depreciation increased by approximately HK$1,721,000, representing an increase of 49.6% for the year ended 31 March 2017. The increase was primarily due to the opening of the new restaurants during the year ended 31 March 2017, a full year charge for the leasehold improvements of TLK which opened during the year ended 31 March 2016 and renovations carried out at TUS and TDC during the year ended 31 March 2017.

Our depreciation increased by approximately HK$503,000, representing an increase of 51.2% from approximately HK$983,000 for the three months ended 30 June 2016 to approximately HK$1,486,000 for the three months ended 30 June 2017. The net increase in depreciation for the three months ended 30 June 2017 was primarily due to (i) the opening of TDB which only had one month of operations during the three months ended 30 June 2016; (ii) TNT which commenced operations in the fourth quarter of 2016; and (iii) renovations carried out at TUS and TDC after 30 June 2016.

Utilities and cleaning expenses

Utilities and cleaning expenses represent electricity, gas, water and cleaning expenses which amounted to approximately HK$5,771,000, HK$7,106,000 and HK$2,078,000 representing 3.5%, 3.6% and 4.3% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

During the Track Record Period, our utilities and cleaning expenses increased by approximately HK$1,335,000, representing an increase of 23.1% for the year ended 31 March 2017. The increase was primarily due to the opening of new restaurants during the year ended 31 March 2017 and a full year of operation of TLK.

Our utilities and other expenses increased by approximately HK$506,000, representing an increase of 32.2% from approximately HK$1,572,000 for the three months ended 30 June 2016 to approximately HK$2,078,000 for the three months ended 30 June 2017. The net increase in utilities and cleaning expenses for the three months ended 30 June 2017 was primarily due to (i) the opening of TDB which only had one month of operations during the three months ended 30 June 2016; (ii) TNT which commenced operations in the fourth quarter of 2016; and (iii) slight increases in our other restaurants. However the increase was offset by the closure of TUT in the first quarter of 2017.

Other expenses

Other expenses include items such as advertising expenses, credit card charges, delivery charges, entertainment expenses, insurance, printing and stationery and repairs and maintenance. Other expenses amounted to approximately HK$6,707,000, HK$9,027,000 and HK$2,091,000 and accounted for 4.1%, 4.5% and 4.3% of our revenue for the years ended 31 March 2016 and 31 March 2017 and the three months ended 30 June 2017. The following table sets forth the breakdown of our other expenses during the Track Record Period.

	Year ended 31 March				Three months ended 30 June			
	2016		2017		2016		2017	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000 (unaudited)*	*% of total*	*HK$'000*	*% of total*
Accounting fee	158	2.4%	185	2.0%	46	2.3%	–	0.0%
Advertising	570	8.5%	203	2.2%	28	1.4%	13	0.6%
Auditor remuneration	195	2.9%	215	2.4%	54	2.7%	379	18.1%
Air-conditioning fee	282	4.2%	511	5.7%	141	7.1%	74	3.6%
Credit card charges	1,737	25.9%	2,146	23.8%	497	25.1%	576	27.5%
Delivery charges	193	2.9%	980	10.9%	121	6.1%	241	11.5%
Entertainment	701	10.5%	744	8.2%	181	9.1%	98	4.7%
Insurance	414	6.2%	547	6.1%	10	0.5%	52	2.5%
Legal and professional fee	264	3.9%	194	2.1%	19	0.9%	38	1.8%
Licence fee	108	1.6%	105	1.2%	14	0.7%	12	0.6%
Printing and stationery	205	3.1%	560	6.2%	112	5.7%	80	3.8%
Repairs and maintenance	1,358	20.2%	1,852	20.5%	550	27.8%	310	14.8%
Shop reinstatement costs	113	1.7%	63	0.7%	–	0.0%	–	0.0%
Telephone and fax	88	1.3%	111	1.2%	24	1.2%	27	1.3%
Transportation	36	0.5%	114	1.3%	16	0.8%	1	0.1%
Others	285	4.2%	497	5.5%	169	8.6%	190	9.1%
	6,707	100.0%	9,027	100.0%	1,982	100.0%	2,091	100.0%

During the Track Record Period, our other expenses increased by approximately HK$2,320,000, representing an increase of 34.6% for the year ended 31 March 2017. The increase was primarily due to a general increase in expenses such as credit card charges, repairs and maintenance, delivery charges and printing and stationery expenses as more restaurants were in operation during the year ended 31 March 2017.

Our other expenses increased by approximately HK$109,000, representing an increase of 5.5% from approximately HK$1,982,000 for the three months ended 30 June 2016 to approximately HK$2,091,000 for the three months ended 30 June 2017. The increase in other expenses for the three months ended 30 June 2017 was primarily due to additional provision made for audit fees and a general increase in expenses such as credit card charges, delivery charges, and legal and professional fees as more restaurants were in operation during the three months ended 30 June 2017 when compared to the same period in 2016.

Finance costs

Finance costs represent interest expenses on bank borrowings and obligations under finance leases for our motor vehicles. Finance costs accounted for approximately HK$110,000, HK$311,000 and HK$126,000 or 0.1%, 0.2% and 0.3% of our revenue for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively.

Listing expenses

Our listing expenses amounted to approximately HK$7,452,000 for the three months ended 30 June 2017 as compared to nil for the three months ended 30 June 2016 due to expenses incurred during the period in preparation of the Listing.

Profit (loss) before tax

As a result of the foregoing, our profit before tax increased by approximately HK$4,569,000, representing an increase of 21.5% from approximately HK$21,285,000 for the year ended 31 March 2016 to approximately HK$25,854,000 for the year ended 31 March 2017.

As a result of the expenses incurred in preparation of the Listing, we recorded a loss before tax of approximately HK$1,576,000 during the three months ended 30 June 2017. However adjusted for the impact of the listing expenses, our profit before tax for the period increased slightly from approximately HK$5,652,000 for the three months ended 30 June 2016 to approximately HK$5,876,000 for the three months ended 30 June 2017, representing an increase of 4.0%.

Income tax expense

Our operations in Hong Kong are subject to Hong Kong Profits Tax of 16.5% on estimated assessable profit arising in Hong Kong and we have no tax obligation arising from other jurisdictions during the Track Record Period.

Income tax expense amounted to approximately HK$2,407,000, HK$4,087,000 and HK$1,012,000 for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017, respectively. Our effective tax rate increased from 11.3% for the year ended 31 March 2016 to 15.8% for the year ended 31 March 2017. The increase is due to the tax losses carried forward from previous years have been utilised for the year ended 31 March 2016.

Our effective tax rate, adjusted for listing expenses which was not deductible for tax purpose, for the three months ended 30 June 2017 was 17.2%. The decrease in the effective tax rate from 18.5% for the three months ended 30 June 2016 was primarily due to the loss incurred in the closure of TUT during the first quarter of 2017.

Profit (loss) and total comprehensive income (expense) for the year/period

As a result of the cumulative effect of the above factors, our profit and total comprehensive income increased by approximately HK$2,889,000 from approximately HK$18,878,000 for the year ended 31 March 2016 to approximately HK$21,767,000 for the year ended 31 March 2017, representing an increase of 15.3%.

The net profit margins of our Group were 11.6% and 11.0% for the year ended 31 March 2016 and 2017, respectively. Although the net profit margin has remained stable during the Track Record Period, the slight decrease for the year ended 31 March 2017 is the result of increase in income tax expense, the reason of which is described above.

As a result of the expenses incurred in preparation of the Listing, loss and total comprehensive expense for the three months ended 30 June 2017 amounted to approximately HK$2,588,000. However, adjusted for the impact of the listing expenses, our profit and total comprehensive income for the period increased from approximately HK$4,578,000 for the three months ended 30 June 2016 to approximately HK$4,864,000 for the three months ended 30 June 2017, representing an increase of 6.3%.

The net profit margin, adjusted for the impact of the listing fees, has remained stable at 10.0% for each of the three months ended 30 June 2016 and 2017.

LIQUIDITY AND CAPITAL RESOURCES

Cash is required to fund our working capital needs, capital expenditures in connection with the opening of new restaurants and renovation of existing restaurants, deposits in relation to rental and building management fees, and to repay our indebtedness. Historically, we maintain our liquidity through a combination of cash generated from operating activities, bank borrowings, and loans from our Controlling Shareholder and non-controlling shareholders.

The following table is a condensed summary of our consolidated statements of cash flows for the Track Record Period:

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Net cash from operating activities	22,273	28,928	5,734	193
Net cash (used in) from investing activities	(8,344)	(9,022)	(2,853)	1,806
Net cash (used in) from financing activities	(2,567)	(17,933)	(3,276)	3,798
Net increase (decrease) in cash and cash equivalents	11,362	1,973	(395)	5,797
Cash and cash equivalents at the beginning of the year/period	7,744	19,106	19,106	21,079
Cash and cash equivalents at the end of the year/period	19,106	21,079	18,711	26,876

Net cash from operating activities

Cash inflow from operating activities is derived from the receipts from our restaurant operations and cash outflow primarily consists of operating expenses such as the cost of food ingredients and beverage, property rentals and related expenses, staff costs and utilities expenses.

For the year ended 31 March 2016, net cash from operating activities amounted to approximately HK$22,273,000 which is the difference between profit before tax of approximately HK$21,285,000, adjusted for finance costs of approximately HK$110,000, interest income of approximately HK$56,000, loss on disposal of property, plant and equipment of approximately HK$160,000, depreciation of approximately HK$3,470,000, increase in trade and other receivables and rental and utilities deposits of approximately HK$2,739,000, increase in trade and other payables of approximately HK$2,353,000 and income tax paid of approximately HK$2,433,000.

For the year ended 31 March 2017, net cash from operating activities amounted to approximately HK$28,928,000 which is the difference between profit before tax for the year of approximately HK$25,854,000, adjusted for finance costs of approximately HK$311,000, interest income of approximately HK$56,000, loss on disposal of property, plant and equipment of approximately HK$117,000, depreciation of approximately HK$5,191,000, increase in trade and other receivables and rental and utilities deposits of approximately HK$1,255,000, slight increase in trade and other payables of approximately HK$147,000 and income tax paid of approximately HK$1,365,000.

For the three months ended 30 June 2017, net cash generated from operating activities amounted to approximately HK$193,000 which is the difference between loss before tax for the period of approximately HK$1,576,000, adjusted for finance costs of approximately HK$126,000, interest income of approximately HK$16,000, decrease in held for trading investments of HK$27,000, loss on disposal of property, plant and equipment of approximately HK$335,000, increase in trade and other receivables and rental and utilities deposits of approximately HK$4,600,000, and increase in trade and other payables of approximately HK$5,182,000.

Net cash (used in) from investing activities

Cash used in investing activities mainly relates to the purchase of and proceeds from disposal of property, plant and equipment. Property plant and equipment are mainly leasehold improvements and furniture and equipment for new restaurants and renovation for existing shops, and leasehold land and buildings.

For the year ended 31 March 2016, cash used in investing activities was approximately HK$8,344,000, which includes additions to leasehold improvements and furniture and equipment amounted to approximately HK$5,285,000 and the purchase of leasehold land and buildings amounted to approximately HK$3,094,000 and proceeds from the disposal of a motor vehicle amounted to approximately HK$265,000.

For the year ended 31 March 2017, cash used in investing activities was approximately HK$9,022,000, which includes additions to leasehold improvements and furniture and equipment amounted to approximately HK$9,106,000 and proceeds from the disposal of property, plant and equipment amounted to approximately HK$32,000.

For the three months ended 30 June 2017, cash generated from investing activities was approximately HK$1,806,000, which includes additions to leasehold improvements and furniture and fittings amounted to approximately HK$102,000, proceeds from the disposal of property, plant and equipment of approximately HK$2,640,000 mainly from the disposal of Unit 1242 of the Property. Please refer to the paragraph headed "Property, plant and equipment" in this Financial Information section below and deposits paid for acquisition of property plant and equipment of approximately HK$732,000.

Net cash (used in) from financing activities

Cash used in financing activities relates to bank borrowings under finance leases obligations, amount due to a director, advances from non-controlling shareholders of subsidiaries and dividends paid to shareholders and non-controlling shareholders of subsidiaries.

For the year ended 31 March 2016, cash inflow from financing activities was approximately HK$5,698,000, which includes new bank borrowings raised amounted to approximately HK$4,000,000 and advances from non-controlling shareholders of subsidiaries amounted to approximately HK$1,585,000. Cash used in financing activities was approximately HK$8,265,000, of which the repayment of bank borrowings and obligations under finance leases amounted to approximately HK$1,071,000, repayment to a director amounted to approximately HK$2,304,000, interest expenses relating to bank borrowings and obligations under finance leases amounted to approximately HK$110,000 and repayment to non-controlling shareholders of subsidiaries amount to approximately HK$4,780,000.

For the year ended 31 March 2017, cash inflow from financing activities was approximately HK$18,050,000, which includes new bank borrowings raised amounted to approximately HK$11,000,000 and advance from a director amounted to approximately HK$7,050,000. Cash used in financing activities was approximately HK$35,983,000, of which the repayment of bank borrowings and obligations under finance leases amounted to approximately HK$3,867,000, repayment to non-controlling shareholders of subsidiaries amounted to approximately HK$8,271,000, interest expenses relating to bank borrowings and obligations under finance leases amounted to approximately HK$311,000, and repayment to a director amounted to approximately HK$23,534,000.

For the three months ended 30 June 2017, cash inflow from financing activities was approximately HK$5,000,000 from new bank borrowings raised. Cash used in financing activities was approximately HK$1,202,000, which includes repayment of bank borrowings and obligation under finance leases amounted to approximately HK$1,076,000 and interest expenses relating to bank borrowings and obligation under finance leases amounted to approximately HK$126,000.

NET CURRENT LIABILITIES

The table below sets forth the breakdown of our current assets and current liabilities as at the dates indicated.

	As at 31 March		As at 30 June	As at 31 October
	2016	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000 (unaudited)*
Current Assets				
Held for trading investments	26	27	–	–
Trade and other receivables	3,234	6,445	9,653	10,580
Amount due from a non-controlling shareholder of a subsidiary	120	–	–	–
Tax recoverable	229	–	–	–
Bank balances and cash	19,106	21,079	26,876	20,423
Total Current Assets	22,715	27,551	36,529	31,003
Current Liabilities				
Trade and other payables	10,017	10,164	15,346	13,279
Amount due to a director	5,622	12,138	12,138	–
Amounts due to a non-controlling shareholder of subsidiaries/a shareholder	473	395	418	425
Advances from non-controlling shareholders of subsidiaries/shareholders	3,485	2,720	2,720	–
Bank borrowings	5,001	12,436	16,494	23,227
Obligations under financial leases – due within one year	246	539	543	483
Tax payable	–	2,452	2,707	4,583
Total Current Liabilities	24,844	40,844	50,366	41,997
Net Current Liabilities	(2,129)	(13,293)	(13,837)	(10,994)

Current assets as at 31 March 2016, 31 March 2017 and 30 June 2017 amounted to approximately HK$22,715,000, HK$27,551,000 and HK$36,529,000, respectively, which is primarily made up of trade and other receivables and bank balances and cash. Current liabilities as at 31 March 2016, 31 March 2017 and 30 June 2017 amounted to approximately HK$24,844,000, HK$40,844,000 and HK$50,366,000, respectively, which is primarily made up of trade and other payables, amount due to a director, advances from non-controlling shareholders of subsidiaries and bank borrowings.

As at 31 March 2016 and 2017 and 30 June 2017, we recorded net current liabilities of approximately HK$2,129,000, HK$13,293,000 and HK$13,837,000, respectively as (i) we continue to expand our restaurant network by opening new restaurants and all related expenditures such as rental and utilities deposits, and purchase of property, plant and equipment are classified as non-current asset; (ii) although the bank borrowings are term loan repayable over one year according to the predetermined repayment schedule, all bank borrowings are classified as current liabilities due to the repayment on demand clause, therefore resulted in net current liabilities position. Nevertheless, our Group has not been demanded an early repayment of any loans during the Track Record Period.

As at 31 March 2017, the increase of our net current liabilities position by approximately HK$11,164,000 was primarily due to (i) increase in bank borrowings of approximately HK$7,435,000; (ii) increase in net tax payable of approximately HK$2,681,000 which was mainly attributable to the increase in revenue and net profit; and (iii) increase in amount due to a director of approximately HK$6,516,000, but was off-set by (a) increase in trade and other receivables of approximately HK$3,211,000 mainly due to the reclassification of rental and utilities deposits from non-current assets as some of our restaurant leases are up for renewal within the following twelve months; and (b) increase in bank balances and cash of approximately HK$1,973,000. The increase in bank borrowings and amount due to a director was mainly used to finance the two new restaurants opened during the year ended 31 March 2017.

As at 30 June 2017, the increase in our net current liabilities position of approximately HK$544,000 was primarily due to (i) increase in bank and cash balance of approximately HK$5,797,000; and (ii) increase in trade and other receivables of HK$3,208,000 which was mainly attributable to deposits for acquisition of property, plant and equipment and additions to rental and utilities deposits in relation to TNC and the Say Cheese project at the Park Central in Tseung Kwan O but was off-set by (a) increase in bank borrowings of approximately HK$4,058,000; and (b) increase in trade and other payables of approximately HK$5,182,000 mainly attributable to the increase in accrued Listing related expenses.

Current assets as at 31 October 2017 amounted to approximately HK$31,003,000, which is primarily made up of trade and other receivables and bank balances and cash. Current liabilities as at 31 October 2017 amounted to approximately HK$41,997,000, which is primarily made up of trade and other payables, and bank borrowings. Amount due to a director and advances from non-controlling shareholders of subsidiaries/shareholders have been fully settled as at 31 October 2017.

Due to the nature of our restaurant business, a substantial amount of fund is required to be placed under deposit for rentals and utilities such as electricity, gas and water. Total amount of rental and utilities deposits amounted to approximately HK$10,533,000, HK$10,706,000, HK$12,410,000 and HK$12,737,000 as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017, respectively. Of those deposits, the deposits relating to those leases that expire within the following twelve months are classified as current assets which amounted to approximately HK$488,000, HK$2,595,000, HK$2,902,000 and HK$2,318,000 as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017, respectively.

Our bank borrowings, although they are mostly term loans with predetermined repayment schedules with portions that mature beyond the following twelve months, they have been classified as current liabilities as lending banks have the rights to recall the loans at any time. Based on the predetermined repayment schedule, the amount of repayment that is beyond the following twelve months was approximately HK$3,478,000, HK$8,622,000, HK$7,651,000 and HK$10,159,000 as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017, respectively. As at 30 September 2017, our Group breached the financial undertakings in relation to one of the bank loans resulted from the repayment of an amount due to a director and advances from non-controlling shareholders of subsidiaries/shareholders, however our Group obtained a waiver from the bank on the breach in October 2017.

Included in current liabilities are amount due to a director and advances from non-controlling shareholders of subsidiaries/shareholders used to finance the opening of our new restaurants that amounted to approximately HK$9,107,000, HK$14,858,000, HK$14,858,000 and nil as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017, respectively.

Adjusted for the impact of the bank borrowings repayable over one year according to the predetermined repayment schedule, the amount due to a director and advances from non-controlling shareholders of subsidiaries/shareholders, current liabilities would be reduced to approximately HK$12,259,000, HK$17,364,000, HK$27,857,000 and HK$31,838,000 as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017, respectively, resulting in a net current assets position of approximately HK$10,456,000, HK$10,187,000 and HK$9,304,000 as at 31 March 2016, 31 March 2017 and 30 June 2017 and a net current liabilities position of approximately HK$835,000 as at 31 October 2017, respectively.

With net cash from operating activities of approximately HK$22,273,000, HK$28,928,000, HK$5,734,000 and HK$7,645,000 (adjusted for the impact of listing fees) for the years ended 31 March 2016 and 2017 and for the three months ended 30 June 2016 and 2017, respectively, and as we have not had any loans recalled prior to maturity in the past, our Directors believe that the net current liabilities position will have not any adverse effect on the going concern of our Company.

DISCUSSION OF SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, plant and equipment

During the Track Record Period, our property, plant and equipment comprised a leasehold land and building, leasehold improvements, furniture and equipment and motor vehicles. As at 31 March 2016, 31 March 2017 and 30 June 2017, property, plant and equipment amounted to approximately HK$18,014,000, HK$22,661,000 and HK$18,302,000. As at 31 March 2017, the increase was mainly due to additions to leasehold improvements and furniture and equipment and the purchase of a motor vehicle but partially set-off from the disposal of leasehold improvements and furniture and equipment from the closing down of TUT.

As at 30 June 2017, decrease in the carrying value of property, plant and equipment of approximately HK$4,359,000 was primarily due to the disposal of Unit 1242 of the Property at a net book value of approximately HK$2,975,000 (please see details of the disposal in "Exempted Continuing Connected Transaction" under the section "Connected Transaction" in this prospectus) and depreciation charges of approximately HK$1,486,000 during the three months ended 30 June 2017.

Trade receivables

During the Track Record Period, our trade receivables primarily comprised (i) receivables from credit card companies for payments settled using credit cards in our restaurants by our customers; and (ii) receivables for delivery orders made through food delivery service agents. As at 31 March 2016, 31 March 2017 and 30 June 2017, trade receivables amounted to approximately HK$458,000, HK$966,000 and HK$900,000, respectively. Settlements are made by credit card companies on a T + 1 business day basis after confirmation of the daily transaction amount and settlements are made by food delivery agents on a monthly basis. As at 31 March 2017, the increase in trade receivables was primarily due to more sales were settled using credit cards during the last couple of days of March 2017 and a general increase of delivery orders made through food delivery service agents.

As at 30 June 2017, trade receivables have remained stable when compared to 31 March 2017.

The ageing analysis of our trade receivables, based on the invoice date, as at 31 March 2016, 31 March 2017 and 30 June 2017 are all within 30 days. Our trade receivables turnover days during the Track Record Period, which have remained stable, are as follows:

	Year ended 31 March		Three months ended 30 June
	2016	**2017**	**2017**
Trade receivables turnover days	1.6	1.3	1.7

Trade receivable turnover days is calculated using the average balance of trade receivables divided by revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

There were no overdue balances nor impairment losses made on our trade receivables during the Track Record Period.

As at the Latest Practicable Date, all of our trade receivables as at 30 June 2017 had been settled.

Prepayment and deposits

During the Track Record Period, our prepayment and deposits primarily comprised (i) rental and utilities deposits; (ii) other deposits; (iii) payment for life insurance policy; (iv) prepaid rent, rates and property management fees; (v) prepaid and deferred listing expenses; and (vi) deposits for acquisition of property, plant and equipment. Rental and utilities deposits mainly consist of deposits paid on our rented properties, building management fees, air conditioning fees, promotion levy and utilities deposits such as water, electricity and gas. Other deposits include deposits such as deposits for ice making machines, soft drink dispensing machines, dish washing machines and refrigerators. Life insurance policy relates to a policy taken to insure a director, for details please refer to Note 17 to the Accountants' Report in Appendix I to this prospectus. Prepayment mainly consist of prepaid rental and related expenses such as building management fees, air conditioning fees and promotion levy.

The table below sets forth the breakdown of our prepayment and deposits as at the dates indicated.

	As at 31 March		**As at 30 June**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Rental and utilities deposits	10,533	10,706	12,410
Payments for life insurance policy	1,493	1,527	1,538
Prepaid rent, rates and property management fees	1,906	2,562	2,326
Prepayment, other receivables and other deposits	379	319	1,017
Prepaid and deferred listing expenses	–	–	2,505
Deposits for acquisitions of property, plant and equipment	–	–	732
	14,311	15,114	20,528
Non-current portion			
Rental and utilities deposits	10,045	8,111	9,508
Payments for life insurance policy	1,490	1,524	1,535
Deposits for acquisitions of property, plant and equipment	–	–	732
	11,535	9,635	11,775

Rental and utilities deposits increased by approximately HK$173,000 or 1.6% from approximately HK$10,533,000 as at 31 March 2016 to approximately HK$10,706,000 as at 31 March 2017, which is mainly due to (i) the refund of deposits from the closure of TUT in February 2017 and from the termination of our previous office lease rental; (ii) additional deposits on adjusted building management fees or promotion levy as required by shopping malls from time to time; and (iii) payment of deposits relating to rentals of the Say Cheese Restaurant in Tseung Kwan O and the Nabe Urawa Restaurant in Tseung Kwan O. The increase in rental and utilities deposits during the three months ended 30 June 2017 is mainly due to the deposits paid in relation to TNC and the Say Cheese project at the Park Central in Tseung Kwan O. Increase in prepayment and other deposits is primarily due to the prepayments made in relation to Listing related expenses.

For rental and utilities deposits with respective lease terms expiring more than 12 months from their respective period end are classified as non-current portion in the consolidated statement of financial position. The non-current portion of rental and utilities deposits amounted to approximately HK$10,045,000, HK$8,111,000 and HK$9,508,000 as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively. In addition, the life insurance policy is classified as non-current asset with the amount of the initial premium paid at inception being amortised over the next 12 months classified as current asset. The non-current portion of the life insurance policy amounted to approximately HK$1,490,000, HK$1,524,000 and HK$1,535,000 as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively.

Trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder

During the Track Record Period, our trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder were purchases of food ingredients, beverages and consumables. As at 31 March 2016, 31 March 2017 and 30 June 2017, trade payables amounted to approximately HK$3,809,000, HK$3,510,000 and HK$3,697,000, respectively and amounts due to a non-controlling shareholder of subsidiaries/a shareholder amounted to approximately HK$473,000, HK$395,000 and HK$418,000, respectively. Settlements are made upon receiving monthly statements from our suppliers. As at 31 March 2017, decrease in trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder of approximately HK$377,000 was primarily due to the closing down of TUT but with the two new restaurants, TDB and TNT, not requiring as much purchases due to different nature of their cuisine. As at 30 June 2017, trade payables have remained stable when compared 31 March 2017. Trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder for other restaurants has remained quite stable during the Track Record Period.

The ageing analysis of our trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder, based on the invoice date, as at 31 March 2016, 31 March 2017 and 30 June 2017 are all within 30 days. Our trade payables turnover days, which have remained stable, by dividing the average balances of trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder by cost of raw materials and consumables used and multiplied by the number of days during the respective periods, are as follows:

	Year ended 31 March		Three months ended 30 June
	2016	**2017**	**2017**
Trade payables turnover days	27.3	27.4	27.9

Amounts due to a non-controlling shareholder of subsidiaries/a shareholder is due to Chiu Kee for purchases of food ingredient for use in our restaurants. The amount is trade in nature, unsecured, interest free and with a credit term of 30 days. As at 31 March 2016, 31 March 2017 and 30 June 2017, the trade payables due to Chiu Kee amounted to approximately HK$473,000, HK$395,000 and HK$418,000, respectively.

As at the Latest Practicable Date, all of our trade payables and amounts due to a non-controlling shareholder of subsidiaries/a shareholder as at 30 June 2017 had been settled.

Accrued expenses and deferred rent

During the Track Record Period, our accrued expenses mainly consisted of salaries and MPF payables, accounting, auditing and other professional fees, rental and management fees and utilities expenses. Deferred rent is the amount of rental equivalent of the rent free period we received at our leased properties which is amortised over the lease period, amounted to approximately HK$1,855,000, HK$2,113,000 and HK$1,815,000 as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively. As at 31 March 2016, 31 March 2017 and 30 June 2017, accrued expenses amounted to approximately HK$4,353,000, HK$4,541,000 and HK$9,834,000, respectively, of which employee benefits such as salaries and wages amounted to approximately HK$3,905,000, HK$4,060,000 and HK$4,500,000 as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively.

As at 30 June 2017, the increase in accrued expenses is primarily due to the accrual of fees in relation to the Listing. The increase in employees benefits is mainly due to the general net increase in the total number of head office employees and the provision of long service payment.

INDEBTEDNESS

Our borrowings consist of bank borrowing, outstanding obligations under finance leases, amount due to a director and advances from non-controlling shareholders of subsidiaries/shareholders. The following table sets forth the breakdown of our borrowings as at the dates indicated.

	As at 31 March		As at 30 June	As at 31 October
	2016	2017	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000 (unaudited)*
Bank borrowings	5,001	12,436	16,494	23,227
Obligations under finance leases	585	1,096	962	783
Net amounts due to and advances from non-controlling shareholders of subsidiaries/shareholders and a director	9,107	14,858	14,858	–
	14,693	28,390	32,314	24,010

Bank borrowings

Our bank borrowings are denominated in Hong Kong dollars and are all term loans with fixed repayment schedule borrowed for our operation. The following table sets forth the breakdown of our bank borrowings as at the dates indicated.

	As at 31 March		As at 30 June	As at 31 October
	2016	2017	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000 (unaudited)*
Bank loans, secured and guaranteed with variable interest rates, repayable in accordance with scheduled repayment terms as set out in the loan agreements				
Within one year	1,523	3,814	8,843	13,068
More than one year, but not exceeding two years	1,382	3,904	3,896	5,128
More than two years, but not exceeding five years	2,096	4,718	3,755	5,031
	5,001	12,436	16,494	23,227

As at 31 March 2016, the bank borrowings are secured by (1) the leasehold land and buildings owned by the Better World Holdings, the Controlling Shareholders and a non-controlling shareholder of subsidiaries; (2) the life insurance policy for a director as described in the paragraph "prepayments and deposits" under the "Financial information" above; (3) a guarantee given by government of Hong Kong Special Administrative Region ("HKSAR") under the Special Loan Guarantee Scheme as at 31 March 2016; (4) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (5) guarantees given by the Controlling Shareholders of the Company and a non-controlling shareholder of subsidiaries.

As at 31 March 2017, the bank borrowings are secured by (1) the leasehold land and buildings owned by the Better World Holdings and the Controlling Shareholders; (2) the life insurance policy for a director as described in the paragraph "prepayments and deposits" under the "Financial information" above; (3) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (4) guarantees given by the Controlling Shareholders of the Company and a non-controlling shareholders of subsidiaries.

As at 30 June 2017, the bank borrowings are secured by (1) the leasehold land and buildings owned by the Controlling Shareholders of the Company; (2) the life insurance policy for a director as described in the paragraph "prepayments and deposits" under the "Financial information" above; (3) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (4) guarantees given by the Controlling Shareholders and a shareholder of the Company.

All bank borrowings carry variable-rate interest at Hong Kong Dollar Best Lending Rate less 1.50% to 2.25% per annum or at the Hong Kong Prime Rate less 2.05% per annum.

Our directors confirm that the guarantees and securities provided by our Controlling Shareholders and a non-controlling shareholder of a subsidiary will be released prior to the Listing.

The effective annual interest rates (which are also equal to contractual interest rates) on our borrowings ranges from 2.75% to 3.50%, 2.75% to 3.00%, 2.75% to 3.00% and 2.75% to 3.00% as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017, respectively.

Obligations under finance leases

We have entered into two finance leases to finance the purchase of two motor vehicles for corporate use. The following table sets forth the breakdown of our obligations under finance leases as at the dates indicated.

	Minimum lease payments				Present value of minimum lease payments			
	As at 31 March		As at 30 June	As at 31 October	As at 31 March		As at 30 June	As at 31 October
	2016	**2017**	**2017**	**2017**	**2016**	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000 (unaudited)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000 (unaudited)*
Amount payable under finance leases								
Within one year	260	564	564	500	246	539	543	483
In more than one year but not more than two years	260	391	326	305	253	380	318	300
In more than two years but not more than five years	86	179	102	–	86	177	101	–
	606	1,134	992	805	585	1,096	962	783
Less: Future finance charges	(21)	(38)	(30)	(22)				
Present value of lease obligations	585	1,096	962	783				

Our finance lease liabilities are denominated in Hong Kong dollars and the effective annual interest rates as at 31 March 2016, 31 March 2017, 30 June 2017 and 31 October 2017 were 1.18%, 1.23%, 1.23% and 1.23%, respectively.

Net amounts and advances due to non-controlling shareholders of subsidiaries and a director/shareholders

The following table sets forth the breakdown of our loans from non-controlling shareholders of subsidiaries/shareholders and a director as at the dates indicated.

	As at 31 March		As at 30 June	As at 31 October
	2016	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)
Amount due to a director	5,622	12,138	12,138	–
Advances from non-controlling shareholders of subsidiaries/shareholders	3,485	2,720	2,720	–
	9,107	14,858	14,858	–

Net amounts and advances due to non-controlling shareholders of subsidiaries and a Director are non-trade in nature, unsecured, interest free and have no fixed terms of repayment. These loans were originated from advances made to our subsidiaries and dividends declared by the respective subsidiaries on an annual basis. All net amounts and advances due to non-controlling shareholders of subsidiaries/shareholders and a director have been fully settled in September 2017.

Contingent liabilities

As at the Latest Practicable Date, other than disclosed in the section "Business – Legal proceedings and compliance" of this prospectus, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. Our Directors confirm that as at the Latest Practicable Date, we did not have any material contingent liabilities.

Banking and other facilities

As at 31 October 2017, being the latest practicable date for determining our indebtedness, we had indebtedness of approximately HK$24,010,000, of which bank borrowings amounted to approximately HK$23,227,000, and obligations under finance leases amounted to approximately HK$783,000. The bank borrowings are secured by (1) the leasehold land and buildings owned by the Controlling Shareholders; (2) the life insurance policy for a director as described in the paragraph "prepayments and deposits" under the "Finance Information" above; (3) blanket counter indemnity and counter indemnity to the bank provided by the subsidiaries of our Group; and guaranteed by the Controlling Shareholders of our Company and a shareholder. The obligations under finance leases are secured by motor vehicles. As at 31 October 2017 and as at the Latest Practicable Date, we had unutilised banking facilities of approximately HK$16,400,000 and HK$16,400,000, respectively. Our Directors confirmed that there has been no other material change in our indebtedness since 31 October 2017 up to the Latest Practicable Date.

Apart from intra-group liabilities, as at 31 October 2017, we did not have other outstanding loan capital or bank overdraft, or carry any liabilities under acceptance or other similar indebtedness, debenture, mortgage, charges or acceptance credits or finance lease or hire purchase commitments, material contingent liabilities or guarantees.

OPERATING LEASE COMMITMENTS

Our operating lease commitments relate to our leased properties for our restaurants and director's quarters. The following table set forth our future minimum payments under non-cancellable operating leases as at 31 March 2016 and 2017 and 30 June 2017.

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
The Group as lessee			
Lease payments under operating leases in respect of restaurant premises, office premises and directors' quarters:			
– minimum lease payments	20,726	22,148	6,432
– contingent rents	586	1,468	492
	21,312	23,616	6,924

At the end of each reporting period, our Group had commitments for future minimum lease payments under non-cancellable operating which fall due as follows:

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	23,102	20,535	25,296
In the two to fifth year inclusive	20,873	18,226	41,660
	43,975	38,761	66,956

The above operating lease payments represent rental payable by our Group for office premises, directors' quarters and restaurant premises for the Track Record Period.

Leases and rentals are negotiated and fixed for the term of two to five years. The operating lease rentals for certain restaurants are determined at the higher of a fixed rental or a pre-determined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements. As the future revenue of these restaurants could not be reliably determined, the relevant contingent rents have not been included above and only the minimum lease commitment have been included in the table above.

The lease agreements entered into between the landlord and our Group includes a renewal option at the discretion of the respective group entities for further two to three years from the end of the leases without fixed rental. Accordingly, this is not included in the above commitment.

CAPITAL COMMITMENTS

We did not have any material capital commitments as at 31 March 2016 and 31 March 2017. Capital commitment as at 30 June 2017 amounted to approximately HK$968,000 for the purchase of property, plant and equipment.

CAPITAL EXPENDITURE

Total amount of capital expenditure representing the addition of property, plant and equipment amounted to approximately HK$9,181,000, HK$9,987,000 and HK$102,000 during the years ended 31 March 2016 and 2017 and during the three months ended 30 June 2017, respectively. For the year ended 31 March 2016, costs incurred on (i) leasehold improvements and furniture and equipment amounted to HK$5,285,000; (ii) the purchase of leasehold land and building for business use amounted to HK$3,094,000; and (iii) the purchase of a motor vehicle for business use amounted to HK$802,000. For the year ended 31 March 2017, costs incurred on (i) leasehold improvements and furniture and equipment amounted to HK$9,106,000; and (ii) the purchase of a motor vehicle for business use amounted to HK$881,000. For the three months ended 30 June 2017, additions to furniture and equipment amounted to approximately HK$102,000.

Save for the planned usage of the proceeds from the Listing as disclosed in "Future plans and use of proceeds" and the additions of property, plant and equipment such as office equipment and leasehold improvements necessary for our business operations from time to time, we had no material capital expenditures planned as at the Latest Practicable Date.

WORKING CAPITAL

Our Directors believe that after taking into account the financial resources presently available to us, including cash flow from operations, banking facilities, other internal resources and the estimated net proceeds from the Listing, and on the assumption that the banks will not exercise their discretionary rights to demand immediate repayment of the Group's outstanding borrowings and the loan facilities (including those unutilised bank facilities) will continue to be made available to the Group and will not be withdrawn by the banks, we have sufficient working capital for our working capital requirements for at least the next 12 months from the date of this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had no other material off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in Note 30 to the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions set forth therein were conducted on an arm's length basis, on normal commercial terms and did not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

DISTRIBUTABLE RESERVES

As at the Latest Practicable Date, our Company had no distributable reserves which were available for distribution to our equity holders.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

For an analysis of our quantitative and qualitative information about market risks, please refer to Note 30 to the Accountants' Report in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

	Year ended 31 March		Three months ended 30 June
	2016	2017	2017
Profitability ratios			
Net profit (loss) margin before interest and tax *(Note 1)*	13.1%	13.2%	(3.0%)
Net profit (loss) margin *(Note 2)*	11.6%	11.0%	(5.3%)
Return on equity *(Note 3)*	57.9%	116.4%	(27.9%)
Return on assets *(Note 4)*	35.9%	36.2%	(3.9%)
Liquidity ratios			
Current ratio *(Note 5)*	0.9	0.7	0.7
Capital adequacy ratios			
Gearing ratio *(Note 6)*	56.1%	162.5%	217.1%
Net debt to equity ratio *(Note 7)*	Net cash	41.8%	36.5%
Interest coverage ratio *(Note 8)*	194.5	84.1	(11.5)

Notes:

1. Net profit (loss) margin before interest and tax was calculated by dividing net profit (loss) before interest and tax by revenue and multiplying the resulting value by 100%.

2. Net profit (loss) margin equals net profit (loss) for the year/period divided by the revenue for the respective year/period and multiplied by 100%.

3. Return on equity equals profit (loss) for the year/period attributable to owners of our Company divided by shareholders' equity attributable to owners of our Company for the relevant year/period and multiplied the resulting value by 100%.

4. Return on assets equals net profit (loss) divided by the total assets at the end of the financial year/period and multiplied by 100%.

5. Current ratio was calculated based on the total current assets at the end of the financial year/period divided by the total current liability at the end of the respective year/period.

6. Gearing ratio was calculated as the total borrowings (including bank borrowings, obligations under finance leases, advances due from non-controlling shareholders of subsidiaries/shareholders and amount due to a director) at the end of the financial year/period divided by total equity at the end of the respective year/period and multiplied by 100%.

7. Net debt to equity ratio was calculated as net debts (bank borrowings, obligations under finance leases, advances from non-controlling shareholders of subsidiaries/shareholders and amount due to a director less cash and cash equivalents) at the end of the financial year/period divided by the total equity at the end of the respective year/period and multiplied by 100%.

8. Interest coverage ratio equals net profit (loss) before interest and tax divided by interest expense in the relevant financial year/period.

Net profit margin before interest and tax and net profit margin

Both the net profit margin before interest & tax and net profit margin have remained stable during the years ended 31 March 2016 and 2017.

The net loss margin before interest and tax and the net loss margin for the three months ended 30 June 2017 was 3.0% and 5.3%, respectively, however adjusted for the impact of listing fees, the net profit margin before interest and tax and the net profit margin was 12.3% and 10.0%, respectively. The decrease in the two ratios is mainly attributable to higher expenses in relation to the Listing.

Return on equity

The return on equity increased from 57.9% for the year ended 31 March 2016 to 116.4% for the year ended 31 March 2017 was primarily due to the payment of a special dividend of HK$23.0 million to owners of our Company during the year ended 31 March 2017.

For the three months ended 30 June 2017, return on equity was negative 27.9%, however adjusted for the impact of listing fees, return on equity was 22.2% and 88.8% on an annualised basis. The decrease is mainly due to the issuance of additional shares to acquire the non-controlling interests of subsidiaries.

Return on assets

The return on assets ratio has remained stable during the years ended 31 March 2016 and 2017.

For the three months ended 30 June 2017, return on assets was negative 3.9%, however adjusted for the impact of listing fees, return on assets was 7.3% and 29.2% on an annualised basis. The decrease is mainly due to the increase in bank balance and cash.

Current ratio

The current ratio decreased from 0.9 at 31 March 2016 to 0.7 at 31 March 2017 primarily attributable to the increase in bank borrowings and amount due to a director to finance the opening of new restaurants and increase in tax payable, but partially offset by the increase in cash and cash equivalents and reclassification of rental and utilities deposits from non-current assets to currents assets for those leases that will expire within the following twelve months.

The current ratio as at 30 June 2017 has remained stable.

Gearing ratio and net debt to equity ratio

The gearing ratio increased from 56.1% at 31 March 2016 to 162.5% at 31 March 2017 and the net debt to equity ratio changed from net cash position at 31 March 2016 to 41.8% at 31 March 2017 is primarily due to the increase in bank borrowings and amount due to a director to finance the opening of new restaurants and the payment of a special dividend to owner of our Company during the year ended 31 March 2017.

The gearing ratio and net debt to equity ratio at 30 June 2017 was 217.1% and 36.5%, respectively. The changes were mainly due to the increase in bank borrowings and bank balances and cash during the three months ended 30 June 2017.

Interest coverage ratio

Interest coverage ratio decreased from 194.5 times for the year ended 31 March 2016 to 84.1 times for the year ended 31 March 2017 is primarily due to the increase in finance costs as a result of the increase in bank borrowings to finance the opening of new restaurants.

For the three months ended 30 June 2017, interest coverage ratio was negative 11.5 times, however adjusted for the impact of listing fees, the interest coverage ratio was 47.6 times. The decrease is mainly due to the increase in bank borrowings during the period.

LISTING EXPENSES AND EFFECT ON OUR FINANCIAL PERFORMANCE

Our net profit for the year ending 31 March 2018 will have a considerable reduction due to the incurrence of listing expenses in 2017. Listing expenses directly attributable to issuing new Shares are recognised in equity, while other listing expenses are recognised as other expenses.

Assuming that the Offer Size Adjustment Option is not exercised, the total amount of expenses incurred for the Listing is estimated to be approximately HK$23.9 million (based on the mid-point of the indicative range of the Offer Price of HK$0.975). No listing expenses had been charged to the consolidated income statement during the year ended 31 March 2017. We expect that a total amount of approximately HK$15.4 million will be charged to our consolidated statements of profit or loss for the year ending 31 March 2018 with the remaining balance of approximately HK$8.5 million accounted for as a deduction in equity after the Listing for the year ending 31 March 2018.

DIVIDEND AND DIVIDEND POLICY

No dividend has been paid or declared by our Company since its date of incorporation.

During the year ended 31 March 2017, we declared and paid a dividend of HK$23.0 million by our then holding company, Better World Holdings, to our Controlling Shareholders. No dividend was declared and paid after the Track Record Period and until the Latest Practicable Date.

We will pay an annual dividend to our Shareholders at a ratio of no less than 30% of profit attributable to Shareholders. Any amount of dividends to be declared and paid by our Company in excess of the 30% ratio will be at the discretion of our Directors taking into consideration our future operations and earnings, our business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other factors as our Directors consider appropriate. Any declaration and payment as well as the amount of dividends will be subject to the Articles and the Cayman Companies Law. Any declaration of final dividends will also require the approval of our Shareholders at general meeting. No dividend shall be declared or paid except out of our distributable profit and lawfully available for distribution under the Cayman Companies Law.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of our Group is based on the audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017 per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on the Offer Price of HK$0.86 per Share	14,887	69,954	84,841	0.21
Based on the Offer Price of HK$1.09 per Share	14,887	92,149	107,036	0.27

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017 is extracted from the Accountants' Report set out in "Appendix I – Accountants' Report" to this prospectus.

(2) The estimated net proceeds from the issue of our Shares pursuant to the Share Offer are based on 100,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$0.86 and HK$1.09 per Share, respectively, after deduction of the underwriting commissions and fees and other related fees, other than those to be incurred by our Group subsequent to 1 July 2017 assuming that the Offer Size Adjustment Option is not exercised. It does not take into account any Share (i) which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors referred in the section headed "Share capital – General mandate to issue Shares" or the section headed "Share capital – General mandate to repurchase Shares" in this prospectus.

(3) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is arrived at on the basis that 400,000,000 Shares were in issue assuming that the Reorganisation, the Share Offer and the Capitalisation Issue had been completed on 30 June 2017 and that the Offer Size Adjustment Option is not exercised. It does not take into account any Shares (i) which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors referred in the section headed "Share capital – General mandate to issue Shares" or the section headed "Share capital – General mandate to repurchase Shares" in this prospectus.

(4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2017 does not take into account the effect of any trading result or other transaction of our Group entered into subsequent to 30 June 2017.

DISCLOSURE UNDER RULES 17.15 TO 17.21 OF THE GEM LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

Save for the impact of the listing expenses on our financial performance during the year ending 31 March 2018 discussed under the paragraph "Listing expenses and effect on our financial performance" above, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 June 2017 and there is no event since 30 June 2017 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

FUTURE PLANS

For detailed information of our business strategies and future plans, please refer to the section headed "Business – Our strategies" of this prospectus.

IMPLEMENTATION PLANS

In order to achieve the aforementioned business objectives, we set forth below our implementation plans for each of the six-month periods from the Latest Practicable Date to 31 March 2020. Investors should note that our implementation plans are formulated on the bases and assumptions referred to in the paragraphs under "Bases and assumptions" in this section below.

These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed "Risk factors" in this prospectus. Therefore, there is no assurance that our Group's business plans will materialise in accordance with the estimated time frame and that our Group's future plans will be accomplished at all.

From the Latest Practicable Date to 31 March 2018

Business strategies	Implementation activities	Source of funding
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur rental, utilities and management fee deposits for the first new Nabe Urawa Restaurant in the New Territories and the first new Dab-pa Restaurant in the New Territories.	Net proceeds of the Share Offer of approximately HK$2.0 million
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of TUS	Net proceeds of the Share Offer of approximately HK$0.3 million

For the six months ending 30 September 2018

Business strategies	Implementation activities	Source of funding
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur: (i) part of the renovation costs for the Nabe Urawa Restaurant in Tseung Kwan O; (ii) the renovation costs, acquisition costs for furniture and equipment and consumables for the first new Nabe Urawa Restaurant in the New Territories; (iii) the rental, utilities and management fee deposits for the third new Nabe Urawa Restaurant in the New Territories; and (iv) the rental, utilities and management fee deposits, renovation costs, acquisition costs for furniture and equipment and consumables for the first new La'taste Restaurant in the New Territories.	Net proceeds of the Share Offer of approximately HK$19.9 million
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of TUS, TLO and TDC	Net proceeds of the Share Offer of approximately HK$1.4 million
Upgrade our information technology system	Upgrade our point-of-sale (POS) system at our restaurants	Net proceeds of the Share Offer of approximately HK$0.1 million

For the six months ending 31 March 2019

Business strategies	Implementation activities	Source of funding
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur: (i) part of the renovation costs and acquisition costs for furniture and equipment and consumables for the Nabe Urawa Restaurant in Tseung Kwan O; (ii) the rental, utilities and management fee deposits, renovation costs, acquisition costs for furniture and equipment and consumables for the second new Nabe Urawa Restaurant in the New Territories; (iii) renovation costs, acquisition costs for furniture and equipment and consumables for the first new Dab-pa; and (iv) the rental, utilities and management fee deposits for the first new La'taste Restaurant in Kowloon.	Net proceeds of the Share Offer of approximately HK$15.2 million
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of TDC	Net proceeds of the Share Offer of approximately HK$1.1 million
Upgrade our information technology system	Upgrade our point-of-sale (POS) system at our restaurants	Net proceeds of the Share Offer of approximately HK$0.1 million

For the six months ending 30 September 2019

Business strategies	Implementation activities	Source of funding
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong, which will incur: (i) part of the renovation costs for the third new Nabe Urawa Restaurant in the New Territories; and (ii) renovation costs and acquisition costs for furniture and equipment and consumables for the first new La'taste Restaurant in Kowloon.	Net proceeds of the Share Offer of approximately HK$5.4 million
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of TFC, TLA and TLK	Net proceeds of the Share Offer of approximately HK$2.1 million
Upgrade our information technology system	Upgrade our point-of-sale (POS) system at our restaurants	Net proceeds of the Share Offer of approximately HK$0.2 million

For the six months ending 31 March 2020

Business strategies	**Implementation activities**	**Source of funding**
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	Set up new restaurants in Hong Kong which will incur: (i) part of the renovation costs and acquisition costs for furniture and equipment and consumables for the third new Nabe Urawa Restaurant in the New Territories; and (ii) rental, utilities and management fee deposits and part of the renovation costs for the second new Dab-pa Restaurant in the New Territories.	Net proceeds of the Share Offer of approximately HK$7.5 million

Business strategies	Implementation activities	Source of funding
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	Renovation and refurbishment of TLC, TLM, TNM and TNT	Net proceeds of the Share Offer of approximately HK$3.9 million

In summary, the implementation plans of our Group's business objectives and strategies from the Latest Practicable Date to 31 March 2020 will be funded by the net proceeds from the Share Offer as follows:

	The Latest Practicable Date to 31 March 2018	From 1 April 2018 to 30 September 2018	From 1 October 2018 to 31 March 2019	From 1 April 2019 to 30 September 2019	From 1 October 2019 to 31 March 2020	Total
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Expand our market share and continue to expand our multi-brand dining restaurants in Hong Kong	2.0	19.9	15.2	5.4	7.5	50.0
Enhance our brand recognition through raising our service levels on a continual basis, the increase of marketing initiatives and renovation of our restaurants	0.3	1.4	1.1	2.1	3.9	8.8
Upgrade our information technology system	–	0.1	0.1	0.2	–	0.4

BASIS AND KEY ASSUMPTIONS

Potential investors should note that the attainability of our Group's business objectives and strategies depends on a number of assumptions, in particular:

- the net proceeds from the Share Offer on the Offer Price of HK$0.975 per Share (being the mid-point of the stated range of the Offer Price), after deducting related expenses, are estimated to be approximately HK$73.6 million;
- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong or in any other places in which any member of our Group carries on its business or will carry on its business;

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate;
- there will be no material changes in legislation or regulations whether in Hong Kong or elsewhere materially affecting the business carried on by our Group;
- there will be no significant changes in our Group's business relationship with our existing strategic and business partners;
- the Share Offer will be completed in accordance with and as described in "Structure and conditions of the Share Offer";
- our Group will be able to retain key staff in the management and main operational departments;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out its development plans without disruption adversely affecting its operations or business objectives in any way;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under the paragraph headed "Implementation plans" in this section; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk factors" in this prospectus.

REASONS FOR THE SHARE OFFER

We consider that operating and opening restaurants are generally capital intensive and believe that the Listing will provide the required funding for and facilitate the implementation of our business strategies by enabling us to access the capital market for raising funds at the time of the Listing and at later stage.

Our Directors believe that our Company and its Shareholders will benefit as a whole from the Listing for the following reasons:

- Our Group's business objective is to become one of the most popular restaurant chains in Hong Kong. Our Directors believe the estimated net proceeds from the Share Offer of approximately HK$73.6 million (after deducting the related underwriting fees and expenses payable in relation to the Listing) will provide our

Group with financial resources for the execution of our business strategies and plans as set out above, which will help us pursue our business objective. The capital expenditure requirement for our Group's implementation plans is expected to amount to approximately HK$59.2 million which is expected to be wholly financed by the net proceeds from the Share Offer and the remaining balance of approximately HK$7.4 million and approximately HK$7.0 million will be used for repayment of bank loans (such debt was obtained to finance our business and carries interest at the bank's best lending rate less 2.2% per annum and is subject to the bank's annual review carried out in July of each year) and as our Group's working capital and general corporate purposes, respectively.

- Our Directors consider that our Group can strengthen our competitiveness in the market through the Listing. It is expected that the brand recognition of our Group can be broadened through the Listing and our corporate profile will be enhanced, which in turn will help attract more customers. Besides, suppliers tend to give preference to restaurant businesses which have a public listing status with a sound reputation, transparent financial disclosures and regulatory supervision. Our Directors believe that our Group's credibility could be enhanced following the Listing, which would earn us more favourable terms from our suppliers and more opportunities to collaborate with strategic partners.

- The Share Offer may act as a fund-raising platform for our Group, thereby allows our Group to gain direct access to the capital market for equity and/or debt financing to fund our current business operations as well as to finance our future expansion plans, which in turn will maximise Shareholder return.

- Our Directors believe that through the Listing, the internal control and corporate governance practices of our Group would be further enhanced. Following the Listing, we are required to meet high standards with respect to internal control and corporate governance to strengthen the overall control and supervision of our Group.

- The Share Offer will enhance the liquidity of the Shares by achieving the listing status of the Shares which will be freely traded on the Stock Exchange when compared to the limited liquidity of the Shares that are privately held before the Listing.

- The Share Offer will enable our Company to enhance its corporate profile, thereby increasing our ability to attract strategic investors for investment in and forming strategic partnerships directly with our Company.

Taking into consideration the above, our Directors believe that a GEM listing is beneficial to our Company and its Shareholders as a whole notwithstanding the dilution effect to the Controlling Shareholders of equity financing as opposed to debt financing.

USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting the underwriting fees and estimated fees payable in connection thereto, are estimated to be approximately HK$73.6 million (without taking into account any Shares that may be allotted and issued pursuant to the exercise of Offer Size Adjustment Option or any option(s) which may be granted under the Share Option Scheme and assuming an Offer Price of approximately HK$0.975, being the mid-point if the indicative Offer Price Range).

We currently intend to apply such net proceeds in the following manner:

- approximately HK$50.0 million, representing about 68.0% of the net proceeds from the Share Offer, will be used for the setup of eight new restaurants in Hong Kong;
- approximately HK$8.8 million, representing about 12.0% of the net proceeds from the Share Offer, will be used for upgrading ten of our existing restaurants by way of renovation and refurbishment;
- approximately HK$0.4 million, representing about 0.5% of the net proceeds from the Share Offer, will be used for upgrading our information technology system;
- approximately HK$7.4 million, representing about 10.0% of the net proceeds from the Share Offer, will be used for the repayment of bank loans i.e. TNC and TST; and
- approximately HK$7.0 million, representing about 9.5% of the net proceeds from the Share Offer, will be used for our working capital and general corporate purposes.

If the Offer Size Adjustment Option is exercised in full, the net proceeds of the Share Offer (after deducting the underwriting fees and estimated expenses payable in connection thereto) will increase to approximately HK$83.0 million, assuming the Offer Price of HK$0.975, being the mid-point of the indicative Offer Price range. If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds, assuming that the Offer Size Adjustment Option is not exercised, will increase to approximately HK$84.7 million or decrease to approximately HK$62.6 million, respectively; and in such event, we intend to increase or decrease, respectively, the net proceeds to be used for the above purposes on a pro-rata basis.

To the extent that the net proceeds are not sufficient to fund the purposes as set forth above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to reallocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extend and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds of the Share Offer are not immediately required for the above purposes and to the extent permitted by applicable laws and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short term time deposits with maturities within one year with banks in Hong Kong and our Directors confirm that we would comply with the GEM Listing Rules in respect of our future investment.

UNDERWRITERS

Public Offer Underwriter

UOB Kay Hian (Hong Kong) Limited

Placing Underwriter

UOB Kay Hian (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer, our Company is initially offering 10,000,000 Public Offer Shares for subscription by the public in Hong Kong at the Offer Price, on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the Listing Division granting the listing of and permission to deal in the Shares in issue and to be issued as mentioned herein (including the additional Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) and to certain other conditions set out in the Underwriting Agreements being fulfilled, the Public Offer Underwriter has agreed to subscribe or procure subscribers for the Public Offer Shares on the terms and conditions in this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditionally upon and subject to, among other things, the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its own terms or otherwise, prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

Grounds for termination

The obligations of the Public Offer Underwriter under the Public Offer Underwriting Agreement may be terminated by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter), in its sole and absolute opinion, with immediate effect by notice in writing given to our Company, if at any time before 8:00 a.m. (Hong Kong time) on the Listing Date:

(a) there shall develop, occur, exist or come into effect:

(i) any new law, statute, ordinance, rule, guideline, regulation, opinion, notice, circular, order, judgement, decree or ruling ("**Laws**") or any change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority of the Cayman Islands, BVI, Hong Kong, the PRC, or any other relevant jurisdiction relevant to any Group Company or the Share Offer (collectively, the "**Relevant Jurisdictions**" and individually, a "**Relevant Jurisdiction**"); or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national or international financial, political, military, industrial, economic, currency exchange rates, exchange control, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting the Relevant Jurisdictions; or

(iii) the imposition or declaration of any moratorium, suspension or limitation on trading in shares or securities generally on the New York Stock Exchange, the Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the Shenzhen Stock Exchange, the Shanghai Stock Exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or a disruption has occurred in securities settlement, payment or clearance services or procedures in or affecting any Relevant Jurisdiction; or

(iv) a change or development or event occurs involving a change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations or currency exchange rates in the Relevant Jurisdictions; or

(v) any change or development or event occurs involving a prospective change in the condition, financial or otherwise, or in the earnings, business affairs, business prospects or trading position of any member of our Group, or customer confidence, including any action, suit, proceeding, litigation or claim of any third party being threatened or instigated against our Company or any member of our Group, or any investigation of any member of our Group or an order for suspension of business by any government department or authority; or

(vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" of this prospectus; or

(vii) any moratorium on or disruption in banking activities or foreign exchange trading or settlement or clearance services in or affecting any Relevant Jurisdiction; or

(viii) any outbreak or escalation of hostilities (whether or not war is or has been declared) or act for terrorism or other state of emergency or calamity or widespread epidemic or political or social crisis involving directly or indirectly any Relevant Jurisdiction or any escalation thereof, or the declaration by any Relevant Jurisdiction of a national emergency or war; or

(ix) any event of force majeure, including without limitation any act of God, war, riot, public disorder, civil commotion, fire, flood, earthquake, explosion, outbreak of disease or epidemic, terrorism (whether or not responsibility has been claimed), labour dispute, strike or lock-out involving directly or indirectly any Relevant Jurisdiction; or

(x) the imposition of any economic sanctions, in whatever form, directly or indirectly, by any Relevant Jurisdiction, or on any other Relevant Jurisdiction, or against any member of our Group; or

(xi) a Director being charged or indicted or retained with an indictable offence or prohibited by operation of law or otherwise disqualified from directorship, or taking part in the management of a company, or the commencement by any governmental authority of any investigation or other action against any Director in his/her capacity as such or an announcement by any governmental authority that it intends to take any such actions; or

(xii) the chairman or chief executive officer of our Company vacating his/her office in circumstances where the operations of our Group will be materially and may, in the sole and absolute discretion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter), be adversely affected; or

(xiii) non-compliance of this prospectus (or any other documents used in connection with the Share Offer) or any aspect of the Share Offer with the GEM Listing Rules, our Articles, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO or any other applicable Laws by any of our Company, our Controlling Shareholders, or our executive Directors; or

(xiv) the commencement by any judicial, political, governmental or regulatory body or organisation of any investigation, claim, proceeding or other action, or announcing an intention to investigate or take such action, against any executive Director or any member of our Group; or

(xv) any litigation, or claim, or investigation, or action, being announced, threatened, or instigated against any member of our Group, any Controlling Shareholder or any executive Director; or

(xvi) any material contravention by any member of our Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the GEM Listing Rules or applicable Laws in relation to the Share Offer,

which, in each case or in the aggregate in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter):

(A) is or may be or is likely to be materially adverse to or materially or prejudicially affect, the business, financial or other condition or prospects of our Company or our Group or, to any present or prospective shareholder of our Company in his/her/its capacity as such; or

(B) has or might have or is likely to have a material adverse effect on the success of the Public Offer, the Placing or the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or

(C) makes or will or is likely to make it inadvisable, inexpedient, impracticable or not commercially viable to proceed with or to market the Public Offer, the Placing or the Share Offer, or a material part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing or the Share Offer to be performed or implemented in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Bookrunner

(i) any material breach of any of the warranties, representations, obligations or undertakings given by or imposed upon our Company, our Controlling Shareholders and our executive Directors in the Public Offer Underwriting Agreement and the Placing Underwriting Agreement or any matter or event showing any of such warranties, representations, obligations or undertakings to be untrue, inaccurate or misleading in any respect or having been breached in any respect when given or repeated; or

(ii) any breach on the part of our Company, or any of our Controlling Shareholders or any of our executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or

(iii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or

(iv) any statement contained in this prospectus, the formal notice, the Application Forms, other offering documents or any announcements issued by our Company in connection with the Share Offer (including any supplement or amendment thereto) was, when it was issued, or has become untrue or incorrect in any material respect or misleading in any respect, or that any estimates, forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the formal notice, the Application Forms, other offering documents or any announcements issued by our Company in connection with the Share Offer (including any supplement or amendment thereto) is not, in the sole and absolute discretion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter), in all material respects, fair and honest and based on reasonable assumptions; or

(v) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of a material nature of our Group or any of our Controlling Shareholders or our executive Directors pursuant to the indemnities referred to in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement; or

(vi) any valid demand by any creditor for repayment or payment of any indebtedness of our Company or any member of our Group or in respect of which our Company or any member of our Group is liable before its stated maturity which demand has or could reasonably be expected to have a material adverse effect on our Group taken as a whole; or

(vii) an order is made or a petition is presented for the winding-up or liquidation of our Company or any member of our Group or our Company or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any member of our Group or anything analogous thereto occurs in respect of our Company or any member of our Group; or

(viii) approval by the Listing Division of the listing of, and permission to deal in, the Shares in issue and to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(ix) our Company withdraws any of the offering documents issued in connection with the Share Offer (and/or any other documents used in connection with the contemplated subscription of the Offer Shares, collectively the "**Offer Documents**") or the Share Offer; or

(x) any person (other than the Sole Sponsor and/or the Public Offer Underwriter) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(xi) other than with the approval of the Sole Bookrunner, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated subscription of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the GEM Listing Rules, the SFO or any other applicable laws, or any requirement or request of the Stock Exchange and/or the SFC; or

(xii) any prohibition on our Company by any governmental authority for whatever reasons from offering, allotting, issuing or selling of the Shares pursuant to the terms of the Share Offer,

then the Sole Bookrunner may, and upon giving notice in writing to our Company and the Public Offer Underwriter, terminate the Public Offer Underwriting Agreement with immediate effect.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriter that our Company will not, and each of our Controlling Shareholders has undertaken to and covenants with Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriter that he/she/it will procure our Company not to, save with the prior written consent of the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriter) and unless in compliance with the requirements of the GEM Listing Rules, except for the issue of Shares under the Share Offer (including the issue of additional shares pursuant to the exercise of the Offer Size Adjustment Option), the grant of options or the issue of Shares upon exercise of such options pursuant to the Share Option Scheme, and the Capitalisation Issue:

(a) at any time during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the ("**First Six-month Period**"), offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase, any of the share capital or other securities of our Company or any of its subsidiaries or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, such share capital or securities or any interest therein, or any derivatives with the shares of our Company or of any of its subsidiaries as underlying securities); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) and (b) above; or

(d) at any time during the six-month period commencing from the date on which the First Six-month Period expires (the "**Second Six-month Period**"), enter into any of the transactions described in paragraph (a), (b) and (c) above, or agree or contract to or publicly announce any intention to enter into any such transactions, such that each of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company,

whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above.

In the event our Company enters into any transaction specified in paragraph (a), (b) and (c) above during the Second Six-month Period (whether or not such transaction will be completed in the aforesaid period), it shall take all reasonable steps to ensure that any such transaction, agreement, or as the case may be, announcement or other acts of our Company will not create a disorderly or false market in the securities of our Company.

Undertakings by our Controlling Shareholders

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has represented, warranted and undertaken to each of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriter that, without the prior written consent of the Sole Sponsor and the Sole Bookrunner and unless in compliance with the requirements of the GEM Listing Rules, he/she/it shall not, and shall procure that none of their respective relevant registered holder(s), associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall:

(a) at any time during the First Six-month Period, (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any shares or other securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such shares or such securities); or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any shares or other securities of our Company or any interest therein, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraph (i) and (ii) above; or (iv) announce any intention to enter into or effect any of the transactions referred to in sub-paragraph (i), (ii) and (iii) above;

(b) at any time during the Second Six-month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any shares or other securities of our Company or any interest therein held by him/her/it or any of its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, each of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company, and in the event that he/she/it enters into any transaction specified in paragraph (a) above during the Second Six-month Period (whether or not such transaction will be completed in the aforesaid period), he/she/it shall take all reasonable steps to ensure that any such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of our Company.

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has further undertaken to each of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriter that within the First Six-month Period and the Second Six-month Period he/she/it shall:

(a) if and when he/she/it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him/her/it (or any beneficial interest therein), immediately inform our Company and the Sole Bookrunner in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company (or any beneficial interest therein) pledged or charged by him/her/it will be disposed of, immediately inform our Company and the Sole Bookrunner in writing of such indications.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save in connection with the Share Offer, no further Shares or securities will be issued by our Company within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date) except in the circumstances permitted pursuant to Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange that they shall not and shall procure that the relevant registered holder(s) shall not:

(a) during the First Six-month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; or

(b) during the Second Six-month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/she/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, our Controlling Shareholders have also undertaken to the Stock Exchange and our Company to comply with the following requirements:

(a) in the event that he/she/it pledges or charges any direct or indirect interest in the relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date on which the Second Six-month Period expires, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(b) having pledged or charged any interest in Shares under paragraph (a) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

The Placing

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and our executive Directors, will enter into the Placing Underwriting Agreement with, among others, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Placing Underwriter.

Under the Placing Underwriting Agreement, subject to the conditions set out therein, the Placing Underwriter is expected to agree to purchase or procure purchasers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

We expect to grant to the Placing Underwriter the Offer Size Adjustment Option, exercisable by the Sole Bookrunner (for itself and on behalf of the Placing Underwriter) at anytime from the date of the Placing Underwriting Agreement to Friday, 12 January 2018, being the last business day prior to the Listing Date, at its sole and absolute discretion, to require us to allot and issue up to an aggregate of 10,000,000 additional Shares, representing 10% of the initial Offer Shares, at the same price per Offer Share under the Share Offer to solely meet excess demands, if any, in the Placing.

If the Offer Size Adjustment Option is exercised, an announcement will be made on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk**.

Our Company, our Controlling Shareholders and our executive Directors will agree to indemnify the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Placing Underwriter for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Placing Underwriting Agreement and any breach of the Placing Underwriting Agreement by us, our Controlling Shareholders or our executive Directors.

Underwriting commissions and expenses

In connection with the Share Offer, the Public Offer Underwriter will receive an underwriting commission at a rate of 3.5% on the aggregate Offer Price of all the Offer Shares now being offered, out of which the Public Offer Underwriter will meet all (if any) sub-underwriting commission.

The underwriting commission, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer are estimated to be approximately HK$23.9 million in aggregate (assuming the Offer Size Adjustment Option is not exercised and an Offer Price of HK$0.975 being the mid-point of the stated Offer Price range between HK$1.09 and HK$0.86) and will be payable by us.

Underwriter's interests in our Company

Save for their interests and obligations under the Underwriting Agreements or as disclosed in this prospectus, neither the Underwriters nor any of their respective associates is interested beneficially or non-beneficially in any shares or securities in our Company or any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares or securities in our Company or any member of our Group.

Compliance adviser's agreement

Under a compliance adviser's agreement between Dongxing Securities and our Company ("**Compliance Adviser's Agreement**"), our Company has appointed Dongxing Securities and Dongxing Securities has agreed to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a period from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the Compliance Adviser's Agreement is terminated, whichever is earlier.

Sole Sponsor's independence and interest in our Company

Dongxing Securities, being the Sole Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules.

Save for the sponsor's fee paid and to be paid to Dongxing Securities as the Sole Sponsor to the Listing, its obligations under the Underwriting Agreements and the Compliance Adviser's Agreement or as otherwise disclosed in this prospectus, neither Dongxing Securities nor any of its close associates has or may, as a result of the Share Offer, have any interest in our Company or in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

No director or employee of Dongxing Securities who is involved in providing advice to our Company has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer).

No director or employee of Dongxing Securities has a directorship in our Company or any other company in our Group.

THE STRUCTURE OF THE SHARE OFFER

The Share Offer initially comprises:

(a) the Public Offer of 10,000,000 Offer Shares (subject to reallocation on the bases set out in "The Public Offer – Reallocation" in this section below) in Hong Kong as described in "The Public Offer" in this section below; and

(b) the Placing of 90,000,000 Offer Shares (subject to reallocation on the bases set out in "The Public Offer – Reallocation" in this section below and the Offer Size Adjustment Option as set out in "Offer Size Adjustment Option" in this section below).

Investors may either: (a) apply for Offer Shares under the Public Offer; or (b) apply for or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both.

Reasonable steps will be taken to identify and reject: (a) applications in the Public Offer from investors who have applied for Offer Shares under the Placing; and (b) applications or indications of interest in the Placing from investors who have applied for Public Offer Shares under the Public Offer.

The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and individual investors in Hong Kong. The Placing will involve selective marketing of Offer Shares to professional, institutional and other investors in Hong Kong and other jurisdictions. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

The number of Offer Shares to be offered under the Public Offer and Placing may be subject to adjustment and, in the case of the Placing only, the Offer Size Adjustment Option as set out in "Offer Size Adjustment Option" in this section.

In particular, the Offer Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules, that no more than 50% of the Offer Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.

PRICE PAYABLE UPON APPLICATION FOR THE PUBLIC OFFER SHARES

Based on the maximum Offer Price of HK$1.09 per Offer Share, plus brokerage fee of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%, each board lot of 4,000 Shares will amount to a total of HK$4,403.94 payable on application.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Public Offer Shares will be conditional on, among other things:

(a) the Listing Division granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange;

(b) the Offer Price having been fixed on or around the Price Determination Date;

(c) the execution and delivery of the Underwriting Agreements in accordance with their respective terms; and

(d) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Bookrunner (for itself and on behalf of the Underwriters)) and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event no later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Friday, 5 January 2018 and in any event not later than Friday, 5 January 2018.

If, for any reason, the Offer Price is not agreed between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on or before Friday, 5 January 2018 or such later date as agreed, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Share Offer on the next business day following such lapse: (a) in The Standard (in English); (b) in the Sing Tao Daily (in Chinese); and (c) on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at

www.tastegourmet.com.hk. In the event of such lapse, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time).

Share certificates for the Offer Shares are expected to be issued on Friday, 12 January 2018 but will only become valid certificates at 8:00 a.m. on Monday, 15 January 2018 provided that: (a) the Share Offer has become unconditional in all respects; and (b) the right of termination as described in "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" has not been exercised. Investors who trade Shares prior to the receipt of shares certificates or prior to the share certificates becoming valid certificates do so entirely at their own risk.

THE PUBLIC OFFER

The Public Offer is fully underwritten by the Public Offer Underwriter under the terms of the Public Offer Underwriting Agreement and is subject to our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), agreeing on the Offer Price. The Public Offer and the Placing are subject to the conditions set out in "Conditions of the Share Offer" in this section. The Public Offer Underwriting Agreement and the Placing Underwriting Agreement shall be conditional upon each other.

Number of Offer Shares initially offered

Our Company is initially offering 10,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Share Offer (subject to adjustment and assuming that the Offer Size Adjustment Option is not exercised). Subject to any reallocation of Offer Shares between the Public Offer and the Placing, the number of Public Offer Shares will represent 2.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. Completion of the Public Offer is subject to the conditions set out in "Conditions of the Share Offer" in this section above. The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and individual investors.

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Shares available under the Public Offer is to be divided equally into two pools for allocation purposes (subject to any adjustment in the number of Offer Shares allocated between the Placing and the Public Offer): pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Shares with an aggregate subscription price of HK$5 million or less (excluding the amounts of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for our Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than 5,000,000 Public Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation. Assuming that the Offer Size Adjustment Option is not exercised, if the number of Offer Shares validly applied for under the Public Offer is:

(a) 15 times or more but less than 50 times;

(b) 50 times or more but less than 100 times; and

(c) 100 times or more, of the number of Offer Shares initially available under the Public Offer,

then the Offer Shares will be reallocated from the Placing to the Public Offer such that the total number of Offer Shares available under the Public Offer will be increased to 30,000,000 Offer Shares (in the case of (a)), 40,000,000 Offer Shares (in the case of (b)) and 50,000,000 Offer Shares (in the case of (c)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively (before any exercise of the Offer Size Adjustment Option). In each case, the additional Offer Shares will be reallocated to the Public Offer and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Sole Bookrunner deems appropriate. In addition, the Sole Bookrunner may, at its sole and absolute discretion, reallocate Placing Shares as they deem appropriate from the Placing to the Public Offer to satisfy in whole or in part the excess valid applications in the Public Offer.

If the Public Offer Shares are not fully subscribed for, the Sole Bookrunner may, at its sole and absolute discretion, reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportion as the Sole Bookrunner deem appropriate.

Applications

The Sole Bookrunner (on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Sole Bookrunner so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Placing Shares under the Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum price of HK$1.09 per Offer Share in addition to any brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Price determination of the Share Offer" in this section below, is less than the maximum price of HK$1.09 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Please refer to the section headed "How to apply for Public Offer Shares" in this prospectus for further details.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Public Offer.

THE PLACING

The Placing is expected to be fully underwritten by the Placing Underwriter. Our Company expects to enter into the Placing Underwriting Agreement relating to the Placing on the Price Determination Date.

Number of Offer Shares offered

Our Company is initially offering 90,000,000 Offer Shares for subscription by professional, institutional and other investors in Hong Kong and other jurisdictions under the Placing, representing 90% of the total number of the Offer Shares initially available under the Share Offer (subject to adjustment and assuming that the Offer Size Adjustment Option is not exercised). Subject to any reallocation of Offer Shares between the Placing and the Public Offer, the number of Placing Shares will represent 22.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

The Placing is subject to the same conditions set out in "Conditions of the Share Offer" in this section above.

Allocation

The Placing will include selective marketing of Offer Shares to professional, institutional and other investors in Hong Kong and other jurisdictions. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

The Placing Shares will be allocated in accordance with the book-building process described in "Price determination of the Share Offer" in this section below, and is based on several factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing of the Offer Shares on the Stock Exchange. Such allocation is intended to achieve a distribution of the Shares that would allow for the establishment of a solid professional and institutional shareholder base which will be beneficial to our Company and our Shareholders as a whole.

The Sole Bookrunner (on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Sole Bookrunner so as to allow it to identify the relevant applications under the Public Offer and to ensure that such investor is excluded from any application for Shares under the Public Offer.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Share Offer and pursuant to the Placing Underwriting Agreement, we expect to grant to the Placing Underwriter the Offer Size Adjustment Option, exercisable by the Sole Bookrunner (for itself and on behalf of the Placing Underwriter), at any time during the period from the date of the Placing Underwriting Agreement to Friday, 12 January 2018, being the last business day prior to the Listing Date, to require our Company to issue up to an aggregate of 10,000,000 additional new Shares, representing 10% of the number of the Offer Shares initially available under the Share Offer. These Shares will be issued at the Offer Price for the purpose of meeting excess demands in the Placing, if any. Any election in respect of the Offer Size Adjustment Option may be exercised in whole or in part and from time to time.

If the Offer Size Adjustment Option is exercised in full, our Company will be required to issue 10,000,000 additional new Shares, representing approximately 2.44% of our Company's total enlarged number of Shares in issue immediately following completion of the Share Offer, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Bookrunner (for itself and on behalf of the Underwriters) to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilization activities of the Shares in the secondary market after the Listing and will not be subject to the Securities and Futures (Price Stabilizing) Rules of the SFO. No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

Our Company will disclose in our allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by that time, then the Offer Size Adjustment Option will lapse and cannot be exercised on any future date.

The allotment results announcement will be made on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk**.

PRICE DETERMINATION OF THE SHARE OFFER

The Offer Price will be fixed on the Price Determination Date, which is expected to be on or around Friday, 5 January 2018, and in any event not later than Friday, 5 January 2018, by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company.

The Offer Price will be not more than HK$1.09 per Offer Share and is expected to be not less than HK$0.86 per Offer Share unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Sole Bookrunner will solicit from prospective investors indications of interest in acquiring the Placing Shares. Prospective professional, institutional and other investors will be required to specify the number of Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of Shares available under the Public Offer, are expected to be announced on Friday, 12 January 2018 in The Standard (in English) and Sing Tao Daily (in Chinese) and on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk**.

PRICE PAYABLE ON APPLICATION

Applicants for Public Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK$1.09 for each Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy, and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$0.86, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applicants.

If, for any reason our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Friday, 5 January 2018, the Public Offer will not proceed and will lapse.

REDUCTION OF THE NUMBER OF OFFER SHARES AND/OR THE INDICATIVE OFFER PRICE RANGE

The Sole Bookrunner (for itself and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, we will, as soon as practicable and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer following the decision to make such reduction, publish notices of the reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range: (a) in The Standard (in English); (b) in the Sing Tao Daily (in Chinese); and (c) on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk**. Upon the issuance of such notices, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

Such notices will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notices so published, the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) with our Company, will under no circumstances be fixed outside the Offer Price range as stated in this prospectus. Applicants under the Public Offer should note that applications cannot be withdrawn once they are submitted, unless the number of Offer Shares and/or the Offer Price is/are reduced.

In the event of a reduction in the number of Offer Shares, the Sole Bookrunner may, at its discretion, reallocate the number of Offer Shares offered under the Public Offer and the Placing, provided that the number of Offer Shares available under the Public Offer shall not be less than 25% of the total number of Offer Shares available under the Share Offer (assuming the Offer Size Adjustment Option is not exercised). The Offer Shares to be offered in the Public Offer and the Offer Shares to be offered in the Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Bookrunner.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Division for the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Share Offer (including the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option).

No part of the share capital of our Company is listed on or dealt in any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. (Hong Kong time) on Monday, 15 January 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. (Hong Kong time) on Monday, 15 January 2018. Shares will be traded in board lots of 4,000 Shares each and are fully transferable.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Bookrunner, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Bookrunner may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a connected person or a core connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer;
- are an associate or a close associate (as defined in the GEM Listing Rules) of any of the above; or
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **HK eIPO White Form** service at **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 December 2017 until 12:00 noon on Friday, 5 January 2018 from:

(a) the following address of the Public Offer Underwriter:

UOB Kay Hian (Hong Kong) Limited
15/F, China Building, 29 Queen's Road Central, Hong Kong

(b) any of the following branches of the receiving bank:

Bank of China (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan
Kowloon	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei
New Territories	Ma On Shan Plaza Branch	Shop 2103, Level 2, Ma On Shan Plaza, Sai Sha Road, Ma On Shan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 29 December 2017 until 12:00 noon on Friday, 5 January 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – TASTE GOURMET PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Friday, 29 December 2017 – 9:00 a.m. to 5:00 p.m.
- Saturday, 30 December 2017 – 9:00 a.m. to 1:00 p.m.
- Tuesday, 2 January 2018 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 3 January 2018 – 9:00 a.m. to 5:00 p.m.
- Thursday, 4 January 2018 – 9:00 a.m. to 5:00 p.m.
- Friday, 5 January 2018 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 5 January 2018, the last application day or such later time as described in "-10. Effect of Bad Weather on the Opening of the Applications Lists" in this section below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully, otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Bookrunner (or their respective agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

- agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

- confirm that you are aware of the restrictions on the Share Offer in this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

- agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- agree that your application will be governed by the laws of Hong Kong;

- represent, warrant and undertake that: (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- warrant that the information you have provided is true and accurate;

- agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

- authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-auto refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

- understand that our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriter will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by anyone as your agent or by any other person; and

- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "2. Who can apply" in this section above, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form service

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 29 December 2017 until 11:30 a.m. on Friday, 5 January 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 5 January 2018 or such later time under "– 10. Effect of bad weather on the opening of the applications lists" in this section below.

No multiple applications

If you apply by means of the **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** more than once and obtaining payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square 8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Bookrunner and our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Sole Bookrunner will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominee's name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Friday, 29 December 2017 – 9:00 a.m. to 8:30 p.m. *(Note)*
- Saturday, 30 December 2017 – 8:00 a.m. to 1:00 p.m. *(Note)*
- Tuesday, 2 January 2018 – 8:00 a.m. to 8:30 p.m. *(Note)*
- Wednesday, 3 January 2018 – 8:00 a.m. to 8:30 p.m. *(Note)*
- Thursday, 4 January 2018 – 8:00 a.m. to 8:30 p.m. *(Note)*
- Friday, 5 January 2018 – 8:00 a.m. *(Note)* to 12:00 noon

Note:

These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 29 December 2017 until 12:00 noon on Friday, 5 January 2018 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 5 January 2018, the last application day or such later time as described in "10. Effect of bad weather on the opening of the application lists" in this section below.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 5 January 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees", you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see "Structure and conditions of the Share Offer – Price determination of the Share Offer" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 5 January 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 5 January 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 12 January 2018 in The Standard (in English) and the Sing Tao Daily (in Chinese) and on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.tastegourmet.com.hk** no later than 9:00 a.m. on Friday, 12 January 2018;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, 12 January 2018 to 12:00 midnight on Thursday, 18 January 2018;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 12 January 2018 to Wednesday, 17 January 2018 (excluding Saturday, Sunday and public holiday in Hong Kong); and
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 12 January 2018 to Tuesday, 16 January 2018 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Please refer to the section headed "Structure and conditions of the Share Offer" in this prospectus for further details.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Bookrunner, the Sole Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Bookrunner or the Sole Lead Manager believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- you apply for more than 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.09 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in the section headed "Structure and conditions of the Share Offer – Conditions of the Share Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Friday, 12 January 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Friday, 12 January 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 15 January 2018 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

If you apply using a WHITE Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 12 January 2018, or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Friday, 12 January 2018 by ordinary post and at your own risk.

If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Friday, 12 January 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participants stock account as stated in your Application Form on Friday, 12 January 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph "Publication of Results" in this section above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 12 January 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 12 January 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, 12 January 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 12 January 2018 or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Public Offer Shares in the manner specified in "– 11. Publication of Results" in this section above on Friday, 12 January 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 12 January 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 12 January 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 12 January 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-56, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TASTE • GOURMET GROUP LIMITED AND DONGXING SECURITIES (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of Taste • Gourmet Group Limited (the "Company") (formerly known as Taste Gourmet Group Limited) and its subsidiaries (together, the "Group") set out on pages I-4 to I-56, which comprises the consolidated statements of financial position as at 31 March 2016, 31 March 2017 and 30 June 2017, the statement of financial position of the Company as at 30 June 2017 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the two years ended 31 March 2017 and the three months ended 30 June 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information sets out on pages I-4 to I-56 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 December 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016, 31 March 2017 and 30 June 2017, of the Company's financial position as at 30 June 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing ("HKSAs") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 December 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on (i) the previously issued consolidated financial statements of Better World Holdings Limited ("Better World Holdings") for each of the years ended 31 March 2016 and 2017 (the "Historical Financial Statements"); and (ii) the consolidated financial statements of the Group for the three months ended 30 June 2017 ("Stub Period Financial Statements") (together with the Historical Financial Statements referred to as the "Underlying Financial Statements"). The Historical Financial Statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by S.Y. Yeung & Company, Certified Public Accountants in Hong Kong in accordance with HKSAs issued by the HKICPA. The Stub Period Financial Statements have been prepared in accordance with the accounting policies which conform with HKFRSs issued by the HKICPA and was audited by us in accordance with HKSAs issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March		Three months ended 30 June	
	NOTES	**2016**	**2017**	**2016**	**2017**
		HK$'000	*HK$'000*	*HK$'000 (unaudited)*	*HK$'000*
Revenue	*6*	163,431	198,568	45,589	48,651
Other income	*7*	206	290	139	158
Other gains or losses, net	*8*	(346)	(50)	–	(335)
Raw materials and consumables used		(49,188)	(54,584)	(12,797)	(13,102)
Staff costs		(51,876)	(64,642)	(14,700)	(15,516)
Depreciation	*15*	(3,470)	(5,191)	(983)	(1,486)
Property rentals and related expenses		(24,884)	(32,093)	(7,992)	(8,199)
Utilities and cleaning expenses		(5,771)	(7,106)	(1,572)	(2,078)
Other expenses		(6,707)	(9,027)	(1,982)	(2,091)
Listing expenses		–	–	–	(7,452)
Finance costs	*9*	(110)	(311)	(50)	(126)
Profit (loss) before tax	*10*	21,285	25,854	5,652	(1,576)
Income tax expense	*11*	(2,407)	(4,087)	(1,074)	(1,012)
Profit (loss) and total comprehensive income (expenses) for the year/period		18,878	21,767	4,578	(2,588)
Profit (loss) and total comprehensive income (expenses) for the year/period attributable to					
– Owners of the Company		12,001	14,214	2,567	(4,151)
– Non-controlling interests		6,877	7,553	2,011	1,563
		18,878	21,767	4,578	(2,588)
Earnings (loss) per share, basic (HK cents)	*13*	4.7	5.8	1.0	(1.6)

STATEMENTS OF FINANCIAL POSITION

		The Group			The Company
				As at	As at
		As at 31 March		30 June	30 June
	NOTES	**2016**	**2017**	**2017**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	18,014	22,661	18,302	–
Rental and utilities deposits	*17*	10,045	8,111	9,508	–
Prepayments and deposits	*17*	1,490	1,524	2,267	–
Deferred tax assets	*26*	350	349	372	–
Investment in a subsidiary	*35*	–	–	–	300
		29,899	32,645	30,449	300
CURRENT ASSETS					
Held for trading investments	*16*	26	27	–	–
Trade and other receivables	*17*	3,234	6,445	9,653	2,505
Amount due from a non-controlling shareholder of a subsidiary	*23*	120	–	–	–
Tax recoverable		229	–	–	–
Bank balances and cash	*19*	19,106	21,079	26,876	–
		22,715	27,551	36,529	2,505
CURRENT LIABILITIES					
Trade and other payables	*20*	10,017	10,164	15,346	3,661
Amount due to a director	*23*	5,622	12,138	12,138	–
Amount due to a non-controlling shareholder of subsidiaries/a shareholder	*23*	473	395	418	–
Advances from non-controlling shareholders of subsidiaries/shareholders	*23*	3,485	2,720	2,720	–
Amount due to a subsidiary	*18*	–	–	–	6,632
Bank borrowings	*22*	5,001	12,436	16,494	–
Obligations under financial leases – due within one year	*21*	246	539	543	–
Tax payable		–	2,452	2,707	–
		24,844	40,844	50,366	10,293
NET CURRENT LIABILITIES		(2,129)	(13,293)	(13,837)	(7,788)
TOTAL ASSETS LESS CURRENT LIABILITIES		27,770	19,352	16,612	(7,488)

		The Group			The Company
		As at 31 March		As at 30 June	As at 30 June
	NOTES	**2016**	**2017**	**2017**	**2017**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT LIABILITIES					
Obligations under financial leases – due over one year	*21*	339	557	419	–
Provision	*25*	635	698	698	–
Deferred tax liabilities	*26*	582	622	608	–
		1,556	1,877	1,725	–
NET ASSETS		26,214	17,475	14,887	(7,488)
CAPITAL AND RESERVES					
Share capital	*27*	–	–	300	300
Reserves		20,743	12,212	14,587	(7,788)
		20,743	12,212	14,887	(7,488)
Non-controlling interests		5,471	5,263	–	–
TOTAL EQUITY		26,214	17,475	14,887	(7,488)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital	**Other reserves**	**Accumulated profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000* *(Note ii)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	–	–	8,684	8,684	3,432	12,116
Profit and total comprehensive income for the year	–	–	12,001	12,001	6,877	18,878
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(4,780)	(4,780)
Disposal of partial interest in subsidiaries *(Note ii)*	–	58	–	58	(58)	–
At 31 March 2016 and 1 April 2016	–	58	20,685	20,743	5,471	26,214
Profit and total comprehensive income for the year	–	–	14,214	14,214	7,553	21,767
Dividend paid *(Note 14)*	–	–	(23,000)	(23,000)	–	(23,000)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	(7,506)	(7,506)
Acquisition of additional interest in a subsidiary *(Note ii)*	–	255	–	255	(255)	–
At 31 March 2017	–	313	11,899	12,212	5,263	17,475

	Attributable to owners of the Company						
	Share capital	**Special reserve**	**Other reserves**	**Accumulated profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000* *(Note i)*	*HK$'000* *(Note ii)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2017 and 1 April 2017	–	–	313	11,899	12,212	5,263	17,475
Loss and total comprehensive expenses for the period	–	–	–	(4,151)	(4,151)	1,563	(2,588)
Issue of new shares by the Company and acquisition of non-controlling interests pursuant to Group Reorganisation *(Note 2)*	300	(300)	–	6,826	6,826	(6,826)	–
At 30 June 2017	300	(300)	313	14,574	14,887	–	14,887

	Attributable to owners of the Company					
	Share capital	**Other reserves**	**Accumulated profits**	**Sub-total**	**Non-controlling interests**	**Total**
	HK$'000	*HK$'000* *(Note ii)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	–	58	20,685	20,743	5,471	26,214
Profit and total comprehensive income for the period (unaudited)	–	–	2,567	2,567	2,011	4,578
At 30 June 2016 (unaudited)	–	58	23,252	23,310	7,482	30,792

Notes:

i. The special reserve as at 30 June 2017 represented the differences between the nominal amount of the share capital issued by the Company pursuant to the Group Reorganisation (as defined and detailed in Note 2) and the issued share capital of BWHK Limited when the Company became the holding company of the Group upon completion of the Group Reorganisation on 23 June 2017.

ii. Other reserves represent the aggregate amount of:

   1) the differences between the considerations received and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the deemed disposal of partial interest in subsidiaries during the year ended 31 March 2016 (details as set out in Note 36); and

   2) the difference between the consideration paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interests upon the deemed acquisition of additional interest in a subsidiary during the year ended 31 March 2017 (details as set out in Note 36).

iii. As represented by the directors of the Company, issuance of equity interests in Taste Gourmet Limited ("Taste Gourmet") and Business Development Limited ("Business Development") at an aggregate amount of HK$24 to Mr. Chu Kwan Foon ("Mr. Chu"), an executive chef of the Group, during the year ended 31 March 2016 (details are set out in Note 36), have not resulted in any expense to the Group to be recorded in the Historical Financial Information under HKFRSs on the grounds that:

   1) The executive chef was invited to take up the equity interests in these restaurants operating subsidiaries in the capacity as an investor alongside the Group and under Hong Kong Accounting Standard ("HKAS") 32 "Financial Instruments: Presentation", no gain or loss is recognised upon issuance of equity instruments; and

   2) the commercial terms in respect of the equity interests in these restaurants operating subsidiaries were agreed between the executive chef, Mr. Wong Ngai Shan ("Mr. NS Wong") and Ms. Chan Wai Chun ("Ms. Chan"), the controlling shareholders of Better World Holdings, the immediate holding company of Taste Gourmet and Business Development, and the equity instruments were issued or transferred at a time where the relevant restaurants were making minimal profit. In substances, both the Group and the executive chef agreed to invest in start up entities. Therefore, where HKFRS 2 "Share-based Payments" is applicable, the fair value impact of such share-based payments will be negligible.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
OPERATING ACTIVITIES				
Profit (loss) before tax	21,285	25,854	5,652	(1,576)
Adjustments for:				
Depreciation of property, plant and equipment	3,470	5,191	983	1,486
Loss on disposal of property, plant and equipment	160	117	–	335
Fair value change on trading securities	2	(1)	–	–
Interest income from life insurance policies	(56)	(56)	(14)	(16)
Finance costs	110	311	50	126
Operating cash flows before movements in working capital	24,971	31,416	6,671	355
Decrease in held for trading investments	–	–	–	27
Increase in trade and other receivables and rental and utilities deposits	(2,739)	(1,255)	(1,815)	(4,600)
Increase in trade and other payables	2,353	147	913	5,182
Increase in provision	112	63	–	–
Increase (decrease) in amounts due to a non-controlling shareholder of subsidiaries/a shareholder	9	(78)	(35)	23
Cash generated from operations	24,706	30,293	5,734	987
Income tax paid	(2,433)	(1,365)	–	(794)
NET CASH FROM OPERATING ACTIVITIES	22,273	28,928	5,734	193
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(8,489)	(9,174)	(2,973)	(102)
Advances to a non-controlling shareholder of a subsidiary	(120)	–	–	–
Proceeds from disposal of property, plant and equipment	265	32	–	2,640
Deposit paid for acquisition of property, plant and equipment	–	–	–	(732)
Repayment from a non-controlling shareholder of a subsidiary	–	120	120	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(8,344)	(9,022)	(2,853)	1,806

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
FINANCING ACTIVITIES				
Advances from non-controlling shareholders of subsidiaries	1,585	–	–	–
Repayment to non-controlling shareholders of subsidiaries	(4,780)	(8,271)	(2,559)	–
Bank borrowings raised	4,000	11,000	5,000	5,000
Repayment of bank borrowings	(964)	(3,565)	(487)	(942)
Advance from a director	113	7,050	–	–
Repayment to a director	(2,304)	(23,534)	(5,120)	–
Interest paid on bank borrowings	(104)	(295)	(46)	(118)
Interest paid on obligations under finance leases	(6)	(16)	(4)	(8)
Principal payments for obligations under financial leases	(107)	(302)	(60)	(134)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(2,567)	(17,933)	(3,276)	3,798
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,362	1,973	(395)	5,797
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	7,744	19,106	19,106	21,079
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, representing bank balances and cash	19,106	21,079	18,711	26,876

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Cayman Companies Law on 26 May 2017, and changed its name from Taste Gourmet Group Limited to Taste • Gourmet Group Limited on 14 July 2017. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at Office Unit No. 1A, 8/F, Arion Commercial Centre, Nos. 2-12 Queen's Road West, Hong Kong. Its immediate and ultimate holding company is IKEAB Limited ("IKEAB"), a private company incorporated in the British Virgin Islands (the "BVI"), and the ultimate controlling parties are Mr. NS Wong and his spouse, Ms. Chan, (collectively as the "Controlling Shareholders") who are also directors of the Company.

The Company is an investment holding company and the principal activities of its subsidiaries are operating restaurants in Hong Kong.

The Historical Financial Information is presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared on the accounting policies set out in note 4 which conform with HKFRSs issued by the HKICPA and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The companies now comprising the Group underwent a group reorganisation as fully explained in the section headed "History, Development and Reorganisation" of the Prospectus and as described below (the "Group Reorganisation") in preparation for the initial listing of the shares of the Company on the GEM of the Stock Exchange (the "Listing"). Prior to the Group Reorganisation, 70% and 30% of Better World Holdings, a company incorporated in Hong Kong and the holding company of all operating subsidiaries of the Group throughout the Track Record Period was owned and jointly controlled by Mr. NS Wong and Ms. Chan, the Controlling Shareholders, respectively. The Group Reorganisation included the following steps:

a. On 19 May 2017, IKEAB was incorporated in the BVI with limited liability. The initial authorised share capital of IKEAB is US$50,000 divided 50,000 ordinary shares of a single class with a par value of US$1.00 each. On 1 June 2017, 70 and 30 ordinary shares were allotted and issued with a par value of US$1.00 each as fully paid to Mr. NS Wong and Ms. Chan, respectively, and the issued share capital of IKEAB became 70% owned by Mr. NS Wong and 30% owned by Ms. Chan.

b. On 26 May 2017, the Company was incorporated in the Cayman Islands with limited liability. Upon its incorporation, one subscriber share was allotted and issued as nil paid to an independent third party as initial subscriber and the nil-paid share was transferred to IKEAB on the same day.

c. On 31 May 2017, BWHK Limited ("BWHK") was incorporated in the BVI with limited liability and one share with a par value of US$1.00 each was allotted and issued as fully paid to the Company. BWHK became a direct wholly-owned subsidiary of the Company accordingly.

d. On 23 June 2017, BWHK as a nominee of the Company acquired the entire issued share capital of Better World Holdings at a consideration of HK$116,410,000. The consideration was satisfied by (1) issued and allotted 2,494,499 shares of the Company credited as fully paid to IKEAB, and (2) credited as fully paid at par the nil-paid share held by IKEAB. Upon the completion of this acquisition, Better World Holdings became a wholly-owned subsidiary of BWHK.

e. On 23 June 2017, Better World Holdings acquired 35% issued share capital of Business Development at an aggregate consideration of HK$8,172,000 from the then non-controlling shareholders, namely Mr. Wong Ngai Ming ("Mr. NM Wong")*, Mr. Ng Chun Yum ("Mr. Ng") and Mr. Chu. The consideration was satisfied by issuance and allotment of 76,886, 49,114 and 49,114 shares of the Company credited as fully paid to Mr. NM Wong, Mr. Ng and Mr. Chu, respectively, in consideration of their transfer in aggregate of 35% of the issued share capital of Business Development to Better World Holdings. Upon the completion of this acquisition, Business Development became a wholly-owned subsidiary of Better World Holdings.

f. On 23 June 2017, Better World Holdings acquired 49% issued share capital of Nice Grain Limited ("Nice Grain") at an aggregate consideration of HK$6,038,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng, Mr. Chu, Ms. Lau Man Wai ("Ms. Lau"), Mr. Ko Ka Lok ("Mr. Ko") and Mr. Huang Yi Liang ("Mr. Huang")*. The consideration was satisfied by issuance and allotment of 22,500, 45,257, 15,814, 11,657, 11,657 and 22,500 shares of the Company credited as fully paid to Mr. NM Wong, Mr. Ng, Mr. Chu, Ms. Lau, Mr. Ko and Mr. Huang, respectively, in consideration of their transfer in aggregate of 49% of the issued share capital of Nice Grain to Better World Holdings. Upon the completion of this acquisition, Nice Grain became a wholly-owned subsidiary of Better World Holdings.

g. On 23 June 2017, Better World Holdings acquired 45% issued share capital of Rise Charm Limited ("Rise Charm") at an aggregate consideration of HK$1,155,000 from Mr. Ng, the non-controlling shareholder. The consideration was satisfied by issuance and allotment of 24,750 shares of the Company credited as fully paid to Mr. Ng in consideration of his transfer of 45% of the issued share capital of Rise Charm to Better World Holdings. Upon the completion of this acquisition, Rise Charm became a wholly-owned subsidiary of Better World Holdings.

h. On 23 June 2017, Better World Holdings acquired 40% issued share capital of Taste New Limited ("Taste New") at an aggregate consideration of HK$1,248,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng, Ms. Lau and Mr. Ko. The consideration was satisfied by issuance and allotment of 10,029, 10,029, 3,343 and 3,343 shares of the Company credited as fully paid to Mr. NM Wong*, Mr. Ng, Ms. Lau and Mr. Ko, respectively, in consideration of their transfer in aggregate of 40% of the issued share capital of Taste New to Better World Holdings. Upon the completion of this acquisition, Taste New became a wholly-owned subsidiary of Better World Holdings.

i. On 23 June 2017, Better World Holdings acquired 32% issued share capital of Taste Gourmet at an aggregate consideration of HK$3,978,000 from the then non-controlling shareholders, namely Mr. NM Wong*, Mr. Ng and Mr. Chu. The consideration was satisfied by issuance and allotment of 40,585, 26,250 and 18,408 shares of the Company credited as fully paid to Mr. NM Wong*, Mr. Ng, and Mr. Chu, respectively, in consideration of their transfer in aggregate of 32% of the issued share capital of Taste Gourmet to Better World Holdings. Upon the completion of this acquisition, Taste Gourmet became a wholly-owned subsidiary of Better World Holdings.

j. On 23 June 2017, Better World Holdings acquired 35% issued share capital of Better World Development Limited ("Better World Development") at an aggregate consideration of HK$2,999,000 from the then non-controlling shareholders, namely Mr. Ng and Mr. Chu. The consideration was satisfied by issuance and allotment of 17,100 and 47,164 shares of the Company credited as fully paid to Mr. Ng, and Mr. Chu, respectively, in consideration of their transfer in aggregate of 35% of the issued share capital of Better World Development to Better World Holdings. Upon the completion of this acquisition, Better World Development became a wholly-owned subsidiary of Better World Holdings.

* Mr. NM Wong and Mr. Huang are brothers of Mr. NS Wong, one of the Controlling Shareholders of the Group.

The Group resulting from the Group Reorganisation, which involves interspersing the Company and BWHK between the Controlling Shareholders of Better World Holdings and Better World Holdings as well as the acquisition of the non-controlling interests in the subsidiaries of Better World Holdings as detailed in steps e. to j. above, continued to be jointly controlled by the Controlling Shareholders throughout the Track Record Period and before and after the Group Reorganisation and is therefore regarded as a continuing entity. Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period have been prepared to include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where applicable. The consolidated statements of financial position of the Group as at 31 March 2016 and 31 March 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Group Reorganisation had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

As at 30 June 2017, the Group recorded net current liabilities of HK$13,837,000. The net current liabilities arose mainly from the long-term bank borrowings (with maturity dates over one year) amounting to HK$7,651,000 being reclassified as current liabilities as at 30 June 2017 due to the overriding right of demand clause as stipulated in the facility agreement of the bank borrowings. The directors of the Company believe that it is not probable that the banks will exercise their discretionary rights to demand immediate repayment and these loan facilities (including those unutilised bank facilities) will continue to be made available to the Group and will not be withdrawn by the banks within the next twelve months from the end of the reporting period.

Further, taking into account the Group's cash flow projection for the coming year, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months from the end of the reporting period. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

The Historical Financial Information contained in this Prospectus does not constitute Better World Holdings' statutory annual consolidated financial statements for any of the financial years ended 31 March 2016 and 2017 but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As Better World Holdings is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

Better World Holdings' auditor has reported on these financial statements for all two years. The independent auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis; and did not contain a statement under either sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.

3. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the HKFRSs that are effective for the Group's annual financial period beginning on 1 April 2017 throughout the Track Record Period.

At the date of this report, the Group has not applied the following new and amendments to HKFRSs, HKASs and interpretations that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2019.

3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 ***Financial Instruments***

HKFRS 9 introduced new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company have reviewed the Group's financial instruments and risk management policies as at 30 June 2017 and anticipate that the application of HKFRS 9 in the future may result in provision of expected credit losses on financial assets and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures; however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the Track Record Period.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 June 2017, the Group as lessee has non-cancellable operating commitments of HK$66,956,000 as disclosed in Note 31. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relevant interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or business first came under common control of the controlling entity.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from restaurant operations and net of discounts.

Revenue is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for the Group's activities as described below.

Revenue from restaurant operations is recognised at the point of sales to customers.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals under operating leases are recognised as expenses in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and building elements in proportion to the relative fair values of the leasehold interest in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

Taxation

Income tax expenses represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Track Record Period. Taxable profit differs from 'profit (loss) before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to settle or recover the carrying amount of its liabilities and assets.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) and buildings for operations are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Asset held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an assets.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Impairment losses of tangible assets (other than financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years/periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than those financial assets at fair value through profit or loss) and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial assets is held for trading.

A financial assets is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in other gains and losses in note 8. Fair value is determined in the manner described in Note 30.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a non-controlling shareholder of a subsidiary and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities at amortised cost (including trade payables, amount due to a director, amount due to a non-controlling shareholder of subsidiaries/a shareholder, advances from non-controlling shareholders of subsidiaries/shareholders and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial assets, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled and have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 4, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the coming financial year.

Estimation of useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and deprecation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the management's experience of the actual useful lives of property, plant and equipment of similar nature and functions and will take into account the lease term (including renewal option) of the Group's restaurants. Management will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management will also write-off or write-down the carrying value of the items which are non-strategic assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property, plant and equipment may not be recoverable. When the recoverable amounts of property, plant and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes places. As at 31 March 2016, 31 March 2017 and 30 June 2017, the carrying amount of property, plant and equipment are approximately HK$18,014,000, HK$22,661,000 and HK$18,302,000, respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable from restaurant operations, net of discounts, during the Track Record Period.

The principal activities of the Group are operating restaurants serving different kinds of cuisine in Hong Kong during the Track Record Period. Information reported to the Controlling Shareholders, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment, focuses on types of goods or services delivered or provided. The CODM has determined that the Group has only one reportable segment which includes all the restaurants serving different kinds of cuisine in Hong Kong, each of which is considered a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they are all full-service restaurants which target the mid-to-high-end customers in Hong Kong.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	For the year ended 31 March		**For the three months ended 30 June**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Revenue from external sales	163,431	198,568	45,589	48,651
Segment profit	23,687	29,140	6,371	7,543
Unallocated other income	56	56	14	16
Unallocated other gain or losses, net	(162)	(116)	–	(335)
Unallocated expenses	(2,296)	(3,226)	(733)	(8,800)
Profit (loss) before tax	21,285	25,854	5,652	(1,576)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by the reportable segment without interest income from life insurance policies, loss on disposal of property, plant and equipment, changes in fair value of held for trading investments, allocation of central administration costs, and listing expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Measures of total assets and liabilities are not reported as these financial information are not reviewed by the CODM for the assessment of performance and allocation of resources of the Group's business activities.

The Group's revenue from external customers by cuisine is as follow:

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Vietnamese	51,214	71,297	18,206	17,466
Japanese	75,978	78,992	17,787	19,160
Western	12,281	10,902	2,979	2,319
Chinese	23,958	37,377	6,617	9,706
	163,431	198,568	45,589	48,651

No geographical information is presented as the Group's operations and non-current assets are located in Hong Kong.

The Group's customer base is diversified and no individual customer had contributed more than 10% of the Group's revenue during the Track Record Period.

7. OTHER INCOME

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Interest income from life insurance policies	56	56	14	16
Others	150	234	125	142
	206	290	139	158

8. OTHER GAINS AND LOSSES, NET

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Loss on disposal of property, plant and equipment	(160)	(117)	–	(335)
(Loss) gain on changes in fair value of held for trading investments	(2)	1	–	–
Loss from a burglary accident	(184)	–	–	–
Insurance claim for a burglary accident	–	66	–	–
	(346)	(50)	–	(335)

9. FINANCE COSTS

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Interests on:				
– bank borrowings	104	295	46	118
– obligations under finance leases	6	16	4	8
	110	311	50	126

10. PROFIT (LOSS) BEFORE TAX

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit (loss) for the year/period has been arrived at after charging:				
Auditor's remuneration	195	220	54	379
Directors' remuneration *(Note 12)*	4,858	5,835	1,408	1,311
Other staff costs				
– salaries and other benefits	40,741	50,774	11,752	12,754
– performance-based bonus*	4,619	5,908	1,051	923
– retirement benefits scheme contribution excluding directors	1,658	2,125	489	528
Total directors and other staff costs	51,876	64,642	14,700	15,516

* Performance-based bonus of the employees were determined based on the revenue generated by the respective restaurants in the relevant year/period.

11. INCOME TAX EXPENSE

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Hong Kong Profits Tax				
– Current tax	2,429	4,046	987	1,049
Deferred tax (credit) charge *(Note 26)*	(22)	41	87	(37)
	2,407	4,087	1,074	1,012

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% for the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit (loss) before tax	21,285	25,854	5,652	(1,576)
Tax at the Hong Kong Profits Tax rate of 16.5%	3,512	4,266	933	(260)
Tax effect of expenses not deductible for tax purpose	23	–	–	1,230
Utilisation of temporary difference not recognised	(89)	(90)	(20)	(3)
Tax effect of tax losses not recognised	–	242	383	178
Tax effect of utilisation of tax losses previously not recognised	(927)	(231)	(222)	(133)
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department	(112)	(100)	–	–
Income tax expense for the year/period	2,407	4,087	1,074	1,012

Details of deferred taxation are set out in Note 26.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

(a) Directors' and chief executive's emoluments

The directors of the Company were appointed on 26 June 2017. Details of the emoluments paid or payable to the directors and the chief executive of the Company (including emoluments for their services as employees or directors of the group entities prior to becoming directors of the Company) during the Track Record Period are as follows:

	Mr. NS Wong	**Ms. Chan**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2016			
Executive directors			
Fees	–	–	–
Other emoluments			
– Salaries and other benefits (including housing allowance)	3,622	1,200	4,822
– Retirement benefit scheme contributions	18	18	36
	3,640	1,218	4,858
Year ended 31 March 2017			
Executive directors			
Fees	–	–	–
Other emoluments			
– Salaries and other benefits (including housing allowance)	4,399	1,400	5,799
– Retirement benefit scheme contributions	18	18	36
	4,417	1,418	5,835
Three months ended 30 June 2016 (unaudited)			
Executive directors			
Fees	–	–	–
Other emoluments			
– Salaries and other benefits (including housing allowance)	1,000	400	1,400
– Retirement benefit scheme contributions	4	4	8
	1,004	404	1,408
Three months ended 30 June 2017			
Executive directors			
Fees	–	–	–
Other emoluments			
– Salaries and other benefits (including housing allowance)	1,001	302	1,303
– Retirement benefit scheme contributions	4	4	8
	1,005	306	1,311

Ms. Chan was appointed as the chief executive of the Company on 26 June 2017.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

No emoluments was paid or payable to the independent non-executive directors, namely Mr. Tsang Siu Chun, Mr. Wang Chin Mong and Ms. Chan Yuen Ting, during the Track Record Period. These independent non-executive directors are appointed by the Company on 20 December 2017.

(b) Employees' remuneration

For the Track Record Period, the five highest paid individuals with the highest emoluments in the Group include two directors whose emoluments are included in the disclosure above. The remunerations for the remaining three employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Salaries and allowances	879	1,083	258	378
Performance-based bonus*	488	304	114	27
Retirement benefits scheme contribution	48	48	14	14
	1,415	1,435	386	419

* Performance-based bonus of the employees were determined based on the revenue generated by the respective restaurants in the relevant year/period.

The number of the highest paid employees who are neither a director nor chief executive of the Company whose emoluments fell within the following band is as follows:

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	No. of employees		*No. of employees* *(unaudited)*	
Nil to HK$1,000,000	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to the directors or any of the highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any remuneration during the Track Record Period.

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company for the Track Record Period is based on the following data:

	Year ended 31 March		For the three months ended 30 June	
	2016	**2017**	**2016**	**2017**
			(unaudited)	
Earnings				
Profit (loss) for the year/period attributable to owners of the Company for the purpose of basic earnings (loss) per share (in HK$'000)	12,001	14,214	2,567	(4,151)

	Year ended 31 March		For the three months ended 30 June	
	2016	2017	2016	2017
			(unaudited)	
Number of ordinary shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	256,283,787	245,794,120	245,089,229	253,893,956

The weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share for the Track Record Period has been determined on the assumption that the Group Reorganisation and the capitalisation issue as described in the section "Share Capital" of the Prospectus had been effective since 1 April 2015.

No diluted earnings (loss) per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

14. DIVIDENDS

No dividend has been declared or paid by the Company since its date of incorporation.

During the year ended 31 March 2017, Better World Holdings declared interim dividend of HK$23,000,000 to its Controlling Shareholders. No dividend has been paid or declared by Better World Holdings for the year ended 31 March 2016.

During the year ended 31 March 2016, Rise Charm, Nice Grain, Business Development and Better World Development, being non-wholly owned subsidiaries of Better World Holdings, declared and paid dividends of HK$2,600,000, HK$4,000,000, HK$4,000,000 and HK$1,000,000, respectively, to their shareholders, and HK$4,780,000 in total was paid to the non-controlling shareholders as dividends of these subsidiaries.

During the year ended 31 March 2017, Rise Charm, Nice Grain, Business Development, Better World Development and Taste Gourmet, being non-wholly owned subsidiaries of Better World Holdings, declared and paid dividends of HK$2,200,000, HK$3,900,000, HK$5,000,000 and HK$5,020,000 and HK$5,000,000, respectively, to their shareholders, and HK$7,506,000 in total was paid to the non-controlling shareholders as dividends of these subsidiaries.

The rate of dividend and number of shares ranking for the dividend is not presented as such information is not considered meaningful having regard to the purpose of this report.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
COST					
At 1 April 2015	–	22,091	4,293	500	26,884
Addition	3,094	4,953	332	802	9,181
Disposal	–	–	–	(500)	(500)
At 31 March 2016 and 1 April 2016	3,094	27,044	4,625	802	35,565
Addition	–	8,223	883	881	9,987
Written off	–	(2,628)	(480)	–	(3,108)
Disposal	–	(686)	(27)	–	(713)
At 31 March 2017 and 1 April 2017	3,094	31,953	5,001	1,683	41,731
Addition	–	–	102	–	102
Disposal	(3,094)	–	–	–	(3,094)
At 30 June 2017	–	31,953	5,103	1,683	38,739
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2015	–	11,482	2,674	–	14,156
Charge for the year	20	2,813	469	168	3,470
Disposal	–	–	–	(75)	(75)
At 31 March 2016 and 1 April 2016	20	14,295	3,143	93	17,551
Charge for the year	79	4,327	595	190	5,191
Eliminated on written off	–	(2,628)	(480)	–	(3,108)
Disposal	–	(542)	(22)	–	(564)
At 31 March 2017 and 1 April 2017	99	15,452	3,236	283	19,070
Charge for the period	20	1,211	171	84	1,486
Disposal	(119)	–	–	–	(119)
At 30 June 2017	–	16,663	3,407	367	20,437
CARRYING VALUES					
31 March 2016	3,074	12,749	1,482	709	18,014
31 March 2017	2,995	16,501	1,765	1,400	22,661
30 June 2017	–	15,290	1,696	1,316	18,302

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and building	Over the lease term
Leasehold improvements	Over the lease terms
Furnitures and equipment	20%
Motor vehicles	20%

As at 31 March 2016, 2017 and 30 June 2017, motor vehicles with net book values of approximately HK$709,000, HK$1,400,000 and HK$1,316,000, respectively, are held under finance leases.

As at 31 March 2016, 2017 and 30 June 2017, the leasehold land and building held by the Group situated in Hong Kong with net book values of approximately HK$3,074,000, HK$2,995,000 and HK$Nil, respectively, was pledged to secure bank borrowings granted to the Group (Note 22).

16. HELD FOR TRADING INVESTMENTS

	Year ended 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Listed securities:			
– Equity securities listed in the Stock Exchange of Hong Kong	26	27	–

17. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	458	966	900
Rental and utilities deposits	10,533	10,706	12,410
Payments for life insurance policy *(note)*	1,493	1,527	1,538
Prepaid rent and rates and property management fee	1,906	2,562	2,326
Prepayment, other receivables and other deposits	379	319	1,017
Prepaid and deferred listing expenses	–	–	2,505
Deposits for acquisitions of property, plant and equipment	–	–	732
	14,769	16,080	21,428
Less items expected to be realised over one year shown under non-current assets:			
– Rental and utilities deposits	(10,045)	(8,111)	(9,508)
– Payments for life insurance policy	(1,490)	(1,524)	(1,535)
– Deposits for acquisitions of property, plant and equipment	–	–	(732)
	3,234	6,445	9,653

Note: In January 2012, the Group entered into a life insurance policy with an insurance company to insure Mr. NS Wong, a director of the Company (the "Policy"). Under this Policy, the Group is the beneficiary and policy holder and the total insured sum is US$1,080,000 (equivalent to approximately HK$8,370,000). The Group is required to pay a single premium of US$172,925 (equivalent to approximately HK$1,340,000) at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("Account Value") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest rate of 4.4% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 3% per annum) during the effective period of the policy.

At the inception date of the policies, the upfront payment paid by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policy. The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the policies and the deposit placed is carried at amortised cost using the effective interest method. As represented by the directors of the Company, the Group will not terminate the policies nor withdraw cash prior to 16th policy year for the Policy and the expected life of the policies remained unchanged from the initial recognition.

The revenue from sales of food and beverages are on cash or credit card settlement. The Group allows a credit period of 30 days to its trade receivables arising from sales of food and beverages through food delivery service agents.

As at 31 March 2016, 31 March 2017 and 30 June 2017, the Company's trade receivables represents receivables from financial institutions in relation to the payment settled by credit cards by customers of which the settlement period is normally within 2 days from the service rendered date, and receivables from the food delivery agents. Based on transaction date, all trade receivables as based on invoice date are aged within 30 days as at the end of each of the reporting date. All trade receivables are settled subsequent to the end of each reporting period. None of the trade receivables are past due but not impaired as at 31 March 2016, 31 March 2017 and 30 June 2017.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by food delivery agents. Limits and scoring attributed to food delivery agents are reviewed regularly by directors of the Company. Trade receivables which are past due are provided for impairment loss based on estimated irrecoverable amounts from sales of goods, determined by reference to past default experience.

None of the Group's trade receivables was individually or collectively considered to be impaired. The Group does not hold any collateral over these balances.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the respective group entity:

	As at 31 March		**As at 30 June**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
United States Dollar ("US$")	1,493	1,527	1,538

The Company

The trade and other receivables of the Company as at 30 June 2017 represents the prepaid and deferred listing expenses.

18. AMOUNT DUE TO A SUBSIDIARY

The Company

The amount due to a subsidiary are unsecured, interest-free and repayable on demand.

19. BANK BALANCES AND CASH

Bank balances and cash comprise cash held and short term deposits within an original maturity of three months or less and carry interest at prevailing market rates ranging from nil to 0.02% per annum, nil to 0.02% per annum and nil to 0.02% per annum as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively.

Included in bank balances is the following amount denominated in a currency other than the functional currency of the respective group entity:

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Renminbi ("RMB")	87	16	16

20. TRADE AND OTHER PAYABLES

The Group

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables			
– aged within 30 days (based on invoice date)	3,809	3,510	3,697
Accrued employee benefit expense	3,905	4,060	4,500
Deferred rent	1,855	2,113	1,815
Accrued listing expenses	–	–	3,336
Accruals	448	481	1,998
	10,017	10,164	15,346

The credit period granted by suppliers on purchase of goods is 0 to 30 days.

The Company

The trade and other payables of the Company as at 30 June 2017 mainly represents the accrued listing expenses and other operating expenses.

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 March		At 30 June	As at 31 March		At 30 June
	2016	2017	2017	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under finance leases						
– within one year	260	564	564	246	539	543
– in more than one year but not more than two years	260	391	326	253	380	318
– in more than two years but not more than five years	86	179	102	86	177	101
	606	1,134	992	585	1,096	962
Less: Future finance charges	(21)	(38)	(30)			
Present value of lease obligations	585	1,096	962			
Less:						
Amount due for settlement within one year shown under current liabilities				(246)	(539)	(543)
Amount due for settlement after one year				339	557	419

During the years ended 31 March 2016 and 31 March 2017, the Group entered into finance lease arrangements for a term of 3 years to acquire motor vehicles in each of the year. As at 31 March 2016, 31 March 2017 and 30 June 2017, the average interest rates of the finance leases were 1.18%, 1.23% and 1.23%, respectively.

During the years ended 31 March 2016 and 31 March 2017, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK$692,000 and HK$813,000, respectively.

22. BANK BORROWINGS

	As at 31 March		As at 30 June
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Bank loans, secured and guaranteed	5,001	12,436	16,494
Carrying amount repayable (according to schedule repayment term as set out in the loan agreements):			
– Within one year	1,523	3,814	8,843
– More than one year, but not exceeding two years	1,382	3,904	3,896
– More than two years, but not exceeding five years	2,096	4,718	3,755
	5,001	12,436	16,494
Carrying amount that contain a repayment on demand clause (shown under current liabilities)	5,001	12,436	16,494

The Group's bank borrowings carries variable-rate interest at Hong Kong Dollar Best Lending Rate ("BLR") less 1.5% to 2.25% per annum, or at the Hong Kong Prime Rate less 2.05% per annum.

The range of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	As at 31 March		As at 30 June
	2016	2017	2017
Effective interest rate (per annum):			
Variable-rate borrowings	2.75% to 3.50%	2.75% to 3.00%	2.75% to 3.00%

The secured bank borrowings of HK$5,001,000, HK$12,436,000 and HK$16,494,000 as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively, represent term loans borrowed by the Group for its operation. As at 31 March 2016, such term loans are secured by (1) the leasehold land and buildings owned by Better World Holdings, the Controlling Shareholders and a non-controlling shareholder of subsidiaries; (2) the life insurance policy for Mr. NS Wong held by the Group as mentioned in Note 17; (3) a guarantee given by government of Hong Kong Special Administrative Region ("HKSAR") under the Special Loan Guarantee Scheme; (4) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (5) guarantees given by the Controlling Shareholders and a non-controlling shareholder of subsidiaries of the Company.

As at 31 March 2017, such term loans are secured by (1) the leasehold land and buildings owned by the Better World Holdings and the Controlling Shareholders; (2) the life insurance policy for Mr. NS Wong held by the Group as mentioned in Note 17; (3) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (4) guarantees given by the Controlling Shareholders and a non-controlling shareholders of subsidiaries of the Company.

As at 30 June 2017, such term loans are secured by (1) the leasehold land and buildings owned by the Controlling Shareholders of the Company; (2) the life insurance policy for Mr. NS Wong held by the Group as mentioned in Note 17; (3) blanket counter indemnity and counter indemnity to a bank provided by the subsidiaries of the Group; and (4) guarantees given by the Controlling Shareholders and a shareholder of the Company.

During the year ended 31 March 2017, the leasehold land and building owned by Mr. NS Wong and a non-controlling shareholder of subsidiaries which was pledged to a bank to secure the bank borrowings, and the guarantee given by government of HKSAR under the Special Loan Guarantee Scheme were released.

On 30 June 2017, the leasehold land and buildings owned by Better World Holdings which was pledged to a bank to secure the bank borrowings, was disposed of to Mr. NS Wong and Ms. Chan, the Controlling Shareholders at market value as disclosed in Note 33.

The directors of the Company have represented that they expect that the guarantees from the Controlling Shareholders and a shareholder of the Company, and pledge of the leasehold land and building owned by the Controlling Shareholders of the Company to secure the bank borrowings of the Group will be released prior to the completion of the Listing.

23. CURRENT ACCOUNTS WITH A DIRECTOR/NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/SHAREHOLDER, AND ADVANCES FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/SHAREHOLDERS

(a) Amount due from a non-controlling shareholder of a subsidiary

The amount is non-trade-nature, unsecured, interest free and repayable on demand. The amount had been fully settled during the year ended 31 March 2017.

(b) Amount due to a director

The amount is due to Mr. NS Wong and is non-trade in nature, unsecured, interest free and repayable on demand. The amount had been fully settled in September 2017.

(c) Amounts due to a non-controlling shareholder of subsidiaries/a shareholder

The amounts are of trade nature, unsecured, interest free and with a credit term of 30 days. The trade balance as at 31 March 2016, 31 March 2017 and 30 June 2017 based on the invoice date is aged within 30 days and not past due nor impaired.

(d) Advances from non-controlling shareholders of subsidiaries/shareholders

The amounts were non-trade in nature, unsecured, interest free and repayable on demand. The amounts had been fully settled in September 2017.

As part of the Group Reorganisation as detailed in Note 2, the non-controlling interests in certain subsidiaries of Better World Holdings were acquired by Better World Holdings on 23 June 2017, by issuance and allotment of shares of the Company credited as fully paid to the relevant non-controlling shareholders. Accordingly, these non-controlling shareholders of subsidiaries become shareholders of the Company since 23 June 2017.

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes					Non-cash changes					Non-cash changes				Non-cash changes	
	As at 1 April 2015	Financing cash flows	Finance cost recognised	Dividend declared	New finance leases	As at 31 March 2016	Financing cash flows	Finance cost recognised	Dividend declared	New finance leases	As at 31 March 2017	Financing cash flows	Finance cost recognised	As at 30 June 2017	As at 31 March 2016	Financing cash flows	Finance cost recognised	As at 30 June 2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(Note 9)	*(Notes 14 and 37)*	*(Note 21)*			*(Note 9)*	*(Notes 14 and 37)*	*(Note 21)*			*(Note 9)*			*(unaudited)*	*(unaudited) (Note 9)*	*(unaudited)*
Obligations under finance leases *(Note i)*	–	(113)	6	–	692	585	(318)	16	–	813	1,096	(142)	8	962	585	(64)	4	525
Amount due to a director *(Note ii)*	7,813	(2,191)	–	–	–	5,622	(16,484)	–	23,000	–	12,138	–	–	12,138	5,622	(5,120)	–	502
Advances from non-controlling shareholders of subsidiaries/shareholders *(Note iii)*	1,900	(3,195)	–	4,780	–	3,485	(8,271)	–	7,506	–	2,720	–	–	2,720	3,485	(2,559)	–	926
Bank borrowings *(Note iv)*	1,965	2,932	104	–	–	5,001	7,140	295	–	–	12,436	3,940	118	16,494	5,001	4,467	46	9,514
Total	11,678	(2,567)	110	4,780	692	14,693	(17,933)	311	30,506	813	28,390	3,798	126	32,314	14,693	(3,276)	50	11,467

Notes:

(i) The cash flows from obligations under finance leases comprise principal repayments for obligations under finance leases and interest paid on obligations under finance leases in the consolidated statements of cash flows.

(ii) The cash flows from amount due to a director comprise the net amount of advance from and repayments to a director in the consolidated statements of cash flows.

(iii) The cash flows from advances from non-controlling shareholders of subsidiaries/shareholders comprise the net amount of advances from and repayment to non-controlling shareholders of subsidiaries in the consolidated statements of cash flows.

(iv) The cash flows from bank borrowings comprise the net amount of proceeds from bank borrowings, and repayments of and interest paid on bank borrowings in the consolidated statements of cash flows.

25. PROVISION

	Reinstatement works
	HK$'000
At 1 April 2015	523
Addition	112
At 31 March 2016 and 1 April 2016	635
Addition	63
At 31 March 2017 and 30 June 2017	698

The provision for reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of the respective lease period. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

26. DEFERRED TAXATION

	As at 31 March		As at 30 June
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	350	349	372
Deferred tax liabilities	(582)	(622)	(608)
	(232)	(273)	(236)

	Depreciation Allowances
	HK$'000
At 1 April 2015	(254)
Credit to profit or loss for the year	22
At 31 March 2016 and 1 April 2016	(232)
Charge to profit or loss for the year	(41)
At 31 March 2017	(273)
Credit to profit or loss for the period	37
At 30 June 2017	(236)

The Group has unused estimated tax losses of approximately HK$3,139,000, HK$3,205,000 and HK$3,478,000 and deductible temporary difference of HK$2,014,000, HK$1,465,000 and HK$1,483,000 available for offset against future profits as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively. No deferred tax has been recognised in respect of such unused tax losses and deductible temporary differences due to the unpredictability of future profit streams. Unused tax losses may be carried forward indefinitely.

27. SHARE CAPITAL

Share capital of the Group as at 1 April 2015, 31 March 2016 and 31 March 2017 represented the issued share capital of Better World Holdings with carrying amount of HK$100.

Pursuant to the Group Reorganisation as disclosed in Note 2, the Company became the holding company of the companies now comprising the Group on 23 June 2017. The share capital of the Group as at 30 June 2017 represent the share capital of the Company with details as follow:

The Company

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 26 May 2017 (date of incorporation)		
and 30 June 2017 *(Note a)*	3,800,000	380
Issued and fully paid:		
Issue of share at date of incorporation	1	–
Issue of shares on Group Reorganisation *(Note b)*	2,999,999	300
At 30 June 2017	3,000,000	300

Notes:

(a) The Company was incorporated and registered as an exempted company in the Cayman Islands on 26 May 2017 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of a nominal value of HK$0.1 each. Upon incorporation of the Company, one subscriber share was allotted and issued as nil paid to independent third party as initial subscriber and the nil-paid share was transferred to IKEAB on the same day.

(b) On 23 June 2017, as part of the Group Reorganisation as disclosed in Note 2, the Company allotted and issued 2,494,999 shares to IKEAB, a company which is wholly-owned by the Controlling Shareholders, and 505,000 shares to the then non-controlling shareholders of certain subsidiaries of Better World Holdings.

28. RETIREMENT BENEFITS SCHEME

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (the "Mandatory Contributions"), and this is the only obligation of the Group with respect to the MPF Scheme to make the required contribution. The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated statements of profit or loss and other comprehensive income represent contribution paid or payable to the funds by the Group at rates specified in the rules of the MPF Scheme.

During the years ended 31 March 2016, 31 March 2017 and the three months ended 30 June 2016 and 2017, the total expense recognised in profit or loss of HK$1,694,000, HK$2,161,000, HK$497,000 (unaudited) and HK$536,000, respectively, represents contributions paid and payable to the MPF Scheme by the Group at rates specified in the rules of the MPF Scheme.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings, amount due to a director and advances from non-controlling shareholders of subsidiaries/shareholders, as disclosed in Notes 22 and 23, respectively, net of cash and cash equivalents and equity.

The management of the Group reviews the capital structure from time to time. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets			
Loans and receivables (including cash and cash equivalents)	31,767	34,406	41,950
Fair value through profit or loss classified as held for trading	26	27	–
	31,793	34,433	41,950
Financial liabilities			
Amortised cost	18,390	31,199	38,803

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from a non-controlling shareholder of a subsidiary, bank balances and cash, trade payables, amount due to a director, a non-controlling shareholder of subsidiaries/a shareholder, advances from non-controlling shareholders of subsidiaries/shareholders and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. Details of each type of market risks are described as follows:

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. However, the Group monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of BLR of the relevant banks arising from the Group's Hong Kong dollars denominated borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year/period. A 50 basis points increase or decrease represents management's assessment on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for variable rate bank borrowings, with all other variables held constant, the Group's post-tax profit for the years ended 31 March 2016, 31 March 2017 and the three months ended 30 June 2017 would decrease/increase by approximately HK$21,000, HK$52,000 and HK$17,250, respectively.

No sensitivity analysis of bank balances of the Group is presented as the management of the Group considers that the interest rate fluctuations on bank balances is minimal.

(ii) Foreign currency risk

The Group undertakes certain operating transactions in foreign currency, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities as at the end of each reporting period are as follows:

	As at 31 March 2016		**As at 31 March 2017**		**As at 30 June 2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Assets**	**Liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RMB	87	–	16	–	16	–
US$	1,493	–	1,527	–	1,538	–

As the US$ will only vary between HK$7.75=US$1 and HK$7.85=US$1 under the Linked Exchange Rate System, the management of the Group is of the opinion that the Group's exposure to US$ is minimal and accordingly, no foreign currency sensitivity analysis on US$ is presented.

Due to the insignificant balance of RMB held by the Group, the management of the Group considered the exposure to foreign currency risk for RMB against HK$ is minimal, and no sensitivity analysis is prepared.

(iii) Credit risk

The maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Group trades with a large number of individual customer and trading terms are mainly on cash and credit card settlement. In view of the Group's operation, the Group does not have significant credit risk exposure to any single individual customer.

The credit risk on bank balances is limited as such amounts are placed with or due from financial institutions with good reputation or credit ratings.

Liquidity risk

As of 31 March 2016, 31 March 2017 and 30 June 2017, the Group recorded net current liabilities of HK$2,129,000, HK$13,293,000 and HK$13,837,000, respectively. The net current liabilities arose mainly from the long-term bank borrowings (with maturity dates over one year) amounting to HK$3,478,000, HK$8,622,000 and HK$7,651,000 being reclassified as current liabilities as at 31 March 2016, 31 March 2017 and 30 June 2017, respectively, due to the overriding right of demand clause as stipulated in the facility agreement of the bank borrowings. The directors of the Company believe that these loan facilities (including those unutilised bank facilities) will continue to be made available to the Group and will not be withdrawn by the banks within the next twelve months from the end of each of the reporting period.

Further, taking into account the Group's cash flow projection for the coming twelve months from the end of each of the reporting period, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the next twelve months from the end of each of the reporting period.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*			*HK$'000*	*HK$'000*
As at 31 March 2016						
Non-derivative financial liabilities						
Trade payables	–	3,809	–	–	3,809	3,809
Amount due to a non-controlling shareholder of subsidiaries	–	473	–	–	473	473
Amount due to a director	–	5,622	–	–	5,622	5,622
Advances from non-controlling shareholders of subsidiaries	–	3,485	–	–	3,485	3,485
Bank borrowings	3.19	5,001	–	–	5,001	5,001
		18,390	–	–	18,390	18,390
Obligations under finance leases	1.18	260	260	86	606	585
		18,650	260	86	18,996	18,975
As at 31 March 2017						
Non-derivative financial liabilities						
Trade payables	–	3,510	–	–	3,510	3,510
Amount due to a non-controlling shareholder of subsidiaries	–	395	–	–	395	395
Amount due to a director	–	12,138	–	–	12,138	12,138
Advances from non-controlling shareholders of subsidiaries	–	2,720	–	–	2,720	2,720
Bank borrowings	2.94	12,436	–	–	12,436	12,436
		31,199	–	–	31,199	31,199
Obligations under finance leases	1.23	564	391	179	1,134	1,096
		31,763	391	179	32,333	32,295
As at 30 June 2017						
Non-derivative financial liabilities						
Trade payables	–	3,697	–	–	3,697	3,697
Accrued listing expenses	–	3,336	–	–	3,336	3,336
Amount due to a shareholder	–	418	–	–	418	418
Amount due to a director	–	12,138	–	–	12,138	12,138
Advances from shareholders	–	2,720	–	–	2,720	2,720
Bank borrowings	2.92	16,494	–	–	16,494	16,494
		38,803	–	–	38,803	38,803
Obligations under finance leases	1.23	564	326	102	992	962
		39,367	326	102	39,795	39,765

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2016, 31 March 2017 and 30 June 2017, the aggregate carrying amounts of these bank borrowings amounted to HK$5,001,000, HK$12,436,000 and HK$16,494,000, respectively. Taking into account the Group's financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that these bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group's aggregate principal and interest cash outflows for bank borrowings with a repayment on demand clause. To the extent that interest flows are variable rate, the undiscounted amount is derived from weighted average interest rate at the end of reporting period.

	Weighted average effective interest rate	Less than 1 year	1 to 2 years	2 to 5 years	Total undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings with a repayment on demand clause						
As at 31 March 2016	3.19	1,571	1,426	2,328	5,325	5,001
As at 31 March 2017	2.94	4,179	4,158	4,857	13,194	12,436
As at 30 June 2017	2.92	9,274	4,071	3,773	17,118	16,494

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of its financial asset classified at held for trading.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique and key inputs
	31 March 2016	31 March 2017	30 June 2017		
Held for trading investments	HK$26,000	HK$27,000	Nil	Level 1	Quote prices in an active market

There were no transfers between level 1, level 2 and level 3 during the Track Record Period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the Historical Financial Information approximate their fair values.

31. OPERATING LEASE COMMITMENTS

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
The Group as lessee				
Lease payments under operating leases in respect of restaurant premises, office premises and directors' quarters:				
– minimum lease payments	20,726	22,148	5,740	6,432
– contingent rents	586	1,468	342	492
	21,312	23,616	6,082	6,924

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating which fall due as follows:

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	23,102	20,535	25,296
In the two to fifth year inclusive	20,873	18,226	41,660
	43,975	38,761	66,956

The above operating lease payments represent rental payable by the Group for office premises, directors' quarters and restaurant premises for the Track Record Period.

Leases and rentals are negotiated and fixed for the term of two to five years. The operating lease rentals for certain restaurants are determined at the higher of a fixed rental or a pre-determined percentage on revenue of respective restaurants pursuant to the terms and conditions that are set out in the respective rental agreements. As the future revenue of these restaurants could not be reliably determined, the relevant contingent rents have not been included above and only the minimum lease commitment have been included in the table above.

The lease agreements entered between the landlord and the Group includes a renewal option at the discretion of the respective group entities for further two to three years from the end of the leases without fixed rental. Accordingly, this is not included in the above commitment.

32. CAPITAL COMMITMENTS

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Contracted for but not provided:			
Property, plant and equipment	–	–	968

33. RELATED PARTY TRANSACTIONS

Apart from details of the balances with related parties disclosed in the consolidated statements of financial position and other details disclosed elsewhere in the Historical Financial Information, the Group also entered into the following transactions with related parties during the Track Record Period:

Name of related party	Nature of transactions	Year ended 31 March 2016	Year ended 31 March 2017	Three months ended 30 June 2016	Three months ended 30 June 2017
		HK$'000	*HK$'000*	*HK$'000 (unaudited)*	*HK$'000*
SCY Concept Limited *(note 1)*	Management fee income	30	–	–	–
Loyal Champ Limited *(note 1)*	Advertising expenses	42	–	–	–
Chiu Kee *(note 2)*	Purchases of food ingredients	(5,978)	(5,889)	(1,477)	(1,291)

Notes:

(1) This related party is owned and controlled by Mr. NS Wong.

(2) This related party is owned by a non-controlling shareholder of subsidiaries who became a shareholder of the Company since 23 June 2017 following the Group Reorganisation as disclosed in Note 2.

On 30 June 2017, the leasehold land and building owned by the Group was disposed of to the Controlling Shareholders at a consideration of HK$2,640,000, which represented the market value of the leasehold land and building at 30 June 2017 as determined with reference to the transaction prices of comparable properties of similar size, character and location as assessed by Asset Appraisal Limited, a firm of independent qualified professional valuers not related to the Group. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, No. 145 Hennessy Road, Wan Chai, Hong Kong. Subsequent to the period ended 30 June 2017, the Group entered into a rental agreement with the Controlling Shareholders in respect of this leasehold land and building for a fixed term of one year commencing from 1 July 2017.

In addition, the warehouse premises owned by Mr. NS Wong and Ms. Chan, the Controlling Shareholders, had been provided to the Group as storage facilities at nil consideration for each of the two years ended 31 March 2016 and 2017, and the three months ended 30 June 2016 and 2017.

Furthermore, as at 31 March 2016, bank borrowings with carrying amounts of approximately HK$5,001,000 are (1) secured by the leasehold land and buildings owned by the Controlling Shareholders and a non-controlling shareholders of subsidiaries; and (2) guarantees given by the Controlling Shareholders and a non-controlling shareholder of subsidiaries of the Company.

As at 31 March 2017, the bank borrowings with carrying amounts of approximately HK$12,436,000, are (1) secured by the leasehold land and buildings owned by the Controlling Shareholders; and (2) guarantees given by the Controlling Shareholders and a non-controlling shareholders of subsidiaries of the Company.

As at 30 June 2017, bank borrowings with carrying amount of approximately HK$16,494,000 are secured by (1) the leasehold land and buildings owned by the Controlling Shareholders of the Company; and (2) guarantees given by the Controlling Shareholders and a shareholder of the Company.

The directors of the Company have represented that they expect that the guarantees from the Controlling Shareholders and a shareholder of the Company, and the leasehold land and building owned by the Controlling Shareholders of the Company to secure the bank borrowings of the Group will be released prior to the completion of the Listing.

Compensation of key management personnel

The remuneration of key management during the Track Record Period is as follows:

	Year ended 31 March 2016	Year ended 31 March 2017	Three months ended 30 June 2016	Three months ended 30 June 2017
	HK$'000	*HK$'000*	*HK$'000 (unaudited)*	*HK$'000*
Short-term benefits	6,189	7,186	1,772	1,708
Post-employment benefits	84	84	22	22
	6,273	7,270	1,794	1,730

34. RESERVES OF THE COMPANY

	Accumulated losses
	HK$'000
At 26 May 2017 (date of incorporation)	–
Loss and total comprehensive expenses for the period	(7,788)
At 30 June 2017	(7,788)

35. INVESTMENT IN A SUBSIDIARY/PARTICULARS OF SUBSIDIARIES

A. INVESTMENT IN A SUBSIDIARY

The Company

	As at 30 June 2017
	HK$'000
Unlisted equity investment	300

B. PARTICULARS OF SUBSIDIARIES

At the date of this report, the Company has direct and indirect interests in the following subsidiaries comprising the Group:

Name of subsidiaries	Place of incorporation and operation	Date of incorporation	Issued and fully paid-up share capital	Attributable equity interest held by the Company				Principal activities
				As at 31 March		As at 30 June	At date of this report	
				2016	2017	2017		
BWHK Limited# ("BWHK") *(Note i)*	BVI/Hong Kong ("HK")	31 May 2017	US$1	–	–	100%	100%	Investment holding
Better World Holdings *(Note ii)*	HK	10 April 2012	HK$100	100%	100%	100%	100%	Investment holding
Rise Charm *(Note ii)*	HK	13 September 2007	HK$100	55%	55%	100%	100%	Restaurant Operations

Name of subsidiaries	Place of incorporation and operation	Date of incorporation	Issued and fully paid-up share capital	Attributable equity interest held by the Company				Principal activities
				As at 31 March		As at 30 June	At date of this report	
				2016	2017	2017		
Better World Development *(Note ii)*	HK	2 October 2009	HK$100	41.25% *(note iv)*	65%	100%	100%	Restaurant operations
Nice Grain *(Note ii)*	HK	11 July 2011	HK$100	51%	51%	100%	100%	Restaurant operations
Taste New *(Note ii)*	HK	18 June 2012	HK$100	60%	60%	100%	100%	Restaurant operations
Taste Gourmet *(Note ii)*	HK	19 May 2014	HK$200	68%	68%	100%	100%	Restaurant operations
Business Development *(Note ii)*	HK	5 August 2014	HK$100	65%	65%	100%	100%	Restaurant operations
Better World Management Limited ("Better World Management") *(Note ii)*	HK	11 September 2014	HK$1	100%	100%	100%	100%	Provision of management services
MP Limited ("MP") *(Note iii)*	HK	23 April 2015	HK$1	100%	100%	100%	100%	Restaurant operations

\# BWHK is a directly held subsidiary of the Company. All other subsidiaries are indirectly held by the Company.

All the companies comprising the Group have adopted 31 March as their financial year end date.

Notes:

(i) No statutory financial statements have been prepared for BWHK since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.

(ii) The statutory financial statements of Better World Holdings, Rise Charm, Better World Development, Nice Grain, Taste New, Taste Gourmet, Business Development and Better World Management for the year ended 31 March 2016 and 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by S.Y. Yeung & Company, Certified Public Accountants in Hong Kong.

(iii) The statutory financial statements of MP for the period from 23 April 2015 (date of incorporation) to 31 March 2016 and for the year ended 31 March 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by S.Y. Yeung & Company, Certified Public Accountants in Hong Kong.

(iv) As at 31 March 2016, Better World Development was 75% owned by Rise Charm, a 55% subsidiary directly owned by Better World Holdings, the then holding company of the Group, and accordingly, 41.25% represented effective interest in Better World Development attributable to the Group.

36. DETAILS OF THE NON-WHOLLY OWNED SUBSIDIARIES

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests			Profit allocated to non-controlling interests				Accumulated non-controlling interests		
		As at 31 March		As at 30 June	For the years ended 31 March		For the three months ended 30 June		As at 31 March		As at 30 June
		2016	2017	2017	2016	2017	2016	2017	2016	2017	2017
					HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Nice Grain	Hong Kong	49%	49%	–	2,297	2,029	507	567	2,278	2,396	–
Rise Charm	Hong Kong	45%	45%	–	1,573	1,872	242	27	1,661	2,543	–
Individually immaterial subsidiaries with non-controlling interests					3,007	3,652	1,262	969	1,532	324	–
Total					6,877	7,553	2,011	1,563	5,471	5,263	–

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests

Summarised financial information for the Track Record Period in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represented amounts before intragroup elimination.

Nice Grain

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(Note (i))*
Current assets	4,003	3,837	N/A
Non-current assets	1,447	1,795	N/A
Current liabilities	(765)	(707)	N/A
Non-current liabilities	(36)	(36)	N/A
Equity attributable to owners of the Company	2,371	2,493	N/A
Non-controlling interests	2,278	2,396	N/A

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000* *(Note (ii))*
Revenue	23,958	24,545	5,821	5,512
Expenses	(19,270)	(20,405)	(4,786)	(4,354)
Profit and total comprehensive income for the year/period	4,688	4,140	1,035	1,158
Profit and total comprehensive income for the year/period attributable to owners of the Company	2,391	2,111	528	591
Profit and total comprehensive income for the year/period attributable to non-controlling interests	2,297	2,029	507	567
	4,688	4,140	1,035	1,158
Dividends declared to non-controlling interests of Nice Grain	1,960	1,911	–	–
Net cash inflow (outflow) from (used in) operating activities	5,769	3,967	1,633	(421)
Net cash outflow used in investing activities	–	(613)	(16)	–
Net cash outflow used in financing activities	(5,234)	(3,848)	(1,564)	–
Net cash inflow (outflow)	535	(494)	53	(421)

Notes:

(i) On 23 June 2017, as part of the Group Reorganisation disclosed in Note 2, Better World Holdings acquired the remaining 49% equity interests of Nice Grain not previously owned by issuance and allotment of 129,385 shares of the Company to the then non-controlling shareholders of Nice Grain. Nice Grain becomes a wholly-owned subsidiary of Better World Holdings since 23 June 2017.

(ii) The financial information for the three month ended 30 June 2017 covers the period from 1 April 2017 to 23 June 2017, the date on which the remaining 49% equity interest of Nice Grain was acquired by Better World Holdings.

Rise Charm

	As at 31 March		As at 30 June
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(Note (i))*
Current assets	4,282	4,735	N/A
Non-current assets	2,838	2,805	N/A
Current liabilities	(3,328)	(1,788)	N/A
Non-current liabilities	(101)	(101)	N/A
Equity attributable to owners of the Company	2,030	3,108	N/A
Non-controlling interests	1,661	2,543	N/A

	Year ended 31 March		Three months ended 30 June	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000* *(Note (ii))*
Revenue	43,401	37,560	10,652	5,108
Expenses	(39,906)	(33,400)	(10,112)	(5,048)
Profit and total comprehensive income for the year/period	3,495	4,160	540	60
Profit and total comprehensive income for the year/period attributable to owners of the Company	1,922	2,288	298	33
Profit and total comprehensive income for the year/period attributable to non-controlling interests	1,573	1,872	242	27
	3,495	4,160	540	60
Dividends declared to non-controlling interests of Rise Charm	1,170	990	–	–
Net cash inflow (outflow) from (used in) operating activities	2,684	2,629	227	(614)
Net cash outflow used in investing activities	–	(530)	–	–
Net cash (outflow) inflow (used in) from financing activities	(2,348)	(2,765)	314	(36)
Net cash inflow (outflow)	336	(666)	541	(650)

Notes:

(i) On 23 June 2017, as part of the Group Reorganisation disclosed in Note 2, Better World Holdings acquired the remaining 45% equity interests of Rise Charm not previously owned by issuance and allotment of 24,750 Shares of the Company to the then non-controlling shareholders of Rise Charm. Rise Charm becomes a wholly-owned subsidiary of Better World Holdings since 23 June 2017.

(ii) The financial information for the three month ended 30 June 2017 covers the period from 1 April 2017 to 23 June 2017, the date on which the remaining 45% equity interest of Rise Charm was acquired by Better World Holdings.

There are no significant restrictions on the ability of these non-wholly owned subsidiaries to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

Change in ownership in non-wholly owned subsidiaries

Name of subsidiaries	% of equity interest acquired (disposed) by the Group	(Decrease) increase in non-controlling interests	Increase (decrease) in amount attributable to owners of the Company
		HK$'000	*HK$'000*
Three months ended 30 June 2017			
Rise Charm###	45%	(2,570)	2,570
Better World Development###	35%	(769)	769
Nice Grain###	49%	(2,963)	2,963
Taste New###	40%	775	(775)
Taste Gourmet###	32%	(523)	523
Business Development###	35%	(776)	776
		(6,826)	6,826
Year ended 31 March 2017			
Better World Development*	23.75%	(255)	255
Year ended 31 March 2016			
Taste Gourmet#	(32%)	(33)	33
Business Development##	(35%)	(25)	25
		(58)	58

During the three months ended 30 June 2017, as part of the Group Reorganisation, Better World Holdings acquired all equity interests of its subsidiaries not previously owned as stated above from the then respective non-controlling shareholders. The Group holds 100% equity interest in those subsidiaries as indirect wholly-owned subsidiaries of the Group since 23 June 2017. Details of the Group Reorganisation are set out in Note 2.

* During the year ended 31 March 2017, Better World Holdings acquired an additional 23.75% equity interest of Better World Development from the non-controlling shareholders at a consideration of HK$65. After the aforesaid deemed acquisition, the Group held 65% equity interest in Better World Development as an indirect non-wholly owned subsidiary of the Group.

\# During the year ended 31 March 2016, the deemed partial disposal of equity interest in Taste Gourmet by the Group without loss of control was due to the allotment of an aggregate 64 new shares of Taste Gourmet at HK$64 to Mr. NM Wong, Mr. Ng and Mr. Chu. After the aforesaid deemed partial disposal, the Group held 68% equity interest in Taste Gourmet as an indirect non-wholly owned subsidiary of the Group.

\## During the year ended 31 March 2016, the deemed partial disposal of equity interest in Business Development by the Group without loss of control was due to the allotment of an aggregate 35 new shares of Business Development at HK$35 to Mr. NM Wong, Mr. Ng and Mr. Chu. After the aforesaid deemed partial disposal, the Group held 65% equity interest in Business Development as an indirect non-wholly owned subsidiary of the Group.

37. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2016, the dividend declared to the non-controlling shareholders of certain subsidiaries amounting to HK$4,708,000 have been off set with the respective advances from non-controlling shareholders of subsidiaries.

During the year ended 31 March 2017, the dividend declared to the Controlling Shareholder and non-controlling shareholders of certain subsidiaries amounting to HK$23,000,000 and HK$7,506,000 have been off set with the amount due to a director and advances from non-controlling shareholders of subsidiaries, respectively.

The Group entered into finance lease arrangements in respect of motor vehicles during the years ended 31 March 2016 and 31 March 2017. The capital values at the inception of the leases are disclosed in Note 21.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 30 June 2017.

39. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, subsequent events of the Group are detailed as below:

(i) In September 2017, the Group was in breach of one of the financial undertakings for a bank loan which was waived by the bank subsequently on 25 October 2017. Such financial undertaking is subject to compliance review by the bank based on the audited results of Better World Holdings for the year ending 31 March 2018.

(ii) Pursuant to the written resolutions of the shareholders of the Company passed on 20 December 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 3,800,000 shares to HK$100,000,000 divided into 1,000,000,000 shares by the creation of additional 996,200,000 shares, which rank pari passu in all respect with the existing issued shares of the Company.

(iii) Pursuant to the written resolution of the shareholders of the Company passed on 20 December 2017, conditional upon the share premium account of the Company being credited as a result of the issue of the shares pursuant to the Share Offer as defined in the Prospectus, the directors of the Company are authorised to capitalise HK$29,700,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 297,000,000 shares of the Company for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 20 December 2017 (or as they may direct) in proportion to their existing respective shareholdings in the Company, and the shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respect with the existing issued shares of the Company.

(iv) Pursuant to the written resolution of the shareholders of the Company passed on 20 December 2017, the Company has conditionally adopted a share option scheme, the principal terms of which are set out in section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus.

The information set out in this appendix does not form part of the accountants' report on the historical financial information of the Group for the two years ended 31 March 2017 and the three months ended 30 June 2017 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this Prospectus, and is included in this Prospectus for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the directors of the Company in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the proposed public offer and placing of shares of the Company on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "Share Offer") on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 30 June 2017.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group had the Share Offer been completed on 30 June 2017 or any future date following the Share Offer.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 per Share
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on the Offer Price of HK$0.86 per Share	14,887	69,954	84,841	0.21
Based on the Offer Price of HK$1.09 per Share	14,887	92,149	107,036	0.27

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 is extracted from the Accountants' Report set out in "Appendix I – Accountants' Report" to this prospectus.

(2) The estimated net proceeds from the issue of our Shares pursuant to the Share Offer are based on 100,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$0.86 and HK$1.09 per Share, respectively, after deduction of the underwriting commissions and fees and other related expenses incurred or to be incurred by the Group subsequent to 1 July 2017 assuming that the Offer Size Adjustment Option is not exercised. It does not take into account any Shares (i) which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors referred in the section headed "Share Capital – General mandate to Issue Shares" or the section headed "Share Capital – General mandate to repurchase Shares" in this prospectus.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at on the basis that 400,000,000 Shares were in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 30 June 2017 and that the Offer Size Adjustment Option is not exercised. It does not take into account any Shares (i) which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme (ii) which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors referred in the section headed "Share Capital – General mandate to Issue Shares" or the section headed "Share Capital – General mandate to repurchase Shares" in this prospectus.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2017 does not take into account the effect of any trading result or other transaction of the Group entered into subsequent to 30 June 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

Deloitte. 德勤

To the Directors of Taste • Gourmet Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Taste • Gourmet Group Limited (formerly known as Taste Gourmet Group Limited) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted consolidated net tangible assets as at 30 June 2017 and related notes as set out in Section A of Appendix II to the prospectus issued by the Company dated 29 December 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and placing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Share Offer") on the Group's financial position as at 30 June 2017 as if the Share Offer had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the two years ended 31 March 2017 and the three months ended 30 June 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

100 Making another century of impact
德勤百年庆 开创新纪元

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 December 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 26 May 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Company's constitutional documents consist of its Memorandum of Association (the "Memorandum") and its Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 20 December 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 29 June 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 26 May 2017. Our Company has established a place of business in Hong Kong at Office Unit No. 1A, 8/F, Arion Commercial Centre, Nos. 2-12 Queen's Road West, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 5 July 2017. Our Company has adopted 嚐•高美集團有限公司 (previously known as 嚐高美集團有限公司) as the dual foreign name of our Company on 14 July 2017 and has received the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by Registrar of Companies in Hong Kong on 1 August 2017. Mr. NS Wong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands company law and to its constitution comprising the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles of our Company and relevant aspects of the Cayman Islands company law is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 3,800,000 Shares of HK$0.10 each. Upon its incorporation, one Share was allotted and issued nil-paid to its initial subscriber. On the same day, the said one nil paid Share was transferred to IKEAB Limited. The following alterations in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:

(a) On 26 May 2017, our Company allotted and issued one subscriber Share with a par value of HK$0.10 as nil paid to an Independent Third Party as the initial subscriber to our Company, and such subscriber share was transferred to IKEAB Limited on the same day;

(b) On 23 June 2017, in consideration of the transfer of 100% of the issued share capital of Better World Holdings Limited by Mr. NS Wong and Ms. Chan to BWHK Limited, 2,494,499 Shares, credited as fully paid, were allotted and issued to IKEAB Limited and the one nil-paid Share registered in the name of IKEAB Limited was credited as fully paid at par;

(c) On 23 June 2017, 76,886, 49,114 and 49,114 Shares, credited as fully paid, were allotted and issued to Mr. NM Wong, Mr. Ng and Mr. Chu respectively in consideration of the transfer of an aggregate of 35% of the issued share capital of Business Development from Mr. NM Wong, Mr. Ng and Mr. Chu to Better World Holdings;

(d) On 23 June 2017, 45,257, 22,500, 22,500, 15,814, 11,657 and 11,657 Shares, credited as fully paid, were allotted and issued to Mr. Ng, Mr. NM Wong, Mr. Huang, Mr. Chu, Mr. Ko and Ms. Lau respectively in consideration of the transfer of an aggregate of 49% of the issued share capital of Nice Grain from Mr. NM Wong, Mr. Ng, Ms. Lau, Mr. Ko, Mr. Huang and Mr. Chu to Better World Holdings;

(e) On 23 June 2017, 24,750 Shares, credited as fully paid, were allotted and issued to Mr. Ng in consideration of the transfer of 45% of the issued share capital of Rise Charm from Mr. Ng to Better World Holdings;

(f) On 23 June 2017, 10,029, 10,029, 3,343 and 3,343 Shares, credited as fully paid, were allotted and issued to Mr. NM Wong, Mr. Ng, Ms. Lau and Mr. Ko respectively in consideration of the transfer of an aggregate of 40% of the issued share capital of Taste New from Mr. NM Wong, Mr. Ng, Ms. Lau and Mr. Ko to Better World Holdings;

(g) On 23 June 2017, 40,585, 26,250 and 18,408 Shares, credited as fully paid, were allotted and issued to Mr. NM Wong, Mr. Ng and Mr. Chu respectively in consideration of the transfer of an aggregate of 32% of the issued share capital of Taste Gourmet from Mr. NM Wong, Mr. Ng and Mr. Chu to Better World Holdings;

(h) On 23 June 2017, 47,164 and 17,100 Shares, credited as fully paid, were allotted and issued to Mr. Chu and Mr. Ng respectively in consideration of the transfer of an aggregate of 35% of the issued share capital of Better World Development from Mr. Ng and Mr. Chu to Better World Holdings;

(i) Pursuant to the resolutions passed at the extraordinary general meeting of our Shareholders held on 20 December 2017, the authorised share capital of our Company was increased from HK$380,000 divided into 3,800,000 Shares of HK$0.10 each will be increased to HK$100,000,000 divided into 1,000,000,000 shares of HK$0.1 each by the creation of an additional 996,200,000 Shares.

(j) immediately following completion of the Share Offer and Capitalisation Issue (without taking into account our Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any option(s) which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK$100,000,000 divided into 1,000,000,000 Shares of HK$0.10 each, of which 400,000,000 Shares will be allotted and issued fully paid or credited as fully paid and 600,000,000 Shares will remain unissued. Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraph headed "4. Extraordinary general meeting of our Shareholders held on 20 December 2017" in this section, the exercise of the Offer Size Adjustment Option or the option(s) which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in the paragraph headed "4. Extraordinary general meeting of our Shareholders held on 20 December 2017" in this section, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our Company's subsidiaries

The principal subsidiaries of our Company are set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, development and Reorganisation" of this prospectus, there are no changes in the registered capital of our Company's subsidiaries during the two years preceding the date of this prospectus.

4. Extraordinary general meeting of our Shareholders held on 20 December 2017

Pursuant to resolutions passed at the extraordinary general meeting of our Shareholders held on 20 December 2017:

(a) our Company approved and adopted the Memorandum with immediate effect and approved and conditionally adopted the Articles with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 3,800,000 Shares to HK$100,000,000 divided into 1,000,000,000 Shares by the creation of an additional 996,200,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;

(c) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised to approve any amendment(s) to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(d) conditional on (aa) the Listing Division granting the approval of the listing of, and permission to deal in, our Shares in issue and Shares to be allotted and issued as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the option(s) which may be granted under the Share Option Scheme; and (bb) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including the waiver of any condition(s) by the Sole Bookrunner (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:

(i) the Share Offer and the grant of the Offer Size Adjustment Option by our Company and the Share Option Scheme were approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer and such number of Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option(s) which may be granted under the Share Option Scheme; (bb) implement the Share Offer and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise HK$29,700,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 297,000,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 20 December 2017 (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;

(iii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any option(s) which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue or upon the exercise of the Offer Size Adjustment Option and any option(s) which may be granted under the Share Option Scheme, Shares with an aggregate nominal value not exceeding the sum of (aa) 20% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding our Shares which may be allotted and issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme), (bb) the aggregate number of Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (iv) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;

(iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (but excluding the Shares which may be allotted and issued under the Offer Size Adjustment Option or pursuant to the exercise of the option(s) which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and

(v) the general unconditional mandate mentioned in sub-paragraph (iii) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares bought back by our Company pursuant to the mandate to buy-back Shares as referred to in sub-paragraph (iv) above, provided that such extended amount shall not exceed 10% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding our Shares which may be allotted and issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

5. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Please refer to section headed "History, Development and Reorganisation" of this prospectus.

Save as disclosed in the section headed "History, Development and Reorganisation" in this prospectus, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders' approval

The GEM Listing Rules provide that all proposed repurchase of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the extraordinary general meeting of our Shareholders held on 20 December 2017, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange, or any other stock exchange on which our Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, Shares representing up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding our Shares which may be allotted and issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchase(s) by us must be made out of profits, share premium or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of either or both of profits of our Company or our Company's share premium account before or at the time our Shares are bought back or, subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In buying-back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after the Listing, would result in up to 40,000,000 Shares being bought back by our Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the GEM Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed in the paragraph headed "6. Repurchase by our Company of its own securities" in this section, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR COMPANY'S BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) sale and purchase agreement dated 23 June 2017 entered into among Mr. NS Wong, Ms. Chan, IKEAB Limited, BWHK and our Company in relation to the transfer of the shareholdings in Better World Holdings in consideration of, inter alia, the allotment and issue of certain Shares by our Company to IKEAB Limited;

(b) share swap agreement dated 23 June 2017 entered into among the Existing Shareholders (except Mr. NS Wong and Ms. Chan), Better World Holdings and our Company in relation to the transfer of the shareholdings in certain operating subsidiaries (which includes Business Development, Nice Grain, Rise Charm, Taste New, Taste Gourmet, Better World Development, and excludes Better World Management and MP which were wholly owned by Mr. NS Wong and Ms. Chan prior to the Reorganisation) in consideration of the allotment and issue of certain Shares by our Company to the Existing Shareholders (except Mr. NS Wong and Ms. Chan), Better World Holdings or entities as may be directed by them as appropriate in each operating subsidiary;

(c) the Deed of Non-Competition;

(d) the Deed of Indemnity; and

(e) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

	Trademark registration number	Trademark	Registered owner	Place of registration	Class	Expiry date
1.	302008386	dab-pa	Nice Grain Limited	Hong Kong	43	17 August 2021
2.	303008709	La'taste	Better World Holdings Limited	Hong Kong	43	25 May 2024
3.	303008691	浦和 Urawa Japanese Restaurant	Better World Holdings Limited	Hong Kong	43	25 May 2024
4.	303636342		Better World Holdings Limited	Hong Kong	43	20 December 2025
5.	304107924	säy cheese CAFE & DESSERT	Better World Holdings Limited	Hong Kong	43	11 April 2027
6.	304107942		Better World Holdings Limited	Hong Kong	43	11 April 2027

As at the Latest Practicable Date, our Group had applied for registration of the following trademark:

	Trademark registration number	Trademark	Applicant	Place of application	Class	Application date
1.	304174191		Better World Holdings Limited	Hong Kong	43	15 June 2017

(b) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Registered owner	Date of registration	Expiry date
www.betterworld.hk	Better World Holdings Limited	16 August 2013	16 August 2017
www.tastegourmet.hk	Better World Holdings Limited	4 May 2017	4 May 2022
www.tastegourmet.com.hk	Taste Gourmet Limited	12 June 2017	13 June 2022

Save as disclosed in this prospectus, there are no trademarks, patents or other intellectual property rights which are material in relation to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Directors' Service Contracts

The aggregate annual basic salary (excluding the bonus and allowances mentioned below) of all the executive Directors pursuant to each of their respective service contracts is approximately HK$4.2 million. The executive Directors' service contracts have a term of three years commencing from the Listing Date and may be terminated by either party by giving not less than three calendar months' notice in writing. In certain other circumstances, the service contracts can also be terminated by our Company, including but not limited to certain breaches of the Directors' obligations under the contract or certain misconducts. The appointments of the executive Directors are also subject to the provision of retirement and rotation of Directors under the Articles. The salary of each executive Director after each financial year is subject to adjustment as determined by the Company's remuneration committee and approved by a majority of the members of the Board (excluding the Director whose salary is under review).

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a period of three years commencing from the Listing Date and may be terminated by either party by giving at least three months' notice. The appointments of the independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. Pursuant to the terms of the letters of appointment, the annual director's fee payable to each of the independent non-executive Directors is approximately HK$100,000.

2. Directors' Remuneration

Our Company's policies concerning remuneration of executive Directors are as follows:

(i) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on the Director's experience, responsibility, workload and the time devoted to our Group; and

(ii) non-cash benefits may be provided at the discretion of the Board to our Directors under their remuneration package.

The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 were approximately HK$4.9 million, HK$5.8 million and HK$1.3 million, respectively. Details of the Directors' remuneration are also set out in Note 12 of the Accountants' Report set out in Appendix I to this prospectus.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including the independent non-executive Directors) for the year ending 31 March 2018, are expected to be approximately HK$5.2 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the years ended 31 March 2016 and 2017 and the three months ended 30 June 2017.

3. Disclosure of Directors' Interests

Immediately following completion of the Share Offer, the interests of our Directors and the chief executives of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to "the required standard of dealings" as contained in Chapter 5 of the GEM Listing Rules, will be as follows:

Name of Directors	**Capacity/Nature of interest**	**Number of Shares** *(Note 1)*	**Percentage of Shareholding** *(Note 2)*
Mr. NS Wong *(Note 3)*	Interest in controlled corporation and interest of spouse *(Note 4)*	249,450,000(L)	62.375%
Ms. Chan *(Note 3)*	Interest in controlled corporation and interest of spouse *(Note 4)*	249,450,000(L)	62.375%

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares.

2. The relevant percentages have been calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that 400,000,000 Shares will be in issue on the Listing Date.

3. IKEAB Limited is owned by Mr. NS Wong as to 70% and Ms. Chan as to 30%. As such, Mr. NS Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

4. Mr. NS Wong is the spouse of Ms. Chan.

4. Substantial Shareholders

So far as is known to our Directors, immediately following completion of the Share Offer, the following persons (not being a Director or the chief executives of our Company) will have an interest or a short position in Shares or underlying Shares which would be required 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 will be, 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 our Group:

Name of Substantial Shareholder	Capacity/Nature of interest	Number of Shares held immediately after completion of the Share Offer and Capitalisation Issue *(Note 1)*	Approximate percentage of interest in our Company's issued share capital immediately after the Share Offer and Capitalisation Issue *(Note 2)*
IKEAB Limited	Beneficial owner	249,450,000	62.375%
Mr. NS Wong *(Note 3)*	Interest in a controlled corporation and interest of spouse *(Note 4)*	249,450,000	62.375%
Ms. Chan *(Note 3)*	Interest in a controlled corporation and interest of spouse *(Note 4)*	249,450,000	62.375%

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares.

2. The relevant percentages have been calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that 400,000,000 Shares will be in issue on the Listing Date.

3. IKEAB Limited is owned by Mr. NS Wong as to 70% and Ms. Chan as to 30%. As such, Mr. NS Wong and Ms. Chan are deemed to be interested in the Shares owned by IKEAB Limited by virtue of the SFO.

4. Mr. NS Wong is the spouse of Ms. Chan.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests and short positions in our Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have 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 he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange;

(b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in our Shares and underlying Shares of our Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is 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 our Group;

(c) none of our Directors nor any of the persons listed in the sub-section headed "7. Qualifications and consents of experts" below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors or the persons listed in the sub-section headed "7. Qualifications and consents of experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group taken as a whole;

(e) none of the persons listed in the sub-section headed "7. Qualifications and consents of experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 23 of the GEM Listing Rules at the extraordinary general meeting of our Shareholders held on 20 December 2017. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

1. Purpose

The purpose of the Share Option Scheme is to motivate Eligible Persons (as set out in paragraph 2 below) to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives, to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Eligible Persons

Our Board may, at its sole discretion, invite any director or proposed director (including an independent non-executive director) of any member of our Group, any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of our Group (an "**Employee**"), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of our Group (an "**Executive**"), a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group, or any advisory, consultancy, professional or other services to any member of our Group, or a close associate (as defined under the GEM Listing Rules) of any of the foregoing persons (together, the "**Eligible Persons**" and each an "**Eligible Person**").

3. Conditions and administration

The Share Option Scheme shall come into effect on the Listing Date, subject to:

(a) the Stock Exchange granting approval for the listing of and permission to deal on the Shares in the Company to be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme ("**Share Options**"); and

(b) the commencement of dealings in the Shares on the GEM of the Stock Exchange.

The Share Option Scheme shall be subject to the administration of our Board whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (except as otherwise provided in the rules of Share Option Scheme) be final and binding on all parties thereto. Our Board may delegate any or all of its powers in relation to the Share Option Scheme to any of its committees.

4. Determination of eligibility

(a) Our Board may, at its absolute discretion, offer to grant to any Eligible Person a Share Option to subscribe for Shares under the Share Option Scheme.

(b) The basis of eligibility of any Eligible Person to the grant of any Share Option shall be determined by the Directors from time to time on the basis of their contributions to the development and growth of our Group.

(c) For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares to any person who falls within the definition of Eligible Persons shall not, by itself, unless our Directors otherwise determine, be construed as a grant of Share Options under the Share Option Scheme.

(d) An Eligible Person or grantee shall provide our Board such information and supporting evidence as the Board may in its absolute discretion request from time to time (including, without limitation, before the offer of a grant of Share Option, at the time of acceptance of a grant of Share Option, and at the time of exercise of a Share Option) for the purpose of assessing and/or determining his eligibility or continuing eligibility as an Eligible Person and/or grantee or that of his close associates or for purposes in connection with the terms of a Share Option (and the exercise thereof) or the Share Option Scheme and the administration thereof.

5. Duration

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Listing Date. However, our Shareholders in general meeting may by resolution at any time terminate the Share Option Scheme. Upon the expiry or termination of the Share Option Scheme as aforesaid, no further Share Option shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All Share Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the terms of the Share Option Scheme.

6. Grant of Share Options

On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time within the period of the Share Option Scheme to offer the grant of any Share Option to any Eligible Person as our Board may in its absolute discretion select, and on acceptance of the offer, grant such part of the Share Option as accepted to the Eligible Person.

Subject to the provisions of the Share Option Scheme, our Board may in its absolute discretion when offering the grant of a Share Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as our Board may think fit (to be stated in the letter containing the offer of the grant of the Share

Option) including (without prejudice to the generality of the foregoing) continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period when the right to exercise the Share Option in respect of all or some of the Shares which the Share Option relates shall vest.

An offer of the grant of a Share Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Share Option duly signed by the grantee together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by within the period specified in the letter containing the offer of the grant of the Share Option. Once such acceptance is made, the Share Option shall be deemed to have been granted and to have taken effect from the offer date.

7. Subscription price of Shares

The subscription price in respect of any particular Share Option shall be such price as our Board may in its absolute discretion determine at the time of grant of the relevant Share Option (and shall be stated in the letter containing the offer of the grant of the Share Option) but the subscription price shall not be less than whichever is the highest of:

(a) the nominal value of Share;

(b) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average of the closing prices of Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the offer date.

The subscription price shall also be subject to adjustment in accordance with paragraph 13 of this section.

8. Exercise of Share Options

(a) A Share Option shall be exercised in whole or in part by the grantee according to the procedures for the exercise of Share Options established by our Company from time to time. Every exercise of a Share Option must be accompanied by a remittance for the full amount of the subscription price for the Shares to be issued upon exercise of such Share Option.

(b) A Share Option shall be personal to the grantee and shall not be and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Share Option or purport to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option may be registered). Any breach of the foregoing shall entitle our Company to cancel, revoke or terminate any outstanding Share Option or part thereof granted to such grantee without any compensation.

(c) Subject to paragraph 8(e) and any conditions, restrictions or limitations imposed in relation to the particular Share Option pursuant to the provisions of paragraphs 6, 10 or 12 and subject as hereinafter provided, a Share Option may be exercised at any time during the option period, provided that:

(i) if the grantee (being an individual) dies or becomes permanently disabled before exercising an Share Option (or exercising it in full), he (or his legal representative(s)) may exercise the Share Option up to the grantee's entitlement (to the extent not already exercised) within a period of 12 months following his death or permanent disability or such longer period as our Board may determine;

(ii) in the event of the grantee ceasing to be an Executive by reason of his retirement pursuant to such retirement scheme applicable to our Group at the relevant time, his Share Option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period;

(iii) in the event of the grantee ceasing to be an Executive by reason of his transfer of employment to an affiliate company of our Company, his Share Option (to the extent not exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as our Board has determined;

(iv) in the event of the grantee ceasing to be an Executive for any reason (including his employing company ceasing to be a member of our Group) other than his death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time, transfer of employment to an affiliate company or the termination of his employment with the relevant member of our Group by resignation or culpable termination, the Share Option (to the extent not already exercised) shall lapse on the 180th day after the date of cessation of such employment and not be exercisable unless our Board otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such cessation;

(v) in the event of the grantee ceasing to be an Executive by reason of the termination of his employment by resignation or culpable termination, the Share Option (to the extent not already exercised) shall lapse on the date on which the notice of termination is served (in the case of resignation) or the date on which the grantee is notified of the termination of his employment (in the case of culpable termination) and not be exercisable unless our Board otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such service or notification. A resolution of our Board resolving that the Executive's Share Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;

(vi) if a grantee being an executive director of our Company ceases to be an Executive but remains a non-executive director, his Share Option (to the extent not already exercised) shall be exercisable until the expiry of the relevant option period unless our Board in its absolute discretion otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as the Board has determined;

(vii) if (1) our Board in its absolute discretion at any time determines that a grantee has ceased to be an Eligible Person; or (2) a grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions that may be attached to the grant of the Share Option or which were the basis on which the Share Option was granted, the Share Option (to the extent not already exercised) shall lapse on the date on which the grantee is notified thereof (in the case of (1)) or on the date on which the grantee has failed to or no longer satisfies or complies with such criteria or terms and conditions as aforesaid (in the case of (2)) and not be exercisable unless our Board otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such notification or the date of such failure/non-satisfaction/non-compliance. In the case of (1), a resolution of our Board resolving that the grantee's Share Option has lapsed pursuant to this sub-paragraph shall be final and conclusive;

(viii) if a grantee (being a corporation) (1) has a liquidator, provisional liquidator, receiver or any person carrying out any similar function appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the grantee; or (2) has suspended or ceased or threatened to suspend or cease business; or (3) is unable to pay its debts (within the meaning of section 178 of the Companies (WUMP) Ordinance or any similar provisions under the Cayman Island Companies Law as amended from time to time); or (4) otherwise becomes insolvent; or (5) suffers a change in its constitution, directors, shareholding or management which in the opinion of our Board is material; or (6) commits a breach of any contract entered into between the grantee or his associate and any member of our Group, the option (to the extent not already exercised) shall lapse on the date of appointment of the liquidator or receiver or other similar person or on the date of suspension or cessation of business or on the date when the grantee is deemed to be unable to pay its debts as aforesaid or on the date of notification by our Company that the said change in constitution, directors, shareholding or management is material or on the date of the said breach of contract (as the case may be) and not be exercisable unless our Board otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the grantee's Share Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

(ix) if a grantee (being an individual) (1) is unable or has no reasonable prospect of being able to pay his debts within the meaning of the Bankruptcy Ordinance or any other applicable law or has otherwise become insolvent; or (2) has made any arrangements or compositions with his creditors generally; or (3) has been convicted of any criminal offence involving his integrity or honesty; or (4) commits a breach of any contract entered into between the grantee or his Associate and any member of our Group, the Share Option (to the extent not already exercised) shall lapse on the date on which he is deemed unable or to have no reasonable prospects of being able to pay his debts as aforesaid or on the date on which a petition for bankruptcy has been presented in any jurisdiction or on the date on which he enters into the said arrangement or composition with his creditors or on the date of his conviction or on the date of the said breach of contract (as the case may be) and not be exercisable unless our Board otherwise determines in which event the Share Option (or such remaining part thereof) shall be exercisable within such period as our Board may in its absolute discretion determine following the date of such occurrence. A resolution of our Board resolving that the grantee's Share Option has lapsed pursuant to this sub-paragraph by reason of a breach of contract as aforesaid shall be final and conclusive;

(x) if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of the Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Share Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;

(xi) if a notice is given by our Company to the Shareholder to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all grantees (together with a notice of the existence of this provision) and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his Share Option at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid; and

(xii) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have unexercised Share Options at the same time as it despatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his legal representatives or receiver) may until the expiry of the earlier of: (1) the option period; (2) the period of two months from the date of such notice; and (3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his Share Option. Except insofar as exercised in accordance with this paragraph 8(c)(xii), all Share Options outstanding at the expiry of the relevant period referred to in this paragraph 8(c)(xii) shall lapse. Our Company may thereafter require each grantee to transfer or otherwise deal with the Shares issued on exercise of the Share Option to place the grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement, provided that in determining the entitlement of any grantee to exercise an Share Option at any particular date, our Board may in its absolute discretion relax or waive, in whole or in part, conditionally or unconditionally, any additional conditions, restrictions or limitations imposed in relation to the particular Share Option pursuant to the provisions of paragraph 6 and/or deem the right to exercise the Share Option in respect of the Shares the subject thereof to have been exercisable notwithstanding that according to the terms of the particular Share Option such right shall not have then vested.

(d) The Shares to be allotted upon the exercise of a Share Option shall be subject to all the provisions of the Memorandum of Association and the Articles of Association of our Company and the laws of the Cayman Islands in force from time to time and shall rank pari passu in all respects with then existing fully-paid Shares in issue on the allotment date, and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date, other than any dividend or other distributions previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date. Subject as aforesaid, no grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of a Share Option pursuant to the Share Option Scheme.

(e) Our Company is entitled to refuse any exercise of a Share Option if such exercise is not in accordance with the terms of the Share Option Scheme or the procedures for exercise of Share Option established by our Company from time to time or if such exercise may cause to contravene or breach any laws, enactment or regulations for the time being in force in Hong Kong and the Cayman Islands or other jurisdiction where applicable or the GEM listing Rules or any rules governing the listing of the Shares on a stock exchange.

9. Lapse of Share Options

A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the occurrence of any of the following events unless otherwise relaxed or waived (conditionally or unconditionally) by our Company:

(a) the expiry of the option period;

(b) the expiry of any of the periods referred to in paragraph 8(c);

(c) (subject to paragraph 8(c)(xi)) the date of the commencement of the winding-up of our Company;

(d) there is an unsatisfied judgment, order or award outstanding against the grantee or our Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/its debts within the meaning of the Bankruptcy Ordinance;

(e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in paragraphs 8(c)(viii), 8(c)(ix) or paragraph 9(d); or

(f) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Share Option, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

10. Maximum number of shares available for subscription

The maximum number of Shares to be issued upon exercise of all Share Options which may be granted under the Share Option Scheme (and under any other share option schemes) shall not in aggregate exceed 10% of the Shares in issue immediately after completion of the Share Offer and as at the Listing Date (the "**Scheme Mandate Limit**"), provided that our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the scheme mandate limit, except that the maximum number of Shares to be issued upon exercise of all Share Options which may be granted under the Share Option Scheme (and under any other share option schemes of our Company) shall not exceed 10% of the Shares in issue as at the date of approval by our Shareholders in general meeting where such limit is refreshed. On the basis of 400,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 40,000,000 Shares, representing 10% of the Share in issue as at the Listing Date. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, and lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes or exercised options under the said schemes of our Company) shall not be counted for the purpose of calculating the limit as refreshed. Our Company shall send a circular containing the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules to the Shareholders. In addition, our Company may seek separate approval from the Shareholders in general meeting for granting Share Options beyond the Scheme Mandate Limit, provided that the Share Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specified by our Company before such approval is sought and for whom specific approval is obtained. Our Company shall issue a circular to the Shareholders containing the information required under Rule 23.03(3) of the GEM Listing Rules.

Notwithstanding the preceding paragraph, the maximum number of Shares to be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the Share Option Scheme (and under any other share option schemes of the Company) shall not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares issued and to be issued upon exercise of the Share Options granted to any one Eligible Person (including exercised and outstanding Share Options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time. Where any further grant of Share Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Share Options granted and which may be granted to such Eligible Person (including exercised, cancelled and outstanding Share Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates of such Eligible Person is a connected person) abstaining from voting. The applicable requirements of Rule 23.03(4) of the GEM Listing Rules shall be complied with.

The maximum numbers set out in this paragraph 10 above shall be subject to adjustment in accordance with paragraph 12 but shall not in any event exceed the limits imposed by Chapter 23 of the GEM Listing Rules.

11. Maximum number of Shares per grantee who is a core connected person

Each grant of Share Options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates under the Share Option Scheme shall be approved by Independent Non-executive Directors of our Company (excluding the Independent Non-executive Director of our Company who is the proposed grantee of the Share Options). Where any grant of Share Options to a substantial Shareholder or an Independent Non-executive Director of our Company or any of their respective associates would result in the securities issued and to be issued upon exercise of all Share Options already granted and which may be granted (including Share Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of Share Options must be approved by our Shareholders.

Our Company shall send a circular to our Shareholders containing the information required under Rule 23.04 of the GEM Listing Rules. The relevant Eligible Person, his associates and all core connected persons of our Company shall abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such Share Options must be taken on a poll.

12. Cancellation of Share Options

Our Board shall be entitled for the following causes to cancel any Share Option in whole or in part by giving notice in writing to the grantee stating that such Share Option is thereby cancelled with effect from the date specified in such notice (the "**Cancellation Date**"):

(a) the grantee commits or permits or attempts to commit or permit a breach of paragraphs 4(d) or 8(b) of this appendix or any terms or conditions attached to the grant of the Share Option;

(b) the grantee makes a written request to our Board for, or agrees to, the Share Option to be cancelled; or

(c) if the grantee has, in the opinion of our Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

The Share Option shall be deemed to have been cancelled with effect from the Cancellation Date in respect of any part of the Share Option which has not been exercised as at the Cancellation Date. No compensation shall be payable upon any such cancellation, provided that our Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case. Where our Company cancels a Share Option held by a grantee and issues new Share Options to the same grantee, the issue of such new Share Options may only be made under the Share Option Scheme with available unissued Share Options (excluding the cancelled Share Option) within the limit approved by our Shareholders set out in paragraph 10 of this section.

13. Reorganisation of capital structure

In the event of any change in the capital structure of our Company while any Share Option may become or remains exercisable, whether by way of a capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company, our Board may, if it considers the same to be appropriate, direct that adjustments be made to:

(a) the number of Shares subject to outstanding Share Options;

(b) the subscription price of each outstanding Share Option; and/or

(c) the number of Shares subject to the Share Option Scheme.

Where our Board determines that adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors or the independent financial advisors (as our Board may select) shall certify in writing to our Board that any such adjustments to be in their opinion fair and reasonable and in compliance with Rule 23.03(13) of the GEM Listing Rules (as amended from time to time) and the notes thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes, provided that:

(a) the aggregate percentage of the issued share capital of our Company available for the grant of options shall remain as nearly as possible the same as it was before such change but shall not be greater than the maximum number prescribed by the GEM Listing Rules from time to time;

(b) any such adjustments shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any Share Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event;

(c) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and

(d) any such adjustments shall, as nearly as practicable, be made on the basis that the proportion of the issued share capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes) for which any grantee is entitled to subscribe pursuant to the options held by him shall remain the same as (but shall not be greater than) that to which he was previously entitled (as interpreted in accordance with the supplementary guidance as amended from time to time).

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring an adjustment.

The capacity of the auditors or the independent financial advisors (as the case may be) in this paragraph 13 is that of experts and not of arbitrators and their certification or confirmation shall, in the absence of manifest error, be final, conclusive and binding on our Company and the grantees. The costs of the auditors or the independent financial advisors (as the case may be) shall be borne by our Company.

14. Distributions

Upon distribution by our Company to holders of the Shares of any cash or in specie of assets (other than dividends in the ordinary course) ("**Distribution**"), may make a downward adjustment to the subscription price of any Share Option granted but not exercised as at the date of such Distribution by an amount which our Board considers as reflecting the impact such Distribution will have or will likely to have on the trading price of the Shares provided that (a) our Board's determination of any adjustments shall be final and binding on all Grantees; (b) the amount of adjustment shall not exceed the amount of such Distribution to be made to our Shareholders; (c) such adjustment shall take effect on or after the date of such Distribution by our Company; (d) any adjustment provided for in this paragraph 14 shall be cumulative to any other adjustments contemplated under paragraph 13 or approved by our Shareholders in general meeting; and (e) the adjusted subscription price shall not, in any case, be less than the nominal value of the Shares.

15. Share capital

The exercise of any Share Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company to meet subsisting requirements on the exercise of Share Options.

16. Disputes

Any dispute arising in connection with the Share Option Scheme (whether as to the number of Shares, the subject of a Share Option, the amount of the subscription price or otherwise) shall be referred to the auditors or the independent financial advisors (as the case may be) for decision, who shall act as experts and not as arbitrators and whose decision shall be final and binding.

17. Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of our Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of the Shareholders in general meeting:

(a) any material alteration to its terms and conditions or any change to the terms of options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);

(b) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 23.03 of the GEM Listing Rules;

(c) any change to the authority of our Directors in relation to any alteration to the terms of the scheme; and

(d) any alteration to this paragraph 17, provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of Chapter 23 of the GEM Listing Rules.

18. Termination

Our Company by resolution in general meeting may at any time terminate the operation of the Share Option Scheme. Upon the expiry or termination of the Share Option Scheme as aforesaid, no further Share Options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All Share Options granted prior to such expiry or termination (as the case may be) and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of IKEAB Limited, Mr. NS Wong and Ms. Chan (each an "**Indemnifier**") has, under the Deed of Indemnity, jointly and severally, given indemnity in favour of our Company (for ourselves and as trustee for each of our subsidiaries) in respect of, among other things, (a) any taxation which might be payable by any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or made (or deemed to be earned, accrued, received or made) on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or by reference to any event occurring or deemed to occur on or before the date on which the Share Offer becomes unconditional; and (b) all reasonable costs (including legal costs), charges, expenses, penalties and other liabilities in connection with the investigation, assessment or the contesting of any the relevant claims, or settlement of the claims, or the enforcement of any such settlement or judgment in respect of any claim, reasonably and properly suffered or incurred by our Group or any members of our Group directly or indirectly in connection with any litigation, claims (including counter-claims), demand and/or legal proceedings, instituted by or against our Company and/or any member of our Group which was issued and/or accused and/or arising from any act, non-performance, omission or otherwise of any member of our Group on or before the date on which the Share Offer becomes unconditional; and (c) all claims, actions, taxation, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines falling on our Company or any members of our Group directly or indirectly resulting from any non-compliance with the applicable laws, rules or regulations by our Company and/or any member of our Group on or before the date on which the Share Offer becomes unconditional. Each of the Indemnifiers, will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

(a) specific provision or reserve has been made for such liabilities in the audited accounts of our Company or any member of our Group for an accounting period ended on or before 30 June 2017; or

(b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or

(c) to the extent the liability would not have arisen but for any voluntary act of members of our Group after the date on which the Share Offer becomes unconditional which the members of our Group ought reasonably to have known would give rise to such liability but excluding any act: (i) carried out pursuant to a legally binding obligation of any Group Company entered into or incurred on or before the date on which the Share Offer becomes unconditional; or (ii) carried out pursuant to a mandatory obligation imposed by any law, regulation or requirement having the force of law; or (iii) taking place with the written approval of any of the Indemnifiers or pursuant to the Share Offer or any document executed pursuant to the Share Offer; or (iv) occurring in the ordinary course of business of our Group; or

(d) to the extent the liability arises in the ordinary course of business of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the Share Offer becomes unconditional.

2. Litigation

Save as disclosed in the section headed "Business – Legal proceedings and compliance" in this prospectus, as of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. The Sponsor has made an application on our Company's behalf to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, all our Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for our Shares to be admitted into CCASS.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK$42,600 and are payable by our Company.

5. No material adverse change

Saved as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since 30 June 2017 (being the date on which the latest audited consolidated financial information of our Group was prepared) and up to the date of this prospectus.

6. Promoter

Our Company does not have any promoter (as defined in the GEM Listing Rules). Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

7. Qualifications and consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualifications
Dongxing Securities (Hong Kong) Company Limited	A licensed corporation under the SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Mr. Chan Chung	Barrister-at-law in Hong Kong
Frost & Sullivan	Industry consultant

Each of the experts named above has given its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or valuation certificate and/or opinions and/or the references to its name included herein in the form and context in which it is respectively included.

8. Compliance adviser

We have appointed Dongxing Securities as the compliance adviser upon Listing in compliance with Rule 6A.19 of the GEM Listing Rules. Further details of the appointment are set out in the sub-section headed "Directors and senior management – Compliance adviser" in this prospectus.

9. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and

(v) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries;

(b) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(c) the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable our Shares to be admitted to CCASS;

(d) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(e) in case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration are:

1. copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

2. the written consents referred to in the section headed "Statutory and general information – E. Other information – 7. Qualifications and consents of experts" in Appendix IV to this prospectus; and

3. copies of the material contracts referred to in the section headed "Statutory and general information – B. Further information about our Company's business – 1. Summary of material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Deacons at 5/F, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum of Association and the Articles of Association of our Company;

2. the Accountants' Report of our Group for the Track Record Period prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

3. the audited financial statements of the companies now comprising our Group for the years ended 31 March 2016 and 2017 and the audited consolidated financial statements of the Group for the three months ended 30 June 2017;

4. the report from Deloitte Touche Tohmatsu on the compilation of the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

5. the letter of advice prepared by Conyers Dill & Pearman, our legal advisers as to Cayman Islands law, summarising certain aspects of Cayman Islands company law as referred to in Appendix III to this prospectus;

6. the Frost & Sullivan Report issued by Frost & Sullivan, the text of which is summarised in the section headed "Industry overview" in this prospectus;

7. the legal opinions issued by Mr. Chan Chung, a barrister-at-law in Hong Kong, in respect of certain statements referred to in this prospectus;

8. the material contracts referred to in the section headed "Further information about our Company's business – Summary of material contracts" in Appendix IV to this prospectus;

9. the written consents referred to in the section headed "Statutory and general information – E. Other information – 7. Qualification and consents of experts" in Appendix IV to this prospectus;

10. the service agreements and letters of appointment of each of our Directors referred to in the section headed "Statutory and general information – C. Further information about our directors and chief executive and substantial shareholders – 1. Directors' service contracts" in Appendix IV to this prospectus;

11. the rules of the Share Option Scheme; and

12. the Cayman Islands Companies Law.

TASTE • GOURMET GROUP LIMITED

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