Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8510

SHARE OFFER

Sponsor

CLC INTERNATIONAL LIMITED
創僑國際有限公司

Sole Bookrunner

信達國際 CINDA INTERNATIONAL

Joint Lead Managers

信達國際 CINDA INTERNATIONAL

CLC SECURITIES LIMITED
創僑證券有限公司

IMPORTANT

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

Top Standard Corporation

(Incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares	**:**	**200,000,000 Shares**
Number of Public Offer Shares	**:**	**20,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**180,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$0.40 per Offer Share and not less than HK$0.35 per Offer Share plus brokerage of 1%, 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$0.01 per Share**
Stock code	**:**	**8510**

Sponsor

CLC INTERNATIONAL LIMITED
創僑國際有限公司

Sole Bookrunner

信達國際
CINDA INTERNATIONAL

Joint Lead Managers

信達國際
CINDA INTERNATIONAL

CLC SECURITIES LIMITED
創僑證券有限公司

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" in Appendix V to this prospectus, has been registered with 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). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is currently expected to be fixed by an agreement between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Monday, 5 February 2018, or such later date as may be agreed between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Offer Price will be not more than HK$0.40 per Offer Share and is currently expected to be not less than HK$0.35 per Offer Share unless otherwise announced. The Sole Bookrunner may, with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Share Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.topstandard.com.hk**. If the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on or about the Price Determination Date, the Share Offer will not become unconditional and will lapse immediately.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the U.S. and may not be offered, sold, pledged, or transferred within the U.S., except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. securities law.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in "Risk Factors" in this prospectus.

Prospective investors of the Public Offer should note that the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) is entitled to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by means of a notice in writing given to the Company by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set out in "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination of the Public Offer Underwriting Agreement" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

31 January 2018

CHARACTERISTICS OF GEM

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 high market volatility than securities traded on the Main Board 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.

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement to be posted on the website of the Company at **www.topstandard.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

	2018 *(Note 1)*
Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Wednesday, 31 January
Application lists of the Public Offer open *(Note 2)*	11:45 a.m. on Monday, 5 February
Latest time for lodging **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC *(Note 3)*	12:00 noon on Monday, 5 February
Application lists of the Public Offer close *(Note 2)*	12:00 noon on Monday, 5 February
Expected Price Determination Date *(Note 4)*	Monday, 5 February
Announcement of (i) the final Offer Price; (ii) the level of indication of interest in the Placing; (iii) the level of applications in the Public Offer; and (iv) the basis of allotment of the Public Offer Shares to be published on the website of the Company at **www.topstandard.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk**	Monday, 12 February
Results of allocation in the Public Offer to be available at www.ewhiteform.com.hk/results with a "search by ID" function from	Monday, 12 February
Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels as described in "How to Apply for the Public Offer Shares — 10. Publication of results" in this prospectus from	Monday, 12 February
Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications in case the final Offer Price is less than the maximum Offer Price paid for the applications pursuant to the Public Offer on or before *(Notes 6 to 9)*	Monday, 12 February

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 *(Notes 5 to 8)*	Monday, 12 February
Dealings in the Shares on GEM to commence at	9:00 a.m. on Tuesday, 13 February

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in "Structure and Conditions of the Share Offer" in this prospectus.

2. 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 Monday, 5 February 2018, the application lists will not open or close on that day. Further information is set forth in "How to Apply for the Public Offer Shares — 9. Effect of bad weather on the opening of the application lists" in this prospectus.

3. Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for the Public Offer Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

4. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Monday, 5 February 2018. If the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price by that date or such later date as agreed by the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK$0.40 per Offer Share, applicants must pay the maximum Offer Price of HK$0.40 per Offer Share at the time of application, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in "How to Apply for the Public Offer Shares" in this prospectus.

5. Share certificates for the Offer Shares are expected to be issued on Monday, 12 February 2018 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 13 February 2018 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the Underwriting Agreements have not been terminated. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated, we will make an announcement as soon as possible.

6. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 12 February 2018 or any other day as announced by us as the date of despatch of Share certificates/refund cheques.

   Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

7. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

8. Uncollected Share certificates and/or refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to "How to Apply for the Public Offer Shares — 13. Despatch/collection of share certificates and refund monies" of this prospectus.

9. Refund cheques will be issued in respect of wholly or partially unsuccessful applications, and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/ passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the 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 securities other than the Offer Shares offered by this prospectus pursuant to the Share Offer. 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 circumstances.

You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer 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 us, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the Share Offer. The contents of the Company's website at ***www.topstandard.com.hk*** *do not form part of this prospectus.*

Page

CONTENTS

Page

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 "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a Hong Kong based restaurant group committed to serving customers who appreciate tasty and aesthetically pleasing cuisines that are prepared using quality ingredients. As at the Latest Practicable Date, we operated five full-service restaurants in Hong Kong, including (i) our two Sichuanese and Cantonese restaurants under the "San Xi Lou (三希樓)" brand located in Central and Times Square, (ii) our fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand located in Central, and (iii) our two Japanese restaurants under the "Ronin (浪人)" brand located in Central and Wanchai, serving premium Japanese cuisine and casual Japanese cuisine with "all-you-can-eat" buffet menu, respectively.

The Group's business started when we established our first restaurant under the "San Xi Lou (三希樓)" brand in March 2008. Our fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand became part of the Group in April 2013. We acquired two Japanese restaurants under the "Ronin (浪人)" brand namely, Ronin Central and Ronin Wanchai in October 2016. Our San Xi Lou Times Square in Causeway Bay commenced business in November 2017. We aim to serve delicious, healthy and fresh cuisine of consistent quality by searching for quality ingredients for our cuisine and seeking to preserve the natural nutrients and taste in the food. We promote the "eat only those that are in-season (不時不食)" concept by regularly introducing seasonal ingredients to the menu to ensure that our customers are able to enjoy in-season foods. We also strive to provide an enhanced customer service experience, by offering dining experience in an inviting atmosphere with attentive service to our customers. We believe that our commitment to our customers has contributed to the strengthening of our brands and customer loyalty over the years.

Since 2014, our San Xi Lou and Pure Veggie House have been recognised as a "Quality Restaurant" by the Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme. Our Pure Veggie House has been recognised as EatSmart Restaurant (有營食肆) by Department of Health of the Government since 2015, and ranked 18th in the top 25 vegetarian restaurants in the world in 2015, as reviewed and ranked by The Daily Meal, a website launched in 2010 which features nine channels and 24 city pages covering food and drink topics and produces annual reports on different food and dining experience.

We have adopted a multi-brand strategy with our three main brands covering the spectrum of different segments of mid-to-high end customers, whom we believe have strong spending power. According to the Frost & Sullivan Report, mid-to-high end customers are customers from the mid-to-high end market segment with an average spending of over HK$78.2 per meal based on Government statistics. Our restaurant network has enabled us to attract a diversified customer base across Hong Kong. Our multi-brand strategy also gives us flexibility in our operations and in planning our future expansion. We believe our multi-brand portfolio and our diversified offering allow us to target customers with different tastes and preferences who expect value-for-money throughout the entire dining experience and broaden our revenue sources. On the operational and cost control side, our standardised operations, including but not limited to, our standardised quality control system, staff training and advancement programs provide for a systematic platform to sustain our future growth and expansion of our customer base.

The following table sets out the breakdown of our revenue from our restaurants for the periods indicated:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	Total revenue	% of total revenue	Total revenue	% of total revenue	Total revenue	% of total revenue	Total revenue	% of total revenue
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(unaudited)			
San Xi Lou	57,764	79.2	56,093	70.1	17,900	79.5	17,916	57.6
Pure Veggie House	15,134	20.8	15,026	18.8	4,620	20.5	4,738	15.2
Ronin Central *(Note)*	—	—	3,888	4.9	—	—	3,485	11.2
Ronin Wanchai *(Note)*	—	—	4,944	6.2	—	—	4,984	16.0
Total	72,898	100	79,951	100	22,520	100	31,123	100

Note: Ronin Central and Ronin Wanchai are operated by Good Step, which was acquired by the Group on 20 October 2016. For the financial information of Ronin Central and Ronin Wanchai prior to their acquisition by the Group, please refer to note 32 to the Accountants' Report in Appendix I to this prospectus.

Pricing policy

As we adopt a multi-brand business model which allows us to target different customer segments with mid-to-high end spending power, we do not fix a unified pricing range for our restaurants. Dishes of different restaurants are offered at varying prices, depending on the brand of the restaurant and the products. We charge a standard service fee of 10% on all bills across all our restaurants. Please refer to "Business — Sales and Marketing — Pricing Policy" in this prospectus for further details.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, the Group's customers were primarily retail customers from the general public. On 1 April 2016, we entered into an agreement with Bright Link, which is principally engaged in the operation of bar business, pursuant to which our San Xi Lou and Pure Veggie House will provide take-away dishes to Bright Link, which orders take-away food for its customers, during and after normal operating hours due to close proximity of San Xi Lou and Pure Veggie House to Bright Link. In response to the request of Bright Link, such agreement was mutually agreed to be terminated with immediate effect on 18 January 2018. Bright Link accounted for approximately 3.8%, 4.9% and 4.2% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. The Directors have confirmed that such termination would not materially affect our business or operation. Please refer to "Business — Our Customers" for further details.

During the Track Record Period, our suppliers mainly included food ingredients and beverage suppliers. Our major food ingredients include meat, seafood and vegetable. We also engaged contractors for refurbishment of our restaurants, and we had also engaged external licensing consultant, cleaning services provider, utensils and pest control services provider. As at the Latest Practicable Date, we maintained an authorised supplier list which consisted of more than 70 suppliers. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the purchases that we made from our five largest suppliers in aggregate accounted for approximately 78.2%, 61.4% and 48.6% of our total purchases, respectively, and the total purchases from our largest supplier accounted for approximately 41.2%, 20.4% and 12.5% of our total purchases, respectively.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths will position us to achieve sustainable growth: (i) San Xi Lou and Pure Veggie House both have strong brand recognition; (ii) we adopt a multi-brand strategy and we believe we have a diversified customer base; (iii) we are committed to quality of food, service and hygiene; (iv) we regularly update our menus and offer new and seasonal products; and (v) we have a stable and experienced management team and a team of experienced chefs. Please refer to "Business — Our Competitive Strengths" in this prospectus for further details.

OUR BUSINESS STRATEGIES

To maintain our competitiveness in the food and beverage industry and to position the Group to capture a larger market share whilst maintaining our existing customer base, the Group intends to implement the following strategies: (i) opening new restaurants; (ii) establishing a central kitchen to support our expansion; (iii) refurbishing our premises and upgrading our equipment; (iv) investing in system upgrade for our existing business operations and to cater future business expansion so as to improve our operational efficiency; and (v) strengthening our marketing efforts. Please refer to "Business — Our Business Strategies" in this prospectus for further details.

SUMMARY OF FINANCIAL INFORMATION

The following tables summarises the consolidated financial information of the Group during the Track Record Period, which are extracted from the Accountants' Report in Appendix I to this prospectus. The summary financial data should be read in conjunction with the consolidated financial information set out in the Accountants' Report in Appendix I to this prospectus.

Summary of consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 March		For the four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	72,898	79,951	22,520	31,123
Profit (loss) before taxation	12,843	10,464	4,020	(5,468)
Profit (loss) and total comprehensive income (expense) for the year/period	10,705	8,333	3,394	(6,028)
Profit (loss) and total comprehensive income (expense) for the year/period attributable to				
— owners of the Company	6,958	7,406	2,467	(6,028)
— non-controlling interests	3,747	927	927	—
	10,705	8,333	3,394	(6,028)

The net loss for the four months ended 31 July 2017 was primarily due to the non-recurring Listing expenses of approximately HK$7.0 million incurred and the increase in rental and related expenses.

Summary of consolidated statements of financial position

	As at 31 March		As at 31 July	As at 30 November
	2016	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Total non-current assets	4,714	17,188	17,971	26,587
Total current assets	14,172	23,056	21,486	27,968
Total current liabilities	12,579	28,089	33,347	53,418
Total liabilities	12,789	28,742	33,983	54,036
Net current assets (liabilities)	1,593	(5,033)	(11,861)	(25,450)
Net assets	6,097	11,502	5,474	519

The net current liabilities position as at 31 March 2017 was mainly due to an increase in our bank borrowings from HK$2.3 million as at 31 March 2016 to HK$18.9 million as at 31 March 2017, which mainly represents the pre-existing bank borrowing of Good Step that remained outstanding when the Group acquired Good Step. Our net current liabilities position further increased as at 31 July 2017 mainly due to increase in trade and other payables and accruals (which is primarily attributable to accrued Listing expenses) and decrease in amounts due from related parties/former related parties. The net current liabilities position as at 30 November 2017 increased primarily due to (i) the substantial increase in our level of indebtedness from approximately HK$18.8 million as at 31 July 2017 to approximately HK$32.2 million as at 30 November 2017 following our banking facilities that were drawn-down from August 2017 to October 2017 to support the opening of our San Xi Lou Times Square and (ii) the increase in accrued Listing expenses.

Summary of consolidated statements of cash flows

	For the year ended 31 March		**For the four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating cashflows before movements in working capital *(Note)*	14,504	13,658	4,630	(3,656)
Net cash from (used in) operating activities	9,295	7,632	2,365	(3,361)
Net cash (used in) from investing activities	(10,118)	(9,978)	(3,710)	5,698
Net cash from (used in) financing activities	2,112	977	(982)	(905)
Net increase (decrease) in cash and cash equivalents	1,289	(1,369)	(2,327)	1,432
Cash and cash equivalents at beginning of the year/period	1,432	2,721	2,721	1,352
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	2,721	1,352	394	2,784

Note: The Group had a negative operating cashflow before movements in working capital for the four months ended 31 July 2017 primarily due to our loss before taxation in the amount of HK$5.5 million, which was primarily caused by Listing expenses in the amount of HK$7.0 million during that period.

Other key financial ratios

The following table sets out certain key financial ratios of the Group as at/for the two years ended 31 March 2016 and 2017 and as at/for the four months ended 31 July 2017. For more detailed information on the calculation basis of these key financial ratios, please refer to "Financial Information — Other Key Financial Ratios" in this prospectus.

	As at/for the year ended 31 March		**As at/for the four months ended 31 July**
	2016	**2017**	**2017**
Current ratio	1.13	0.82	0.64
Quick ratio	1.10	0.80	0.63
Return on equity *(Note 1)*	175.6%	72.4%	N/A
Return on total assets *(Note 1)*	56.7%	20.7%	N/A
Interest coverage ratio *(Note 2)*	87.2	51.8	N/A
Gearing ratio	0.4	1.7	3.5
Net debt to equity ratio	N/A	1.5	2.9

Notes:

(1) Return on equity and return on total assets for the four months ended 31 July 2017 are not computed as the Group was loss making during the said period.

(2) Interest coverage ratio is not computed for the four months ended 31 July 2017 as the Group recorded a net loss during the said period.

KEY OPERATIONAL AND FINANCIAL DATA OF OUR RESTAURANTS

The table below sets forth the key operational data of our restaurants (except San Xi Lou Times Square, which commenced business in November 2017) during the Track Record Period:

Restaurant	Licensed floor area (Number of seats) *(Note 1)*	Number of customer visits *(Note 2)*	Number of operation days	Total revenue (Same store growth) *HK$'000* *(Note 3)*	Average daily revenue *HK$'000* *(Note 4)*	Average spending per customer *HK$* *(Note 5)*	Seat turnover rate *(Note 6)*	Operating profit (loss) *HK$'000* *(Note 7)*	Operating profit (loss) margin *%* *(Note 8)*
San Xi Lou *(Note 9)*									
Year ended 31 March 2016	637.21 sq.m. (240)	146,343	365	57,764 (N/A)	158	395	1.67	15,630	27.1
Year ended 31 March 2017	637.21 sq.m. (240)	136,113	364	56,093 (-2.9%)	154	412	1.56	16,162	28.8
Four months ended 31 July 2017	637.21 sq.m. (240)	41,448	122	17,916 (0.1%)	147	432	1.42	4,414	24.6
Pure Veggie House									
Year ended 31 March 2016	322.14 sq.m. (120)	75,492	366	15,134 (N/A)	41	200	1.72	3,433	22.7
Year ended 31 March 2017	322.14 sq.m. (120)	69,352	365	15,026 (-0.7%)	41	217	1.58	3,463	23.0
Four months ended 31 July 2017	322.14 sq.m. (120)	21,325	122	4,738 (2.6%)	39	222	1.46	887	18.7
Ronin Wanchai *(Note 10)*									
Year ended 31 March 2017	288.34 sq.m. (77)	24,764	160	4,944 (-15.7%)	31	200	2.01	(249)	(5.0)
Four months ended 31 July 2017	288.34 sq.m. (77)	21,772	122	4,984 (3.2%)	41	229	2.32	54	1.1
Ronin Central *(Note 10)*									
Year ended 31 March 2017	229.33 sq.m. (103)	11,934	155	3,888 (0.2%)	25	326	0.75	(840)	(21.6)
Four months ended 31 July 2017	229.33 sq.m. (103)	8,755	122	3,485 (1.0%)	29	398	0.70	(470)	(13.5)

Notes:

(1) This number of seats figure represents the number of seats that is shown on our restaurants' respective floor plans.

(2) The number of customer visits represents the total number of customers who dined at our restaurants during the relevant period.

(3) The same store growth represents the growth in revenue of the relevant restaurant as compared with the corresponding period in the previous year. Since Ronin Wanchai and Ronin Central became part of the Group in October 2016, the same store growth of Ronin Wanchai and Ronin Central are based on the unaudited pre-acquisition financial statements of Good Step for the corresponding period in the previous year.

(4) The average daily revenue is calculated by dividing the total revenue of the relevant restaurant during the relevant period by the number of operation days.

(5) The average spending per customer is computed by dividing the total revenue of the relevant restaurant during the relevant period by the number of customer visits.

(6) The seat turnover rate is calculated by dividing the number of customer visits by the product of (i) the seating capacity and (ii) the number of operation days.

(7) Operating profit/loss, which is equivalent to segment profit (loss) as presented in note 5 to the Accountants' Report in Appendix I to this prospectus, represents the revenue of the relevant restaurant less operating expenses before deduction of interests and taxes.

(8) Operating profit/loss margin is calculated by dividing operating profit/loss by the revenue of the relevant restaurant.

(9) San Xi Lou included the expenses incurred by the Banquet Hall, which is considered to be immaterial for San Xi Lou, with no revenue being generated from the Banquet Hall as it only served as a sitting area for food ordered from our restaurants located in Coda Plaza.

(10) Ronin Central and Ronin Wanchai commenced business in October 2015 and July 2014, respectively. Both of these restaurants became part of the Group in October 2016 and the figures shown herein show their operational statistics since they were acquired by the Group. For the financial information of Ronin Central and Ronin Wanchai prior to their acquisition by the Group, please refer to note 32 to the Accountants' Report in Appendix I to this prospectus.

It is noted that (i) the negative same store growth of San Xi Lou of approximately 2.9% for the year ended 31 March 2017 was primarily due to the decrease in the total number of customer visits; (ii) the Group recorded a same store growth of approximately 2.6% for Pure Veggie House for the four months ended 31 July 2017, which was primarily caused by increased marketing efforts of Pure Veggie House's offerings; (iii) the negative same store growth of Ronin Wanchai of approximately 15.7% for the five months ended 31 March 2017 was primarily attributable to the change in market positioning and its targeted customer base by adjusting the menu and marketing after its acquisition by the Group in October 2016, which, the Directors believe, temporarily reduced the number of visits from the pre-acquisition targeted customer-base while Ronin Wanchai was building-up the new targeted customer-base; and (iv) with enhanced marketing and promotional efforts of the Group, the same store growth of Ronin Wanchai amounted to approximately 3.2% for the four months ended 31 July 2017.

The operating profit and operating profit margin for San Xi Lou slightly improved for the year ended 31 March 2017 as compared to previous year mainly due to our efforts in inventory control with reduced wastage and fewer food ingredients purchased, but was adversely affected by the additional rental and related expenses associated with the Banquet Hall (the expenses of which were reported within the San Xi Lou segment) and the higher rental payments under the renewed tenancy agreements for the relevant premises for the four months ended 31 July 2017. For Pure Veggie House, its operating profit and operating profit margin also slightly improved for the year ended 31 March 2017 as compared to the previous year mainly due to our efforts in inventory control, but was adversely affected by the increase in staff costs for the four months ended 31 July 2017. For Ronin Central and Ronin Wanchai, their operating profits/losses and operating profit/loss margins improved for the four months ended 31 July 2017 primarily due to an increase in revenue following the implementation of the enhanced marketing and promotional efforts after the acquisition of Ronin Wanchai and Ronin Central in October 2016.

LEASE PROFILE OF OUR RESTAURANTS

The table below set forth the lease profile of our restaurants and the Banquet Hall as at the Latest Practicable Date:

No.	Name of restaurant/ usage	Location	Licensed area (sq.m.)/ capacity	Rental type	Rental term	Optional renewal term
1	San Xi Lou	7th Floor, Coda Plaza	331.29	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*
2	San Xi Lou	22nd Floor, Coda Plaza	305.92	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*

No.	Name of restaurant/ usage	Location	Licensed area (sq.m.)/ capacity	Rental type	Rental term	Optional renewal term
3	San Xi Lou Times Square *(Note 1)*	Shop No. 1102, 11th Floor, Times Square, Causeway Bay, Hong Kong	700.30	Basic rent or turnover rent whichever is higher	Five years commencing on 10 August 2017 and expiring on 9 August 2022	No
4	Pure Veggie House	3rd Floor, Coda Plaza	322.14	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*
5	Banquet Hall *(Note 3)*	5th Floor, Coda Plaza	No more than 80 persons	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*
6	Ronin Central	Portion of 6th Floor, Wellington Place, 2–8 Wellington Street, Central, Hong Kong	229.33	Basic rent	Three years commencing on 8 July 2015 and expiring on 7 July 2018	An option to renew for two years
7	Ronin Wanchai	Room A, 2nd Floor Capital Building, 175–191 Lockhart Road, Wanchai, Hong Kong	288.34	Basic rent	Two years and three months commencing on 1 January 2018 and expiring on 31 March 2020	An option to renew for three years

Notes:

(1) The Group commenced the leasing of the premises of San Xi Lou Times Square at this location since 10 August 2017.

(2) To exercise the option to renew, written request for renewal shall be made to the landlord not less than seven calendar months before the expiration of the effective tenancy agreement at that time (unless otherwise determined under the provisions contained in the effective tenancy agreement at that time).

(3) The Group commenced the leasing of the Banquet Hall premises since 1 January 2017.

The tenancy agreements for our premises at Coda Plaza will expire in December 2018, and the monthly rental will be increased by 20% if we exercise the option to renew the existing leases.

COMPETITION

According to Frost & Sullivan Report, the catering service industry in Hong Kong is highly fragmented with more than 15,000 catering establishments in 2016, which are either locally owned or international chains. There are numerous Sichuanese, Cantonese, vegetarian and Japanese restaurants in Hong Kong that compete or may compete with the Group's restaurants, and some of them also target the same customer segments as the Group's restaurants. According to the Frost & Sullivan Report, the competition within the full-service restaurant industry is intense. Success factors in the catering industry include, among other things, brand reputation, locations of restaurants and food quality. According to the Frost & Sullivan Report, the growth of the market size of the Sichuanese, Cantonese, vegetarian and Japanese restaurants industry remains stable and is expected to have a steady growth at a CAGR of 4.3%, 4.1%, 4.9% and 5.1% from 2016 to 2021, respectively. According to the Frost & Sullivan Report, the Group had 0.07% market share in terms of revenue of catering industry in Hong Kong in 2016. Please refer to ''Industry Overview'' in this prospectus for further details.

RECENT DEVELOPMENT

We have leased a premises located on the 11th Floor at Times Square in Causeway Bay for San Xi Lou Times Square, our second Sichuanese and Cantonese restaurant under the ''San Xi Lou (三希樓)'' brand in August 2017. The lease term for the premises is five years fixed and the new restaurant has a licensed area of approximately 700 sq.m. and a customer seating of around 240 seats. San Xi Lou Times Square commenced business in November 2017. Further details of San Xi Lou Times Square can be found in ''Business — Our Restaurants'' and ''Business — Our Development Plan — (1) Expanding our San Xi Lou and Pure Veggie House'' in this prospectus. As at the Latest Practicable Date, we had incurred capital expenditure of approximately HK$15.0 million in the opening of the new restaurant.

Based on the unaudited management accounts of the Group for the four months ended 30 November 2016 and 2017, (i) revenue of the Group for the four months ended 30 November 2017 has increased by approximately 43.8% as compared to that of the corresponding period in 2016; and (ii) our average daily seating turnover rate and our average spending per customer for the four months ended 30 November 2017 were approximately 1.5 and HK$344.2 respectively, which has been improved as compared to that for the same period in 2016. The substantial improvement of our revenue for the four months ended 30 November 2017 was primarily due to (i) the inclusion of revenue from Ronin Central and Ronin Wanchai following the Group's acquisition of Good Step in November 2016; and (ii) Ronin Wanchai and Ronin Central having achieved breakeven since June 2017. However, because of the expenses incurred in relation to the opening of San Xi Lou Times Square (including the effective rent), based on our unaudited management accounts for the four months ended 30 November 2017, the Group recorded a net loss as compared to a net profit recorded for the same period in 2016.

Recently, support measures were announced in the Financial Secretary's 2017–18 budget for the Government. In the budget, the Financial Secretary had proposed short-term measures to waive the licence fees for restaurants and hawkers and fees for restricted food permits for one year. We expect to benefit from these measures and we expect to save on licensing-related expenses of approximately HK$45,000 in aggregate.

RISK FACTORS

The Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond the Group's control. The Group has categorised these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to the Shares and the Share Offer; and (iv) risks relating to statements made in this prospectus. The following highlights some of the risks which are considered to be material by the Directors:

- opening of new restaurants could result in fluctuation in our financial results;
- one of our business strategies, being the operation of a central kitchen, may not achieve the desired results;
- we depend to a large extent on our suppliers to supply food ingredients to us, and any failure for them to deliver food ingredients according to our requirements or at prices that are commercially reasonable may adversely affect our operations;
- negative publicity and food contamination may adversely affect the Group's reputation, our business and operation results and we may be subject to prosecution and liability claims; and

- we may be exposed to significant rental increases when we renew our tenancy agreements, and most of our tenancy agreements will expire in December 2018, which may adversely affect our results of operations and financial condition upon such renewal.

OUR SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer, JSS Group, which is wholly-owned by Mr. Stanley Chuk, will hold 60.84% of the issued Shares. For the purpose of the GEM Listing Rules, Mr. Stanley Chuk and JSS Group will be the Controlling Shareholders. Save and except for their respective interests in the Company and its subsidiaries, none of the Controlling Shareholders nor any of their respective associates had any interest in any other companies which competes, or is likely to compete, either directly or indirectly, with the business of the Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules as at the Latest Practicable Date. Please refer to "Relationship with the Controlling Shareholders" in this prospectus for further details.

SUBSCRIPTION

On 20 October 2016, Mr. KY Chuk (father of Mr. Stanley Chuk) and Mr. Steve Chuk (elder brother of Mr. Stanley Chuk) subscribed for 944 Shares and 944 Shares through J & W Group and Oxlo, respectively, which represented 9.44% and 9.44% of the issued share capital of the Company as at 20 October 2016, respectively. The payment of the Subscription was settled on 26 January 2017. Please refer to "History and Corporate Structure — Reorganisation — (4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo" in this prospectus for further details.

DIVIDENDS

During the year ended 31 March 2016, Great Planner and Sky Honour declared dividends of approximately HK$6.2 million and HK$0.7 million, respectively to the then shareholders. During the year ended 31 March 2017, the Company declared dividends of approximately HK$11.0 million to the then Shareholders. No dividend was declared and paid during the four months ended 31 July 2017 and up to the Latest Practicable Date.

The Company currently does not have a fixed dividend policy and may declare dividends by way of cash or by other means that the Directors consider appropriate. A decision to declare any interim dividend or recommend declaration of any final dividend would require the approval of the Board and will depend on, among other things, our results of operations, cashflows and financial condition, general business conditions and strategies, our operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong and other factors as the Board may consider relevant.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition. 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) Banquet Hall operated without a Certificate of Compliance or a restaurant licence; (ii) Ronin Central operated without a provisional or general restaurant licence when the licence application was pending and when the licence renewal application was being processed by the FEHD; (iii) our restaurants did not possess valid effluent discharge licences; and (iv) the Group had failed to enroll its casual/part-time employees in a MPF scheme and had delayed making MPF contributions for its full-time employees. Please refer to "Business — Legal Proceedings and Compliance" in this prospectus for further details.

LISTING EXPENSES AND MATERIAL ADVERSE CHANGE

The expenses of the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commissions, are estimated to be approximately HK$27.1 million (based on the mid-point of the indicative Offer Price range of HK$0.375 per Offer Share), of which approximately HK$17.0 million has been or is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income, of which approximately HK$10.1 million is to be capitalised (i.e. accounted for as a deduction from equity) upon the Listing. Listing expenses of approximately HK$7.0 million in relation to services already performed were recognised in the consolidated statements of profit or loss and other comprehensive income for the four months ended 31 July 2017, and the remaining Listing expenses of approximately HK$10.0 million are expected to be recognised in the consolidated statements of profit or loss and other comprehensive income as an expense for the year ending 31 March 2018. Such expenses are one-time and non-recurring in nature.

The Directors expect that the Listing expenses and the opening of San Xi Lou Times Square (including the effective rent of San Xi Lou Times Square for the year ending 31 March 2018, which is expected to be approximately HK$1.6 million, will be accounted for as rental expenses of the Group) may materially affect the Group's financial performance for the year ending 31 March 2018. As a result, it is expected that the Group will record a net loss for the year ending 31 March 2018.

Save for the above, the Directors confirm that up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospect of the Group since 31 July 2017 (being the date of which the Group's latest audited consolidated financial statements were made up as set out in the Accountants' Report in Appendix I to this prospectus), and there had been no event since 31 July 2017 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

USE OF PROCEEDS AND REASONS FOR THE LISTING AND THE SHARE OFFER

We estimate that the net proceeds to be received by us from the Share Offer, after deducting the underwriting commission and related expenses payable by the Company in the aggregate amount of approximately HK$27.1 million, will be approximately HK$47.9 million (assuming an Offer Price of HK$0.375 per Offer Share, being the mid-point of the indicative Offer Price range). We intend to apply such net proceeds from the Share Offer as follows:

	From 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	As a percentage of net proceeds of the Listing
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	
Opening new restaurants	—	1,900	8,200	—	—	10,100	21.0%
Repayment of bank loan for opening San Xi Lou Times Square	4,000	—	—	—	—	4,000	8.4%
Establishing a central kitchen to support our expansion	200	8,400	7,100	2,500	—	18,200	38.0%
Renovating our premises and upgrading our equipment	—	6,000	5,100	—	1,000	12,100	25.3%
Investing in system upgrade for our existing business operation and to cater for future business expansion so as to improve our operational efficiency	—	1,000	—	—	—	1,000	2.1%
Strengthening our marketing efforts	100	600	200	200	—	1,100	2.3%
	4,300	17,900	20,600	2,700	1,000	46,500	97.1%

The remaining HK$1.4 million (approximately 2.9% of the net proceeds from the Share Offer) will be used as the Group's general working capital.

Please refer to "Future Plans and Use of Proceeds" in this prospectus for further details.

The Directors believe that the Listing is beneficial to the Company and its Shareholders as a whole for the following reasons: (i) additional sources to raise capital to expand our business; (ii) reduce reliance on the financial support from the Shareholders; (iii) increase competitiveness through strengthening of market position; and (iv) enhance corporate governance. Please refer to "Future Plans and Use of Proceeds — Reasons for the Listing and the Share Offer" in this prospectus for further details.

SHARE OFFER STATISTICS

The Share Offer involves the issuance of 200,000,000 Shares. The following table sets out certain offering related data:

	Based on the minimum indicative Offer Price of HK$0.35 per Share	Based on the maximum indicative Offer Price of HK$0.40 per Share
Market capitalisation(1)	HK$280.0 million	HK$320.0 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	HK$0.07	HK$0.08

Notes:

(1) The calculation of market capitalisation is based on 800,000,000 Shares expected to be in issue immediately following the completion of the Capitalisation Issue and the Share Offer.

(2) The unaudited pro forma adjusted consolidated net tangible asset has been prepared after adjustments referred to in "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis of 800,000,000 Shares expected to be in issue assuming the Capitalisation Issue and the Share Offer has been completed.

In this prospectus, unless the context otherwise requires, the following definitions have the following meanings:

"Application Form(s)"	**WHITE** Application Form(s) and **YELLOW** Application Form(s) or where the context so requires, any of them, that are used in connection with the Share Offer
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company conditionally adopted by the Company on 23 January 2018 to take effect from the Listing, and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
"Banquet Hall"	Top Standard Banquet Hall (紅綿宴會廳), the club-house operated by the Group located on the 5th floor of Coda Plaza
"Board"	the board of Directors
"Bright Link"	Bright Link Limited (百嶺有限公司), a limited liability company incorporated in Hong Kong on 2 January 2015 and is currently held by two Independent Third Parties
"business day(s)"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business to the public
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 599,990,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of the Company referred to in "Further Information about the Company — 4. Written resolutions of the Shareholders passed on 23 January 2018" in Appendix IV to this prospectus
"Cayman Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"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 Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Certificate of Compliance"	a certificate of compliance granted under Section 5(2)(a) of the C(SP)O
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus only and except where the context requires otherwise, references in this prospectus to "China" or "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Coda Plaza"	a multi-storey building named Coda Plaza (科達中心) which is located at 51 Garden Road, Central, Hong Kong
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Top Standard Corporation, an exempted company with limited liability incorporated in the Cayman Islands on 11 February 2016
"Controlling Shareholders"	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus, refers to JSS Group and Mr. Stanley Chuk
"C(SP)O"	the Clubs (Safety of Premises) Ordinance (Chapter 376 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Deed of Amendments"	the deed of amendments dated 29 August 2017 executed by Mr. Stanley Chuk, Mr. KY Chuk, Mr. Steve Chuk and the Company to amend the Sale and Purchase Agreement, as referred to in "History and Corporate Structure — Reorganisation — (4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo"

"Deed of Indemnity"	the deed of indemnity dated 29 January 2018 executed by the Controlling Shareholders in favour of the Company, further details of which are set out in Appendix IV to this prospectus
"Deed of Indemnity (Good Step)"	the deed of indemnity dated 29 January 2018 executed by Mr. KY Chuk and Mr. Steve Chuk in favour of the Company, further details of which are set out in Appendix IV to this prospectus
"Deed of Non-Competition"	the deed of non-competition dated 29 January 2018 executed by the Controlling Shareholders, Mr. KY Chuk, J & W Group, Mr. Steve Chuk and Oxlo in favour of the Company regarding the non-competition undertakings as more particularly set out in "Relationship with the Controlling Shareholders — Deed of Non-Competition" in this prospectus
"Director(s)"	the director(s) of the Company
"Everbloom"	Everbloom Group Limited, a BVI business company incorporated in the BVI with limited liability on 11 February 2016 and is an indirect wholly-owned subsidiary of the Company
"Falcon Luck"	Falcon Luck Limited (福鷹有限公司), a limited liability company incorporated in Hong Kong on 11 June 2009 and an indirect wholly-owned subsidiary of TSIHL prior to its dissolution on 5 August 2017
"FBR"	the Food Business Regulations (Chapter 132X of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"FEHD"	the Food and Environmental Hygiene Department of Hong Kong
"Frost & Sullivan"	Frost & Sullivan International Limited
"Frost & Sullivan Report"	the industry research report prepared by Frost & Sullivan
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures

"Good Step"	Good Step Limited (確陞有限公司), a limited liability company incorporated in Hong Kong on 1 February 2013 and an indirect wholly-owned subsidiary of the Company
"Government"	the Government of the Hong Kong Special Administrative Region of the PRC
"Great Planner"	Great Planner Limited (迅海有限公司), a limited liability company incorporated in Hong Kong on 26 November 1999 and an indirect wholly-owned subsidiary of the Company
"Group"	the Company together with its subsidiaries or, where the context requires, in respect of the period before the Company became the holding company of its present subsidiaries, the companies which carried on the business of the present Group at the relevant time
"HK$" or "Hong Kong Dollars"	the lawful currency of Hong Kong
"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" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited
"Independent Third Party(ies)"	party(ies) which are independent of and not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules
"Joint Lead Managers"	Cinda International Capital Limited and CLC Securities Limited
"JSS Group"	JSS Group Corporation, a BVI business company incorporated in the BVI with limited liability on 11 February 2016, owned as to 100% by Mr. Stanley Chuk
"J & W Group"	J & W Group Limited, a BVI business company incorporated in the BVI with limited liability on 29 February 2016, owned as to 100% by Mr. KY Chuk

"Kang Zhi Yuan"	河源市東江康之源有機食品有限公司 (Heyuan City Dongjiang Kang Zhi Yuan Organic Food Limited), a limited liability company established in the PRC on 22 July 2013 and is currently owned by an Independent Third Party
"Latest Practicable Date"	22 January 2018, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information referred to in this prospectus
"Leading Win"	Leading Win Limited (雋凱有限公司), a limited liability company incorporated in Hong Kong on 17 February 2017 and an indirect wholly-owned subsidiary of the Company
"Legal Counsel"	Mr. K.C. Patrick Chong, barrister-at-law of Hong Kong, who is an Independent Third Party
"Legion"	Legion Holdings Group Limited, a BVI business company incorporated in the BVI with limited liability on 11 February 2016 and is an indirect wholly-owned subsidiary of the Company
"Listing"	listing of the Shares on the GEM
"Listing Date"	the date on which dealings in the Shares on GEM first commence, which is expected to be on or about Tuesday, 13 February 2018
"Listing Division"	the Listing Division of the Stock Exchange
"LLB"	Liquor Licensing Board of Hong Kong
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company conditionally adopted on 23 January 2018 by the Company to take effect from the Listing, and as amended, supplemented or otherwise modified from time to time
"MPF"	mandatory provident fund to be contributed by an employer in accordance with the MPFSO
"MPFSO"	the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Mr. Johnson Lam"	Mr. Lam Ka Wong Johnson (林家煌), the executive Director
"Mr. KY Chuk"	Mr. Chuk Kin Yuen (祝建原), the executive Director, one of the Shareholders and father of Mr. Stanley Chuk and Mr. Steve Chuk

"Mr. Stanley Chuk"	Mr. Chuk Stanley (祝嘉輝) (with former name Chuk Stanley Cah Fai), the chairman of the Board, the executive Director, the Controlling Shareholder, son of Mr. KY Chuk and younger brother of Mr. Steve Chuk
"Mr. Steve Chuk"	Mr. Chuk Chon Fai, Steve (祝昌輝), one of the Shareholders, son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) which will be not more than HK$0.40 per Offer Share and is expected to be not less than HK$0.35 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be determined as further described in "Structure and Conditions of the Share Offer" in this prospectus
"Offer Shares"	collectively, the Placing Shares and the Public Offer Shares
"Oxlo"	Oxlo Corporation, a BVI business company incorporated in the BVI with limited liability on 29 February 2016, owned as to 100% by Mr. Steve Chuk
"Placing"	the conditional placing of the Offer Shares by the Placing Underwriters on behalf of the Company for cash at the Offer Price with selected professional, institutional and/or other investors in Hong Kong as described in "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 180,000,000 new Shares initially being offered by the Company at the Offer Price for subscription under the Placing subject to the terms and conditions as described in "Structure and Conditions of the Share Offer" in this prospectus
"Placing Underwriters"	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing to be entered into by, among others, the Company and the Placing Underwriters, particulars of which are summarised in "Underwriting — Underwriting arrangements and expenses" in this prospectus
"Predecessor Group"	the predecessor group of the Group which consist of TSIHL (as the holding company) and its subsidiaries

"Price Determination Agreement"	the agreement expected to be entered into between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record and determine the Offer Price
"Price Determination Date"	the date, expected to be on or around Monday, 5 February 2018 or such later date as may be agreed between the Company and the Sole Bookrunner (for itself an on behalf of the Underwriters), on which the Offer Price is fixed for the purpose of the Share Offer
"Public Offer"	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions stated in this prospectus and in the Application Forms as further described in "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Shares"	the 20,000,000 new Shares (subject to reallocation) initially being offered by the Company for subscription in the Public Offer, as described in "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer Shares whose names are set out in "Underwriting — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 30 January 2018 relating to the Public Offer entered into among the Company, the Controlling Shareholders, the executive Directors, the Sponsor and the Public Offer Underwriters, details of which are set forth in "Underwriting" in this prospectus
"Pure Veggie House"	a restaurant operated under the "Pure Veggie House (心齋)" brand by the Group and is located on the 3rd floor of Coda Plaza
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of the corporate structure of the Group, further details of which are described in "History and Corporate Structure" in this prospectus
"Ronin Central"	a restaurant operated under the "Ronin (浪人)" brand by the Group located in M88 at Wellington Street in Central
"Ronin Wanchai"	a restaurant operated under the "Ronin (浪人)" brand by the Group located in Capital Building at Lockhart Road in Wanchai

"Sale and Purchase Agreement"	the sale and purchase agreement dated 20 October 2016 entered into among Mr. Stanley Chuk, Mr. KY Chuk, Mr. Steve Chuk and the Company relating to the acquisition of the entire issued share capital of Good Step, as referred to in "History and Corporate Structure — Reorganisation — (4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo"
"San Xi Lou"	a restaurant operated under the "San Xi Lou (三希樓)" brand by the Group located on the 7th floor and the 22nd floor of Coda Plaza
"San Xi Lou Times Square"	a restaurant operated under the "San Xi Lou (三希樓)" brand by the Group located at Times Square in Causeway Bay
"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, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares with a nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holders of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Sky Honour"	Sky Honour Consultants Limited (天誠顧問有限公司), a limited liability company incorporated in Hong Kong on 6 December 2006 and an indirect wholly-owned subsidiary of the Company
"Skyreach"	Skyreach Investment Holdings Limited, a BVI business company incorporated in the BVI with limited liability on 11 February 2016 and is a direct wholly-owned subsidiary of the Company
"Sole Bookrunner"	Cinda International Capital Limited
"Sponsor" or "CLC"	CLC International Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO, acting as the sole sponsor to the Listing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Stormwind"	Stormwind Limited, a limited liability company incorporated in Hong Kong on 18 March 2016 and an indirect wholly-owned subsidiary of the Company

"Subscription"	the subscription of Shares by Mr. KY Chuk and Mr. Steve Chuk through J & W Group and Oxlo, respectively, details of which are set out in "History and Corporate Structure — Reorganisation" in this prospectus
"Track Record Period"	the two financial years of the Group ended 31 March 2016 and 2017 and the four months ended 31 July 2017
"TS China"	Top Standard (China) Limited (高標準(中國)有限公司) (formerly known as Allied Hero Limited (雄滙有限公司)), a limited liability company incorporated in Hong Kong on 3 December 2009 and an indirect wholly-owned subsidiary of TSIHL prior to its dissolution on 5 August 2017
"TSGL"	Top Standard Group Limited (formerly known as Sun Access Limited), a limited liability company incorporated in Hong Kong on 25 March 2009, a wholly-owned subsidiary of TSIHL
"TSIHL"	Top Standard Investment Holdings Limited, a BVI business company incorporated in the BVI with limited liability on 4 February 2013, the holding company of the Predecessor Group
"Underwriters"	the Placing Underwriters and the Public Offer Underwriters
"Underwriting Agreements"	the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all area subject to its jurisdiction
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**WHITE** Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the form(s) of application for the Public Offer Shares for use by the public who requires such Public Offer Shares to be deposited directly into CCASS
"sq.m."	square meter
"%"	per cent

In this prospectus:

- ''our'', ''we'' and ''us'' refer to the Group; and

- the terms ''associate(s)'', ''close associate(s)'', ''connected person(s)'', ''controlling shareholder(s)'', ''core connected person(s)'', ''subsidiary(ies)'' and ''substantial shareholder(s)'' shall have the meanings given to such terms in the GEM Listing Rules, under the context otherwise requires.

This glossary contains explanations and definitions of certain terms used in this prospectus in connection with the Group and our business. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

"breakeven period"	the length of time when a restaurant's monthly revenue is able to cover its monthly operating cost and expenses on accounting basis
"ERP system"	enterprise resource planning system, a system that helps companies to integrate and manage the core business processes, including but not limited to product planning, marketing, inventory management, human resources, among the others
"full-service restaurant"	the catering segment that is made up of traditional restaurants with full table service provided by waiters, where customers are served their meals at the table and typically pay at the end of the meal; and full-service restaurants generally offer food at set lunch and dinner times rather than all day
"investment payback period"	the length of time when a restaurant's accumulated net cash inflow since its commencement of operation is able to cover the total investment amount
"mid-to-high end customers"	target customers from mid-to-high end market segment with average spending on food per meal over HK$78.2, according to the Frost & Sullivan Report and based on Government statistics
"POS system"	point of sales system, a combination of hardware and software, including but not limited to electronic cash register systems, receipt printers, display monitors, barcode scanners, which are used to assist the monetary transaction, and a tool for business operators to analyse the performance of a business

The Company has included in this prospectus forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in ''Summary'', ''Risk Factors'', ''Industry Overview'', ''Business'', ''Financial Information'' and ''Future Plans and Use of Proceeds'' in this prospectus which are, by their nature, subject to risks and uncertainties.

In some cases, the Company uses the words ''aim'', ''anticipate'', ''believe'', ''continue'', ''could'', ''estimate'', ''expect'', ''intend'', ''ought to'', ''may'', ''might'', ''plan'', ''potential'', ''predict'', ''project'', ''propose'', ''seek'', ''should'', ''will'', ''would'', ''going forward'' and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- the Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of the Group's business;
- the Group's operation and business prospects;
- the Group's dividend policy;
- the regulatory environment of the Group's industry in general;
- the future development and trends in the Group's industry; and
- risks identified under ''Risk Factors'' in this prospectus.

The Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of the Company. In addition, these forward-looking statements reflect the current views of the Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under ''Risk Factors'' and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and speak only as at the date they are made. The Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of the Company. The Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way the Company expects, 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 these cautionary statements.

You should carefully consider all of the information in this prospectus, including the risk and uncertainties described below, before making an investment in the Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could significantly decrease due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Opening of new restaurants could result in fluctuation in our financial results.

As part of the Group's expansion strategy, the Group intends to open new restaurants in Hong Kong. The Group intends to apply approximately HK$10.1 million of the net proceeds from the Share Offer for the opening of a new restaurant. Our historical financial results had been, and future financial results will be affected by the opening of new restaurants and substantial investments such as rental deposits, renovation costs and equipment and utensils costs that are required to be made in connection with their opening. As at the Latest Practicable Date, we had incurred capital expenditure of approximately HK$15.0 million in the opening of San Xi Lou Times Square. Whether we are able to successfully implement our strategic plan of opening new restaurants will depend on a number of factors, including but not limited to: (i) our ability to secure leases in prime locations for new restaurants that we plan to open in the future at commercially reasonable rentals, (ii) our ability to recruit staff who can perform at the service level that we require and to train up any newly hired staff in time, (iii) whether the Group's cashflow will be able to sustain our new restaurants' capital investments and subsequent operations, (iv) our ability to effectively manage the time and cost involved in the design, construction and pre-opening processes for each new restaurant, (v) whether our current managerial, financial and administrative resources are adequate to support our expansion plans, and (vi) whether we are able to obtain the requisite licences and permits in connection with the operation of the new restaurants.

We may also face intense competition from existing and other newly opened restaurants in the vicinity. In addition, the customer profile of restaurants varies by location, and it depends on a number of factors such as population density and demographics, local retail shops, nearby attractions, customer demographics and geography. As such there can also be no assurance that our new restaurants will be able to attract enough customers to achieve breakeven or investment payback, either within the timeframe that the Group plans for or at all. Restaurants newly opened by the Group may divert the Group's existing customers to new restaurants, which might adversely impact the revenue of our existing restaurants.

Our failure to successfully implement our expansion plan due to the risks mentioned above may adversely affect the cashflow, profitability, financial condition and business prospects of the Group.

One of our business strategies, being the operation of a central kitchen, may not achieve the desired results.

We intend to establish a central kitchen by using approximately HK$18.2 million of the net proceeds from the Share Offer, which the Directors believe would allow us (i) to benefit from economies of scale in our restaurant operations and future expansion and to standardise the preparation process for certain foods, centrally maintain quality control over our food; and (ii) efficiently control food costs. The establishment of a central kitchen will require us to set up new premises for this purpose, modify our existing operational model for our restaurant operations, apply for new licences and permits that are necessary for the operation of a central kitchen, and may require us to either internally develop logistical support for the delivery of food ingredients from our central kitchen to our existing and newly opened restaurants or to engage a third party logistics services provider who has relevant expertise to provide such services. We may also need to devise measures to ensure that our food processing, storage, transportation and delivery of food ingredients to our premises are handled in a clean and hygienic manner while maintaining their quality.

Currently, the Group's management does not yet possess the experience in establishing and running a central kitchen or its related logistics chain, and therefore there can be no assurance that we will be successful in centralising our food processing tasks in the new central kitchen, or that we can rely on this central kitchen to supply some or all of our semi-processed or processed food ingredients for use in our restaurants in a clean, safe and hygienic manner, in which case our expected productivity gains and cost-savings from the central kitchen may not realise. In such cases, our operations, our reputation and our results of operations may be materially and adversely affected.

We intend to rely on our central kitchen to supply some of our semi-processed or processed food ingredients used in our restaurants and any disruption of operation at our central kitchen could adversely affect our business and results of operations.

After we set up our central kitchen, we expect that a majority of the semi-processed or processed food ingredients used in the Group's restaurants would first be received and processed in our central kitchen before delivery to our restaurants. The primary purpose of setting up our central kitchen is to centralise the preparation and processing of a majority of the food ingredients that will be used in our dishes. Therefore, external factors such as failures in utilities of our central kitchen or severe delays in transportation and logistics may cause disruption to our central kitchen operations and its supply of food ingredients to our restaurants in a timely manner or at all. This may force us to either relocate our food processing tasks and employees back to our individual restaurants and/or to suspend or remove certain items or dishes from the menus temporarily or for a more extended period of time, and may potentially increase our cost and time in preparing food ingredients.

If we are unable to offer certain items or dishes in our restaurants, or if we are not able to recover from our customers the increased costs associated with the preparation of food ingredients outside of our central kitchen, our brand value may suffer, or may experience a significant reduction in revenue and/or profit, which may result in a material adverse effect on our business and results of operations.

Additional capital expenditure for our expansion plan may result in significant increases in our depreciation charge.

As part of our business strategies, we expect to make a number of capital investments such as the establishment of a central kitchen, the opening of new restaurants and the refurbishment of our existing restaurant premises and the Banquet Hall. Our projected capital expenditures for the three years ending 31 March 2020 are expected to be approximately HK$14.1 million, HK$42.3 million and HK$1.4 million, respectively, in particular, (i) approximately HK$23.1 million is expected to be used for expanding our "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands, (ii) approximately HK$21.3 million is expected to be used for the establishment of a central kitchen, and (iii) approximately HK$10.0 million is expected to be used to refurbish the Group's existing restaurants and the Banquet Hall. As a result of the implementation of our business strategies, our capital expenditures are expected to increase, and our depreciation charges are expected to increase by approximately HK$0.8 million, HK$3.9 million and HK$10.0 million for each of the three years ending 31 March 2020, respectively, which may adversely affect our financial condition and results of operations.

We depend to a large extent on our suppliers to supply food ingredients to us, and any failure for them to deliver food ingredients according to our requirements or at prices that are commercially reasonable may adversely affect our operations.

According to the Frost & Sullivan Report, one of the major challenges faced by catering service providers in Hong Kong is the soaring cost of raw materials. Our profitability therefore depends to a large extend on our ability to procure food ingredients that are suitable for the Group's restaurants at commercially reasonable prices. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our food ingredient costs amounted to approximately HK$16.3 million, HK$17.8 million and HK$7.2 million, respectively, representing approximately 89.2%, 91.3% and 90.3% of our total cost of raw materials and consumables used, respectively. The price of food ingredients are affected by external factors which are beyond our control, such as seasonal fluctuations, climate conditions, natural disasters, government regulations and the balance between supply and demand.

The Group generally does not enter into long-term supply agreements with our food ingredient suppliers, and we therefore only have a limited ability to control the prices of food ingredients that we purchase from our suppliers. Our suppliers may also cease to supply food ingredients to us for any reason.

In the event that any of our suppliers does not perform adequately, fails to meet our quality standards or otherwise fails to distribute ingredients or supplies to us in a timely manner, or in the event that the conditions of fresh or frozen food ingredients, being perishable goods, deteriorate or become spoiled due to delays in delivery, malfunction of refrigeration facilities or inappropriate handling during transportation, these ingredients may be rejected, and there can be no reassurance that we will be able to find suitable replacement suppliers or food ingredients in a short period of time or on acceptable terms. Our failure to do so could increase our food ingredient costs and could cause shortages of food ingredients and other supplies at our restaurants, which in turn may cause us to remove certain items from our menus.

If any of these events occur, we may not be able to satisfy our customers' orders or we might have to bear the increased purchase cost of food ingredients. In such cases, our business operations may potentially be interrupted or materially and adversely affected, and the Group's revenues and our financial condition may be materially and adversely affected as result.

Negative publicity and food contamination may adversely affect the Group's reputation, our business and operation results and we may be subject to prosecution and liability claims.

Being in the catering industry, we face an inherent risk of food contamination and liability claims. While we have put in place quality control systems that control the quality of incoming food ingredients (please refer to "Business — Quality Control" in this prospectus for measures we have adopted), we may not be able to detect all defects of food ingredients when we receive them from our suppliers. We also face the risk that certain of our employees may not adhere to our mandated internal procedures and requirements for food handling. Any failure to detect defective food supplies or our employees failing to observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of food we provide to our customers.

In addition, incidents or allegations of food contamination or poisoning, poor hygiene standards or general cleanliness of our restaurants may attract negative publicity, which may affect the public's confidence in the Group's offerings. If any of such incidents results in investigations being instigated by the regulatory authorities or by our customers, the Group will have to divert its management attention and expend resources (such as fees for its professional advisors) in defending such investigations and claims, and the Group may be subject to liability claims, adverse publicity, reduced customer patronage, the imposition of penalties by regulatory authorities, withdrawal of certifications by certifying bodies, and our licences to operate may be suspended or cancelled in case the Group is found to be at fault. After such incident, the Group may have to take additional measures to rebuild the customers' confidence in the Group's food offerings and/or to offer discounts to attract customers, at additional cost to the Group with no assurance that such remedial actions will be successful. During the Track Record Period and up to the Latest Practicable Date, we had no incidents of non-compliance with food and health-related laws and regulations which resulted in any material penalty to the Group's restaurants, however there can be no reassurance that the Group will not be a party to material claims, penalties or orders in relation to the Group's restaurants in the future.

Regardless of whether the Group or its employees are at fault or are found to be not at fault for any incident of food contamination, any incidents could materially harm our reputation, results of operations and financial condition.

We may be exposed to significant rental increases when we renew our tenancy agreements, and most of our tenancy agreements will expire in December 2018, which may adversely affect our results of operations and financial condition upon such renewal.

As at the Latest Practicable Date, all of our restaurant premises and our headquarters operate on leased premises. We are therefore exposed to fluctuations in market rents. Rental and related expenses amounted to approximately HK$6.8 million, HK$10.4 million and HK$6.0 million for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, representing approximately 9.3%, 13.1% and 19.3% of our total revenues for the corresponding periods. In particular, our headquarters, our San Xi Lou, Pure Veggie House and Banquet Hall are located in Coda Plaza, and all current tenancy agreements for these premises will expire on 31 December 2018 unless we exercise the renewal options in these tenancy agreements in accordance with their terms.

After the expiry of the existing lease agreements, it is likely that the rental and other ancillary fees of our premises will be increased upon renewal. For our headquarters, our restaurants and the Banquet Hall that are located at Coda Plaza, if we exercise our options to renew the tenancy agreements for these premises, there will be a 20% increase in rental, amounting to a total increase of approximately HK$0.2 million per month, together with potential increases in other ancillary fees that will be agreed with the landlord. If we are not able to recover the increases in rental from our operations such as passing on the increased occupancy costs to our customers and/or achieve cost savings, our results of operations and our financial condition could be materially and adversely affected.

In addition, any decision by the landlords not to renew leases of the premises of our existing restaurants or the Banquet Hall may force us to relocate our restaurant operations to new premises. If we are forced to relocate, there can be no assurance that the Group will be able to find suitable premises to relocate our restaurants to, and we might be required to incur time and costs to set up our restaurants in new locations and to apply for the necessary licences before they can commence operation, in which case our revenue and profits may be materially and adversely affected.

Our current restaurant locations are concentrated in the Central and mid-levels area. Such locations may become unattractive, and the Group's business and operations may be materially and adversely affected.

A majority of the Group's restaurants (including our San Xi Lou and Pure Veggie House) are concentrated in Coda Plaza, and all of our restaurants (except Ronin Wanchai and San Xi Lou Times Square) are located in the Central and mid-levels area on Hong Kong Island. However, if the locations of our restaurants become unattractive due to a change in the neighbourhood environment or there is construction or renovation works in the areas where our restaurants are located in that restrict or reduce pedestrian or vehicle flow, the Group's restaurants may operate at a loss and may be forced to relocate to other locations. The Group will in this case incur relocation costs and renovation costs. There is also no assurance that the Group will be able to find suitable premises to relocate our restaurants to, and even if premises are found, that the profits generated at the new location will be the same or better than our existing restaurants. In addition, as the Group's lease agreements have a minimum fixed term, ranging from two to five years, the Group may be obliged to continue to lease the premises until the lease agreements terminate. The Group's profitability and financial condition could be materially and adversely affected as a result.

Our success depends on the contribution by our key employees and our business may be harmed if we lose their services, or they are not able to successfully manage our expansion.

We believe that our employees contribute significantly to the success of the Group. Mr. Stanley Chuk, our Chief Executive Officer and an executive Director, and Mr. Johnson Lam, our Chief Operating Officer and an executive Director, have substantial experience in our operations and have been playing a critical role in determining and implementing the Group's strategies and are instrumental to the Group's success. In addition, we rely on our team of experienced chefs, kitchen staff and restaurant managers to deliver quality food and services that our customers looks for. If one or more of these persons is unable or unwilling to continue to serve the Group, the Group may not be able to find competent and suitable replacements. In addition, the services and the working experience of the above personnel will be instrumental to the expansion plans of the Group. The loss of services of any such persons may have a material adverse effect on the Group's operations, expansion plans and its business performance.

The Group had net current liabilities during the Track Record Period.

The Group recorded net current liabilities of approximately HK$5.0 million, HK$11.9 million and HK$25.5 million as at 31 March 2017, 31 July 2017 and 30 November 2017, respectively. The net current liabilities position as at 31 March 2017 was mainly due to an increase in our bank borrowings from HK$2.3 million as at 31 March 2016 to HK$18.9 million as at 31 March 2017, which mainly represents the pre-existing bank borrowing of Good Step that remained outstanding when the Group acquired Good Step. Our net current liabilities position further increased as at 31 July 2017 mainly due to increase in trade and other payables and accruals (which is primarily attributable to accrued Listing expenses) and decrease in amounts due from related parties/former related parties. The net current liabilities position as at 30 November 2017 increased primarily due to banking facilities being drawn-down from August 2017 to October 2017 to support the opening of our San Xi Lou Times Square and the increase in accrued Listing expenses. Further information of which are set out in "Financial Information — Net Current Assets/Liabilities" in this prospectus. There can be no assurance the Group's net current liability position will not affect our ability to make the necessary capital expenditures or to invest in our expansion plans. In addition, if the Group is unable to meet its debt and interest repayment obligations, the Group's creditors may choose to accelerate the repayment of the Group's indebtedness, which may have a material adverse effect on the financial conditions of the Group.

We experienced net operating cash outflow for the four months ended 31 July 2017. If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected.

We recorded net cash outflow from operating activities of approximately HK$3.4 million for the four months ended 31 July 2017. For further information, please refer to "Financial Information — Liquidity and Capital Resources — Cashflows of the Group" in this prospectus.

We cannot assure you that we will not experience net cash outflow in the future. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. For example, if we do not have sufficient net cash flow to fund our future capital requirements, pay our trade and other payables or repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or curtail our operations, our development and expansion plans or to raise funds at terms that are not favorable to the Company. In such cases, our business, financial condition and results of operations may be materially and adversely affected.

Our level of indebtedness materially increased as at 30 November 2017, which could limit our ability to obtain further financing and in turn reduce our competitiveness.

Our level of indebtedness materially increased as at 30 November 2017, which was primarily due to banking facilities being drawn-down from August 2017 to October 2017 to support the opening of our San Xi Lou Times Square. Our total outstanding bank borrowings increased from approximately HK$2.3 million as at 31 March 2016 to HK$18.9 million, HK$18.7 million and HK$32.2 million as at 31 March 2017, 31 July 2017 and 30 November 2017, respectively. Please refer to "Financial Information — Indebtedness" in this prospectus for further details.

We cannot assure you that our level of indebtedness will decrease substantially or at all in the near future, or we will not experience high level of indebtedness in the future. High level of indebtedness could limit our ability to obtain further financing, either on commercially favourable terms or at all, which may reduce our competitiveness, increase our vulnerability to adverse general economic and industry conditions and limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate. We may also be required to utilise a substantial portion of our cash flows from operations to service our interest and principal payments of our indebtedness.

Our business may be affected by the planned refurbishment of our premises, and there may be unforeseen business interruptions, and such interruptions may adversely affect our operations.

As part of our expansion plans, we plan to carry out refurbishments to upgrade our existing restaurants and Banquet Hall by using approximately HK$10.0 million of the net proceeds from the Share Offer. While our management will endeavour to refurbish the premises without interruption to our normal business operations, there may be unforeseen circumstances whereby we might be forced to suspend our operations or to reduce the number of seats available during the refurbishments. In addition, accidents and unforeseen events such as natural or man-made disasters, epidemics and pandemics, failures in the utilities that are necessary for our restaurant operations, hardware or software failures, computer viruses, labour strikes and severe delays in transportation and logistics are beyond our control, and may also cause business interruption to us. During such interruptions, revenues of the affected restaurants and our overall financial condition may be adversely affected.

If our expansion plan proves to be unsuccessful, our business and growth prospects may be adversely impacted.

The Directors believe that our future growth to a large extent depends on our ability to successfully implement our strategic plan to open and operate new restaurants and to operate our central kitchen in a profitable manner. In addition to our San Xi Lou Times Square that recently opened with a capital expenditure of approximately HK$15.0 million, we expect to open one more new restaurant in Hong Kong by using approximately HK$10.1 million of the net proceeds from the Share Offer and the opening of new restaurants may place substantial strains on our managerial, operational and financial resources. Our ability to successfully open and operate new restaurants is subject to a number of uncertainties, including our ability to identify suitable locations for our new restaurants, securing the necessary governmental approvals and licences, hiring and training the personnel, timely implementation of our refurbishment plans, and our management's ability to manage our portfolio of restaurants concurrently with the opening of our new restaurants.

In addition, we cannot be certain that we will always be able to operate our newly opened restaurant(s) on a profitable basis and/or at the planned profit margins that we anticipate. If any new restaurant experiences prolonged delays in the commencement of its operation, or fails to achieve breakeven or investment payback within the timeframe that the Group plans for, or fails to become profitable at all, the Group's financial condition and profitability may be materially and adversely affected as result, and the Group's business and growth prospects may be adversely affected.

Any failure or perceived failure to deal with customer complaints or adverse publicity involving our food or services could materially and adversely affect our business and results of operations.

The Group's reputation is our important asset. The Group 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 restaurant operators or other parties in the food industry. Any such negative publicity could materially harm our business and our results of operations and result in damage to our reputation.

During the Track Record Period, we are not aware of complaints filed by our customers to the Consumer Council or the Hong Kong Tourism Board, and we are not aware of any customer complaints seeking material compensation that could have a material adverse effect on our business and results of operations during the Track Record Period and up to the Latest Practicable Date.

If there are complaints or claims directed against the Group, even if without merit or unsuccessful, it could force us to divert management and other resources from our business and cause customers to lose confidence in the Group's restaurants, which may materially adversely affect the Group's cashflow, profitability, financial condition and business prospects.

The Group's future success depends on our ability to meet customer expectations, and anticipate and respond to changing trends and customer preferences.

The market segments that we operate in are highly fragmented and competitive and are subject to rapidly changing trends and customer preferences. According to the Census and Statistics Department, there are more than 15,000 catering establishments in 2016, either both locally owned or international chains. The Group's future success depends on our ability to rapidly respond to changes in market trends, customer demographics and their tastes and dietary habits by offering new and improved menu items, creating innovative dishes and offering a modern dining ambience. According to the Frost & Sullivan Report, one of the challenges faced by catering services providers is the higher customer requirement on dishes and dining. For a catering service provider to distinguish itself from its competitors, it is required to take different initiatives such as conducting promotional campaigns, changing the decoration of premises, and designing and providing special dishes. Given the above, we may need to incur significant costs and resources into surveying and researching trends and customers preferences to improve and create new menu items and renovating our premises to improve our customer's dining experience, which may place substantial strain on the Group's managerial and financial resources. If the Group is unable to identify new trends or customer preferences, or if we lag behind our competitors in creating or introducing appealing dishes, the Group's revenue, profitability and financial condition could be materially and adversely affected.

The Group operates restaurants serving a certain section of the market, which is dependent on the spending power of our customers and the general economic performance of the market.

The Group's restaurants mainly target customers at the mid-to-high income levels with an average spending of over HK$78.2 per meal based on Government statistics, and the Group's expansion plans also include opening new restaurants that target customers of a similar segment. Therefore, the Group's restaurants may be vulnerable to an economic downturn that affects the discretionary spending made by these customers, which may result in reduced visits by our customers and reduced average spending per customer. There can be no assurance that our current and targeted customers will continue their patronage with our restaurants in an economic downturn, which will adversely affect the Group's results of operations and financial condition.

We require various approvals, licences and permits to operate our business. Any failure to obtain or renew any of the approvals, licences and permits could materially and adversely affect our business and results of operations.

Our operations are subject to various laws and regulations of Hong Kong. For details of the regulatory environment that we are subject to, please refer to "Regulatory Overview — Laws and Regulations Applicable to Our Operations" in this prospectus. Our restaurants each currently has a general restaurant licence or a provisional restaurant licence (valid for a period of six months) and a water pollution control licence, whereas our Banquet Hall currently operates under a Certificate of Compliance granted under the C(SP)O and a water pollution control licence. There are liquor licences covering the sale of liquor in our San Xi Lou, San Xi Lou Times Square, Ronin Central, Ronin Wanchai and the Banquet Hall. For details of our licences, please refer to "Business — Licences and Approvals" in this prospectus.

In particular, given that a restaurant licence is for a designated address, should we decide not to renew any of the existing leases for any of our restaurants, the relevant restaurant(s) will need to be relocated and new restaurant licence(s) will need to be applied for in respect of the new location(s). Based on our recent experience in opening San Xi Lou Times Square, the Directors expect that it will take approximately four months to obtain a new restaurant licence.

There can be no assurance that our existing licences can be successfully renewed upon their expiry, or that new restaurants that we open or relocate can obtain all the requisite licences that are required for their operations. Failing to obtain or renew all or some of the requisite licences may require us to suspend some part or all of our operations, which will adversely affect our business and results of operations. If the leases for the current premises at 3rd Floor and 7th Floor of Coda Plaza are not renewed, the Group may not be able to continue operating Pure Veggie House and San Xi Lou at the relevant locations as the relevant general restaurant licences were held by the associate of the landlord of these premises.

The Group may encounter difficulty in sustaining profitability and the Group's historical financial condition may not be treated as an indication of the Group's future profitability.

For the two years ended 31 March 2016 and 2017, we recorded a net profit in the amount of HK$10.7 million and HK$8.3 million, respectively. The Group's historical results may not be indicative of the Group's future performance. The Group's financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of the Shares to decline. The Group's revenues, expenses and operating results may vary from period to period due to a variety of factors beyond the management's control, including but not limited to general economic conditions, special events, regulations or actions pertaining to the operation of restaurants in Hong Kong, and the management's ability to control costs and operating expenses.

We have previously been involved in certain incidents of non-compliance with certain Hong Kong regulatory requirements.

We have previously been involved in certain non-compliance incidents such as non-compliance with statutory requirements in relation to licences and MPF obligations. For details, please refer to "Business — Legal Proceedings and Compliance" in this prospectus. If any enforcement is taken by the relevant authorities, we or the Directors may be required to pay penalties and the Directors may also be held liable for such non-compliances, and we may not be able to obtain or renew some or any of the licences or approvals that are necessary for our business. Additionally, there can be no assurance that our business and financial position and prospects, including but not limited to our reputation and our relationship with our customers, will not be adversely affected by such historical non-compliance incidents.

Seasonality factors may affect the Group's financial performance.

The Group's overall operation results can fluctuate significantly from period to period within a year because of seasonal fluctuations. For example, the Group's revenues during certain holiday periods (generally from December to January) are usually higher than the average revenue of the remaining months of the year mainly due to a lack of Chinese celebratory festivals and public holidays. During the two years ended 31 March 2016 and 2017, the revenue for each of December and January was at least 8% above the average monthly revenue of the corresponding full financial year. As such, the result of the Group's financial performance may fluctuate from period to period and any comparison of different periods may not accurately reflect the Group's overall financial performance due to seasonality. The results for a given period within any year are not necessarily indicative of results to be expected for any other period within a year.

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

We believe that the success of the Group and the strength of our competitive position depend to a large extent on our reputation and our customer's association of our brands with quality food offerings. Our ability to successfully implement our expansion plans also depend to a large extent on our ability to further build our brand recognition using our concepts, recipes, confidential know-how and other registered intellectual property such as trademarks.

While we take measures to prevent our concepts, recipes and trade secrets from access by third parties, there can be no assurance that we will be able to prevent our know-how from becoming known to the public, or that our registered intellectual property will not be infringed by third parties either within or outside of Hong Kong. Such loss may either affect our customers' perception of our brands and our offering, and may increase competition we face in the market and may have a material adverse effect on our results of operations.

In particular, while we have registered trademarks in relation to the brands of our restaurants, namely "San Xi Lou", "Pure Veggie House" and "Ronin", there can be no assurance that there will be no other restaurants in Hong Kong having similar names to our restaurant brands. As at the Latest Practicable Date, the Directors were aware that there is one Japanese restaurant in Hong Kong named "RŌNIN", which is similar to our brand of "Ronin" (the "**Unrelated Restaurant**") in English. If the Unrelated Restaurant or any other restaurants having similar names to our restaurant brands are believed to be part of the Group and there is unfavourable perception and/or incident (such as poor food quality or food poisoning) linked to them, our reputation, and hence our business, may be materially and adversely affected.

If our efforts to maintain and protect our intellectual property are ineffective or inadequate, or if any third party infringes our registered intellectual property rights and gains knowledge of our proprietary information, the value of our brand may be harmed, and our reputation may be damaged. We may also be required to initiate litigation to protect and enforce our trademarks and other intellectual property rights. Any litigation could result in substantial costs and divert our resources from our business, which could negatively affect our results or operations, profitability and prospects.

The Group's insurance coverage may be insufficient to protect the Group against potential liabilities arising from our operations.

The Group has taken out insurance policies that our management believes to be customary for the Group's business and are commensurate with the scale of our operations and standard commercial practice in Hong Kong. Our insurance expenses amounted to approximately HK$0.3 million, HK$0.5 million and HK$0.2 million for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. For details of the insurance policies that we hold, please refer to "Business — Insurance" in this prospectus. Nevertheless, there are types of losses that the Group may incur that cannot be insured against or that our management believes to be not commercially reasonable to insure, such as loss of reputation or losses arising from food safety incidents that affect the Group. If the Group is held liable for uninsured losses, the Group's financial results may be materially and adversely affected.

We may not be able to detect, deter or prevent all instances of fraud or other misconduct.

We receive and handle large amount of cash in our daily operations. There can be no reassurance that the Group will be able to detect, deter or prevent all instances of fraud or other misconduct in the future, or that there had been no fraud or misconduct during the Track Record Period. Any such incidents may have a material adverse effect on our cashflow, reputation or results of operations.

If we fail to obtain sufficient funding for our expansion plans, our business and growth prospects may be adversely affected.

We believe that our current cash and cash equivalents, anticipated cashflow from operations, available credit facilities, and the proceeds from the Share Offer will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures for at least the next twelve months from the date of this prospectus. We may, however, require additional cash resources to finance our continued growth or other future developments, including any investments we may decide to pursue for our business expansions. If our resources are insufficient to satisfy our cash requirements, we may need to seek additional financing. Such additional financing may not be available on commercially reasonable terms or at all. To the extent that we raise additional financing by selling additional equity securities, the Shareholders may experience substantial dilution. To the extent we engage in debt financing, the incurrence of indebtedness would result in increased debt obligations and could result in operating and financing covenants that may, among other things, restrict our operations or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service the debt obligations or are unable to comply with the relevant debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial condition may be materially and adversely affected.

RISKS RELATING TO OUR INDUSTRY

Intense competition in the restaurant industry could adversely affect our operating results if we are unable to compete effectively.

The restaurant industry in Hong Kong is highly competitive and fragmented. Key competitive factors in the industry include the overhead associated with restaurant operations, the type of cuisine, food quality and consistency, quality of service, price, dining experience, restaurant location and the ambience of restaurants. There are a large number of restaurants in Hong Kong that specialise in Chinese and Japanese cuisines, and players in this market, including major conglomerates, mid-size chain restaurants down to local restaurants. According to the Frost & Sullivan Report, there are currently about 500 Sichuan cuisine restaurants and more than 2,500 Japanese restaurants across Hong Kong.

The level of competition that we face could have a material adverse impact on the Group's future growth and profitability if we are not able to maintain our competitive edge and distinguish our restaurants from those of our competitors. Further, major restaurant chains are able to compete with us more efficiently due to their economy of scale, more financial resources and better access to employees. In addition, our competitors may develop new restaurants that operate along the same concepts that are similar to those the Group operates or intends to operate.

Any inability to successfully compete with the other restaurants in our market segments may prevent us from increasing or sustaining our revenues and lose market share, which could have a material adverse effect on our business prospects, financial position, results of operations or cash flows. There can be no reassurance that we will be able to modify our food offerings or reduce our prices, or to offer new cuisines for us to compete with our competitors, which might also have a material adverse effect on our business prospects, financial position, results of operations or cashflow.

Food safety and hygiene incidents in Hong Kong or elsewhere might reduce customers' confidence.

Food safety and hygiene of food ingredients such as seafood, vegetables and poultry had been found to be unsuitable for human consumption due to factors such as contamination by chemicals and diseases affecting them, or by reports of poor hygiene in their production and/or preparation. For example, there had been reports of excessive level of growth hormones being injected into poultry and seafood, the use of chemicals and medicines in live animals or seafood, the use of "gutter oil" in restaurants and excessive levels of carcinogenic chemicals or heavy metals in seafood.

In addition, food safety and hygiene incidents at locations outside of Hong Kong, where some of our food ingredients are sourced from, may also affect our customers' confidence in the safety of the food that they consume in our restaurants.

Any adverse publicity in food safety and health incidents may trigger customers' concern on food safety and affect the customers' confidence of dining out in general, which may materially and adversely affect our results of operations and our financial condition.

The restaurant business may be subject to increased level of regulation, and compliance costs may increase as a result.

We are required to obtain a number of licences and permits for our restaurant and our Banquet Hall operations. We also intend to open a central kitchen, which also requires a number of licences and permits. We are also required to comply with conditions attached to those licences, laws and regulations relating to the protection of the environment, and other laws and regulations that apply generally to the running of businesses in Hong Kong. If the conditions of the licences and the applicable laws and regulations become more stringent, the Group may be required to expend additional costs to comply with such requirements, which may materially and adversely affect our profitability and results of operations.

Minimum wage requirements in Hong Kong may further increase and our employee costs and our recruitment activities.

The salary level of employees in the industry had been on the rise in the recent years. Our staff costs amounted to approximately HK$23.9 million, HK$28.4 million and HK$11.0 million for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively, representing approximately 32.8%, 35.5% and 35.3% of our revenues for the corresponding periods, respectively.

We are required to comply with the statutory minimum wage rate, which was HK$34.5 per hour with effect from 1 May 2017.

According to the Frost & Sullivan Report, (i) one of the major challenges encountered by catering service providers in Hong Kong is the bi-annual review of the statutory minimum wages since 2011, and there is a likelihood that catering service providers may encounter the higher labour and thus operation cost, and (ii) the shortage of experienced and skilled labour, especially for chefs, is recognised as one of the major issues for new restaurant operators. Our staff costs may be impacted by further increases of the statutory minimum wage in Hong Kong. Moreover, the increase in the statutory minimum wage rate may also lead to increase competition for skilled employees, which may result in further increases in staff costs so that we can retain or attract skilled employees, which may adversely affect our expansion plans and our profitability. We may not be able to pass all of our increased staff costs to our customers, which may materially adversely affect the profitability and financial condition of the Group.

RISKS RELATING TO THE SHARES AND THE SHARE OFFER

There has been no prior public market for the Shares and the liquidity, market price and trading volume of our Shares may be volatile.

Prior to the Share Offer, no public market existed for the Shares. Following the completion of the Share Offer, the Stock Exchange will be the only market on which the Shares are publicly traded. There can be no assurance that there will be an active trading market for the Shares, or such a trading market will develop or will sustain. In addition, there can be no assurance on the trading price of the Shares. If an active trading market for the Shares does not develop, or is not sustained after the Share Offer, the liquidity, market price and trading volume of the Shares may be volatile.

Investors may experience difficulties in enforcing their shareholders' rights as the laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located.

The Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Cayman Companies Law and common law applicable in the Cayman Islands. The laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as they may enjoy under the laws of Hong Kong or other jurisdictions. A summary of the Cayman Companies Law on protection of minorities is set out in "Summary of the Constitution of the Company and Cayman Companies Law — 3. Cayman Islands Company Law — 3.6 Protection of minorities and shareholders' suits" in Appendix III to this prospectus.

Investors will incur immediate dilution because the price of the Share Offer may be higher than the net tangible asset value per Share.

The initial public offering price of the Shares may be higher than the pro forma adjusted net tangible assets per Share as at 31 July 2017. Therefore, purchasers of the Offer Shares in the Share Offer will experience an immediate dilution in the net tangible asset value and the existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per Share as at 31 July 2017.

The interests of the Controlling Shareholders may be different from those of our other Shareholders.

The interests of the Controlling Shareholders may differ from those of other Shareholders. If the interests of the Controlling Shareholders conflict with the interests of other Shareholders, or if the Controlling Shareholders breach the terms of their undertaking with the Company, or cause our business to pursue strategic objects that conflict with the interests of other Shareholders, the other Shareholders could be disadvantaged as a result. By virtue of their shareholding in the Company, the Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matters submitted to the Shareholders for approval, such as the election of directors, mergers, acquisitions and disposal of our assets, the amendments to the Articles and other significant corporate actions. The Controlling Shareholders have no obligation to consider the interests of the Company or the interests of other Shareholders and our other Shareholders' interests may be adversely affected as a result.

Investors may experience dilution if the Group issues additional Shares in the future.

We may need to raise additional funds due to changes in business conditions or to finance our future plans, whether in relation to our existing operations, potential acquisitions, new premises, or new business undertakings. If we raise funds by way of the issue of new Shares or equity-linked securities other than on a pro-rata basis to the existing Shareholders, then the shareholding percentage of the existing Shareholders may be reduced, the earnings per Share and the net tangible asset value per Share would diminish, or such new securities may confer rights and privileges that are not available to the holders of the Shares.

The sale or availability for sale of substantial amount of Shares could adversely affect their trading price.

After the lock-up period as described in this prospectus, the Controlling Shareholders and the other substantial and significant Shareholders are at the liberty to dispose of their Shares. Sale of substantial amount of Shares in the market after completion of the Share Offer or a perception of the same may adversely affect the market prices of the Shares or materially impair the ability of the Company to raise additional funds from the market through future share offerings, and we are not able to predict the effect of such actions by the Controlling Shareholders and the other substantial and significant Shareholders on the market price of the Shares.

Dividends declared by the Group in the past are not indicative of the amount of future dividends of the Group.

The Group declared approximately HK$6.9 million, HK$11.0 million and nil as dividends for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. After completion of the Share Offer, dividends may be declared by the Company and paid to the Shareholders. The amount of dividend that may be declared in the future will be subject to, among other factors, the discretion of the Directors, the availability of distributable profits, the financial position and the funding requirements of the Group, and such other factors that the Directors may determine at the relevant time.

Therefore, amounts of dividends that were declared and paid in the past should not be used as a reference or basis upon which future dividends will be determined. There can be no assurance that dividends of similar amounts, if any, will be declared by the Company in the future.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

The industry statistics contained in this prospectus may not be accurate, reliable or fair.

Statistics and other information relating to our industry, particularly that contained in "Industry Overview" in this prospectus, have been compiled partly from various publicly available publications as well as the industry report we commissioned from an independent industry consultant. We have made specific enquiries with the industry consultant and we believe that the sources of information are appropriate sources and the industry consultant has taken reasonable care in extracting and presenting such information. We have no reason to believe that such information is inaccurate or misleading in any material respect, or that any fact has been omitted that would render such information false or misleading. However, we cannot guarantee the quality of such sources materials. Moreover, statistics derived from multiple sources may not be prepared on a comparable basis. None of the Company, the Controlling Shareholders, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or any other persons (other than the independent industry consultant) or their respective directors, advisers or affiliates involved in the Share Offer has independently verified the information provided by the independent industry consultant, and makes no representation as to the accuracy of facts and statistics presented therein, which may not be consistent with other information compiled within or outside of Hong Kong. Such information may not be complete or up to date, as the methodology for collecting the information may contain faults or may not be effective, and there exists variations and other problems between the information published and market practices, the industry information and statistics contained herein may not be accurate or complete and should not be unduly replied upon when making investment decisions in the Company.

Forward looking statements in this prospectus may prove to be inaccurate.

This prospectus contains certain forward-looking statements and information relating to the Group and its restaurants that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. Such statements of belief reflect the current views of the Company's management on future events, operations, liquidity and capital resources of the Group, some of which may not materialise or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors described in this prospectus. When used in this prospectus, the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" and similar expressions, as they relate to the Group or our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors disclosed in this prospectus. Subject to the requirements of the GEM Listing Rules and the applicable laws and regulations, we do not intend to update the public or otherwise revise the forward looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements or information.

Investors should read this entire prospectus carefully and the Company strongly cautions you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward looking statement.

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to the Group and/or the Share Offer that is not set out in this prospectus. The Company wishes to emphasise to potential investors that neither the Company nor the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, or their respective directors, officers, employees, advisers, agents or representatives, or any other parties (collectively, the "**Professional Parties**") involved in the Share Offer has authorised the disclosure of such information, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by the Company or any of the Professional Parties. Neither the Company nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, the Company disclaims any responsibility, liability whatsoever in connection therewith or resulting therefrom.

Accordingly, prospective investors should not rely on any such information in making your decision as to whether to invest in the Offer Shares. You should rely only on the information contained in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

(a) the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;

(b) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

(c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

The Offer Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall not be relied upon as having been authorised by the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees and/or representatives or any other person or parties involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. The Listing is sponsored by the Sponsor. The Share Offer is managed by the Sole Bookrunner and the Joint Lead Managers. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between the Company and the Sole Bookrunner (for itself and on behalf of the Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement. For further details about the Underwriters and the Underwriting Agreements, please refer to "Underwriting" in this prospectus.

OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by the Price Determination Agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company on the Price Determination Date, which is currently scheduled to be on or about Monday, 5 February 2018 or such later date as the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company may agree. If, for whatever reason, the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company are unable to agree on the Offer Price by the Price

Determination Date, the Share Offer will not become unconditional and will lapse. For full information relating to the determination of the Offer Price, please refer to "Structure and Conditions of the Share Offer" in this prospectus.

SELLING RESTRICTIONS

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, any offer or invitation nor is it taken as an invitation or solicitation of offers in any jurisdiction or under any circumstances where such 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/or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

Each person acquiring the Offer Shares will be required to confirm, or by his or her acquisition of the Offer Shares be deemed to confirm, that he or she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in "How to Apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure and conditions of the Share Offer are set out in "Structure and Conditions of the Share Offer" in this prospectus.

APPLICATION FOR THE LISTING ON GEM

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer on GEM. No part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of the Company must at all times be held by the public. A total of 200,000,000 Offer Shares comprising the issue of 20,000,000 Shares for subscription under the Public Offer and 180,000,000 Shares to be offered under the Placing, representing 25% of the Company's issued share capital, will be in the hands of the public immediately following the completion of the Share Offer and upon the Listing. Only securities registered on the branch register of members of the Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Under section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares to be listed on GEM pursuant to this prospectus has been refused prior to 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 the Company by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Save as disclosed herein, no part of the Shares or loan capital of the Company is listed, traded or dealt in on any other stock exchange. At present, the Group is not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the grant of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance 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 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. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for 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.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Tuesday, 13 February 2018 under the GEM stock code 8510.

Shares will be traded in board lots of 8,000 Shares each and are freely transferrable.

The Company will not issue any temporary document of title.

HONG KONG BRANCH SHARE REGISTRAR AND STAMP DUTY

All of the Shares will be registered in the Company's branch register of members to be maintained in Hong Kong by the branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong. Only securities registered on the register of members of the Company kept in Hong Kong may be traded on GEM unless the Stock Exchange agrees otherwise.

Dealings in the Shares registered in the branch register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on the Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to taxation implications of the subscription for, purchase, holding or disposal of, dealings in or the exercise of any rights in relation to, the Offer Shares. None of the Company, the Controlling Shareholders, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives (where applicable) or any other persons involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated from Chinese into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in the prospectus and their English translations, the Chinese names shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. As a result, any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB and US$ have been converted into Hong Kong dollars, for the purpose of illustration only, at the rates of RMB1.00:HK$1.2264 and US$1.00: HK$7.8041, respectively. No representation is made that any amounts in US$, RMB or HK$ can be or could have been converted at the relevant dates at the above rates or any other rates or at all.

In preparation for the Listing, the Company has sought the following waiver from strict compliance with the relevant provisions of the GEM Listing Rules.

WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group entered into and is expected to continue with certain transactions which would constitute non-exempt continuing connected transactions under Chapter 20 of the GEM Listing Rules, following completion of the Listing. The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules in respect of such non-exempt continuing connected transactions. Details of such non-exempt continuing connected transactions and the waiver is set out in "Connected Transactions" in this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Chuk Stanley (formerly known as Mr. Chuk Stanley Cah Fai) (祝嘉輝)	Flat B, 3rd Floor Tower 2, South Bay Palace 29–31 South Bay Close Hong Kong	Chinese
Mr. Lam Ka Wong, Johnson (林家煌)	Flat F, 19th Floor, Block 2 Kornhill Garden Quarry Bay Hong Kong	Chinese
Mr. Chuk Kin Yuen (祝建原)	Flat F, Ground Floor Kowloon Tong Garden 1 Cambridge Road Kowloon Tong Kowloon, Hong Kong	Chinese
Independent non-executive Directors		
Ms. Chian Yat Ping (錢一平)	Flat A, 14th Floor 16 Broadway Mei Foo Sun Chuen, Stage 1 Kowloon, Hong Kong	Chinese
Mr. Yew Tak Yun, Paul (姚德恩)	Flat 8A 12 Bonham Road Mid-levels Hong Kong	Singaporean
Mr. Chan Kwok Ki, Stephen (陳國基)	Flat B, 8th Floor Sky Lodge 2 8 Yin Ping Road Beacon Hill Kowloon, Hong Kong	Canadian

Further information on the Directors is disclosed in "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor	**CLC International Limited** *(a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance))* 13th Floor, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
Sole Bookrunner	**Cinda International Capital Limited** 45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong
Joint Lead Managers	**Cinda International Capital Limited** 45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong **CLC Securities Limited** 13th Floor, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
Co-lead Managers	**Bluemount Securities Limited** Room 2403–05, Jubilee Centre 18 Fenwick Street Wanchai Hong Kong **Ping An Securities Limited** Unit 02, 2nd Floor, China Merchants Building 152–155 Connaught Road Central Hong Kong **Sunfund Securities Limited** Unit 702–3, 7th Floor 100 Queen's Road Central Hong Kong
Legal advisers to the Company	*As to Hong Kong law* **Peter Yuen & Associates** **(in association with Fangda Partners)** 26th Floor, One Exchange Square 8 Connaught Place Central Hong Kong

	As to Cayman Islands law **Harney Westwood & Riegels** 3501, The Center 99 Queen's Road Central Hong Kong
Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong law* **Sidley Austin** 39/F Two Int'l Finance Centre Central Hong Kong
Reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35th Floor, One Pacific Place 88 Queensway Hong Kong
Industry consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Internal control consultant	**Baker Tilly Hong Kong Risk Assurance Limited** 2nd Floor, 625 King's Road North Point Hong Kong
Compliance adviser	**CLC International Limited** *(a licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance))* 13th Floor, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
Receiving bank	**Industrial and Commercial Bank of China (Asia) Limited** 33rd Floor, ICBC Tower 3 Garden Road Central, Hong Kong

Registered office	4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Headquarters and principal place of business in Hong Kong	4th Floor, Coda Plaza 51 Garden Road, Central Hong Kong
Company's website	**www.topstandard.com.hk** *(information contained in this website does not form part of this prospectus)*
Company secretary	Mr. Chu Pui Ki, Dickson (朱沛祺) *(Member of the Hong Kong Institute of Certified Public Accountants)* Flat G, 41st Floor, Block 8 Central Park Towers Tin Shui Wai, New Territories Hong Kong
Compliance officer	Mr. Chuk Stanley (祝嘉輝)
Authorised representatives *(for the purpose of the GEM Listing Rules)*	Mr. Chuk Stanley (祝嘉輝) Flat B, 3rd Floor Tower 2, South Bay Palace 29–31 South Bay Close Hong Kong Mr. Chu Pui Ki, Dickson (朱沛祺) Flat G, 41st Floor, Block 8 Central Park Towers Tin Shui Wai, New Territories Hong Kong
Audit and risk management committee	Ms. Chian Yat Ping (錢一平) *(Chairman)* Mr. Yew Tak Yun, Paul (姚德恩) Mr. Chan Kwok Ki, Stephen (陳國基)
Remuneration committee	Mr. Chan Kwok Ki, Stephen (陳國基) *(Chairman)* Mr. Chuk Stanley (祝嘉輝) Ms. Chian Yat Ping (錢一平) Mr. Yew Tak Yun, Paul (姚德恩)

Nomination committee	Mr. Chuk Stanley (祝嘉輝) *(Chairman)* Mr. Chuk Kin Yuen (祝建原) Ms. Chian Yat Ping (錢一平) Mr. Yew Tak Yun, Paul (姚德恩) Mr. Chan Kwok Ki, Stephen (陳國基)
Principal share registrar and transfer office	**Harneys Fiduciary (Cayman) Limited** 4th Floor, Harbour Place 103 South Church Street P.O. Box 10240 Grand Cayman KY1-1002 Cayman Islands
Hong Kong branch share registrar and transfer office	**Boardroom Share Registrars (HK) Limited** 2103B, 21st Floor 148 Electric Road North Point Hong Kong
Principal bankers	**The Hongkong and Shanghai Banking Corporation Limited** HSBC Main Building 1 Queen's Road Central Central, Hong Kong **Industrial and Commercial Bank of China (Asia) Limited** 33rd Floor, ICBC Tower 3 Garden Road Central, Hong Kong

The information that appears in this section has been prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. The Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

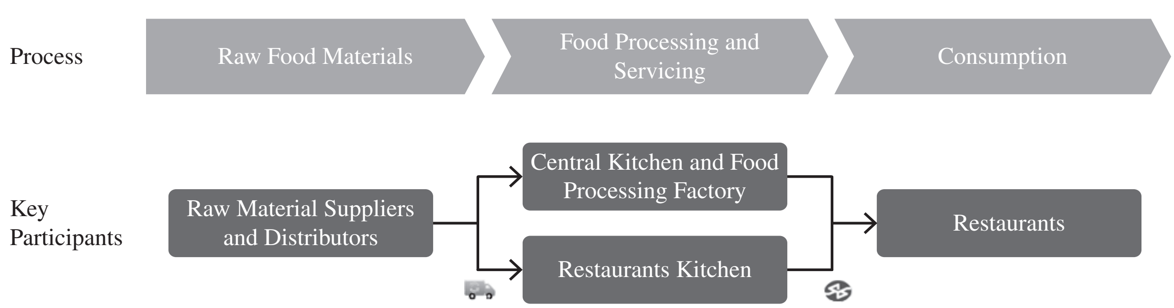
The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters or their respective directors, officers, employees, advisers, agents or representatives, or any other party (other than Frost & Sullivan) involved in the Share Offer and none of them gives any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.

MARKET OVERVIEW OF HONG KONG CATERING SERVICES

Value Chain Analysis of Catering Services Industry

The value chain of Hong Kong catering services industry mainly involves raw material suppliers and distributors, restaurants and customers.

Value Chain of Hong Kong Catering Services Industry



Note: Restaurants include full-service restaurants, casual dining restaurants, quick service restaurants and others.

Source: Frost & Sullivan

Definition

The catering services refer to the commercial activities of providing prepared foods, consumption sites, and facilities for consumers. The catering services industry is commonly divided into the following four categories.

- **Full-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 characterized 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,** 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,** Quick service restaurants refer to restaurants that provide fast and consistent food services, with no or little table services 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. Typically, customers order at a counter and pick up food that is then taken to a seating area, without table services. In general, customers' spending is lower at quick service restaurants.

- **Others,** Other catering establishments include takeaway shops, hawker stalls, roadside vendors and establishments not otherwise described in the organised segments above. This segment also includes event catering.

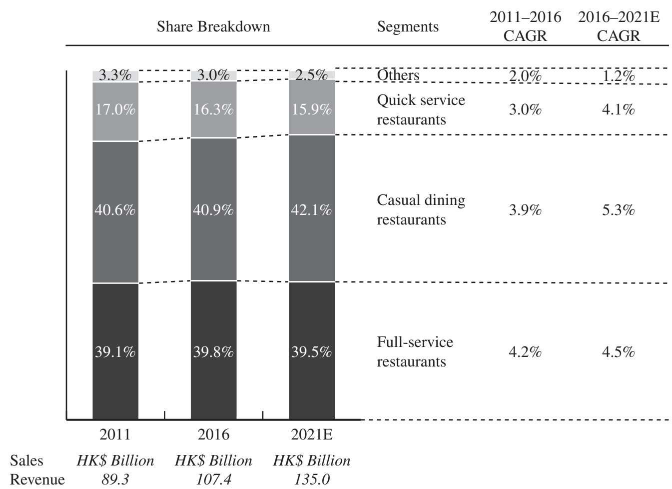
Mid-to-high end customers are customers from the mid-to-high end market segment with an average spending of over HK$78.2 per meal, based on Government statistics.

Market Size Catering Services Industry in Hong Kong Breakdown by Category

In Hong Kong, the casual dining and full-service restaurants were the predominant market segments in the catering services industry, accounting for 40.9% and 39.8% of the total revenue of Hong Kong's catering services 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 catering services industry in 2021.

The quick service restaurant segment is one of the most common market segments in Hong Kong. In 2016, the revenue contributed by quick service restaurants accounted for about 16.3% of the total revenue from the catering services industry. In Hong Kong, such segment is likely to take up a share of 15.9% of the whole catering services market in 2021.

Market Size of Breakdown by Category in Hong Kong by Revenue, 2011–2021E

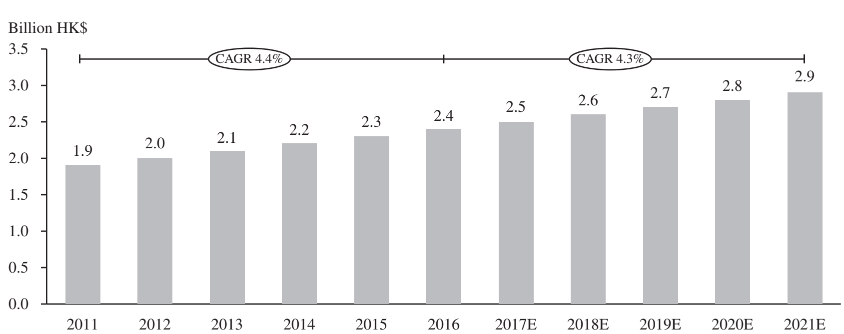


Source: Frost & Sullivan

Market Size of Sichuan Restaurants in Catering Services Industry

Featuring its unique spicy flavor, Sichuan cuisine differentiates itself from other Chinese cuisines by being one of a kind. Currently, there are about 500 Sichuan cuisine restaurants all over Hong Kong. Most Sichuan restaurants attract customers for their affordability. From 2011 to 2016, the total market size of Sichuan cuisine grew from HK$1.9 billion to HK$2.4 billion at a CAGR of 4.4%. And it is estimated to reach HK$2.9 billion in 2021, representing a CAGR of 4.3%. The growth is attributable to the increasing popularity of Sichuan cuisine among other Chinese cuisines in Hong Kong caused by various marketing effects.

Market Size of Sichuan Restaurants Industry in Hong Kong by Revenue, 2011–2021E

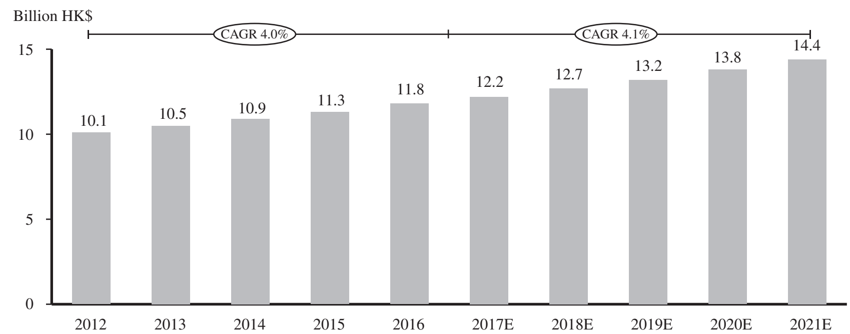


Source: Census and Statistics Department, HKSAR; Frost & Sullivan

Market Size of Cantonese Restaurants in Catering Services Industry

The market size of Cantonese restaurants in catering service industry has increased from HK$10.1 billion in 2012 to HK$11.8 billion in 2016, representing a CAGR of 4.0%. It is expected that the market size will further rise at a steady CAGR of 4.1%, reaching HK$14.4 billion in 2021.

Market Size of Cantonese Restaurants Industry in Hong Kong by Revenue, 2011–2021E

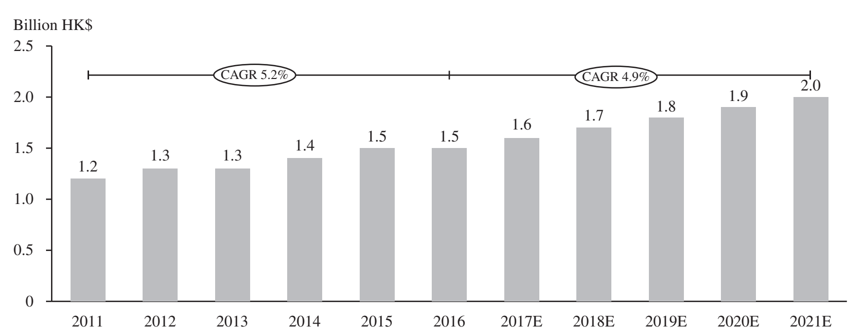


Source: Frost & Sullivan

Market Size of Vegetarian Restaurants in Catering Services Industry

With growing concern over personal health condition, among Hong Kong people, vegetarian restaurants are becoming increasingly popular. There are increasing number of people who are turning to a vegetarian diet for their concerns over health risk factors such as high blood pressure, diabetes and high cholesterol. In 2011, the market of vegetarian restaurants totaled at HK$1.2 billion, and it amounted to HK$1.5 billion in 2016 at a CAGR of 5.2%. In the forecast period of 2016 to 2021, the size of vegetarian restaurants is estimated to grow at a CAGR of 4.9%, predominantly due to the raising awareness of health benefit brought by vegetarian meal.

Market Size of Vegetarian Restaurants Industry in Hong Kong by Revenue, 2011–2021E

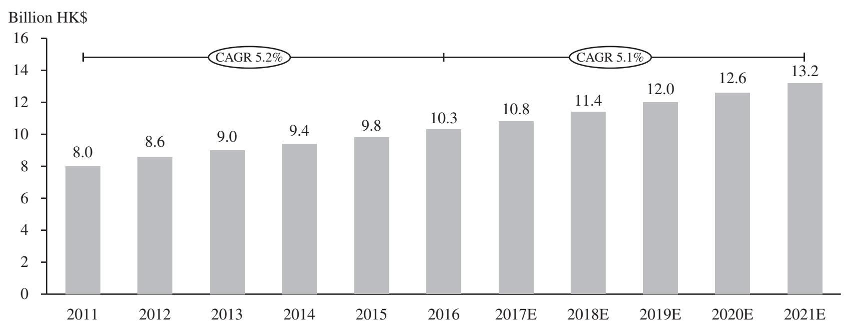


Source: Census and Statistics Department, HKSAR; Frost & Sullivan

Market Size of Japanese Restaurants in Catering Services Industry

Japanese cuisine is increasingly popular among consumers in Hong Kong due to its bland taste, delicacy and fresh food ingredients. Currently, there are more than 2,500 Japanese restaurants across Hong Kong, which hire about 20,000 staffs. Japanese cuisine is relatively healthier which attracts people who seek healthy diets. Moreover, the average spending in Japanese restaurants is much higher than the average spending of other restaurants in Hong Kong. In 2011, the revenue of Japanese restaurants totaled at HK$8.0 billion, and it reached at HK$10.3 billion in 2016, at a CAGR of 5.2%. In the forecast period of 2016 to 2021, it is estimated to grow at a CAGR of 5.1%, due to a raising popularity of Japanese cuisine among Hong Kong citizens.

Market Size of Japanese Restaurants Industry in Hong Kong by Revenue, 2011–2021E



Source: Census and Statistics Department, HKSAR; Frost & Sullivan

Cost Analysis of the Catering Services Industry

Labour cost

The average monthly salary of employees in catering industry has increased at a CAGR of 6.7% from 2011 to 2016, from HK$10,100 in 2011 to HK$14,000 in 2016. The increase is attributable to the raise in minimum wages and the fast growing living cost.

	Unit	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**CAGR (2011–2016)**
Average Monthly Salary of Employees in Catering Industry	HK$'000	10.1	11.1	11.7	12.5	13.2	14.0	6.7%

It is forecasted that the average monthly salary of employees in the catering services industry in Hong Kong will continue with the uptrend and reach HK$18,600 in 2021, representing a CAGR of 5.9% over the period from 2016 to 2021.

	Unit	2016	2017E	2018E	2019E	2020E	2021E	CAGR (2016–2021E)
Average Monthly Salary of Employees in Catering Industry	HK$'000	14.0	14.8	15.7	16.6	17.6	18.6	5.9%

Source: Census and Statistics Department, HKSAR; Frost & Sullivan

Raw materials cost

Key raw materials in the catering services industry include beef, pork, seafood and vegetable. All four ingredients have recorded a raise from 2011 to 2016, with seafood's raise being the most significant, from HK$33.3 per kilogram in 2011 to HK$79.9 per kilogram in 2016, representing a CAGR of 19.1%. Meanwhile, the price of pork and vegetable have been increasing at a relatively stable rate, registering CAGR of 1.2% and 5.5% respectively. The raise in raw materials cost is mainly because of the significant increase of import price along with inflation.

	Unit	2011	2012	2013	2014	2015	2016	CAGR (2011–2016)
Beef	HK$ per kilogram	42.1	52.6	69.4	70.0	70.0	70.0	10.7%
Pork	HK$ per kilogram	24.5	22.0	22.3	20.8	22.6	26.1	1.2%
Seafood	HK$ per kilogram	33.3	37.3	45.9	69.6	74.7	79.9	19.1%
Vegetable	HK$ per kilogram	6.3	7.1	7.8	7.5	7.6	8.3	5.5%

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, respectively, in 2021. Meanwhile, the price of pork and vegetable is anticipated to grow to HK$27.4 per kilogram and HK$10.1 per kilogram, respectively, in 2021.

	Unit	2016	2017E	2018E	2019E	2020E	2021E	CAGR (2016–2021E)
Beef	HK$ per kilogram	70.0	69.2	75.3	81.6	88.4	95.7	6.5%
Pork	HK$ per kilogram	26.1	23.7	25.3	26.2	26.8	27.4	1.0%
Seafood	HK$ per kilogram	79.9	83.5	89.5	96.9	104.2	110.4	6.7%
Vegetable	HK$ per kilogram	8.0	8.4	8.8	9.3	9.7	10.1	4.8%

Source: Census and Statistics Department, HKSAR; Frost & Sullivan

Rental cost

According to the Rating and Valuation Department, monthly rental cost of private retails has increased from HK$1,192.0 per sq.m. in 2011 to HK$1,379.0 per sq.m. in 2016, representing a CAGR of 3.0%. The increase of rental price in Hong Kong is predominantly due to the surge of property prices.

	Unit	2011	2012	2013	2014	2015	2016	CAGR (2011–2016)
Rental Cost of Private Retails	HK$/sq.m. per month	1,192.0	1,356.0	1,402.0	1,471.0	1,472.0	1,379.0	3.0%

With the recovery in travelling and retailing industry in Hong Kong, the average rental of retail premises in Hong Kong is likely to bounce back in the near future and increase to HK$1,540.4 per sq.m. in 2021, representing a CAGR of 2.3% from 2016 to 2021.

	Unit	2016	2017E	2018E	2019E	2020E	2021E	CAGR (2016–2021E)
Rental Cost of Private Retails	HK$/sq.m. per month	1,379.0	1,389.0	1,405.7	1,438.0	1,482.6	1,540.4	2.3%

Source: Rating and Valuation Department, HKSAR; Frost & Sullivan

Market Opportunities and Challenges

Opportunities

- *Growing awareness of dietary requirement and customisation of meal*

With the economic development and higher living standard, Hong Kong residents are paying more attention to health conditions and adopt a healthier lifestyle through regular exercise and adjustment of meal. For example, the implementation of Nutrition Labeling Scheme in 2010 served as an important tool to educate the general public on knowledge of nutrients and calories intake, which further gives rise to higher awareness towards specific food safety issues such as food allergies. Besides, in view of various customer requirements and the Government promotion such as "EatSmart@restaurant.hk" (有營食肆) campaign and "Food Wise Eateries" (咪嘥嘢食店) accreditation scheme under "Food Wise Hong Kong" campaign (惜食香港), some restaurants are offering customised dishes such as adjustment of serving size, ingredients with allergens removed and less fat and oil in dishes, special diet like vegetarian diet and even nutritional details of ingredients in dishes. As a result, restaurants with capability to provide customised, healthy dishes are usually more favorable for customers.

- *Rising popularity of Japanese cuisines*

According to Japan National Tourism Organisation, the number of Hong Kong visitors to Japan has demonstrated 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 cuisines in Hong Kong. As a result, the popularisation of Japanese food in Hong Kong serves as a good development opportunity for related segment in catering services industry and it is not uncommon to see the growing number of restaurants offering Japanese cuisines in recent years.

- *Expansion of online channels for marketing*

During recent years, number of smartphones with access to internet had demonstrated a significant growth in Hong Kong. According to Census and Statistics Department, the percentage of persons aged 10 and over who had smartphone had increased from approximately 54% in 2012 to approximately 83% in 2015. Meanwhile, the percentage of persons aged 10 and over who had used internet service with a smartphone had reached approximately 98% in 2015. The high penetration of smartphone and internet offer a potential opportunity for restaurant operators to further develop their business apart from traditional marketing tool. For example, mobile applications, websites (e.g. Trip Advisor, Openrice) and social media (e.g. Facebook) with dining information are gaining popularity, which serves as new channels for operators to promote their restaurants via online pop-up advertisement, sharing of dining feedback from customers, loyalty program, update of new dishes and menu as well as other marketing campaigns.

The growing popularity of social media (i.e. Facebook, Twitter, Instagram) in Hong Kong has opened up a vast opportunity for the restauranteurs to have cheaper and more direct marketing channels for advertising their restaurants. Many people share their photos and dining experienced on these sites. Such sharing posts on social media are akin to free marketing, which reaches out to their friends and family who are more likely to have similar dining preference and/or spending habit, increasing the possibility for such friends and family to visit the relevant restaurants. To further reaching out such friends and family, restaurants can encourage the diners to share their photos and dining experience by offering discounts or free dishes. In addition, restauranteurs can also make use of different online platforms and gourmet websites such as Groupon, Openrice, Groupbuyer and Couppie to raise awareness and offer social promotions to attract new customers, such as foreign tourists who have limited access to the traditional local advertising channels, and the young generation who prefer acquiring information from the online channel, thus, translating into potential revenue to restaurant owners. This strategy is often used by new restaurants, where customers are encouraged by a special promotional offer or a discounted price to try new restaurant. In conclusion, the availability of online channels lower the marketing cost of restaurant operators, allowing both new and existing restaurants to reach out to more customers via the increasing number of marketing and promotion channels. In fact, it could also help existing restaurant operators to better allocate the marketing expense surplus to other operating needs, such as exploring and expanding food menus, and employing higher skills chefs, thereby advancing the catering industry in Hong Kong as a whole.

Challenges

- *Shift of customer preference on dishes and dining pattern*

Catering service providers in Hong Kong are expected to encounter the challenges of higher customer requirement on dishes and dining, which are mainly attributable to increasing economic and social activities, adopting a fast-pace of lifestyle as well as change in working hours and pattern. For example, customers may have specific preference on dishes, dining environment, themes, and scope of services as well as dining time. Although it is a growing opportunity for restaurants to be recognised as a place for social activities including gathering with friends, celebration of special occasion and festivals, restaurant operators are required to take different initiatives such as promotion campaign, change of decoration, design and provide special dishes in order to stand out from the crowd as the market is under a keen competition.

- *Increasing operation cost on labour and raw materials*

The rising cost of operation has been putting financial pressure on restaurant operators during the recent years, mainly attributable to increased minimum wage from bi-annual review Statutory Minimum Wages since 2011 and the soaring cost of raw materials including meat and vegetables along with inflation. The minimum wage has been raised from HK$30 to HK$34.5 per hour in 2017. As a labour intensive industry, catering service providers may encounter an increasing in operating expenses due to higher labour and raw materials cost.

Entry Barrier Analysis of the Catering Services Industry

- *Complicated licensing requirement*

To start the restaurant business in Hong Kong, operators are required to obtain several licences including General Restaurant Licence, Light Refreshment Restaurant Licence, Bakery Licence and/or Food Factory Licence from Food and Environmental Hygiene Department or even Liquor Licence from Liquor Licensing Board. Therefore, new market entrants will need to pay extra efforts to meet the regulatory requirement and go through the licence application process which may take several months before opening a new restaurant.

- *High initial investment and operating cost*

Interior design, decoration, purchase of equipment as well as installation account for large part of initial set up cost for a restaurant. Depending on the scale, operation model and themes, the set up cost for a single establishment of restaurant could range from approximately HK$0.5 million to HK$1.5 million. In addition, operating expenses on rental, labour, electricity, water and raw materials will likely to put financial burden on the new entrants especially during the early stage of operation with low turnover. As a result, new entrants must have certain financial capability to start and sustain their business in catering services industry.

- *Quality, branding and customer preference*

Quality of food and service is 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 high quality of service such as quick and polite responses to enquires. Hence, customers may prefer those established restaurants due to guaranteed food quality, previous dining experience, branding effect and recommendation on social media and from other customers, while such preference is unlikely to be achieved by new market entrants in a short period of time.

- *Experience and connection*

Compared with established restaurants, new restaurants are more likely to encounter operation and management issues such as low serving speed and operation efficiency due to lack of relevant experience. On the other hand, existing restaurants are generally in a good relationship with raw material suppliers from different location and thus have stable resources of raw materials with quality deliver dishes with unique taste. Hence, new entrants without such experience and connection may encounter difficulties during operation.

- *Limited number of skilled labour*

The shortage of experienced and skilled labour, especially for chefs, is recognised as one of the major issues for new restaurant operators. According to Census and Statistics Department, the number of vacancies in accommodation and food services industry reached 13,037 and the number is equivalent to 4.6% of total persons engaged in the industry as at June 2016. Thus, new entrants may need to compete with existing restaurants for experienced and skilled staff.

COMPETITIVE LANDSCAPE OF THE CATERING SERVICES INDUSTRY

Competitive Landscape Overview

The catering service industry in Hong Kong is fragmented with a large amount of players engaging in various kinds of cuisines. According to the Census and Statistics Department, there are more than 15,000 catering establishments in 2016, either both locally owned or international chains. Approximately 90% of the establishments are small to medium sized establishments with less than 50 employees engaged. The competition among full-service restaurant industry is intense. Success factors in the catering industry include brand reputation, location of restaurants, food quality, service quality and, etc.

According to the Census and Statistics Department, Chinese cuisines restaurants, such as Cantonese and Sichuan cuisine restaurants, accounts for more than 30% of the total number of establishments, and Japanese cuisine restaurants accounts for approximately 15% of the total number of establishments. The remaining share consists of Korean cuisine restaurants, Vietnamese cuisines restaurants, Italian cuisines restaurants, and many more. In 2016, the Group has 0.07% market share in terms of revenue of catering industry in Hong Kong, and 2.33% market share in terms of revenue of Sichuan restaurants industry in Hong Kong.

Profile of Top Five Market Players

- *Player A* — A Hong Kong based company with more than 140 establishments of full-service restaurants in Hong Kong. The group offers various types of cuisines ranging from Chinese, Vietnamese, to Western. It had a total revenue of HK$4.5 billion and 10.5% estimated market share in Hong Kong in 2016.

- *Player B* — A Hong Kong based listed company with more than 80 establishments of full-service restaurants in Hong Kong. The group offers Chinese, Cantonese and Korean cuisines under the different brands. It had a total revenue of HK$2.8 billion and 6.5% estimated market share in Hong Kong in 2016.

- *Player C* — A Hong Kong based listed company with more than 60 full-service restaurants in Hong Kong. The group offers Cantonese, Chiu Chow, Shanghainese, Hak Ka and Japanese cuisines. It had a total revenue of HK$2.5 billion and 5.9% estimated market share in Hong Kong in 2016.

- *Player D* — The group has 17 establishments in Hong Kong offering Cantonese dishes. It had a total revenue of HK$0.8 billion and 1.9% estimated market share in Hong Kong in 2016.

- *Player E* — A Hong Kong based company has 19 establishments in Hong Kong offering Cantonese dishes. It had a total revenue of HK$0.8 billion and 1.8% estimated market share in Hong Kong in 2016.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to provide industry information on catering service industry in Hong Kong. We have agreed to pay a fee of HK$500,000 to Frost & Sullivan for the report. The Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the Frost & Sullivan Report.

In compiling and preparing the research report, Frost & Sullivan conducted primary research including telephone and face-to-face interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. Frost & Sullivan presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. Frost & Sullivan assumed that (i) the social, economic and political environment is expected to remain stable and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2017 to 2021.

ABOUT FROST & SULLIVAN

Frost & Sullivan is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. The Frost & Sullivan Report includes information on data for catering service industry in Hong Kong.

DIRECTOR'S CONFIRMATION

The Directors have confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

LAWS AND REGULATIONS APPLICABLE TO OUR OPERATIONS

The Group's restaurants are located in Hong Kong, and they are required to comply with laws and regulations that apply to the type of foods and drinks that they serve. Some of the Group's restaurants also serve alcoholic drinks. The Group requires the following licences for our restaurants and our Banquet Hall:

- Business Registration Certificate;
- General Restaurant Licences;
- Liquor Licences and Club Liquor Licence;
- Certificate of Compliance for club-houses (in respect of Banquet Hall); and
- Licence for discharge of commercial trade effluent.

We also intend to set up a central kitchen as part of our business strategies. We also intend to apply for a Food Factory Licence and a licence for discharge of commercial trade effluent for our central kitchen.

Business Registration

According to the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) (the "**BRO**"), a business must obtain a business registration certificate in accordance with section 5 of the BRO. The application for a business registration certificate shall be made within one month of the commencement of business.

General Restaurant Licence

Any person operating a restaurant in Hong Kong is required to obtain a licence from the FEHD under the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) (the "**PHMSO**") and the FBR before it can commence business. Section 31(1)(b) of the FBR prohibits any person from carrying on or causing, permitting or suffering to be carried on food business (as defined in FBR) without a licence. According to "*A Guide to Application for Restaurant Licences*" published by the FEHD (the "**FEHD Restaurant Licences Guide**"), the main considerations involved in granting a restaurant licence include health, building safety requirements, fire safety, and whether the proposed premise for the restaurant complies with (among others) applicable government lease conditions and statutory plan restrictions.

The FEHD is the licensing authority for the granting of restaurant licences in Hong Kong. Any person found operating an unlicensed restaurant and/or violating the relevant legislations will be liable to prosecution. According to section 35 of the FBR, any person found contravening the licensing requirements under section 31(1) shall be guilty of an offence.

The FEHD will not issue a restaurant licence unless the proposed restaurant complies with: (i) the licensing requirements in respect of health, ventilation, gas safety and building safety imposed by the competent government department, (ii) fire safety and mechanical ventilating system requirements imposed by the Hong Kong Fire Services Department, (iii) the government lease conditions, and (iv) the statutory plan restrictions. In deciding the suitability of premises for use as a restaurant, the FEHD will consult the Buildings Department, the Fire Services Department and the Planning Department.

There are different types of restaurant licences available, such as the General Restaurant Licence or a Light Refreshment Restaurant Licence. A provisional restaurant licence is valid for a period of six months or a shorter period, and a full restaurant licence is valid generally for a period of one year, both subject to the payment of the prescribed licence fees and continued compliance with the licensing conditions. A provisional licence allows the licensee to operate the restaurant on a provisional basis, pending the issue of a full restaurant licence.

Any person who carries on a restaurant business without a valid licence shall be liable on summary conviction to a maximum fine of HK$50,000 and imprisonment for six months and, where the offence is a continuing offence to an additional fine of HK$900 for each day where the offence is a continuing offence.

Recently, support measures were announced in the Financial Secretary's 2017–18 budget for Hong Kong. In the budget, the Financial Secretary had proposed short-term measures to waive the license fees for restaurants and hawkers and fees for restricted food permits for one year.

Liquor Licence

Any person who intends to sell liquor at its restaurant for consumption in the restaurant must obtain a licence issued by the LLB under the Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong) (the "**DCO**"). Under section 17(3B) of the DCO, 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, liquor except on the authority of such a licence and in accordance with its terms. Regulation 25A of the Dutiable Commodities (Liquor) Regulations ("**DCR**") prohibits the sale of liquor at any premises for consumption at the place or occasion except with a liquor licence.

According to "*A Guide to Application for Liquor Licences*" published by the FEHD (the "**FEHD Liquor Licences Guide**"), the LLB will not grant a liquor licence unless it is satisfied that: the applicant is a fit and proper person to hold the licence, the premises to which the application relates are suitable for selling or supplying liquor, and in all the circumstances the grant of the licence is not contrary to the public interest. A liquor licence will only be issued when the relevant premises have already been issued with a full restaurant or a provisional restaurant licence, and will only remain valid as long as the restaurant licence remains valid. For upstairs bars, LLB may also take into consideration factors such as the building concerned having adequate means of escape and two or more staircases, the layout of the building concerned should best be able to insulate other building users from the nuisances that may be caused by upstairs bars, and the building concerned must be properly managed.

All applications for liquor licences are referred to the Commissioner of Police and the District Officer concerned for comments. According to the "*Guidelines on Assessing Liquor Licence Applications*" published by the LLB, the LLB may determine whether the licence applicant is a fit and proper person to hold the licence with reference to his character, relevant working experience, and past performance as a liquor licensee. The LLB will also consider whether the premises are suitable for selling or supplying liquor to customers for drinking on the premises.

The LLB may also impose additional licensing conditions on top of a set of statutory conditions that the licensee will need to fulfil.

Under regulation 15 of the DCR, any transfer of a liquor licence must be made on the form as determined by the LLB. For a transfer application, consent of the holder of the liquor licence is required. Under regulation 24 of the DCR, in case of illness or temporary absence of the holder of liquor licence, the secretary to the LLB 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 the liquor licence. For any application for cancellation of the liquor licence made by the holder of the liquor licence, an application for new issue of a liquor licence will be required to be made to the LLB.

A liquor licence is valid for one year or a lesser period specified on the licence, and may be renewed subject to continued compliance with the requirements under the relevant legislation and regulations. Contravention of section 17(3B) of the DCO carries with it a maximum fine of HK$1,000,000 and an imprisonment term of two years.

Certificate of Compliance for Club-houses

According to the C(SP)O, any person who on any occasion operates, keeps, manages, or otherwise has control of a club-house is required to obtain a Certificate of Compliance from the Office of the Licensing Authority of the Home Affairs Department of Hong Kong ("**HAD**").

According to "*A Guide to Compliance Requirements for the Certificate of Compliance for Club-houses under the Clubs (Safety of Premises) Ordinance, Chapter 376*" published by the HAD, the objectives of the Certificate of Compliance are to ensure that the requirements in respect of building safety, fire safety, health and sanitation for club-houses are met. Matters that the Licensing Authority of the HAD take into account in granting a certificate of compliance include, among other things, the suitability of the premises for use as a club-house, fire safety and escape route considerations, whether there are special hazards adjoining the club-house, whether there is sufficient lighting and ventilation, and whether sanitary fitments, plumbing and pipework, and firefighting equipment comply with the relevant statutory requirements.

A club-house certificate of compliance is valid for one year or a lesser period specified on the certificate, and maybe renewed subject to continued compliance with the requirements under the relevant legislation and regulations. A club-house certificate of compliance is renewable annually.

Under section 4 of the C(SP)O, any person who on any occasion operates, keeps, manages or otherwise has control of a club-house where there is no valid certificate of exemption or certificate of compliance in force is guilty of an offence, and is liable on conviction to a fine of HK$200,000 and to imprisonment for two years and to a fine of HK$20,000 for each day during which the offence continues.

Club Liquor Licence

In Hong Kong, any person who intends to operate a business which involves the supply of liquor at any premises used by a club for the purposes of the club must obtain a club liquor licence from the LLB under the DCO before commencement of such business. It is provided under section 17(3B) of the DCO 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. Regulation 26 of the DCR prohibits the supply of liquor at any premises used by any club for the purposes of the club to any member of the club except with a club liquor licence. Such licence is applied by and granted to an individual. Application for a club liquor licence must be made by the secretary of the club and a person nominated by the club if the propose licence holder is not the club secretary. All applications for club liquor licences are referred to the Commissioner of Police and the District Officer concerned for comments.

If any liquor is supplied to a member of a club in contravention of regulation 26 of the DCR, the secretary of the club or other person nominated under regulation 26 shall be guilty of an offence and shall be liable on conviction to a maximum fine of HK$50,000 and to imprisonment for six months.

A club liquor licence is valid for a period of up to two years, subject to continuous compliance with the requirements under the relevant legislation and regulation. A club liquor licence is renewable annually or biannually (as the case may be).

Food Factory Licence

The Group plans to operate a central kitchen. As the food to be processed in the central kitchen is not for consumption on the premises, a food factory licence from the FEHD under the FBR is required. It is provided under section 31(1)(a) of the FBR that no person shall carry on or cause, permit or suffered to be carried on any food factory business except with food factory licence.

In deciding whether to grant a food factory licence, the FEHD will also consult the Buildings Department (if necessary) and the Fire Services Department in accessing the suitability of premises for use as a central kitchen, where the fulfillment of the Buildings Department's structural standard and the fulfillment of the Fire Services Department's fire safety requirement are considered.

A full food factory licence is valid generally for a period of one year, and subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislation and regulations. The FEHD may grand a provisional food factory licence if the premises has satisfied all essential health, building and fire safety requirements. Upon satisfaction of the outstanding requirements, a full food factory licence may then be issued. A provisional food factory licence is valid for a period of six months. A provisional food factory licence is renewable on one occasion and a full food factory licence is renewable annually.

OTHER REGULATORY REGIMES APPLICABLE TO OUR BUSINESS

Demerit points system

The demerits points system is a penalty system operated by the FEHD to sanction food businesses for repeated violations of relevant hygiene and food safety legislation. Under the system, a pre-determined number of demerit points ranging from five to 15 (depending on the nature and severity of the offence) will be registered against a licensee upon conviction of an offence in relation to food safety and environmental hygiene under the PHMSO and its subsidiary legislation. A licence will be suspended for seven days if 15 points are accumulated within a period of 12 months (first suspension) and 14 days of another 15 points are accumulated within 12 months from the date of the last offence that led to the first suspension (second suspension). If another 15 points are accumulated within 12 months from the date of the last offence that led to the second suspension, the licence will be cancelled.

Warning letter system

The FEHD has implemented a warning letter system where it can cancel provisional and full restaurant licences in respect of breaches of licensing requirements or conditions. Under this system, breaches of licensing requirements or conditions will result in issuing of verbal/written warnings to the licensee. Accumulation of three written warnings in any period of six months will lead to cancellation of a full restaurant licence. In addition to the above, if the breach of the law or licensing requirement or condition is considered of public health or safety significance or very serious in nature, the DFEH may exercise his authority under the PHMSO to suspend or cancel the licence with immediate effect.

Hygiene Manager and Hygiene Supervisor Scheme

Under the Hygiene Manager and Hygiene Supervisor Scheme, all large food establishments (meaning a restaurant or canteen that can accommodate over 100 customers) and food establishments producing high risk food (including sushi, sashimi, oyster to be eaten raw, meat to be eaten raw, and any other food of animal, fish, shellfish origin to be eaten raw, etc.) are required to appoint both an Hygiene Manager and an Hygiene Supervisor, and all other food establishments are required to either nominate a Hygiene Manager or a Hygiene Supervisor. Hygiene Managers and Hygiene Supervisors are required to attend training courses recognised by the FEHD before they become eligible to be nominated to be responsible for a food establishment.

One of the criteria for the issue of a provisional licence and full general restaurant licence is the submission of a duly completed nomination form for Hygiene Managers and/or Hygiene Supervisors together with a copy of the certificate evidencing completion of the recognised training course.

Hygiene Managers' duties include the identification of key areas of risk in various food operations, to ensure compliance with the regulations, licensing conditions and codes of practice relating to food businesses, to monitor the health condition of food handlers, to provide in-house training for the food handlers, to handle complaints or enquiries from customers on food hygiene matters, and also to act as a focal point of contact with the FEHD. Hygiene Supervisors' duties include the advising of food handlers on the proper food handling practices and ensuring their observance, conducting daily checks on the personal, environmental and food hygiene conditions of the food establishment and keep records on the findings, and to act as a focal point of contact with the FEHD where the relevant food establishment is not required to appoint a Hygiene Manager.

Trade Descriptions Ordinance

The Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the "**TDO**"), as amended by the Trade Descriptions (Unfair Trade Practices) (Amendment) prohibits unfair trade practices deployed against consumers. A trade description includes an indication of quantity, composition, and fitness for purpose, performance, physical characteristics and place of origin with respect to any goods. Under section 7A of the TDO, it is an offence for any person to apply a false or misleading trade description to service or to supply service to which false trade descriptions have been applied. Under sections 13E, 13F, 13G, 13H and 13I of the TDO, misleading omission and aggressiveness in advertisements, bait advertising, bait and switch advertising and wrongly accepted payments are prohibited.

To enhance protection of consumers against other commonly seen unfair trade practices in consumer transactions, and to prohibit false trade descriptions to both goods and services, Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012 amended and extended the coverage of the TDO.

A person who commits an offence under sections 7, 7A, 13E, 13F, 13G, 13H and 13I of the TDO shall be guilty of an offence and shall be liable on conviction on indictment to a maximum fine of HK$500,000 and to imprisonment for five years, and on summary conviction to a maximum fine of HK$100,000 and to imprisonment for two years.

WASTE WATER DISCHARGE

Water Pollution Control Ordinance

The Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) (the "**WPCO**") is the main statute in Hong Kong that declared water control zones to cover the whole of Hong Kong and the establishment of water quality objectives. Discharges by a restaurant business must be covered by an effluent discharge licence. The licence may specify the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, self-monitoring requirements and record keeping.

Section 8(1) of the WPCO provides that a person commits an offence if he discharges any waste or polluting matters into the waters of Hong Kong in a water control zone, or if he discharges any matter into any inland waters in a water control zone which tends to impede the proper flow of the water in a manner leading or likely to lead to a substantial aggravation of pollution. Section 8(1A) of the WPCO provides that a person commits an offence if he discharges poisonous or noxious matter into the waters of Hong Kong. Section 9(1) of the WPCO provides that a person commits an offence if he discharges any matter into a communal sewer or communal drain in a water control zone. Sections 8(1) and 9(2) of the WPCO further provide that the occupier of the premises that discharges in contravention of sections 8(1) and 9(1) of the WPCO, respectively, is also liable.

A person who commits an offence under sections 8(1), 8(2), 9(1) and 9(2) of the WPCO is liable to imprisonment for six months and a fine of HK$200,000 for the first offence, and up to HK$400,000 for a second or subsequent offence. If the offence is continuing, a daily fine of up to HK$10,000 for each day the offence has continued may be levied.

A person who commits an offence under section 8(1A) or commits an offence under Sections 9(1) or (2) by discharging any poisonous or noxious matter into a communal sewer or communal drain is liable to imprisonment for one year and a fine of HK$400,000 for the first offence, and up to HK$1,000,000 and imprisonment for two years for a second or subsequent offence. If the offence is continuing, a daily fine of up to HK$40,000 for each day the offence has continued may be levied.

Under section 15 of the WPCO, the Director of Environmental Protection may grant a water pollution control licence on terms and conditions as he thinks fit specifying the terms and conditions of licensing that are specified in Schedule 1 to the WPCO. A water pollution control licence may be granted for a period of not less than two years and are renewable, subject to payment of the prescribed licence fee and continuous compliance with the requirements under the relevant legislation and regulations.

EMPLOYMENT RELATED LAWS AND REGULATIONS

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) provides for, among other things, the protection of wages of employees, to regulate the general conditions of employment, and for matters connected therewith.

Under section 25 of the Employment Ordinance, 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 Employment Ordinance 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 Employment Ordinance, if any 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 Employment Ordinance commits an offence and is liable on conviction to a maximum fine of HK$10,000.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides a statutory minimum wage for employees in Hong Kong. The ordinance provides that 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 as at the Latest Practicable Date. Any provision of the employment contract which purports to extinguish or reduce the right, benefit and or protection conferred by this ordinance is void.

Occupiers Liability Ordinance

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) 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.

Mandatory Provident Funds Scheme

Employers are required to perform duties relating to the Mandatory Provident Fund Schemes (the "**MPF Schemes**") in accordance with the requirements under the MPFSO and the Mandatory Provident Fund Schemes (General) Regulation (Chapter 485A of the Laws of Hong Kong) (collectively the "**MPFSO**"). This involves employers handling various MPF matters for their employees after a company has been established, when staff members commence employment, and throughout the course of an employee's employment with the Company until his/her departure. An employer must select a trustee that has been approved by the Mandatory Provident Fund Schemes Authority (the "**MPFA**") as a trustee of its MPF Scheme.

In view of the high labour mobility in the catering industry, special industry schemes have been established, and such industry scheme as available to holders of food business licenses or permits under the FBR.

Unless an employee is exempted from this requirement under the MPFSO, an employer is required to enrol a new employee within the first 60 days of employment. Both regular and casual employees (including part-time employees, who are employed for a period of 60 days or more) should be enrolled in the employer selected MPF Scheme(s). For casual employees in the catering industry who are not enrolled in the employer's pre-existing MPF Scheme, an employer is required to enrol them within the first ten days of their employment.

An employer will commit an offence if it fails to enrol its employees in the selected MPF Scheme by the specified statutory deadline, and the employer may be subject to a maximum penalty of HK$350,000 and imprisonment for three years, and to daily penalty of HK$500 for continuing offences. If an employer does not pay contributions or fail to pay contributions on time, the Mandatory Provident Fund Scheme Authority may file civil actions to recover contributions in arrears, and also initiate criminal prosecution against non-complying employers. Upon conviction, offenders are liable to a maximum penalty of HK$450,000 and imprisonment for four years, and an extra daily fine of up to HK$700. If the employer fails to comply with a court order to pay the contributions in arrears or the surcharge within 14 days of a payment deadline, the offender is liable to a maximum penalty of HK$350,000 and imprisonment for three years upon conviction, and an extra daily fine of up to HK$500. A further financial penalty of $5,000 or 10% of the defaulting amount, whichever is greater, is payable by the offender.

Employees' Compensation Ordinance

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**") 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 any 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 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.

Occupational Safety and Health Ordinance

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the "**OSHO**") regulates the safety and health matters in work places, and applies to all employers and occupiers of premises where workplaces are located. Its primary purposes are (1) to ensure the safety and health of employees when they are at work, (2) to prescribe measures that will make workplaces of employees safer and healthier for them, (3) to improve the safety and health standards applicable to certain hazardous processes, plant and substances used or kept in workplaces, and (4) to improve the safety and health aspects of working environments of employees.

An employer must, as far as reasonably practicable, ensure the safety and health in their workplaces by:

(1) providing and maintaining plant and work systems that are safe and without risks to health;

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

(3) providing information, instruction, training and supervision as may be necessary to ensure the safety and health at work;

(4) maintaining workplace including the means of access to and egress from the workplace in a condition that is safe and without risks to health; and

(5) providing and maintaining workplace and working environment that are safe and without risks to health.

Failure to comply with the above provisions constitutes an offence and the employer is liable to on conviction to a fine of $200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of $200,000 and to imprisonment for six months.

The Commissioner for Labour is empowered to issue improvement notices and suspension notices against activity of workplace which may create an imminent hazard to the employees. Failure to comply with the notices constitutes an offence punishable by a fine of HK$200,000 and HK$500,000 respectively and imprisonment of up to 12 months.

OVERVIEW

The history of the Group can be traced back to 2008 when San Xi Lou was opened and commenced operation. Pure Veggie House was opened and commenced operation in 2007 and was acquired by the Predecessor Group in 2013. Both San Xi Lou and Pure Veggie House received numerous awards over the years, details of which are set forth in "Business — Market Recognition" in this prospectus.

In 2016, the Group acquired Good Step, which was owned by Mr. KY Chuk, father of Mr. Stanley Chuk and Mr. Steve Chuk, and Mr. Steve Chuk, son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk, as to 50% and 50%, respectively. Good Step operates two Japanese Restaurants in Hong Kong, namely Ronin Central and Ronin Wanchai. The acquisition of Good Step by the Group allows us to (i) diversify the Group's offering, (ii) enlarge the customer base, and (iii) enhance the implementation of the multi-brand strategy of the Group.

The Company was incorporated in the Cayman Islands on 11 February 2016 in preparation for the Listing and is the holding company of the Group. The Group underwent a series of Reorganisation steps, details of which are set out in "Reorganisation" in this section.

In August 2017, we have leased a premises for the purpose of opening a new restaurant under our "San Xi Lou (三希樓)" brand at Times Square in Causeway Bay, which recently commenced business in November 2017.

Business milestones

The following table sets forth the Group's key milestones:

Year	Event
2008	San Xi Lou opened on the 7th Floor, Coda Plaza
2010	San Xi Lou expanded to the 22nd Floor, Coda Plaza
2011–2015	San Xi Lou was recognised as one of the "The Best Restaurants" by Eat and Travel Weekly for five consecutive years
2012	San Xi Lou was awarded "2012 Food & Drink Awards (Best Regional Chinese)" by Time Out Hong Kong
2013	Pure Veggie House was acquired by TSGL
	San Xi Lou was awarded "100 Top Tables 2013" by South China Morning Post
2014	Ronin Wanchai opened in Wanchai
2015	Pure Veggie House was recognised by The Daily Meal as one of the "Top 25 Vegetarian Restaurants in the World"
	Ronin Central opened in Central

Year	Event
2016	The Group acquired Ronin Wanchai and Ronin Central
2017	San Xi Lou Times Square opened in Causeway Bay

OUR CORPORATE HISTORY

The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 February 2016. The Company is an investment holding company. As at the date of its incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of par value of HK$0.01 each, of which one fully paid Share was allotted and issued to Harneys Services (Cayman) Limited (currently known as Harneys Fiduciary (Cayman) Limited), being the initial subscriber and an Independent Third Party, at par. On the same date, the one Share held by the initial subscriber was transferred to JSS Group at par.

On 20 October 2016, 8,111 Shares, 944 Shares and 944 Shares were allotted and issued to JSS Group, J & W Group and Oxlo, respectively. Please refer to ''Reorganisation — (4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo'' in this section below.

After the aforesaid allotments and transfer, the Company was held as to 81.12%, 9.44% and 9.44% by JSS Group, J & W Group and Oxlo, respectively.

Great Planner

Great Planner was incorporated in Hong Kong as a limited liability company on 26 November 1999. Great Planner operates our San Xi Lou, which commenced operations in March 2008. As at the date of its incorporation, Great Planner had an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.0 each. Prior to the subscription of shares in Great Planner by Mr. Stanley Chuk and Mr. Tang Sung Kwong (鄧崇光) (''**Mr. Tang**''), a former business partner of Mr. Stanley Chuk, an aggregate of 10 shares were allotted and issued to various Independent Third Parties, at par. Mr. Tang is an Independent Third Party.

The authorised share capital of Great Planner was increased from HK$10,000 to HK$1,000,000 on 15 February 2008. On the same date, 250,000 shares and 749,990 shares of Great Planner were allotted and issued to Mr. Stanley Chuk and Mr. Tang at par, respectively.

On 23 May 2008 and 27 May 2008, four shares and six shares of Great Planner held by the Independent Third Parties were transferred to Mr. Stanley Chuk and Mr. Tang, respectively, at par. On 27 May 2008, Mr. Tang transferred 249,996 shares of Great Planner to Mr. Stanley Chuk at par. Upon completion of the above mentioned share transfers, each of Mr. Stanley Chuk and Mr. Tang held 500,000 shares and 500,000 shares of Great Planner, respectively, representing 50% and 50% of the entire issued share capital of Great Planner, respectively.

On 28 May 2008, each of Mr. Stanley Chuk and Mr. Tang transferred his respective 500,000 shares of Great Planner to Top Standard Consultants Limited (溢達顧問有限公司) ("**TS Consultants**"), a company being held as to 50% by Mr. Stanley Chuk and 50% by Mr. Tang at that time, at par.

On 13 May 2013, TS Consultants transferred the entire issued share capital of Great Planner to TSGL at par. TSGL was ultimately owned as to 40.02% by Mr. Stanley Chuk, 35.03% by Mr. Tang and 24.95% by an Independent Third Party at that time.

Through a series of transactions, TSGL became a wholly owned subsidiary of TSIHL on 18 September 2014 and TSIHL was owned as to 65% by Mr. Stanley Chuk and 35% by Mr. Tang from 26 January 2015 and up to the completion of step 3 of the Reorganisation.

On 24 June 2016, as part of the Reorganisation, TSGL transferred the entire issued share capital of Great Planner to Everbloom for a nominal consideration of HK$1.0. For details, please refer to "Reorganisation — (3) Acquisition of Great Planner and Sky Honour and acquisition of Mr. Tang's interest in JSS Group" in this section below.

After the aforesaid allotments and transfers, Great Planner became an indirect wholly-owned subsidiary of the Company.

Sky Honour

Sky Honour was incorporated in Hong Kong as a limited liability company on 6 December 2006. Sky Honour principally operates our Pure Veggie House, which commenced operation in 2007. As at the date of its incorporation, Sky Honour had an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.0 each. The authorised share capital of Sky Honour was increased from HK$10,000 to HK$1,500,000 on 6 November 2007. Prior to the acquisition of Sky Honour by TSGL, an aggregate of 1,500,000 shares of Sky Honour were allotted and issued to various Independent Third Parties, at par.

On 30 April 2013, the 1,500,000 shares of Sky Honour held by Independent Third Parties were transferred to TSGL at a total consideration of HK$1,000,000.

On 24 June 2016, as part of the Reorganisation, TSGL transferred 1,500,000 shares in Sky Honour to Ironforge for a nominal consideration of HK$1.0. For details, please refer to "Reorganisation — (3) Acquisition of Great Planner and Sky Honour and acquisition of Mr. Tang's interest in JSS Group" in this section below.

After the aforesaid allotments and transfers, Sky Honour became an indirect wholly-owned subsidiary of the Company.

Good Step

Good Step was incorporated in Hong Kong as a limited liability company on 1 February 2013. Good Step principally operates Ronin Wanchai and Ronin Central, which commenced business in June 2014 and October 2015, respectively. As at the date of its incorporation, Good Step had an authorised share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each, of which one share was allotted and issued to an initial subscriber, who is an Independent Third Party, at par. On 28 February 2013, the initial subscriber transferred the one share of Good Step to Mr. KY Chuk at par. On the same date, one share of Good Step was allotted and issued to Mr. Steve Chuk at par.

On 20 October 2016, the Group, through Legion, acquired the entire issued share capital of Good Step from Mr. KY Chuk and Mr. Steve Chuk for an aggregate consideration of HK$2.0. For details, please refer to "Reorganisation — (4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo" in this section below.

Upon completion of the acquisition of Good Step, Good Step became an indirect wholly-owned subsidiary of the Company.

Skyreach

Skyreach was incorporated in the BVI as a BVI business company with limited liability on 11 February 2016. Skyreach is an investment holding company. As at the date of its incorporation, Skyreach was authorised to issue a maximum of 50,000 shares of a single class with no par value, of which one ordinary share with no par value was allotted and issued to the Company as fully paid.

After the aforesaid allotment, Skyreach became a direct wholly-owned subsidiary of the Company.

Everbloom

Everbloom was incorporated in the BVI as a BVI business company with limited liability on 11 February 2016. Everbloom is an investment holding company. As at the date of its incorporation, Everbloom was authorised to issue a maximum of 50,000 shares of a single class with no par value, of which one ordinary share with no par value was allotted and issued to Skyreach as fully paid.

After the aforesaid allotment, Everbloom became an indirect wholly-owned subsidiary of the Company and holding the entire issued share capital of Great Planner.

Ironforge

Ironforge was incorporated in the BVI as a BVI business company with limited liability on 11 February 2016. Ironforge is an investment holding company. As at the date of its incorporation, Ironforge was authorised to issue a maximum of 50,000 shares of a single class with no par value, of which one ordinary share with no par value was allotted and issued to Skyreach as fully paid.

After the aforesaid allotment, Ironforge became an indirect wholly-owned subsidiary of the Company and holding the entire issued share capital of Sky Honour.

Legion

Legion was incorporated in the BVI as a BVI business company with limited liability on 11 February 2016. Legion is an investment holding company. As at the date of its incorporation, Legion was authorised to issue a maximum of 50,000 shares of a single class with no par value, of which one ordinary share with no par value was allotted and issued to Skyreach as fully paid.

After the aforesaid allotment, Legion became an indirect wholly-owned subsidiary of the Company.

Stormwind

Stormwind was incorporated in Hong Kong as a limited liability company on 18 March 2016 with a share capital of HK$10,000 comprising 10,000 shares. Stormwind primarily provides administrative services to the Group. As at the date of its incorporation, 10,000 shares of Stormwind were allotted and issued to Skyreach, credited as fully paid.

After the aforesaid allotment, Stormwind became an indirect wholly-owned subsidiary of the Company.

Leading Win

Leading Win was incorporated in Hong Kong as a limited liability company on 17 February 2017 with a share capital of HK$1.0 comprising one share. Leading Win is the operating entity for our San Xi Lou Times Square. As at the date of its incorporation, one share of Leading Win was allotted and issued to the initial subscriber, an Independent Third Party, at par.

On 15 March 2017, the one share held by the initial subscriber was transferred to Everbloom at par. On 22 June 2017, 499,999 shares of Leading Win were allotted and issued to Everbloom, credited as fully paid.

After the aforesaid allotments and transfer, Leading Win became an indirect wholly-owned subsidiary of the Company.

OUR PREDECESSOR GROUP AND THE ARRANGEMENT WITH MR. KY CHUK AND MR. STEVE CHUK

Our Predecessor Group

Prior to the Reorganisation, Great Planner and Sky Honour were indirectly wholly-owned by TSIHL, the holding company of the Predecessor Group, through TSGL. TSIHL, which was incorporated in February 2013, was owned as to 65% by Mr. Stanley Chuk and 35% by Mr. Tang through their respective wholly-owned companies immediately prior to Reorganisation.

As at the commencement of the Track Record Period, apart from our restaurant businesses in Hong Kong, namely San Xi Lou and Pure Veggie House, the Predecessor Group also engaged in other businesses, which primarily included: (i) two fast food outlets engaging in the sale of Sichuanese and Cantonese-style fast food and sale of siu-mei rice boxes in Hong Kong; (ii) restaurant business in the PRC, which operated one restaurant in Shenzhen; (iii) trading and supply of food ingredients business; (iv) operating the carpark located at Coda Plaza; and (v) leased a premises on the 5th Floor at Coda Plaza (the ''**Excluded Businesses**''). Since San Xi Lou opened in 2008 and Mr. Stanley Chuk became a director of Sky Honour in 2009, Mr. Stanley Chuk was responsible for the day-to-day operation of the restaurant businesses in Hong Kong engaged by the Predecessor Group. An arrangement existed between Mr. Stanley Chuk and Mr. Tang, whereby from the incorporation of TSIHL up to the completion of step 3 of the Reorganisation (see below), Mr. Tang had entrusted Mr. Stanley Chuk with the exercise of all of Mr. Tang's voting rights that he held over TSIHL and JSS Group, while Mr. Tang would retain only the economic benefits over his shares such as dividends.

Streamline the Predecessor Group's operation

Mr. Stanley Chuk and Mr. Tang had discussions about the business strategies of the Predecessor Group in or around May 2015. Mr. Stanley Chuk believed that the core strength of the Group was our full-service restaurant business in Hong Kong and would like to streamline the Predecessor Group's operation by focusing his time and resources on developing and expanding the full-service restaurant businesses in Hong Kong. The Predecessor Group underwent the following major steps to achieve the arrangement set out above, which are summarised below:

(a) The fast food business was operated by Ever Victory Limited (鋒浩有限公司) ("**Ever Victory**"), an indirect wholly-owned subsidiary of TSIHL. Ever Victory ceased its operation of fast food business on 31 March 2016. Ever Victory was voluntarily wound up and dissolved on 5 August 2017.

(b) The trading and supply of food ingredients business was operated by Falcon Luck and TS China together with its then wholly-owned subsidiary, Kang Zhi Yuan, all of which are indirect wholly-owned subsidiaries of TSIHL. Falcon Luck and TS China ceased their respective operations on 31 January 2016 and 31 March 2016, respectively. Falcon Luck and TS China were voluntarily wound up and dissolved on 5 August 2017. Kang Zhi Yuan was disposed to a former employee of the Group in May 2016. During the Track Record Period, Falcon Luck, TS China and Kang Zhi Yuan had been among our top five suppliers. During the Track Record Period and up to the date they ceased business with the Group, (i) TS China and Falcon Luck were in compliance with applicable laws and regulations in all material respects, and (ii) based on the management accounts of these entities for the said period, TS China and its subsidiary, Kang Zhi Yuan, in aggregate generated a profit of approximately HK$2.1 million, and Falcon Luck generated a loss of approximately HK$0.4 million. For details, please refer to "Business — Our Suppliers — Our top five suppliers" in this prospectus.

(c) TS Consultants operated the restaurant business in the PRC through its subsidiary 深圳市滿庭芳餐飲有限公司 (Shenzhen Man Ting Fang Catering Company Limited), which has been owned as to 99% by TS Consultants and as to 1% by an Independent Third Party. On 8 June 2015, the entire issued share capital of TS Consultants was transferred from TSGL to a company wholly-owned by Mr. Tang.

(d) Prior to 1 August 2016, the car park space located at Coda Plaza was managed by Top Standard Parking Limited, which remained as an indirectly wholly-owned subsidiary of TSIHL. TSIHL was transferred to Mr. Tang on 30 June 2016. For details, please refer to "Reorganisation — (3) Acquisition of Great Planner and Sky Honour and acquisition of Mr. Tang's interest in JSS Group" in this section below. Since 1 August 2016, the car park space located at Coda Plaza has been managed by Darnassus Limited which is wholly owned by Mr. Stanley Chuk.

(e) Gold Goal Limited (金標有限公司) ("**Gold Goal**") was an indirect wholly-owned subsidiary of TSIHL. The sole function of Gold Goal was to lease the premises on the 5th Floor of Coda Plaza, which was expired in December 2016. The same premises was then leased by Great Planner since January 2017.

After the completion of the above steps, Mr. Stanley Chuk has no direct or indirect interests in the companies within the Predecessor Group, except for Great Planner and Sky Honour, which operate our restaurant business in Hong Kong. The Directors confirm that, to their best knowledge and understanding, the dissolution of each of Ever Victory, Falcon Luck and TS China has not resulted in any liability or obligation to be imposed against the relevant Directors.

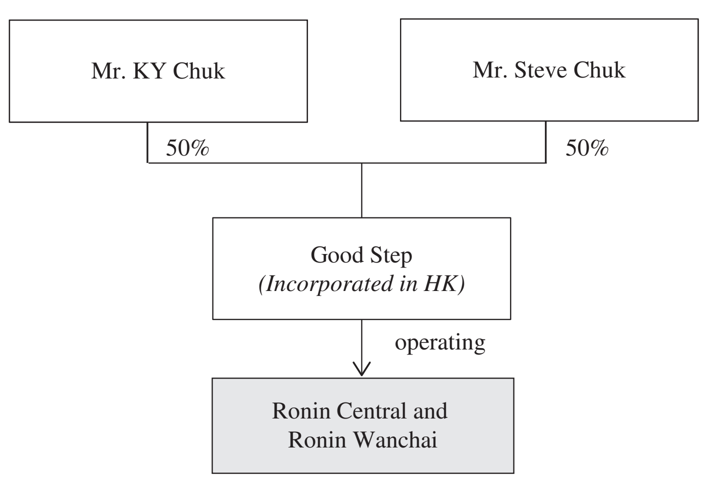
Explore the possibility of listing of Predecessor Group's restaurant business in Hong Kong

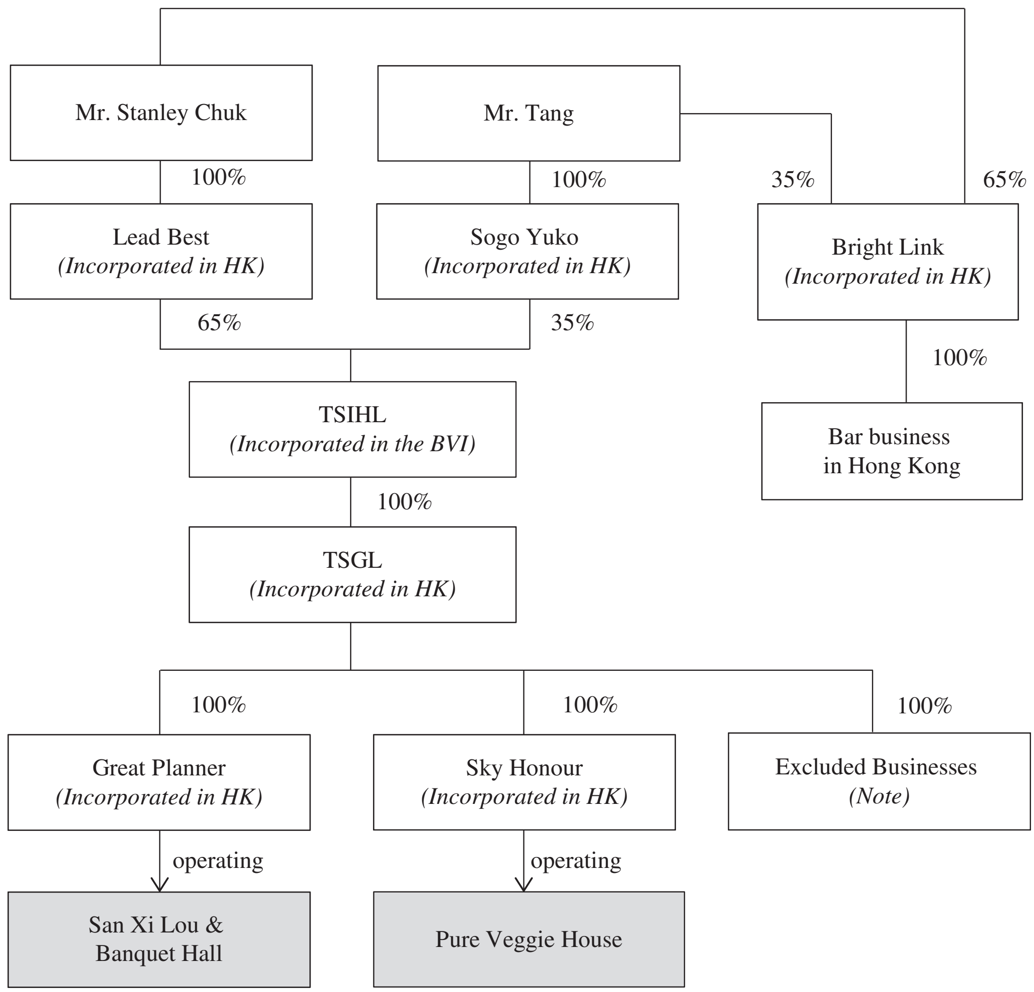
Mr. Stanley Chuk and Mr. Tang also explored the possibility of listing the Predecessor Group's restaurant business in Hong Kong, Mr. Stanley Chuk understood from Mr. Tang that Mr. Tang did not wish to be involved in the proposed Listing and wished to sell his interests in the restaurant business of the Group in Hong Kong to Mr. Stanley Chuk.

Arrangement with Mr. KY Chuk and Mr. Steve Chuk

Subsequent to the discussions between Mr. Stanley Chuk and Mr. Tang, Mr. Stanley Chuk had discussions with his father, Mr. KY Chuk, and his elder brother, Mr. Steve Chuk, on the possibility of collaborating their respective restaurant business in Hong Kong to develop a family-owned restaurant group in Hong Kong. At that time, Good Step (which operates Ronin Central and Ronin Wanchai) was owned as to 50% and 50% by Mr. KY Chuk and Mr. Steve Chuk, respectively. Mr. Stanley Chuk believed that by cooperating with his father and elder brother, they are able to (i) leverage on the experiences of Mr. Stanley Chuk in the Hong Kong restaurant industry, (ii) diversify the Group's offering, (iii) enlarge the customer base and enhance the implementation of the multi-brand strategy of the Group; and (iv) avoid competition between the restaurant businesses held by members of the same family. They had consensus on the above arrangement and such arrangement was achieved through the acquisition of Good Step by the Group and the Subscription. For details, please refer to "Reorganisation — (4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo" in this section below.

Set out below is a corporate structure of Good Step and the Predecessor Group immediately prior to the completion of the Reorganisation:





Note: The Excluded Businesses primarily comprised: (i) two fast food outlets in Hong Kong; (ii) restaurant business in Shenzhen; (iii) trading and supply of food ingredients business; (iv) the operation of the carpark located at Coda Plaza; and (v) leased a premises on the 5th Floor at Coda Plaza.

REORGANISATION

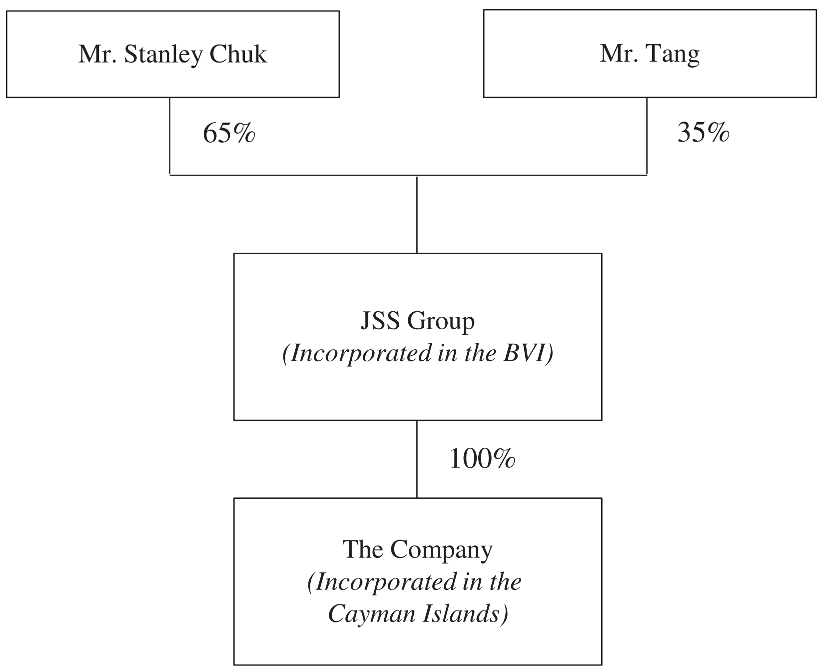
In preparation for the Listing, the Group underwent the following Reorganisation steps:

(1) Incorporation of JSS Group and the Company

(a) for the purpose of complying with Accounting Guideline 5 — Merger Accounting for Common Control Combination, which is applicable to a listing applicant, on 11 February 2016, JSS Group was incorporated in the BVI with limited liability and was authorised to issue a maximum of 50,000 shares with no par value. JSS Group is an investment holding company. On the same date, 650 ordinary shares and 350 ordinary shares were allotted and issued to Mr. Stanley Chuk and Mr. Tang, respectively. After the allotment, JSS Group was owned as to 65% by Mr. Stanley Chuk and 35% by Mr. Tang, respectively; and

(b) on 11 February 2016, the Company was incorporated as an exempted company in the Cayman Islands with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On the same date, one Share was allotted and issued as fully-paid to the initial subscriber of the Company, an Independent Third Party, which was then transferred to JSS Group on the same date. After the allotment and transfer, JSS Group became the sole shareholder of the Company.

Set out below is the corporate structure of the Group immediately after completion of step 1 of the Reorganisation:



(2) Incorporation of Skyreach, Everbloom, Ironforge, Legion and Stormwind

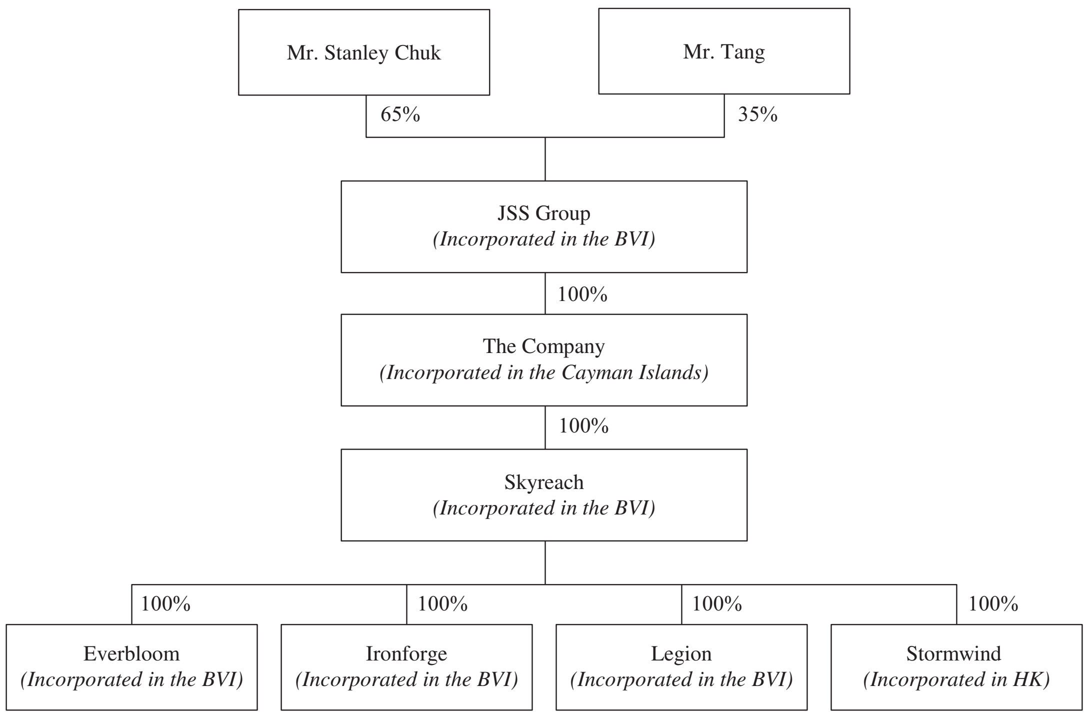
The Company has incorporated the following companies as the intermediate holding companies of the Group's restaurant business:

(a) on 11 February 2016, Skyreach was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class with no par value. On the same date, one ordinary share was allotted and issued to the Company. After the allotment, Skyreach became a direct wholly-owned subsidiary of the Company;

(b) on 11 February 2016, each of Everbloom, Ironforge and Legion was incorporated in the BVI with limited liability and each is authorised to issue a maximum of 50,000 shares of a single class with no par value. On the same date, one ordinary share of each of Everbloom, Ironforge and Legion was allotted and issued to Skyreach. After the allotments, each of Everbloom, Ironforge and Legion became wholly-owned by Skyreach and each became an indirect wholly-owned subsidiary of the Company; and

(c) on 18 March 2016, Stormwind was incorporated in Hong Kong with limited liability. On the same date, 10,000 shares were allotted and issued as fully-paid to Skyreach. After the allotment, Stormwind is wholly-owned by Skyreach and became an indirect wholly-owned subsidiary of the Company. The incorporation of Stormwind is for the purpose of providing management services to the Group companies and it does not and will not carry out any restaurant business of the Group.

Set out below is the corporate structure of the Group immediately after completion of step 2 of the Reorganisation:



(3) Acquisition of Great Planner and Sky Honour and acquisition of Mr. Tang's interest in JSS Group

(i) Acquisition of Great Planner and Sky Honour

The Company acquired Great Planner and Sky Honour which are the entities operating San Xi Lou and Pure Veggie House:

(a) on 24 June 2016, Everbloom acquired 1,000,000 ordinary shares of Great Planner, representing its then entire issued share capital, from TSGL at a nominal consideration of HK$1.00. After the aforesaid share transfer, Great Planner became an indirect wholly-owned subsidiary of the Company; and

(b) on 24 June 2016, Ironforge acquired 1,500,000 ordinary shares of Sky Honour, representing its then entire issued shares, from TSGL at a nominal consideration of HK$1.00. After the aforesaid share transfer, Sky Honour became an indirect wholly-owned subsidiary of the Company.

(ii) Acquisition of Mr. Tang's interest in JSS Group

On 30 June 2016, Mr. Tang transferred his 35% interest in JSS Group to Mr. Stanley Chuk at a consideration of HK$12,474,350, which was determined based on valuation reports prepared by an independent valuer on each of JSS Group and Bright Link. This consideration was settled in the following manner on 30 June 2016:

(a) Mr. Stanley Chuk transferred his 65% interest in Bright Link, a company that operated a bar business in Hong Kong on the date of its transfer, to Mr. Tang. Prior to the transfer, Bright Link did not form part of the Predecessor Group, but was directly held as to 35% by Mr. Tang and 65% by Mr. Stanley Chuk; and

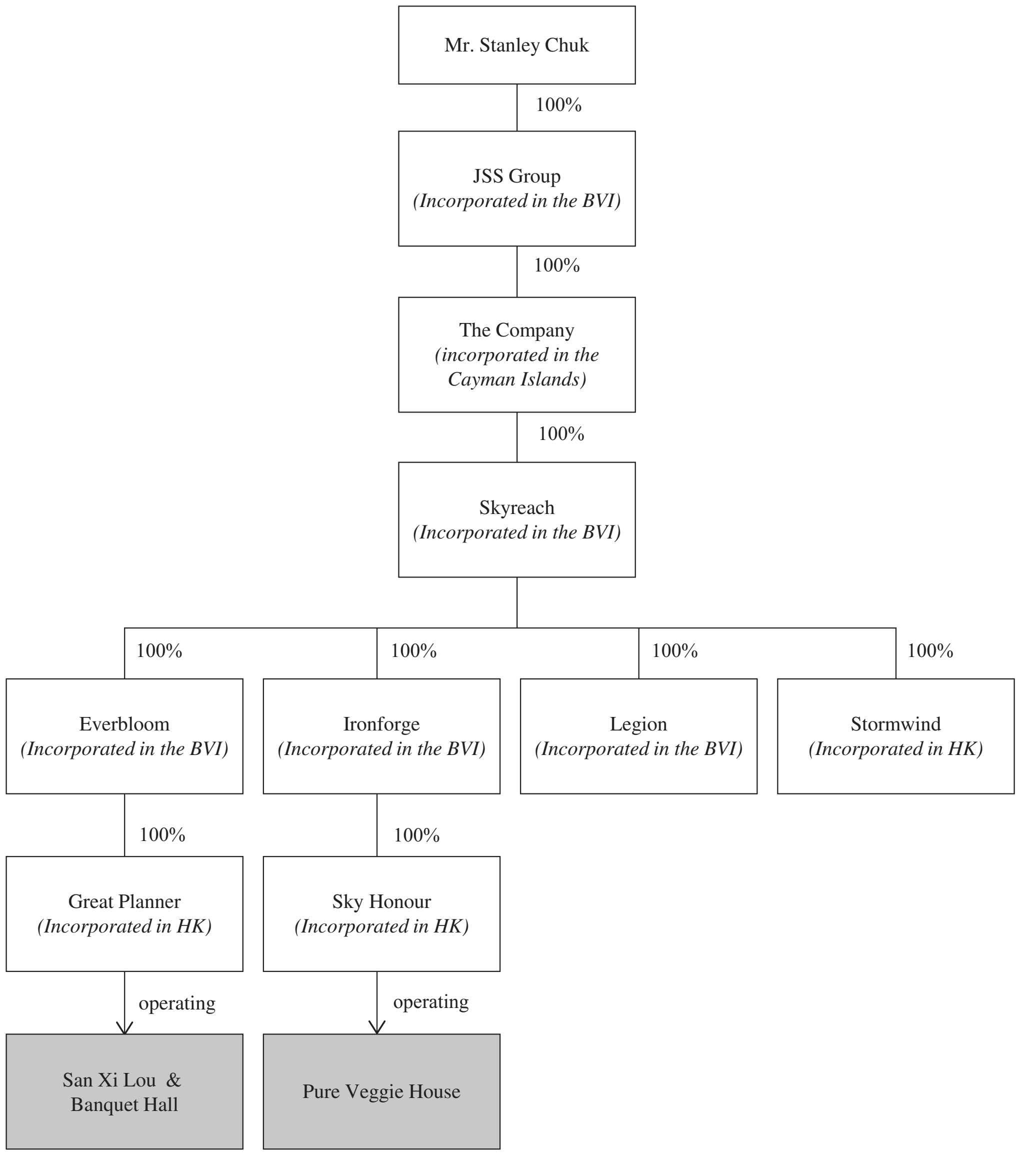
(b) a cash consideration in the amount of HK$843,500 was paid by Mr. Tang to Mr. Stanley Chuk.

On the same date, Mr. Stanley Chuk caused Lead Best Limited ("**Lead Best**"), a company wholly-owned by him, to transfer its 65% interest in TSIHL to Sogo Yuko Co., Limited ("**Sogo Yuko**"), a company wholly-owned by Mr. Tang, at a consideration of HK$1.00, which was determined based on the valuation report prepared by an independent valuer.

Immediately upon completion of the above, Mr. Stanley Chuk became the sole shareholder of JSS Group and Mr. Tang became the sole shareholder of Bright Link and TSIHL.

After the abovementioned steps, (i) Mr. Tang resigned as a director of JSS Group, Great Planner and Sky Honour, and ceased to hold any interest in the Group, 12 months since then, Mr. Tang has become an Independent Third Party, (ii) other than the business relationship with Bright Link and Mr. Tang, who are the Group's customers, and with Kang Zhi Yuan and Shiny (China) Limited, which are the Group's suppliers being held by Mr. Tang's relatives, Mr. Tang does not have any influences on the Group and its restaurant business (Please refer to "Business — Our Customers" and "Business — Our Suppliers" in this section for further details); and (iii) Mr. Stanley Chuk also ceased to hold any interest in TSIHL and Bright Link.

Set out below is the corporate structure of the Group immediately after completion of step 3 of the Reorganisation:



(4) Acquisition of Good Step and Subscription of Shares by JSS Group, J & W Group and Oxlo

Pursuant to the Sale and Purchase Agreement and the Deed of Amendments, the Company, through Legion, acquired one ordinary share and one ordinary share of Good Step from Mr. KY Chuk and Mr. Steve Chuk at a total consideration of HK$2.0 on 20 October 2016. The consideration for the acquisition of Good Step was determined based on valuation reports prepared by independent valuers.

The above acquisition of Good Step by the Group constitutes an acquisition of a major subsidiary under Rule 7.04A of the GEM Listing Rules. The pre-acquisition financial information of Good Step for the year ended 31 March 2016 and the period from 1 April 2016 to 19 October 2016 is set out in note 32 to the Accountants' Report in Appendix I to this prospectus.

On 20 October 2016, an additional 8,111 Shares were allotted and issued to JSS Group credited as fully paid.

On the same date, Mr. KY Chuk and Mr. Steve Chuk subscribed for 944 Shares and 944 Shares through J & W Group and Oxlo, which respectively represented 9.44% and 9.44% of the issued share capital of the Company as at 20 October 2016 (the "**Subscription**"). Pursuant to the Deed of Amendments, the above 944 Shares and 944 Shares were fully paid up on 26 January 2017 by way of capitalisation of shareholders' loans of HK$8,072,300.21 owed by the Company's subsidiaries to Mr. KY Chuk and to a company jointly owned by Mr. KY Chuk and Mr. Steve Chuk as at 26 January 2017. Details of the Subscription are set out below:

Name of the Subscribers	:	J & W Group and Oxlo (the "**Subscribers**")
Background of the Subscribers	:	Mr. KY Chuk, father of Mr. Stanley Chuk, and Mr. Steve Chuk, elder brother of Mr. Stanley Chuk, were the shareholders of Good Step, which operates Ronin Wanchai and Ronin Central
Date of Subscription	:	20 October 2016
Consideration	:	HK$8,072,300.21, determined based on a valuation report prepared by an independent valuer on the value of Great Planner and Sky Honour and negotiation between Mr. Stanley Chuk, the Company and the Subscribers
Settlement date of the consideration	:	26 January 2017 by way of capitalisation of shareholders' loans owed by the Company's subsidiaries to Mr. KY Chuk and a company jointly owned by Mr. KY Chuk and Mr. Steve Chuk
Number of Shares subscribed by the Subscribers	:	J & W Group: 944 Shares, representing 9.44% of the total issued Shares as at date of the Subscription Oxlo: 944 Shares, representing 9.44% of the total issued Shares as at date of the Subscription
Number of Shares and percentage of shareholding held by the Subscribers upon completion of the Capitalisation Issue and the Share Offer	:	J & W Group: 56,640,000 Shares, representing 7.08% of the total issued Shares Oxlo: 56,640,000 Shares, representing 7.08% of the total issued Shares
Cost per Share paid by the Subscribers	:	HK$0.071 per Share

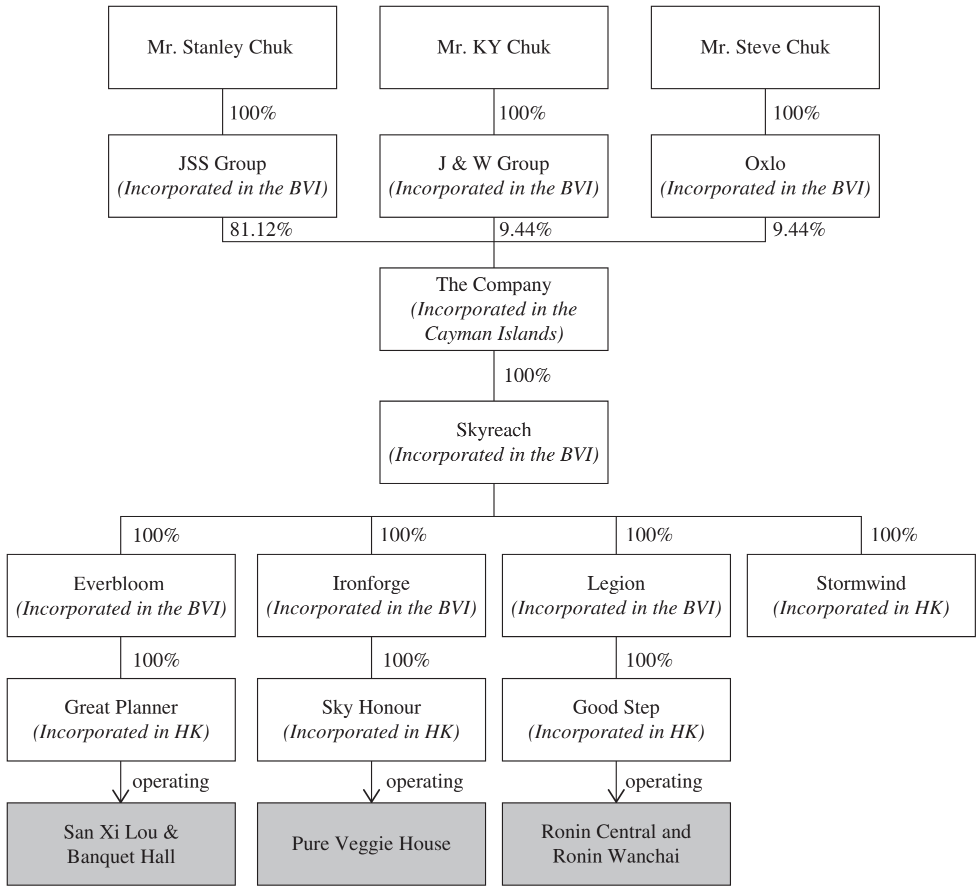
Discount to Offer Price	:	a discount of approximately 81.1% to the mid-point of the Offer Price of HK$0.375 per Offer Share
Special rights	:	No special rights were granted
Lock-up restrictions	:	No lock-up restriction
Public float	:	all Shares held by J & W Group and Oxlo will not be considered as part of the public float for the purposes of Rule 11.23 of the GEM Listing Rules as J & W Group and Oxlo will be connected persons of the Company immediately upon Listing
Share-based payment	:	The Subscription is not in form of share-based payment
Use of proceeds	:	Not applicable, the consideration of the Shares was satisfied by offsetting of amounts that were due to Mr. KY Chuk and a company jointly owned by Mr. KY Chuk and Mr. Steve Chuk
Strategic benefits to the Company	:	To enhance the implementation of a multi-brand strategy of the Group and to further support the sustainability of the Group

Upon completion of the Subscription, the Company was owned as to 81.12% by JSS Group, 9.44% by J & W Group and 9.44% by Oxlo, respectively.

The Reorganisation was completed on 20 October 2016. The payment to be made for the Subscription was settled on 26 January 2017.

The Sponsor is of the view that the Subscription is in compliance with the Interim Guidance on Pre-IPO Investment issued by the Stock Exchange on 13 October 2010 (as amended and updated in January 2012 and March 2017) and the requirements set out in the Guidance Letters HKEx-GL43-12 issued by the Stock Exchange in October 2012 (as amended and updated in July 2013 and March 2017) and HKEx-GL44-12 issued by the Stock Exchange in October 2012 (as amended and updated in March 2017).

Set out below is the corporate structure of the Group immediately after completion of step 4 of the Reorganisation:



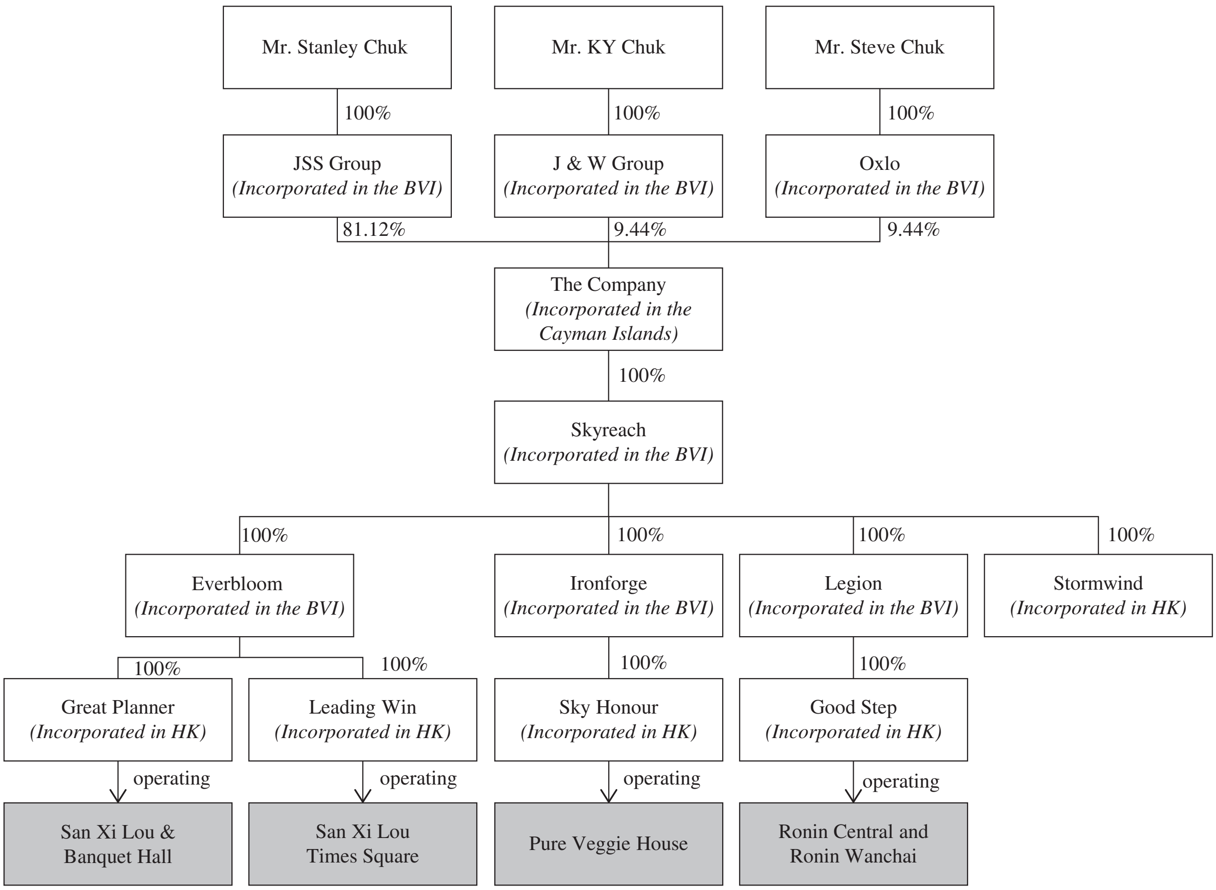
POST-REORGANISATION

Incorporation of Leading Win

Leading Win was incorporated in Hong Kong as a limited liability company on 17 February 2017 by its initial subscriber, an Independent Third Party, at par. On 15 March 2017, the one share held by the Independent Third Party was transferred to Everbloom at par, and on 22 June 2017, 499,999 shares of Leading Win were allotted and issued to Everbloom, credited as fully paid.

Leading Win is the operating entity of our San Xi Lou Times Square in Causeway Bay.

Set out below is the corporate structure of the Group immediately before the Capitalisation Issue and the Share Offer:



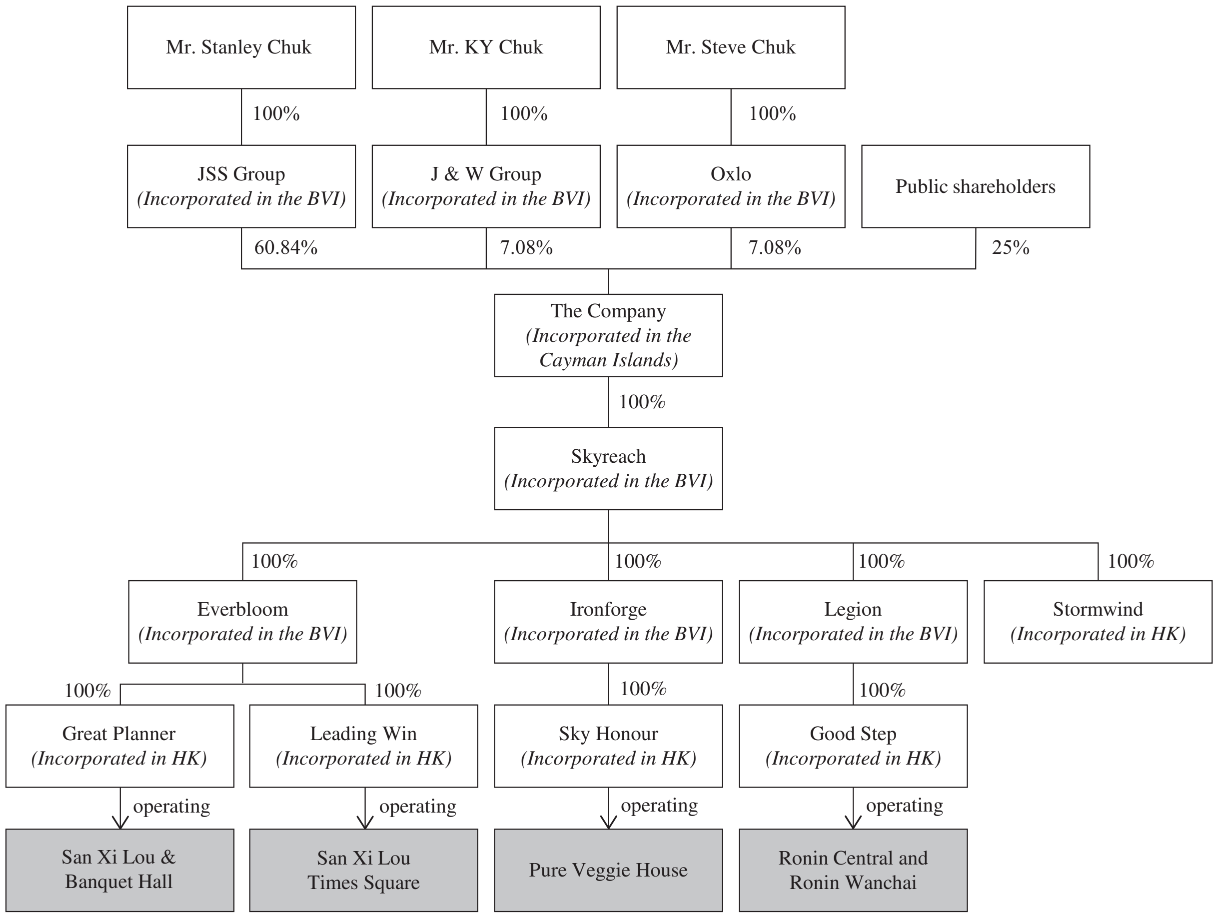
As at the Latest Practicable Date, the Reorganisation, including the incorporation of the Company and its offshore subsidiaries and the acquisition of its Hong Kong subsidiaries, had been properly and legally completed and settled and in compliance with relevant laws and regulations.

CAPITALISATION ISSUE AND SHARE OFFER

Conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, a sum of HK$5,999,900 standing to the credit of the share premium account of the Company will be capitalised by applying such sum in paying up in full at par a total of 599,990,000 Shares for the allotment and issue to JSS Group, J & W Group and Oxlo in proportion to their respective shareholdings in the Company.

The Company will increase its authorised share capital to HK$20,000,000, divided into 2,000,000,000 Shares of HK$0.01 each, in order to be positioned to allot and issue new Shares to institutional, professional or other investors and the public in Hong Kong under the Share Offer and/or to the existing shareholders of the Company.

Set out below is the corporate structure of the Group immediately after completion the Capitalisation Issue and the Share Offer:



OVERVIEW

We are a Hong Kong based restaurant group that offers Sichuanese, Cantonese, fusion vegetarian and Japanese cuisine. We are committed to serving customers who appreciate tasty and aesthetically pleasing cuisines that are prepared using quality ingredients. As at the Latest Practicable Date, we operated five full-service restaurants in Hong Kong, including (i) our two Sichuanese and Cantonese restaurants under the "San Xi Lou (三希樓)" brand, (ii) our fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand, and (iii) our two Japanese restaurants under the "Ronin (浪人)" brand.

We aim to serve delicious, healthy and fresh cuisine of consistent quality. We search for quality ingredients to prepare our cuisine, and seek to preserve the natural nutrients and taste in the food. We also strive to provide an enhanced customer service experience, by offering dining experience in an inviting atmosphere with attentive service to our customers showing sincerity to our customers.

We promote the "eat only those that are in-season (不時不食)" concept. To introduce new ideas into the Group's dishes, we regularly introduce seasonal ingredients to the menu to ensure that our customers are able to enjoy in-season foods. We incorporate other regional flavours and international elements into our menu, develop new menu items and refine existing dishes so as to meet the changing customer taste, shifting food and nutrition trends and feedback from our customers. We believe that our commitment to our customers has contributed to the strengthening of our brands and customer loyalty over the years.

Since 2014, our San Xi Lou and Pure Veggie House have been recognised as a "Quality Restaurant" by the Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme. Our Pure Veggie House has been recognised as EatSmart Restaurant (有營食肆) by Department of Health of the Government since 2015, and ranked 18th in the top 25 vegetarian restaurants in the world in 2015, as reviewed and ranked by The Daily Meal, a website launched in 2010 which features nine channels and 24 city pages covering food and drink topics and produces annual reports on different food and dining experience.

The Group's business started when we established our first restaurant under the "San Xi Lou (三希樓)" brand located in Central, Hong Kong in March 2008, serving Sichuanese and Cantonese cuisine targeting customers who look for spicy and richly-flavoured dishes in Sichuan style, or dishes made with subtle flavours and fresh ingredients or dim sum in Cantonese style. Our vegetarian restaurant under the "Pure Veggie House (心齋)" brand located in Central, Hong Kong became part of the Group in April 2013, serving fusion vegetarian dishes targeting customers who look for creative vegetarian or vegan culinary styles and specialty vegetarian cuisine. We acquired two Japanese restaurants under the "Ronin (浪人)" brand namely, Ronin Central and Ronin Wanchai, located in Central and Wanchai, Hong Kong, respectively, in October 2016. Ronin Central and Ronin Wanchai have different positioning: Ronin Central offers premium Japanese cuisine targeting business customers in Central, whereas Ronin Wanchai offers an "all-you-can-eat" buffet menu and casual Japanese cuisine targeting value-conscious Japanese food lovers. Our second restaurant under the "San Xi Lou (三希樓)" brand, which commenced business in November 2017, is located at Times Square in Causeway Bay, Hong Kong.

We have adopted a multi-brand strategy purely aimed at the Hong Kong market. With three main brands namely, "San Xi Lou (三希樓)", "Pure Veggie House (心齋)" and "Ronin (浪人)", covering the spectrum of different segments of mid-to-high end customers whom we believe have strong spending power, our restaurant network has enabled us to attract a diversified customer base across Hong Kong. Our multi-brand strategy also gives us flexibility in our operations and in planning our future expansion. The Directors believe that a key factor in our success to date has been our desire and ability to adapt over time to customer demands and preferences in different market segments. We believe our multi-brand portfolio and our diversified offering allow us to target customers with different tastes and preferences who expect value-for-money throughout the entire dining experience and broaden our revenue sources.

On the operational and cost control side, our standardised operations, including but not limited to, our standardised quality control system, staff training and advancement programs, provide for a systematic platform to sustain our future growth and expansion of our customer base.

The following table sets out the breakdown of our revenue from our restaurants for the periods indicated:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	Total revenue	% of total revenue	Total revenue	% of total revenue	Total revenue	% of total revenue	Total revenue	% of total revenue
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
San Xi Lou	57,764	79.2	56,093	70.1	17,900	79.5	17,916	57.6
Pure Veggie House	15,134	20.8	15,026	18.8	4,620	20.5	4,738	15.2
Ronin Central *(Note)*	—	—	3,888	4.9	—	—	3,485	11.2
Ronin Wanchai *(Note)*	—	—	4,944	6.2	—	—	4,984	16.0
Total	72,898	100	79,951	100	22,520	100	31,123	100

Note: Ronin Central and Ronin Wanchai are operated by Good Step, which was acquired by the Group on 20 October 2016. For the financial information of Ronin Central and Ronin Wanchai prior to their acquisition by the Group, please refer to note 32 to the Accountants' Report in Appendix I to this prospectus.

OUR COMPETITIVE STRENGTHS

Our San Xi Lou and Pure Veggie House have strong brand recognition.

According to the Frost & Sullivan Report, our "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands are widely recognised brands among Sichuanese and Cantonese restaurants and fusion vegetarian restaurants in Hong Kong, respectively. Our San Xi Lou and Pure Veggie House have received numerous recognitions, details of which are set out in "Business — Market Recognition — Certifications and recognitions" in this section.

We believe our "San Xi Lou (三希樓)" brand allows us to attract customers who search for quality Sichuanese and Cantonese dining experience. In addition, we believe that our strong brand recognition in Sichuanese and Cantonese cuisine allows us to promote our other offerings in our San Xi Lou and San Xi Lou Times Square, such as dim sum, as well as our other restaurants under different brands.

Our fusion vegetarian restaurant operates under the "Pure Veggie House (心齋)" brand has recently gained both international and local attention. According to the Frost & Sullivan Report, we are known to offer vegetarian dishes distilling the essence of different countries' and regions' cuisines and incorporating them into otherwise traditional dishes. We believe that this "fusion" way of preparing vegetarian cuisine gives otherwise traditional dishes new flavours. We believe the positive reviews that we have received are attributable to our commitment to serving high-quality dishes and the effort we put into designing and preparing them.

Both San Xi Lou and Pure Veggie House are mentioned in food magazines and are commented on by food critics from time to time. We plan to leverage on the public's recognition of our restaurants to expand our network. For details of our restaurant expansion plan, please refer to "Business — Our Business Strategies — Opening new restaurants" in this section.

We adopt multi-brand strategy with a diversified customer base.

Our restaurant network, comprising three main brands, targets mid-to-high end customers and covers different full-service restaurant segments in Sichuanese, Cantonese, fusion vegetarian and Japanese cuisine in Hong Kong. Restaurants under our "San Xi Lou (三希樓)" brand focus on Sichuanese and Cantonese cuisine. Restaurant under our "Pure Veggie House (心齋)" brand focuses on fusion vegetarian cuisine. Restaurants under our "Ronin (浪人)" brand focus on Japanese cuisines, namely, premium Japanese cuisine served at Ronin Central and casual Japanese cuisine served at Ronin Wanchai with an "all-you-can-eat" buffet menu. According to the Frost & Sullivan Report, the growth of the market size of the Sichuanese, Cantonese, vegetarian and Japanese restaurants industry remains stable and is expected to have a steady growth at a CAGR of 4.3%, 4.1%, 4.9% and 5.1% from 2016 to 2021, respectively. Please refer to "Industry Overview" in this prospectus for further details.

Through our three main brands, we aim to provide suitable venues for different types of customers who seek for diversified offerings of quality foods with venues suitable for gatherings of families and friends or business meals. During the Track Record Period, we recorded over 550,000 customer visits to our four restaurants. We believe that through our restaurant network, we are able to attract different customer groups and cover the younger generation as well as more mature diners generally seen as the target market for our restaurant business. In addition, within each category of customers, we are able to offer different types of dining experiences, including value-for-money Sichuanese and Cantonese cuisine, fusion vegetarian cuisine, premium and casual Japanese cuisine. In addition, our membership programme launched in July 2014 covers all our restaurants, which help us to locate and attract new customers, nurture and retain existing customers, and re-connect with former customers from our different restaurants. Apart from venues suitable for family and casual gatherings and business meals we provide to our customers at our restaurants, our Banquet Hall located at Coda Plaza is open to all our members which caters their needs on dining gatherings, and hosting private banquets, meetings and celebratory events. Our members can dine at our Banquet Hall having Sichuanese, Cantonese and fusion vegetarian cuisine ordered from our restaurants located at Coda Plaza as catering services.

Our experience in operating different types of restaurants offering a variety of food and services to a diversified customer base enables us to make adjustments to the constantly changing and competitive restaurant market, such as menu development and new and seasonal product offerings. The Directors believe that our multi-brand strategy has broadened our customer base and will reduce our reliance on and exposure to risk in any particular customer segment and increase our market share, so as to provide support to our continual development in future.

We are committed to quality of food, service and hygiene.

The 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. The Group emphasises the need to use freshly sourced quality ingredients in producing its products and dishes, such as vegetables grown using the hydroponic gardening method and cold-pressed peanut oil produced by ourselves.

We impose 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 good in quality, our procurement department works closely with the chefs of our restaurants in choosing quality and stable food ingredient suppliers. Our chefs also participate in selecting raw materials suppliers in order to ensure the stable supply of fresh food ingredients. To ensure our suppliers' compliance with the relevant quality standards, the Group exercises quality control, including conducting on-site inspections of our major suppliers regularly and performing inspections for the food ingredients upon delivery to our restaurants. In addition, we provide our employees with clear guidance on how to deal with our food ingredients properly, and also implement internal control and management systems for ensuring the quality of food products served by our restaurants. We have also adopted strict hygiene policy at our restaurants to minimise any risk of food contamination. For details, please refer to "Business — Quality Control" in this section.

During the Track Record Period and up to the Latest Practicable Date, the Group did not receive any material complaints from the FEHD nor was any of our restaurants subject to any investigation on food hygiene by any government authorities or relevant consumer protection organisations due to any food safety incident. In order to further enhance our quality control and food safety management, the Group plans to establish a central kitchen to standardise our quality control system in sourcing and processing of food ingredients and semi-processed food. Please refer to "Business — Our Development Plan — (3) Establishing a central kitchen" for further details.

The Directors believe that the Group's reliable and attentive services to its customers contribute to the enhancement of customer loyalty. As such, we ensure that our staff undergo proper training at the time of joining the Group and at the time of recruitment. The Directors believe that the high quality dining environment and attentive customer services help to enhance and retain customer loyalty, which in turn allows the Group to continuously drive the growth in its business.

The Directors further believe that the Group's ability to consistently produce quality food and provide attentive services helps generate more customer traffic, attract a broader customer base and thus enhance its operating results and reputation.

We regularly update our menus and offer new and seasonal products.

We believe our dedication to serving high quality and tasty dishes coupled with our ability to continuously launch new dishes to react to customers' preferences and tastes help us differentiate ourselves from our competitors, drive customer visits and increase restaurant sales.

We strive to ensure the high quality and consistent taste of the dishes we serve at our restaurants. While our restaurants focus on serving their respective cuisines, our menu continues to evolve as we incorporate other regional flavours and international elements into our menu, develop new menu items and refine existing dishes to meet the changing customer taste, shifting food and nutrition trends and feedback from our customers. We update our main menu every year, including replacing approximately 5% of the dishes with newly-developed or refined dishes.

To adhere our core motto, "eat only those that are in-season (不時不食)" concept, we introduce new ideas into our dishes and regularly introduce seasonal ingredients to the menu to ensure that our customers are able to enjoy in-season foods. Our procurement team invests its time into sourcing new ingredients from different regions to design our seasonal menus. In recent summer season, we introduced new dishes by using termite mushroom (which is only available from summer to autumn every year) as ingredients.

Apart from ensuring the high quality and delicious taste of the dishes we serve at our restaurants, we also place strong emphasis on menu development. Our senior management, restaurant managers and chefs regularly meet to brainstorm new dish ideas and design "chef's special" or "restaurant's special" menu for our menu committee's tasting review and approval to cater for local customers' preferences and tastes from time to time. Please refer to "Business — Menu Development" for further details. The success of new menu items reflects the efforts of our rigorous, systematic and increasingly demand-driven product development process.

We also employ the "fusion" concept by distilling the essence of cuisines from different countries and regions and incorporating them into otherwise traditional dishes, which we believe gives otherwise traditional dishes new flavours. For example, we combine our knowledge on Sichuanese spices and the in-season vegetables and fungus that we purchase to come up with our vegetarian hotpots in Pure Veggie House, and we combine Taiwanese and Japanese elements in the skewers that we offer in Ronin Central.

In addition to regular dishes that are offered throughout the year, our chefs also design dishes that are catered for different festivities in Hong Kong, such as Poon Choi (盆菜) and Chinese New Year Cake (年糕) during the Chinese Lunar New Year period, and vegetarian glutinous rice dumplings (素糭) during the Tuen Ng Festival. We plan to offer specialty dishes to cater different festivities in Japan at our Ronin Central and Ronin Wanchai in the coming year.

We also believe that an attractive presentation of our dishes contributes to our customers' dining experience and enhances our customers' overall perception of our restaurants. From time to time our chefs come up with novel methods to present dishes that are not only palatable but are also visually pleasing and attractive.

We have a stable and experienced management team and a team of experienced chefs.

Our chairman and executive Director, Mr. Stanley Chuk, is the Group's founder. Mr. Stanley Chuk, together with majority of our senior management have been with the Group since 2008. Our senior kitchen staff for each restaurant have also been with the Group for an extended period of time: our head chefs have served San Xi Lou and Pure Veggie House since 2008 and 2007, respectively, and our Sichuanese-cuisine chefs and our head dim sum chef for San Xi Lou have been with the Group for more than seven years. Our restaurant managers for San Xi Lou have also been with the Group for more than seven years. We believe that a stable and experienced leadership team and a team of experienced chefs allow us to understand the needs of our customers and industry trend timely and efficiently, and allow our restaurants to ensure the quality of food and services. Please refer to "Directors and Senior Management" in this prospectus for details of the qualification and experience of our senior management.

OUR BUSINESS STRATEGIES

Opening new restaurants

One of the Group's business strategies is to expand our geographical coverage in Hong Kong. To achieve this, we plan to expand our footprint by setting up new restaurants under the "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands at locations where there are high levels of pedestrian traffic and where customers with high spending power frequently visit. We believe by doing so, we will be able to increase our revenue and publicity, and also to allow more customers easier access to our restaurants, thus allowing us to expand our customer base. We are seeking suitable premises for our new restaurants in commercial districts, and factors we consider include the suitability of the actual location, the level of pedestrian traffic in the area and the perceived spending power of our target customers at that location.

By applying this strategy, our first new restaurant recently opened under the "San Xi Lou (三希樓)" brand at Times Square in Causeway Bay in November 2017. Times Square is one of the major shopping malls on the Hong Kong Island. We have entered into a lease agreement for the premises in August 2017, and the new restaurant has a licensed area of approximately 700 sq.m. and a customer seating of around 240 seats. Given that the new restaurant is located at a location that has a relatively high level of pedestrian traffic and in the Causeway Bay district where none of our restaurants is currently located in, the Directors believe that this new restaurant will not pose any material competition with our existing restaurants.

Our management is also actively exploring other expansion opportunities in other locations in Hong Kong apart from the above new restaurant. We plan to expand our geographical coverage to other districts where we currently do not have footprint. The second new restaurant may be under the "Pure Veggie House (心齋)" brand. For details, please refer to "Business — Our Development Plan — (1) Expanding our San Xi Lou and Pure Veggie House" in this section and "Future Plans and Use of Proceeds — Implementation Plan" in this prospectus.

Establishing a central kitchen to support our expansion

Considering the expansion of our business and the increasing emphasis on food safety and hygiene in society, we intend to establish a central kitchen in Hong Kong in the second quarter of 2019 as part of our development and expansion plan to support our existing restaurants and future new restaurants. The Group plans to start with a small-scale central kitchen of a size of approximately 400 to 500 sq.m. located in the New Territories, Hong Kong. We expect that our central kitchen will be able to support all our existing restaurants and our new restaurant that may be operated under the "Pure Veggie House (心齋)" brand, and an additional two to three new restaurants to be opened in future, and enables us to centralise our food ingredients and supplies purchasing, food processing, quality control of food ingredients, semi-processed or processed food ingredients, as well as packaging, warehousing and distribution functions.

Under the current plan, the food processing functions to be assumed by our central kitchen will primarily include, but are not limited to, preparing semi-processed food and processed food ingredients, such as meats, soups and sauces, food ingredients used in dim sum, proprietary seasonings and spices used in our dishes. Food ingredients will be processed into semi-processed or processed ingredients at our central kitchen and are then delivered to each of our restaurants in Hong Kong for their use. This arrangement promotes standardisation in the food preparation process and quality control, and also assists us in negotiating for bulk purchase discounts in our food ingredient purchases. With our central kitchen in operation, we will be able to reallocate part of the labour requirement on food preparation in our restaurants in Hong Kong to the central kitchen.

Food hygiene and safety is one of our key success factors. We have implemented a set of procedural guidelines on the entire production cycle from procurement of food ingredients and supplies, to preparation and processing, quality control and distribution of food. We believe our internal procedures on food ingredients procurement and preparation can be better performed by the use of a central kitchen and the key benefits include (i) standardisation across our restaurant network to ensure food quality consistency across various restaurants and minimise the excess food ingredients consumed and food waste; (ii) greater food production efficiency through higher economies of scale in production, such as economic use of food ingredients and specialisation of labor in our central kitchen; (iii) better utilisation of the kitchen space at our individual restaurants by rearranging the kitchen equipment and storage space, reallocating human resources at individual restaurants who are performing food processing tasks for other duties; (iv) better inventory management by consolidating the inventory storage, monitoring and logistics functions at central kitchen; (v) enabling strategic stockpiling; and (vi) protection of our proprietary know-how, recipes, trade secrets and other intellectual property by reducing the number of employees having access to such information. Please refer to "Business — Our Development Plan — (3) Establishing a central kitchen" in this section for further details.

We currently do not have a central kitchen. As at the Latest Practicable Date, no suitable premises had been identified and no provisional or formal sales and purchase agreement had been entered into.

Refurbishment of our premises and upgrading our equipment

We believe that the ambiences of our restaurants form an important part of our customer's dining experience. During the Track Record Period, our re-decorations were generally done on limited areas of each restaurant at any one time. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, we only spent nil, approximately HK$1.0 million and nil, respectively, on leasehold improvements. To improve our customers' dining experience, we plan to upgrade our restaurants image and refurbish our restaurants and the Banquet Hall by stages after our regular operation hours. We believe that the refurbished premises will allow us to: (i) bring a new dining experience to our customers; (ii) rationalise and make our service flow more efficient, especially with better utilisation of the kitchen space after our central kitchen is established; (iii) increase our food processing capabilities and speed while at the same time increase energy efficiency by using new equipment, such as oven and cooking utensils; and (iv) refresh our restaurants' image. We expect that the enhancement and upgrade of restaurant facilities will not materially affect the operation of our restaurants.

For further details on our proposed refurbishment of our restaurants, please refer to "Business — Our Development Plan — (4) Upgrading existing restaurants and Banquet Hall, system upgrade and relocation of our headquarters" and "Future Plans and Use of Proceeds — Implementation Plan" in this prospectus.

Investing in system upgrade for our existing business operation and to cater future business expansion so as to improve our operational efficiency

We currently use our POS system to manage the menus of the Group's restaurants and also to manage receipts and cash generated by our restaurant operations. To support the Group's expansion strategy and to improve the Group's operating efficiency and bring synergies across the Group's restaurants network, we plan to implement an ERP system across the Group's restaurants. We anticipate that the ERP system would allow a closer integration of the Group's existing information technology systems such as our POS system, our accounting system and our customer relationship management system. In addition, we believe that an ERP system would also (i) allow our management to have a better understanding of the Group's operations in a timely manner, (ii) give our management additional insight into how the Group's resources and inventory are being used, (iii) increase the utilisation rates of our tables, and (iv) allow us to devise strategies to reduce wastage and to improve our operational efficiency. We also intend to extend such ERP system to the central kitchen to be established after Listing.

For further details on our intended investment into an ERP system, please refer to "Business — Our Development Plan — (4) Upgrading existing restaurants and Banquet Hall, system upgrade and relocation of our headquarters" and "Future Plans and Use of Proceeds — Implementation Plan" in this prospectus.

Strengthening our marketing efforts

Historically, we built our reputation through word of mouth. To improve the visibility and to upgrade the image of the Group's restaurants and our offerings, we plan to invest on additional marketing for the Group's restaurants. We intend to strengthen our marketing efforts on (i) advertisements placed with traditional media such as newspapers, magazines and outdoor advertisements, and (ii) advertisements and promotions through online media platforms such as third party websites and popular social media platforms, such as Facebook and Twitter.

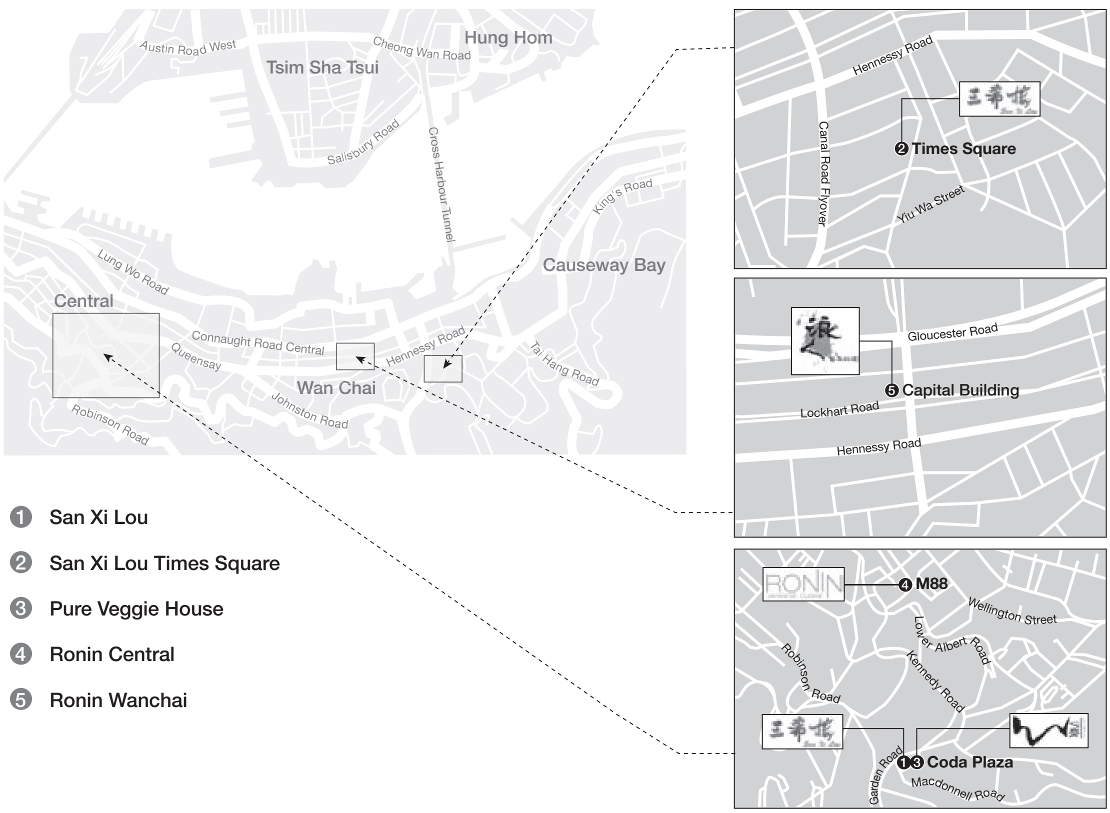
We believe that marketing is not one-size-fits-all. In order to develop and execute a successful marketing plan that aligns our marketing strategy with our business strategy, we intend to engage professional market researchers to conduct business development studies and feasibility studies on new restaurant development. Such studies include research on customers' preference and industry trends and competitive analysis, in particular on the differences between what the Group and our competitors can offer. We will also conduct periodic review on the research outcome and adjust our marketing strategies accordingly.

We will also consider cooperating with service providers that offer food ordering and delivery services. We have recently taken our first step under this strategy. For details, please refer to "Business — Sales and Marketing — Take-away food orders and delivery" in this section.

We plan to actively promote subscriptions to our membership scheme as we believe that membership subscriptions would encourage our members to visit our restaurants more frequently. We also plan to improve our membership scheme to cooperate with our corporate customers and reward frequent customers by giving them additional benefits and incentives. We believe by increasing our membership subscriptions and by providing additional incentives to our existing members, we will be able to cross-sell our different offerings to our members and our members will be more inclined to visit our restaurants more often. For details of our membership scheme, please refer to "Business — Sales and Marketing — Marketing — Our membership scheme" in this section.

OUR RESTAURANTS

We currently operate five full-service restaurants located on Hong Kong Island. Our restaurants' locations are shown below:



The table below sets forth the details of our restaurants and their respective number of months required to achieve breakeven point and investment payback point:

Name of restaurant	Date of commencement of operation of restaurant	Location	Cuisine served	Number of months required to achieve breakeven point *(Note 1)*	Number of months required to achieve investment payback point *(Note 1)*
San Xi Lou	March 2008	7th and 22nd Floor, Coda Plaza	Sichuanese and Cantonese cuisine	36 *(Note 2)*	58 *(Note 2)*
San Xi Lou Times Square	November 2017	Shop No. 1102, 11th Floor, Times Square, Causeway Bay, Hong Kong	Sichuanese and Cantonese cuisine	6 *(Note 3)*	36 *(Note 3)*
Pure Veggie House	November 2007	3rd Floor, Coda Plaza	Fusion vegetarian cuisine	48 *(Note 2)*	75 *(Note 2)*
Ronin Central	October 2015	6th Floor, Wellington Place, No. 2–8 Wellington Street, Central, Hong Kong	Premium Japanese cuisine	21	78 *(Note 4)*
Ronin Wanchai	June 2014	2nd Floor, Capital Building, No. 175–191 Lockhart Road, Wan Chai, Hong Kong	Casual Japanese cuisine	37	60 *(Note 5)*

Notes:

(1) Number of months required to achieve breakeven point and investment payback point are calculated based on the financial information of the operating subsidiaries since the commencement of their businesses and up to the Latest Practicable Date.

(2) San Xi Lou and Pure Veggie House took 36 months and 48 months to achieve breakeven point, respectively. They took 58 months and 75 months to achieve investment payback point, respectively. This is primarily because the Group was required to take longer time to: (i) raise the brand awareness of these two restaurants to the market given that our "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands were completely new to the market; (ii) attract new customers to go to Coda Plaza which is not easily accessible by Mass Transit Railway; and (iii) overcome the effects of the financial crisis during 2007 to 2008.

(3) San Xi Lou Times Square commenced business in November 2017. As at the Latest Practicable Date, San Xi Lou Times Square did not achieve the breakeven point and investment payback point. The numbers represent the expected number of months required for San Xi Lou Times Square to achieve the breakeven point and investment payback point.

(4) As at the Latest Practicable Date, Ronin Central did not achieve the investment payback point. Ronin Central was loss making for the two years ended 31 March 2016 and 2017 and the two months ended 31 May 2017 but has become profit making since June 2017, therefore, the number represents the expected number of months required for Ronin Central to achieve the investment payback point.

(5) As at the Latest Practicable Date, Ronin Wanchai did not achieve the investment payback point. Ronin Wanchai was loss making for the two years ended 31 March 2016 and 2017 and the two months ended 31 May 2017 but has become profit making since June 2017, therefore, the number represents the expected number of months required for Ronin Wanchai to achieve the investment payback point.

San Xi Lou (三希樓)

"San Xi Tang (三希堂)" was the Emperor Qianlong's Imperial Study, which was located at the Hall of Mental Cultivation in the Forbidden City in Beijing. In his study, the Emperor kept three generally famous original calligraphies made by famous Chinese calligraphers. The name "San Xi Lou (三希樓)" was also derived from this, reflecting San Xi Lou's main cuisines, namely, Sichuanese cuisine, Cantonese cuisine, and dim sum, which adheres to the spirit of Chinese food culture.

We currently operate two restaurants under the "San Xi Lou (三希樓)" brand on the 7th Floor and 22nd Floor of Coda Plaza and at Times Square, respectively. Our San Xi Lou Times Square recently opened in November 2017. The capital expenditure for this new restaurant is approximately HK$15.0 million, which includes, among other things, costs of renovation and equipment purchase. The estimated breakeven period and investment payback period are within six months and within 36 months, respectively, for this new restaurant. To support the establishment of our San Xi Lou Times Square, we have secured a revolving bank facility to support the initial start-up costs of this new restaurant in the amount of HK$15.0 million, and we expect to apply approximately HK$4.0 million of the proceeds from the Share Offer to repay part of this bank facility. This bank facility may be drawn down for a period of either one, two, three or six months and may be revolved upon its expiry. An amount that is drawn down will be charged at the corresponding interest rate of one, two, three or six months Hong Kong Interbank Offered Rate plus 2.5% per annum.

We aim to provide a dining environment which resembles that of an imperial study, and we use Chinese-style furniture and Chinese arts and paintings to reinforce this perception.

The following images show the interior of San Xi Lou on the 7th Floor and the 22nd Floor of Coda Plaza:

The following images show the interior of San Xi Lou Times Square at Shop No. 1102 on the 11th Floor of Times Square in Causeway Bay, Hong Kong:

Sichuanese cuisine

In San Xi Lou and San Xi Lou Times Square, we offer dishes that are prepared in Sichuanese styles. Our signature dishes include Sichuan style stewed freshwater fish (水煮野生魚), marinated cold chicken in spicy sauce (麻辣口水雞), Sichuan style braised sliced beef and tofu (川麻豆腦滑牛肉) and sautéed diced chicken with spicy red chilli (霸王辣子雞). We also offer spicy hot pot (麻辣火鍋) in our menu. In addition to using ingredients such as meats, poultry and vegetables, we also offer seafood and freshwater fish dishes using ingredients such as fish, crabs, oysters, prawns, clams and mussels. Below sets out photos of some of our signature dishes:

Sichuan Style Stewed Freshwater Fish
(水煮野生魚)

Sichuan Style Braised Sliced Beef and Tofu
(川麻豆腦滑牛肉)

Spicy Hot Pot
(麻辣火鍋)

Marinated Cold Chicken in Spicy Sauce
(麻辣口水雞)

Cantonese cuisine

We also serve Cantonese cuisine in San Xi Lou and San Xi Lou Times Square.

Our Cantonese cuisine offerings include siu-mei (燒味) dishes, such as barbequed pork and barbequed goose. We also offer dishes that are prepared with premium food ingredients such as goose web and dried seafood (such as abalone, sea cucumber and fish maw). Below set out some of our signature dishes:

BBQ Assortment
(明爐燒味拼盤)

Deep-fried Mantis Shrimp with Salted Pepper
(椒鹽瀨尿蝦)

Steamed Shrimp, Crab and Clam
(蝦兵蟹將)

Dim sum

San Xi Lou and San Xi Lou Times Square offer dim sum style lunches during the lunch hours, which caters to both casual diners and business diners. The Group mainly focuses on traditional dim sum dishes such as barbecued pork bun (叉燒包), Xiao Long Bao (小籠包) and shrimp dumpling (蝦餃).

The Group continues to innovate and design new dishes. An example is the minced pork dumpling with spicy pumpkin soup (金湯小籠包), which combines the Sichuanese-style spicy pumpkin soup with minced pork dumpling, a traditional Shanghainese delicacy.

Siu Mai (燒賣)

Barbecued Pork Bun (叉燒包) and Chicken and Vegetable Dumplings (帝苗菜肉餃)

Minced Pork Dumpling with Spicy Pumpkin Soup (金湯小籠包)

Shrimp Dumpling (蝦餃)

Pure Veggie House (心齋)

Pure Veggie House is located on the 3rd Floor of Coda Plaza and serves fusion vegetarian dishes that appeal to vegetarians from different backgrounds, and aims to enrichen tastes of vegetarian dishes that are commonly offered in Hong Kong.

Pure Veggie House promotes the theme of "healthy and organic eating", and offers dishes that are prepared using natural and organic ingredients (such as hydroponically grown vegetables) and respects the "strict" vegetarian diet with no artificial colouring, monosodium glutamate (MSG), eggs or dairy products added.

We aim to present to our diners in Pure Veggie House a serene environment to dine in, and our interior décor was designed with the theme of harmony and nature in mind.

The following images show the interior of Pure Veggie House:

While we primarily target the vegetarian community in Hong Kong, we believe that a vegetarian diet is not only pursued by strict vegans, but is also pursued by many health-conscious individuals who pursue a vegetarian diet by choice.

In pursuing this segment of the market, our chefs and our management pay particular attention to our customers' taste preferences, and strive to introduce vegetarian elements that are not present in traditional Chinese vegetarian cuisine so as to bring new ideas and excitement into our dishes. We also pay attention to the presentation details so as to ensure that the dishes are both rich in flavours and visually pleasing.

Pure Veggie House's signature dishes include braised lotus seeds wrapped in sliced winter melon (荷塘吐艷), matsutake mushroom pouch with black truffle sauce (特級松茸石榴球), sautéed assorted mushroom served in mini pumpkin (迷你山珍菌金瓜盅) and black truffle sauce fried noodles (黑松露醬炒麵). Below sets out photos of some of our signature dishes:

Braised Lotus Seeds Wrapped in Sliced Winter Melon
(荷塘吐艷)

Sauteed Assorted Mushroom
Served in Mini Pumpkin
(迷你山珍菌金瓜盅)

Matsutake Mushroom Pouch
with Black Truffle Sauce
(特級松茸石榴球)

Ronin Central

Ronin Central is located on the 6th Floor of M88 on Wellington Street near the Lan Kwai Fong area in Central, and is positioned as an up-scale Japanese restaurant that targets discerning diners who want to dine in an up-scale environment with quality Japanese-style foods. During the lunch period, we cater for the lunch crowd in Central by offering Japanese lunch sets, and during the dinner period we offer a full menu of Japanese cuisine.

Ronin Central's main offerings include:

- sushi and sashimi, with sashimi served under the "Omakase-concept", meaning the sashimi dishes are selected by the chef-in-charge for the customer;

- Japanese-style skewers; and

- other Japanese-style cuisine such as lunch sets.

We aim to offer a quiet and private dining experience in the busy central business district, and our decoration theme focuses on simplicity and uses wood and wood panels to offer an environment of warmth and coziness that is similar to dining in an upscale Japanese Izakaya (日式居酒屋).

The following images show the interior of Ronin Central:

Ronin Central places a great emphasis on quality. Its sushi, sashimi and skewers are "made-to-order" to ensure their freshness. The management of Ronin Central also introduces seasonal foods into the menu from time to time.

Ronin Central was reviewed by magazines including "Crave — Hong Kong and Macau" and "HK Eats 2016 — Best Bites in Hong Kong" in 2016.

Premium Sushi Platter (特上壽司十二貫)

Kinki Fish in Ichiyaboshi Style
(喜之次一夜干)

Pork Belly in Miso Soup
(味噌豚肉鍋)

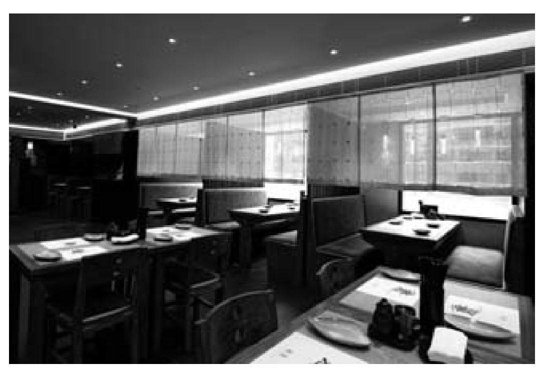
Prawn Tempura
(大蝦天婦羅)

Ronin Wanchai

Ronin Wanchai is located on the 2nd Floor of Capital Building on Lockhart Road in Wanchai and is positioned to capture buffet lovers during the dinner-period and we cater to lunch goers who look for a quick and quality meal by offering bento boxes during the lunch-period.

Our setting in Ronin Wanchai aims to provide our customers a comfortable setting for group gatherings, which we believe is suitable for our buffet style offering that we offer.

The following images show the interior of Ronin Wanchai:



Ronin Wanchai primarily provides Japanese bento boxes and other made-to-order dishes such as tempura, grilled skewers and sukiyaki dishes during lunch-hour sessions on weekdays. It offers Japanese-style buffet (including sushi and sashimi that are made-to-order) during lunch-hour sessions on weekends and public holidays and during daily dinner-hour sessions and we offer a limited range of alcoholic beverages for diners during these sessions. We believe that this business model attracts customers who look for Japanese-style food buffet at an affordable cost in a group setting during weekends and public holidays.

"All-you-can-eat" Buffet

Bento Boxes

Banquet Hall

Our Banquet Hall, which is located on the 5th Floor of Coda Plaza, is open to all our members, catering for their needs on dining gatherings and hosting private banquets and celebratory events. Our members can dine at our Banquet Hall with our Sichuanese, Cantonese and fusion vegetarian cuisine being ordered from our restaurants. Banquet Hall has 70 seats and is a suitable venue for corporate lunches and dinners, friends and family gathering, and event hosting. We may provide customised menus (which are chosen from the menus from San Xi Lou and Pure Veggie House and will be provided by these two restaurants), furnished accommodations and other out-of-restaurant items upon request, such as audiovisual equipment or flower displays. Advance booking is required for our Banquet Hall and is subject to availability. We may charge a minimum room rental for event hosting. Members in using the catering services at the Banquet Hall will be required to show their membership cards to our staff in person.

OPERATIONS AND MANAGEMENT

As at the Latest Practicable Date, we had five restaurants, all of which are located on the Hong Kong Island.

The following table sets out the operation statistics of the Group's restaurants (except San Xi Lou Times Square, which commenced business in November 2017) during the Track Record Period:

Restaurant	Licensed floor area (Number of seats) *(Note 1)*	Number of customer visits *(Note 2)*	Number of operation days	Total revenue (Same store growth) *HK$'000* *(Note 3)*	Average daily revenue *HK$'000* *(Note 4)*	Average spending per customer *HK$* *(Note 5)*	Seat turnover rate *(Note 6)*	Operating profit (loss) *HK$'000* *(Note 7)*	Operating profit (loss) margin *%* *(Note 8)*
San Xi Lou *(Note 9)*									
Year ended 31 March 2016	637.21 sq.m. (240)	146,343	365	57,764 (N/A)	158	395	1.67	15,630	27.1
Year ended 31 March 2017	637.21 sq.m. (240)	136,113	364	56,093 (-2.9%)	154	412	1.56	16,162	28.8
Four months ended 31 July 2017	637.21 sq.m. (240)	41,448	122	17,916 (0.1%)	147	432	1.42	4,414	24.6
Pure Veggie House									
Year ended 31 March 2016	322.14 sq.m. (120)	75,492	366	15,134 (N/A)	41	200	1.72	3,433	22.7
Year ended 31 March 2017	322.14 sq.m. (120)	69,352	365	15,026 (-0.7%)	41	217	1.58	3,463	23.0
Four months ended 31 July 2017	322.14 sq.m. (120)	21,325	122	4,738 (2.6%)	39	222	1.46	887	18.7
Ronin Wanchai *(Note 10)*									
Year ended 31 March 2017	288.34 sq.m. (77)	24,764	160	4,944 (-15.7%)	31	200	2.01	(249)	(5.0)
Four months ended 31 July 2017	288.34 sq.m. (77)	21,772	122	4,984 (3.2%)	41	229	2.32	54	1.1
Ronin Central *(Note 10)*									
Year ended 31 March 2017	229.33 sq.m. (103)	11,934	155	3,888 (0.2%)	25	326	0.75	(840)	(21.6)
Four months ended 31 July 2017	229.33 sq.m. (103)	8,755	122	3,485 (1.0%)	29	398	0.70	(470)	(13.5)

Notes:

(1) This number of seats figure represents the number of seats that is shown on our restaurants' respective floor plans.

(2) The number of customer visits represents the total number of customers who dined at our restaurants during the relevant period.

(3) The same store growth represents the growth in revenue of the relevant restaurant as compared with the corresponding period in the previous year. Since Ronin Wanchai and Ronin Central became part of the Group in October 2016, the same store growth of Ronin Wanchai and Ronin Central are based on the unaudited pre-acquisition financial statements of Good Step for the corresponding period in the previous year.

(4) The average daily revenue is calculated by dividing the total revenue of the relevant restaurant during the relevant period by the number of operation days.

(5) The average spending per customer is computed by dividing the total revenue of the relevant restaurant during the relevant period by the number of customer visits.

(6) The seat turnover rate is calculated by dividing the number of customer visits by the product of (i) the seating capacity and (ii) the number of operation days.

(7) Operating profit/loss, which is equivalent to segment profit (loss) as presented in note 5 to the Accountants' Report in Appendix I to this prospectus, represents the revenue of the relevant restaurant less operating expenses before deduction of interests and taxes.

(8) Operating profit/loss margin is calculated by dividing operating profit/loss by the revenue of the relevant restaurant.

(9) San Xi Lou included the expenses incurred by the Banquet Hall, which is considered to be immaterial for San Xi Lou, with no revenue being generated from the Banquet Hall as it only served as a sitting area for food ordered from our restaurants located in Coda Plaza.

(10) Ronin Central and Ronin Wanchai commenced business in October 2015 and June 2014, respectively. Both of these restaurants became part of the Group in October 2016 and the figures shown herein show their operational statistics since they were acquired by the Group. For the financial information of Ronin Central and Ronin Wanchai prior to their acquisition by the Group, please refer to note 32 to the Accountants' Report in Appendix I to this prospectus.

The average daily revenue of San Xi Lou slightly decreased from HK$158,000 for the year ended 31 March 2016 to HK$154,000 for the year ended 31 March 2017, and slightly decreased to HK$147,000 for the four months ended 31 July 2017. The average spending per customer per meal of San Xi Lou increased from approximately HK$395.0 for the year ended 31 March 2016 to approximately HK$412.0 for the year ended 31 March 2017, and it further increased to approximately HK$ 432.0 for the four months ended 31 July 2017. The seat turnover rates of San Xi Lou decreased from 1.67 for the year ended 31 March 2016 to 1.56 for the year ended 31 March 2017, and decreased to 1.42 for the four months ended 31 July 2017.

The average daily revenue of Pure Veggie House remained relatively stable during the Track Record Period. The average spending per customer per meal of Pure Veggie House increased from approximately HK$200.0 for the year ended 31 March 2016 to approximately HK$217.0 for the year ended 31 March 2017, and it further increased to approximately HK$222.0 for the four months ended 31 July 2017. The seat turnover rates decreased from 1.72 for the year ended 31 March 2016 to 1.58 for the year ended 31 March 2017, and decreased to 1.46 for the four months ended 31 July 2017.

While fluctuations in average daily revenue and seat turnover rates are fluctuations that are commonly seen in the ordinary course of business operations in the restaurant industry, the Directors believe that the decrease in the average daily revenue of San Xi Lou and Pure Veggie House for the four months ended 31 July 2017 was due to a number of public holidays during April and May 2017, which reduced the number of customer visits and hence revenue for these restaurants, while the increase in the average spending per customer was partly due to regular revisions of menu prices of these restaurants.

The negative same store growth of San Xi Lou of approximately 2.9% for the year ended 31 March 2017 was primarily due to the decrease in the total number of customer visits. The revenue generated by San Xi Lou for the four months ended 31 July 2017 was relatively stable as compared to the corresponding period in the previous year, resulting in the same store growth of approximately 0.1%. The operating profit and operating profit margin for San Xi Lou slightly improved for the year ended 31 March 2017 as compared to previous year mainly due to our efforts in inventory control with reduced wastage and fewer food ingredients purchased, but was adversely affected by the additional rental and related expenses associated with the Banquet Hall (the expenses of which were reported within the San Xi Lou segment) and the higher rental payments under the renewed tenancy agreements for the relevant premises for the four months ended 31 July 2017.

For Pure Veggie House, with a relative stable level of revenue generated for the year ended 31 March 2017, the Group recorded a negative same store growth of approximately 0.7%. For the four months ended 31 July 2017, the same store growth of Pure Veggie House amounted to approximately 2.6%, which was primarily caused by increased marketing efforts of Pure Veggie House's offerings. Its operating profit and operating profit margin slightly improved for the year ended 31 March 2017 as compared to the previous year mainly due to our efforts in inventory control, but was adversely affected by the increase in staff costs for the four months ended 31 July 2017.

The negative same store growth of Ronin Wanchai of approximately 15.7% for the five months ended 31 March 2017 was primarily attributable to the change in market positioning and its targeted customer base by adjusting the menu and marketing after its acquisition by the Group in October 2016, which, the Directors believe, temporarily reduced the number of visits from the pre-acquisition targeted customer-base while Ronin Wanchai was building-up the new targeted customer-base. For further details of such adjustment to market positioning, please refer to "Business — Our Development Plan — (2) Improving overall profitability of our Ronin Central and Ronin Wanchai" in this prospectus. With enhanced marketing and promotional efforts of the Group, the same store growth of Ronin Wanchai amounted to approximately 3.2% for the four months ended 31 July 2017. Its average daily revenue increased from approximately HK$31,000 for the year ended 31 March 2017 to approximately HK$41,000 for the four months ended 31 July 2017, and its average spending per customer per meal increased from HK$200.0 to HK$229.0 during the same period. The seat turnover rates for Ronin Wanchai in the same period increased from 2.01 to 2.32. The Directors consider that the increase in its average daily revenue, the average spending per customer per meal and the seat turnover rates during the periods compared were mainly due to increased marketing efforts being implemented after Ronin Wanchai was acquired by the Group, such as cross-selling through our membership scheme and also new promotional efforts.

Because of the market re-positioning with menu adjustment and enhanced marketing and promotional efforts after its acquisition by the Group in October 2016, the same store growth of Ronin Central amounted to approximately 0.2% and 1.0% for the five months ended 31 March 2017 and the four months ended 31 July 2017, respectively. Its average daily revenue increased from approximately HK$25,000 for the year ended 31 March 2017 to HK$29,000 for the four months ended 31 July 2017, and its average spending per customer per meal increased from HK$326.0 for the year ended 31 March 2017 to HK$398.0 for the four months ended 31 July 2017. The seat turnover rates for Ronin Central in the same period slightly decreased from 0.75 to 0.70, which was primarily due to a lower number of customer visits during the period that was caused by a number of weekday public holidays in April and May and also due to menu re-engineering and pricing adjustment during the period.

The operating profits/losses and operating profit/loss margins for Ronin Central and Ronin Wanchai improved for the four months ended 31 July 2017 primarily due to an increase in revenue following the implementation of the enhanced marketing and promotional efforts after their acquisition by the Group in October 2016.

Management control of our restaurants

The Board exercises strategic control over the Group and is responsible for major development initiatives. The executive Directors are responsible for monitoring the operation and performance of the Group's restaurants. They also provide guidance on menu pricing and new ideas for food offerings, approve changes to our restaurants' menus and pricing, review and approve marketing initiatives, and devise expansion plans of the Group.

Our senior management is responsible for the day-to-day supervision and administrative oversight and control of our restaurants' operations. They are also responsible for ensuring that our internal control and risk control policies are implemented and are effective.

At the level of the individual restaurants, our general manager for each restaurant is responsible for the day-to-day operations of our restaurants. The responsible general manager of the restaurant and the head chef are responsible for incoming food ingredient quality control, sampling checks on the dishes before they are served, customer service, and other administrative matters relating to the restaurant such as manpower allocation and new recruit training. We also informally solicit feedback from our regular customers to understand what their needs are, and whether there are any quality related matters that require modification and improvements.

MENU DEVELOPMENT

We target a wide range of customers, including families, special occasion diners and business clientele. We seek to develop new seasonal menu items and refine our signature and core dishes to exceed our customers' expectations and attract new customers. Our menus are modified based on the changing taste of guests, shifting food and nutrition trends and feedback from our guests. We have established a regular menu development system under which we continuously develop new or seasonal dishes, or refine our existing dishes. We have built a pool of reserve dishes through our continuous menu development efforts over the years. We generally take three to six months to develop new dishes and six to nine months to refine our existing menu. Our menu development primarily consists of the following key steps:

— *Menu proposal.* The development process consists of regular meetings of our senior management, restaurant general managers and our chefs, during which the participants brainstorm new dishes ideas, by gathering consumer demand information, conducting market research and designing "chef's special" or "restaurant's special" menu. In addition to taste, the new menu items also take into account commercial viability of the dishes by considering the target price, sales volume, gross margin and appeal to our customers.

— *Menu committee approval.* The new menu items will be reviewed and approved by our menu committee, comprising chief executive officer, head chefs and the head of our procurement department. Our menu committee meets periodically to evaluate and approve the proposed dishes.

— *Recipe and procurement.* After our menu committee has approved the new menu items, our senior management, restaurant managers and our chefs will compile a standard recipe setting forth the seasonings, spices and other ingredients needed for the new dishes. Our procurement department proposes the appropriate suppliers for the food ingredients used, the senior management estimates the cost of ingredients used, and pricing will be finally approved by our chief executive officer.

— *Test launch and official launch.* Before officially launching a new dish in our restaurants, we will conduct a test launch to our customers who have joined as our members. We may adjust the scale of our production plan for the new dish based on the sales volume that it generates during the test launch. We continue to track the sales volume and collect feedback from our customers after the official launch, which help us to assess the level of market acceptance to the newly introduced menu items.

SALES AND MARKETING

Reporting structure of the Group

The Group's overall business strategies and operations are formulated by the Board. The daily operations of the Group are overseen and supervised by various heads of department and assisted by other staff in the department. Each of our restaurants is headed by a head chef and a restaurant general manager, who report directly to the executive Directors.

Sales cycle

The floor staff take orders from the customers and enter them into the POS system. The POS system will generate a print-out of the food ordered on the floor and in the kitchen and the chefs will process the order accordingly. The chefs are not allowed to prepare food without a food order generated by the POS system.

Pricing policy

As we adopt a multi-brand business model which allows us to target different customer segments with mid-to-high end spending power, we do not fix a unified pricing range for our restaurants. Dishes of different restaurants are offered at varying prices, depending on the brand of the restaurant and the products.

Generally, in determining the prices of the dishes in each of our restaurants, we take into account factors such as the cost of food ingredients, other operating costs such as rent, labour costs and utility expenses, our target profit margin, the profile/concept of the restaurant, the extent of services provided, the anticipated market trends, the target customers' spending habits and the prices of similar dishes set by our competitors.

The overall cost of food ingredients are generally fixed not to exceed a certain percentage of the total revenue of a particular restaurant and a higher mark-up is set for the popular dishes. The cost of raw materials and consumables used as a percentage of our total revenue remained at 25.1%, 24.4% and 25.5% for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. We will carry out evaluation and adjustment, if necessary, from time to time to ensure our cost target can be achieved in response to the price fluctuations to the cost of food ingredients, operating cost and the general market trend.

We charge a standard service fee of 10% on all bills across all our restaurants.

Settlement

The Group accepts payment by cash or credit cards. The POS system is designed to avoid misappropriation or illegal uses of cash received from our operations. In particular, only authorised persons may make modifications to the customers' orders, and any such modifications are sample checked by a member of our management team to ensure that all such modifications are correct and justified. The table below sets out the settlement methods for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017:

	For the year ended 31 March				**For the four months ended 31 July**	
	2016		**2017**		**2017**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Credit card	57,432	78.8	62,599	78.3	23,093	74.2
Cash	9,152	12.6	10,004	12.5	3,640	11.7
Others *(Note 1)*	6,314	8.6	7,348	9.2	4,390	14.1
Total	72,898	100	79,951	100	31,123	100

Note:

(1) Others are mainly credit terms granted to our corporate customers, cheque and dining vouchers.

Credit cards

Our restaurants accept credit cards from most major credit card issuers for settlements of bills. We normally receive remittances from the relevant credit card issuers, net of service charges, on the second or third business day after the day on which the credit card transaction is approved. During the Track Record Period, service charge ranging from 1.5% to 3.0% was generally imposed by the credit card issuers.

Cash

Although most of our customers settle their bills by credit cards, the Group still handles certain amount of cash every day. To prevent misappropriation and illegal uses of cash, we have implemented a cash management system with a set of cash handling procedures including segregation of duties across all of our restaurants. We conduct reconciliations of sales recorded by summaries generated from our POS system with the actual cash receipts and cash deposits in bank of each restaurant on a daily basis. We keep spare cash for the purpose of sporadic procurement of supplies, cash received at a restaurant pending delivery to our banks and service tips in separate safes located in each restaurant. We deliver cash received from the previous day's operations in respect of each restaurant to our banks every business day. One employee from our head office is responsible for collecting and depositing cash into the bank accounts of the respective restaurants. We have taken out insurance in respect of cash kept at our restaurants. During the Track Record Period, the Directors confirm that there was no incident of any material cash misappropriation or theft of cash by our employees, customers or other third parties.

Dining vouchers

We issue dining vouchers to our customers under our membership scheme as part of our marketing policy. We issue twelve HK$100 dining vouchers for use at our restaurants (three vouchers for each of San Xi Lou, Pure Veggie House, Ronin Central and Ronin Wanchai, of which the vouchers for San Xi Lou can also be used at our San Xi Lou Times Square) and one 15% discount coupon for use at any one of our restaurants to our new members and existing members upon renewal of their memberships. For details on our membership scheme, please refer to "Business — Sales and Marketing — Marketing — Our membership scheme" in this section below.

Credit terms

Some of our customers, which include certain corporate customers, are granted credit terms of 30 days in general.

Cheque

Some of our customers settle their bills by cheque, which will be deposited into the bank accounts of the relevant restaurants, on the next business day.

Marketing

We believe that in order to successfully operate in the food and beverage industry in Hong Kong, we need to have a high publicity and consumer awareness on our brands and offer high quality of food and services to our customers. As such, we have focused on marketing strategies (i) to promote our image and brand awareness, by ensuring the marketing activities are launched efficiently and effectively, and (ii) to boost our business during major festivals in Hong Kong and/or our marketing events. All of our marketing activities are formulated in house.

We adopt a marketing strategy that leverages increased publicity and customer awareness. Our marketing department is responsible for the formulation and implementation of the Group's marketing strategies to promote our image, brand awareness and reputation. As at the Latest Practicable Date, our marketing team consisted of three team members.

Our membership scheme

Our membership scheme has been in place since July 2014, which applies to all of the Group's restaurants. By paying a HK$300 non-refundable yearly subscription fee, our members are entitled to enjoy members' only benefits for one year after the membership has been granted. As our membership scheme evolves, different benefits and/or combination of dining/discount vouchers were offered to members. Currently, benefits of being a member include the use of the Banquet Hall, free corkage, free parking offers at Coda Plaza, and also a 10% discount on spending in the Group's restaurants. The Group also offers a total of twelve HK$100 dining vouchers to be used at our restaurants (three vouchers for each of San Xi Lou, Pure Veggie House, Ronin Central and Ronin Wanchai, of which the vouchers for San Xi Lou can also be used at our San Xi Lou Times Square) and one 15% discount coupon for use in any one of our restaurants for new members and existing members who renew their membership with us. Although there is no minimum spending requirement, the use of these vouchers is subject to certain terms and conditions (such as each voucher cannot be used in conjunction with the 10% membership discount, other vouchers or any other promotional offers). For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the Group issued dining vouchers with an aggregate face value of approximately HK$1.8 million, HK$2.4 million and HK$0.9 million, respectively. As at 31 March 2016, 31 March 2017 and 31 July 2017, dining vouchers with aggregate face values of approximately HK$0.1 million, HK$0.3 million and HK$0.1 million were utilised, respectively, representing utilisation rates of approximately 6.4%, 10.4% and 12.6%, respectively.

We believe our membership scheme will allow us to improve the loyalty of our customers, reward them with repeated patronage, and also give us a way to promote our food offerings. We plan to leverage on our membership scheme to cross-sell the different offerings by the Group's restaurants.

During the Track Record Period and up to the Latest Practicable Date, we had not recorded any compensation or material dispute in respect of the membership scheme and our dining promotion.

Our press and our social media strategies

To the extent that we believe it is beneficial to the Group, we cooperate with the press who may wish to publish an article about the Group's restaurants, and we also take out advertisements in the printed press for the primary purpose of promoting our seasonal offerings.

We have identified social media marketing as an important part of our marketing strategy. Our marketing team has been actively managing, monitoring and engaging with our customers on the various social media platforms such as Facebook, by proactively posting new contents and conversations in the relevant community, as well as sharing content and marketing information, and where permitted under the rules of that platform, conducting exchanges with social media users and responding to those users who are reaching out to us through either public comments or private messaging. In addition, we promote our restaurants through our own website and make use of different online platforms and gourmet websites to raise our awareness and offer social promotions to attract new customers. We believe that such online marketing channels have enabled us to promote and attract customers more cost-effectively.

We believe that having a social media presence allows us to reach out to new customers. We are also able to obtain feedback from comments that are posted on the social media platform to improve our services and the dishes that we offer, and also to analyse our customer's behaviour and experiences with our restaurants.

Dining promotions with branded credit cards

From time to time, we participate in programs where we offer to holders of branded credit cards discounts for in-restaurant dining. The Directors believe that by participating in such programs our restaurants will benefit from additional customer visits and incentivise spending by such cardholders.

POS system

To assist the Directors and senior management to capture and analyse the Group's operations, we have installed in each of our restaurants the POS system that captures operational data at each of our restaurants such as time of sale, number of customers, revenue received and orders at each table.

To ensure the integrity of our accounting, we restrict employees' access to the POS system, and only a few members of our management retain the right to make modifications to the POS system (such as prices of our dishes). The information collected through the POS system is accessible and can be analysed by the Directors and senior management in real time. This allows our management to monitor the operation of our restaurants and allow them to make adjustments to, among other things, menus items and pricing accordingly.

Our head office exercises administrative oversight of our restaurants. Any addition to menu item or modification to our restaurants' menus are input into the POS system by a designated person within our senior management team, and our marketing team will produce the updated menus to be used in each restaurant. Our floor staff, after taking our customers' orders, will then input the food orders into the POS system for the kitchen staff to start their preparation. Our cashiers and our floor staff both have the ability to print out draft and final bills, but only the restaurant managers and the assistant restaurant managers have the right to cancel items already ordered in the POS system. For auditing purposes, any such cancellation is consolidated into a report and is subject to random review by our management.

Our accountants reconcile each day's revenues by comparing the data in the POS system and the cash and credit card receipts submitted by each restaurant. Cash receipts are checked by both the director of operations and our accounting department. With this system, the Group is able to exert better financial control and conduct business analysis.

The Directors believe that the POS system enhances the efficiency of the ordering process and also serves as an effective control on the receipts from customers. Only authorised persons can access or amend the data stored in our system, and only authorised persons within our management team can instruct our system provider to make amendments to the system.

Seasonality in our sales

During the Track Record Period, we experienced higher than average revenue in the months of December and January, which we believe are due to major celebratory festivals such as Winter Solstice and Christmas. During the two years ended 31 March 2016 and 2017, the revenue for each of December and January was at least 8% above the average monthly revenue of the corresponding full financial year.

During the major festivals, we offer festive food items to increase our revenues, such as offering traditional lunar year cakes during the Lunar New Year period and mooncakes in Mid-Autumn Festival.

Because of the seasonality of our business, our results for any period of a year are not necessarily indicative of the results that may be achieved for the full year.

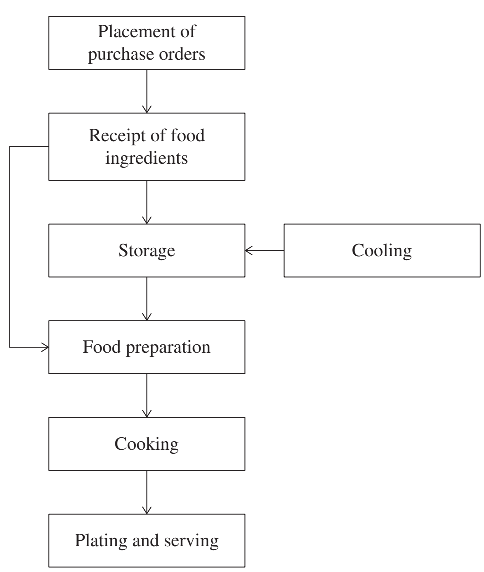
Take-away food orders and delivery

A portion of our revenue is derived from customers who order from us for consumption off our premises. In view of the growing popularity of ordering food online, we have recently entered into a partnership agreement with a third party food delivery services provider to gauge whether online sales with delivery will grow our restaurants' revenue.

FOOD ORDERING AND PREPARATION PROCESS AT OUR RESTAURANTS

We strive to offer quality cuisine to our existing customers and to attract potential new customers.

The diagram below illustrates the typical food ordering and preparation process at our restaurants:



Placement of purchase orders to receipt of food ingredients

The head chef of each restaurant is responsible for monitoring the level of supplies and deciding the types and quantities of food ingredients to be purchased. The head chef will place orders to our procurement department, which will place orders with the authorised suppliers. Upon delivery of the food ingredients, the head chef or the designated person in charge at the respective restaurant will check that ingredients received at delivery are of acceptable quality and sufficient quantity, and make sure that the information on the delivery notes against the orders before confirming receipt of the food ingredients. Delivery notes and/or invoices are delivered to the accounts department of the Group afterwards. All purchases are supported by invoices provided by our suppliers. The head chef will also monitor the level of inventory ensuring that it is sufficient for daily operations. Ingredients that are insufficient will be reordered and if a certain ingredient is required on an urgent basis but cannot be obtained from the supplier on their regular delivery schedule, it will be purchased from other authorised suppliers. We have more than one supplier for each food ingredient to ensure stable supplies. Details on our sourcing of our material ingredients are set out in "Our Suppliers" in this section.

Storage

The head chef of each restaurant are responsible for ensuring proper processing and storage of food ingredients. For food ingredients which are fresh and perishable, we keep minimum level of food ingredients on hand and generally not more than two days. For non-perishable food ingredients, we ensure an adequate stock is maintained in each of our restaurants based on individual operation needs. Upon delivery of the food ingredients to our restaurants, we will store the food ingredients under appropriate temperature and storage conditions in accordance with our procedures. We will keep fresh fruits and vegetables separate from meat, poultry or seafood in the refrigerators located in our San Xi Lou, and Ronin Central and Ronin Wanchai. Stock count is performed on a monthly basis. In addition, hygiene supervisors are appointed in each of our restaurants to strengthen the food safety supervision in the restaurants.

We did not experience 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 generally and our inventories are closely monitored by head chefs, general managers and our accounting team.

Food preparation

All of our food ingredients and dishes are prepared at the respective restaurants as we currently do not operate a central kitchen. Under the coordination of head chefs, there is division of labour for different processes for food preparation in accordance with the recipes to ensure efficiency and quality. Such division of labour will include washing, cutting, preparation and cooking.

Cooling

Any food items that have been prepared but are not required for immediate cooking will be put into cooling (i.e. refrigeration) to maintain freshness and quality as well as to minimise any chance of bacterial growth.

Cooking

Various kitchen staff of different seniority will carry out the cooking of dishes. Our head chef at each restaurant will monitor the overall cooking process carried out by kitchen staff.

Plating and serving

Once the ingredients have been properly cooked (if required), it is plated and checked by the head chef for quality and presentation before being served to our customers.

QUALITY CONTROL

Quality control at our restaurants

We believe that our food and services quality is critical for the Group's success. Quality food served at our restaurants and quality services provided by our staff members are some of our strengths to maintain competitive. We have implemented a strict quality control system at all our restaurants that our staff members will strictly follow. Our senior management team is responsible for the overall implementation of the Group's food safety measures. Further, at each restaurant, the relevant restaurant general manager, assistant manager and head chef are responsible on a daily basis to ensure hygiene and food quality.

Food quality

To ensure our quality of food, all ingredients purchased for the preparation of food dishes are only to be purchased from authorised or pre-approved suppliers as instructed by the head chef of the restaurant. We maintain regular contact with our major suppliers and all ingredients delivered to us are inspected by our staff at the time of delivery to ensure they meet our quality standards. Those that do not meet our quality requirements are returned to the originating supplier. If a supplier fails to meet our quality standards persistently, we will consider replacing such supplier. During the Track Record Period, we did not experience material food quality issues that caused us to replace any of our authorised suppliers.

A considerable amount of the ingredients that our restaurants purchase is perishable food items such as fresh meat, poultry, seafood and vegetables. Our head chefs and general managers of our restaurants are responsible for purchasing such perishable food items and they will ensure that we only purchase sufficient amounts to avoid overstocking and wastage, allowing us to regularly use fresh ingredients in preparation of our food dishes. We did not engage any external party or testing agency to carry out inspections independently on our suppliers during the Track Record Period and up to the Latest Practicable Date. Annual supplier evaluation will be performed by the head chefs and restaurant managers to assess the quality and price of the ingredients supplied as well as the quality of service of the suppliers.

The Group has adopted a food hygiene policy. Each of our restaurants has certified hygiene supervisors and hygiene managers to meet the requirements prescribed by the FEHD and to monitor the hygiene conditions of the restaurants. All raw food ingredients and semi-processed food ingredients are required to be stored in covered shelves or refrigerators depending on the nature of the food ingredients. Kitchen staff will perform regular checks on the storage temperature to ensure the food ingredients are stored under the desired temperature. All food handlers must sterilise their hands before processing food ingredients and wear gloves when processing food ingredients. The head chef of each restaurant will provide on-the-job food processing and hygiene training to other kitchen staff on an on-going basis.

Kitchen staff will perform cleaning work on the kitchen and complete the cleaning checklist regularly, while some cleaning work have been outsourced to third party professional cleaning service providers as well, such as dish washing, table cloths cleaning and pest control.

Preparation

The preparation of all food ingredients and dishes at our restaurants is principally carried out by our junior kitchen staff and overseen by our head chef at each restaurant. The food dishes after leaving the preparation area will be checked by the head chef in the kitchen before being passed to our servers to serve our customers. At our restaurants, our head chefs will ensure that each dish is prepared in accordance with certain presentation requirements as well as being fit for human consumption. Any item that does not meet the standards set will be returned for preparation and/or cooking.

The Directors confirmed that 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 quality

An integral part of our restaurant business is the ability to properly deliver customer service. If we are not able to manage our customers' expectations, this may have an adverse effect on drawing in customers to our restaurants and the reputation of the Group. Daily briefing sessions and evaluations are conducted by our general manager and head chef of each restaurant to ensure the quality of our services. We collect feedback from our customers from various channels, namely (i) our guest comment cards which are available in all our restaurants; (ii) our telephone hotline; and (iii) our website, social media pages and emails. Our general managers will discuss the customer feedbacks during the daily briefing sessions and our marketing department will compile all the feedbacks and identify and evaluate the issues with the relevant personnel in order to improve our overall service quality. Our general managers will also discuss the customer feedbacks with our senior management in order to improve our overall service quality.

As soon as we receive a compliant from a customer in our restaurant, our general manager will try to resolve the matter to our customer's satisfaction at restaurant level. Generally, if the complaint concerns the taste or quality of a dish, we normally offer to either exchange for another dish or cancel the order for the customer. If the complaint relates to our staff, it will be handled by the restaurant managers directly for a resolution of the issue. Such complaints are recorded in the complaint log-book for follow-up action by our management.

We ensure that each of our staff undergoes proper training at the time of joining the Group and at the time of recruitment. We assess applicants in terms of job knowledge, relevant experience, personality, general attitude, communication skills and maturity to enhance the quality of services provided to our customers. Floor staff are trained to be courteous, efficient, polite and responsive to provide good hospitality to customers. Managers of each of our restaurants hold briefing sessions with floor staff on the daily operations of restaurants and the managers would discuss customers' feedbacks with restaurants staff. Such briefing sessions assist the floor staff in maintaining and improving service levels and quality.

During the Track Record Period and up to the Latest Practicable Date, the Group had not received any material complaints in relation to food poisoning or any complaints filed by our customers to the Consumer Council and the Hong Kong Tourism Board. We were not aware of any incidence 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 and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, most of the customer complaints were immaterial and were related to quality of food and service quality.

Dining environment

To ensure that all our restaurants' dining environment are in acceptable conditions prior to restaurants' daily opening, our restaurant general managers are required to go through pre-opening procedures which cover various aspects, including, making sure that the kitchen and dining areas are clean and hygienic, getting the POS system ready, checking table settings and ensuring that the cutleries are tidy and clean. On daily closing, our managers on duty will go through a closing checklist. The Group also has engaged an independent professional service provider to provide regular pest control services and cleaning services at all of our restaurants.

Supply chain

We require our suppliers and the products that they supply to the Group to meet our internal quality standards and the standards implemented by the relevant regulatory authorities in Hong Kong. To ensure that our suppliers maintain an acceptable quality, we provide feedback to our suppliers regarding quality standard issues.

OUR CUSTOMERS

During the Track Record Period, the Group's customers were primarily retail customers from the general public. The Directors consider that it is not practicable to identify the five largest customers of the Group during the Track Record Period due to the diverse nature of our customer base.

On 1 April 2016, we entered into an agreement with Bright Link, which is principally engaged in the operation of bar business at Coda Plaza, pursuant to which Great Planner and Sky Honour will provide take-away dishes from San Xi Lou and Pure Veggie House to Bright Link, which orders take-away food for its customers, during and after normal operating hours due to close proximity of San Xi Lou and Pure Veggie House to Bright Link. The key terms of such agreement are set out below:

Provision of services:	Provision of food and beverages by Great Planner and Sky Honour to Bright Link during and after normal operating hours. Great Planner and Sky Honour shall ensure to arrange sufficient staff to provide food timely
Surcharge *(Note)*:	70% of the total price of order placed
Minimum surcharge *(Note)*:	HK$140,000 per month

Invoice delivery and payment settlement:	Invoice shall be delivered to Bright Link on a monthly basis and payment shall be settled within 30 business days after receiving the invoice
Termination:	Either party may terminate the agreement by serving one month notice to the other party.

Note: The surcharge and minimum surcharge were primarily determined based on the additional overtime staff cost and utilities cost, incurred by the Group for operating after normal operating hours. For the year ended 31 March 2017 and the four months ended 31 July 2017, our revenue generated from Bright Link under the above agreement amounted to HK$2.0 million and HK$0.7 million, representing 2.5% and 2.2% of our total revenue in the corresponding year/period, respectively. As at the Latest Practicable Date, Bright Link is an Independent Third Party.

On 18 January 2018, in response to the request of Bright Link, we and Bright Link mutually agreed to terminate the above agreement with immediate effect. The Directors have confirmed that such termination would not materially affect our business or operation.

Bright Link accounted for approximately 3.8%, 4.9% and 4.2% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. Except for Bright Link, we do not enter into any long-term contract with our customers. No single customer accounted for more than 5% of our total revenue for each of the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, and as such we did not rely on any single customer during the Track Record Period. One of the shareholders of Bright Link is Mr. Tang and two of our top five suppliers are held by Mr. Tang's relatives, further, Bright Link was not our top five suppliers during the Track Record Period. Please refer to "Business — Our Suppliers — Our top five suppliers" in this section for further details.

We generally offer credit terms of 30 days to our corporate customers.

The Directors have confirmed that we had no material dispute with our customers during the Track Record Period and up to the Latest Practicable Date.

OUR SUPPLIERS

During the Track Record Period, our suppliers mainly include food ingredients and beverage suppliers. Our major food ingredients include meat, seafood and vegetable. We also engaged contractors for refurbishment of our restaurants, and we had also engaged external licensing consultant, cleaning services provider, utensils and pest control services provider.

Our suppliers are selected by our management team in consultation with our head chefs and our restaurants' general managers. In identifying our suppliers, our management team will look for samples of a particular food ingredient in the market and will first purchase a small sample for internal evaluation by our management team. The Group will only engage a new supplier after this supplier had the necessary qualifications, has a good reputation in the market, is operationally and financially sound, and that the terms of the proposed supply are acceptable to the Group. Upon qualification by our business development and operations director, the new supplier is entered into our authorised supplier list. The authorised supplier list and the qualification of our suppliers named in the authorised supplier list is reviewed by our management regularly. As at the Latest Practicable Date, we maintained an authorised supplier list which consisted of more than 70 suppliers. On average, we had over 2.8 years of business dealings with our five largest suppliers. Members of our management team sometimes travel to the production source of these ingredients to gain first-hand knowledge so as to ensure their quality and safety before they are used in the Group's restaurants, and that they are produced using methods that are acceptable to us.

We generally order beverages from local suppliers who supply them to us at the prevailing market price.

The Group generally does not enter into long-term supply contracts with our suppliers. Although we aim to maintain a long-term business relationship with our suppliers, to the extent commercially practicable, alternate suppliers are identified so that the Group can avoid being overly dependent on any particular supplier and retains flexibility in ordering food ingredients from different suppliers. Due to the abundance of suppliers of raw food ingredients, the Directors do not believe that the absence of long-term supply contracts gives rise to a significant risk of shortage of food ingredients, or that there is a material risk of the Group not being able to obtain ingredients with comparable quality at prices that substantially exceed the prevailing market prices. The Directors believe that such practice is common in the restaurant industry in Hong Kong.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any failure to secure sufficient quantities of ingredients or shortage of or disruptions to our supply of ingredients that resulted in a material adverse impact on our operations.

Our top five suppliers

The Group's five largest suppliers based on the ranking of purchase incurred during the Track Record Period are set out below:

For the year ended 31 March 2016

Rank	Our supplier	Principal business activities	Location	Approximate years of business with the Group as at the Latest Practicable Date	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided
1	TS China *(Note)*	Food ingredients supply	Hong Kong	4	41.2%	Vegetable and freshwater fish
2	Supplier A	Food ingredients supply	Hong Kong	4	16.3%	Seafood
3	Chit Hing Tak Cheung Frozen Meat Co	Food ingredients supply	Hong Kong	3	12.5%	Frozen meat
4	Supplier B	Consumables supply	Hong Kong	3	4.6%	Restaurant consumables
5	Falcon Luck *(Note)*	Trading of food	Hong Kong	4	3.6%	Groceries
		Total:			78.2%	

Note: TS China and Falcon Luck were indirect wholly-owned subsidiaries of the Predecessor Group. We ceased to purchase from TS China and Falcon Luck since 31 March 2016 and 30 November 2015, respectively. The Directors confirmed that the purchases by the Group from TS China and Falcon Luck during the year ended 31 March 2016 were on normal commercial terms.

For the year ended 31 March 2017

Rank	Our supplier	Principal business activities	Location	Approximate years of business with the Group as at the Latest Practicable Date	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided
1	Shiny (China) Limited *(Note 1)*	Food ingredients supply	Hong Kong	2	20.4%	Seafood and poultry
2	Kang Zhi Yuan *(Note 2)*	Food ingredients supply	The PRC	2	13.1%	Vegetable and freshwater fish
3	Supplier A	Food ingredients supply	Hong Kong	4	12.6%	Seafood
4	Chit Hing Tak Cheung Frozen Meat Co	Food ingredients supply	Hong Kong	3	10.5%	Frozen meat
5	Chinki Trading Co.	Food ingredients supply	Hong Kong	4	4.8%	Seafood
	Total:				61.4%	

For the four months ended 31 July 2017

Rank	Our supplier	Principal business activities	Location	Approximate years of business with the Group as at the Latest Practicable Date	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided
1	Kang Zhi Yuan *(Note 2)*	Food ingredients supply	The PRC	2	12.5%	Vegetable and freshwater fish
2	Chinki Trading Co.	Food ingredients supply	Hong Kong	4	11.2%	Seafood
3	Supplier A	Food ingredients supply	Hong Kong	4	10.2%	Seafood
4	Chit Hing Tak Cheung Frozen Meat Co	Food ingredients supply	Hong Kong	3	8.1%	Frozen meat
5	Shiny (China) Limited *(Note 1)*	Food ingredients supply	Hong Kong	2	6.6%	Seafood and poultry
	Total:				48.6%	

Notes:

(1) Shiny (China) Limited is wholly-owned by niece of Mr. Tang. The Directors confirmed that the purchases by the Group from Shiny (China) Limited during the year ended 31 March 2017 and the four months ended 31 July 2017 were on normal commercial terms.

(2) Kang Zhi Yuan was wholly-owned by TS China, and was an indirect wholly-owned subsidiary of the Predecessor Group. Kang Zhi Yuan was disposed to sister of Mr. Tang, who is a former employee of the Group, in May 2016. The Directors confirmed that the purchases by the Group from Kang Zhi Yuan during the year ended 31 March 2017 and the four months ended 31 July 2017 were on normal commercial terms.

For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the purchases that we made from our five largest suppliers in aggregate accounted for approximately 78.2%, 61.4% and 48.6% of our total purchases, respectively, and the total purchases from our largest supplier accounted for 41.2%, 20.4% and 12.5% of our total purchases, respectively.

Save as disclosed above, none of the Directors, their close associates or any Shareholder (who or which, to the best knowledge of the Directors owns more than 5% of the issued share capital of the Company) has any interest in any of our five largest suppliers during the Track Record Period.

Our suppliers generally grant to us credit terms of 0 to 60 days. Some suppliers give us a discount if we settle on a cash-on-delivery basis.

Engagement of Kang Zhi Yuan

Kang Zhi Yuan was an indirect wholly-owned subsidiary of the Predecessor Group and we have been purchasing food ingredients from Kang Zhi Yuan since the commencement of the financial year of 2017. Prior to purchasing food ingredients from Kang Zhi Yuan, we purchased food ingredients from TS China, which was the then sole shareholder of Kang Zhi Yuan and an indirect wholly-owned subsidiary of the Predecessor Group, and was voluntarily wound up and dissolved on 5 August 2017. In May 2016, Kang Zhi Yuan was disposed to sister of Mr. Tang, who is a former employee of the Group and an Independent Third Party as at the Latest Practicable Date. Kang Zhi Yuan was our second largest supplier for the year ended 31 March 2017 and our largest supplier for the four months ended 31 July 2017. We did not enter into long-term agreement with Kang Zhi Yuan. The Directors confirmed that our purchases from Kang Zhi Yuan and TS China during the Track Record Period were negotiated on an arm's length basis and under normal commercial terms. Furthermore, the Directors confirmed that we did not experience any quality issues or shortage of or disruptions to our supply of food ingredients from TS China and Kang Zhi Yuan.

Given the satisfactory quality and timely delivery of food ingredients by Kang Zhi Yuan and TS China in the past, the Group continued to engage Kang Zhi Yuan as one of our food ingredients suppliers. The Directors are of the view that it is an industry norm to engage a supplier on continuous basis as long as it provides quality products and enables to deliver those products on timely basis to our satisfaction. The Group has been diversifying our food ingredients suppliers to other food ingredients suppliers, which was demonstrated by the decrease in the amount of purchase by us from 41.2% from TS China for the year ended 31 March 2016 to 13.1% from Kang Zhi Yuan for the year ended 31 March 2017 to 12.5% for the four months ended 31 July 2017. As a result, our reliance on TS China and subsequently Kang Zhi Yuan has demonstrated a decreasing trend during the Track Record Period. The Directors are also of the view that there is sufficient supply of comparable suppliers in the market and do not foresee any difficulties in finding substitute suppliers.

Monitoring our suppliers

We work closely with our suppliers by notifying them of problems with their supply, suggesting improvements to products that they supply to us, and, where appropriate, conduct site visits to their production sites to verify the production methods. To ensure that the quality of food ingredients supplied to the Group are maintained at a consistent level, and that the Group is receiving its food ingredients at a commercially reasonable price, we gather market intelligence on the food prices and we also regularly communicate with our suppliers to ensure that we understand the market trends and the latest status of their supply to us. Where there is any indication or a trend showing that there is a misalignment between the pricing of a certain ingredient versus the quality of food ingredients supplied to us, the senior management will look into the matter in order to gain an understanding on the rationale so as to prevent potential supplier kick-back or other types of embezzlement.

In addition, we also regularly communicate with our suppliers to keep them updated on the actual needs to ensure that our kitchens will have sufficient ingredients to satisfy the anticipated demands while reducing unnecessary inventory build-up to reduce spoilage.

The Directors are not aware of any incidents of supplier kick-back or incidents of fraud by our employees in the purchase of food ingredients during the Track Record Period and up to the Latest Practicable Date. To prevent any kick-back arrangements with our suppliers, we have implemented certain policies, such as sourcing from pre-approved suppliers, settlement of purchases by our head office and setting out our policy on prevention of bribery and corruption in our employee handbook.

Raw materials and consumables

Raw materials and consumables used by our restaurants are mainly food ingredients and beverages. During the Track Record Period, we mainly sourced through local importers (i) fresh meat (such as poultry) originating from the PRC; (ii) frozen meat originating from the United States; (iii) vegetables originating from the PRC; (iv) seafood generally originating from Southeast Asia and Japan; and (v) freshwater fish from the PRC.

The table below sets out details of the raw materials and consumables used during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Food ingredients	16,325	89.2	17,840	91.3	4,738	91.3	7,157	90.3
Beverages	1,073	5.9	988	5.0	267	5.1	438	5.5
Other consumables	895	4.9	714	3.7	187	3.6	331	4.2
Total	18,293	100	19,542	100	5,192	100	7,926	100

Our total purchase costs for the year ended 31 March 2017 increased by 7.7% as compared with that for the year ended 31 March 2016. The percentage increment was in line with revenue growth and raw materials and consumable used for the same period, which were at 9.7% and 6.8%, respectively. Our total purchase costs for the four months ended 31 July 2017 increased by 52.5% as compared with that for the four months ended 31 July 2016, which was primarily due to the additional cost of raw materials and consumables used by Ronin Wanchai and Ronin Central after they were acquired by the Group.

Please refer to "Financial Information — Factors Affecting Our Results of Operations and Financial Condition — Costs of raw materials and consumables used" in this prospectus for the sensitivity analysis illustrating the impact of hypothetical fluctuations of costs of raw materials and consumables used.

We monitor our food ingredient costs by:

- keeping abreast of market pricing for the major food ingredients used by the Group's restaurants;
- monitoring the quality and quantity of food ingredients delivered to our restaurants, and comparing that against the payments made to our suppliers; and
- performing random audits on invoices and matching them against the quantity of ingredients received.

During the Track Record Period, there has been no material change in the price of food ingredients and costs of beverages that we procured. However, we believe that we are able to pass onto some of our increase in purchase costs of our food ingredients to our customers by moderately increasing the price of individual dishes.

During the Track Record Period and up to the Latest Practicable Date, the Group's restaurants did not experience any incidents of food supply interruption, early termination of contractual arrangements with suppliers or a failure to secure sufficient quantities of food materials which may have or have had a significant effect on the Group's financial position.

MARKET RECOGNITION

We have obtained the following awards and recognitions for our restaurants:

Awards

Year	Award	Awarding entity	Awardee
2011–2015	The Best Restaurants 2011, 2012, 2013, 2014 and 2015	Eat & Travel Weekly (飲食男女)	San Xi Lou
2012	2012 Food & Drink Awards — Best Regional Chinese	Timeout Hong Kong	San Xi Lou
2013	South China Morning Post's 100 Top Tables 2013	South China Morning Post	San Xi Lou

Year	Award	Awarding entity	Awardee
2013	The Foodie Forks 2013 (Winner of the Veritable Vegetarian Award)	Foodie Group	Pure Veggie House
2014	Top 10 Restaurant Award in the category of Chinese — Sichuan	WOM guide	San Xi Lou
2015	Certificate of Excellence	TripAdvisor	San Xi Lou
2015	Best-ever Dining Awards 2015 — Must eat vegetarian restaurant (必吃素食店)	Weekend Weekly (新假期周刊)	Pure Veggie House
2015	Ranked 18th in the top 25 vegetarian restaurants in the world	The Daily Meal	Pure Veggie House
2015	Top 10 Vegan/Organic Restaurant Awards 2015	Happycow and Natural & Organic Products Asia	Pure Veggie House
2016	U Favourite Food Awards 2016 — My favourite non-Cantonese Chinese restaurant (我最喜愛的外省菜館)	U Magazine	San Xi Lou
2016	People Love Us on Yelp!	Yelp	San Xi Lou and Pure Veggie House
2016–2017	Bites of Distinction 2016 and 2017 (Chinese — Sichuan)	Crave Magazine	San Xi Lou
2016–2017	Bites of Distinction 2016 and 2017 (Healthy Concepts)	Crave Magazine	Pure Veggie House
2017	Ctrip Gourmet List (攜程美食林 — 臻選)	Ctrip (攜程)	San Xi Lou

Certifications and recognitions

Date	Certifications	Certification entity	Awardee
2011	One of the best restaurants in Hong Kong recommended by Chua Lam	BOBO FAN CLUB (蔡瀾知己會)	San Xi Lou
Since 2014	A Quality Restaurant recognised by the Hong Kong Tourism Board	The Quality Tourism Services (QTS) Scheme, administered by the Hong Kong Tourism Board	San Xi Lou and Pure Veggie House
Since 2014	Member — Quality Tourism Services Association	The Quality Tourism Services Association	San Xi Lou and Pure Veggie House
Since 2015	EatSmart Restaurant (有營食肆)	Department of Health	Pure Veggie House

COMPETITION

The catering service industry in Hong Kong is highly fragmented with more than 15,000 catering establishments in 2016, which are either locally owned or international chains according to Frost & Sullivan Report. There are numerous Sichuanese, vegetarian and Japanese restaurants in Hong Kong that compete or may compete with the Group's restaurants, and some of them also target the same customer segments as the Group's restaurants. According to the Frost & Sullivan Report, as at December 2016, there were about 500 Sichuanese cuisine restaurants, more than 2,500 Japanese restaurants in Hong Kong and approximately 500 vegetarian restaurants in Hong Kong. The competition within the full-service restaurant industry is intense. Success factors in the catering industry include, among other things, brand reputation, locations of restaurants and food quality. According to the Frost & Sullivan Report, the growth of the market size of the Sichuanese, Cantonese, vegetarian and Japanese restaurants industry remains stable and is expected to have a steady growth at a CAGR of 4.3%, 4.1%, 4.9% and 5.1% from 2016 to 2021, respectively. Please refer to "Industry Overview" in this prospectus for further details. In 2016, the Group has 0.07% market share in terms of revenue of catering industry in Hong Kong according to the Frost & Sullivan Report.

We believe the Group has a competitive advantage in the market because: (i) we believe our food quality and the authenticity of our food offering set us apart from our competitors; (ii) the shortage of experienced and skilled labour, especially for chefs, is one of the major problems faced by new entrants to the restaurant business, and therefore the Directors believe that our stable team of chefs gives us a competitive edge over new competitors; and (iii) the quality of food and service is perceived as one of the selection criteria for diners, and customers may prefer restaurants with an established history due to factors such as food quality, previous dining experience, branding effect and recommendations on social media and other customers. Nevertheless, we face competition in certain areas of our businesses. Please refer to "Risk Factors — Risks Relating to Our Industry — Intense competition in the restaurant industry could adversely affect our operating results if we are unable to compete effectively" in this prospectus for a discussion of this risk.

INSURANCE

The Group mainly maintains (i) insurance for employees' compensation for injuries, illness or death in the course of the employment for our restaurants and office; (ii) public liability insurance for claims of illness, injuries or damages to personal property of customers; (iii) material damage insurance for office equipment, furniture and all trade contents; (iv) money insurance for loss of money kept in locked safe, drawer or cash register at business premises and for loss of money in transit; (v) loss of profit insurance for the additional cost of working; and (vi) contents insurance.

The Directors are of the view that our insurance coverage is adequate and customary for business of our size and type and in line with the standard industry practice in Hong Kong.

LEASED PREMISES

As at the Latest Practicable Date, all of the Group's restaurants are operated on leased properties, and we have entered into licensing or lease agreements for a total of eight premises in Hong Kong, of which one is used as our office, and the remainder are used as premises for our restaurants and Banquet Hall. As at the Latest Practicable Date, our premises were all leased from Independent Third Parties except our premises of Ronin Wanchai, which was leased from Charm Region Limited ("**Charm**

Region''), a connected person of the Company. Charm Region is owned as to 50% by each of Mr. KY Chuk, a Director, and 50% by Mr. Steve Chuk, son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk, and each of Mr. KY Chuk and Mr. Steve Chuk is also a director of Charm Region. For details, please refer to ''Connected Transactions'' in this prospectus.

Our rental and related expenses accounted for approximately 11.3%, 15.0% and 16.4% of our total expenses for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively.

The following table sets out details of properties leased and occupied by the Group's restaurants, the Banquet Hall and office as at the Latest Practicable Date:

No.	Name of restaurant/ usage	Location	Licensed area (sq.m.)/ capacity	Rental type	Rental term	Optional renewal term
1	San Xi Lou	7th Floor, Coda Plaza	331.29	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*
2	San Xi Lou	22nd Floor, Coda Plaza	305.92	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*
3	San Xi Lou Times Square *(Note 1)*	Shop No. 1102, 11th Floor, Times Square, Causeway Bay, Hong Kong	700.30	Basic rent or turnover rent whichever is higher	Five years commencing on 10 August 2017 and expiring on 9 August 2022	No
4	Pure Veggie House	3rd Floor, Coda Plaza	322.14	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*
5	Banquet Hall *(Note 3)*	5th Floor, Coda Plaza	No more than 80 persons	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*

No.	Name of restaurant/ usage	Location	Licensed area (sq.m.)/ capacity	Rental type	Rental term	Optional renewal term
6	Ronin Central	Portion of 6th Floor, Wellington Place, 2–8 Wellington Street, Central, Hong Kong	229.33	Basic rent	Three years commencing on 8 July 2015 and expiring on 7 July 2018	An option to renew for two years
7	Ronin Wanchai	Room A, 2nd Floor Capital Building, 175–191 Lockhart Road, Wanchai, Hong Kong	288.34	Basic rent	Two years and three months commencing on 1 January 2018 and expiring on 31 March 2020	An option to renew for three years
8	Headquarters *(Note 3)*	4th Floor, Coda Plaza	Not applicable	Basic rent	Two years commencing on 1 January 2017 and expiring on 31 December 2018	An option to renew for two years and an additional option to further renew for another two years *(Note 2)*

Notes:

(1) The Group commenced the leasing of the premises of San Xi Lou Times Square at this location since 10 August 2017.

(2) To exercise the option to renew, written request for renewal shall be made to the landlord not less than seven calendar months before the expiration of the effective tenancy agreement at that time (unless otherwise determined under the provisions contained in the effective tenancy agreement at that time). There will be a 20% increase in monthly rental for a renewed term.

(3) The Group commenced the leasing of the premises of Banquet Hall and our headquarters since 1 January 2017.

The Group's restaurants that are located in Coda Plaza have been renting the premises since their respective dates of commencement of operation and the Directors believe that we have a stable relationship with the landlord of Coda Plaza. As at the Latest Practicable Date, we had not received any indication from the landlords that they may not renew our leases, or that there will be a substantial increase in our rentals which are not in line with market rates when the leases are up for renewal.

To minimise any potential impact due to relocation should our landlord(s) decide not to renew our leases, the Group's general policy is to commence negotiations with the relevant landlord(s) around six to seven months in advance of the expiry of the relevant lease agreement.

LICENCES AND APPROVALS

Operational licences and certificate

As at the Latest Practicable Date, the Group had obtained all requisite licences, approvals and permits from the relevant government authorities that are material for our business operations. The table below sets out a summary of the licences and permits that are relevant to our operations:

Type of licence/ registration	Restaurant/ club-house	Licence number	Licensee	Licensed area/ sq.m.	Validity period	Remarks
General restaurant licence	San Xi Lou (7th Floor, Coda Plaza)	2213134673	Dorwin Asia Limited *(Note 1)*	331.29	10 March 2017 to 9 March 2018	
General restaurant licence	San Xi Lou (22nd Floor, Coda Plaza)	2218803763	Great Planner	305.92	20 May 2017 to 19 May 2018	
Provisional general restaurant licence	San Xi Lou Times Square	3812815648	Leading Win	700.30	16 November 2017 to 15 May 2018	
General restaurant licence	Pure Veggie House	2213152305	Dorwin Asia Limited *(Note 1)*	322.14	6 November 2017 to 5 November 2018	With frozen confections, sashimi and sushi endorsements
General restaurant licences	Ronin Central	2218810321	Good Step	229.33	15 August 2017 to 14 August 2018	With sashimi and sushi endorsements
General restaurant licence	Ronin Wanchai	2212810842	Good Step	288.34	11 February 2017 to 10 February 2018 (has been extended to 10 February 2019)	With sashimi and sushi endorsements
Certificate of Compliance *(Note 2)*	Banquet Hall	C/3333	Great Planner	Not applicable	24 February 2017 to 23 February 2018	
Liquor licence	San Xi Lou (7th Floor, Coda Plaza)	5213003675	Mr. Ma Tat Cheong *(Note 3)*	Not applicable	15 May 2016 to 14 May 2018	

Type of licence/ registration	Restaurant/ club-house	Licence number	Licensee	Licensed area/ sq.m.	Validity period	Remarks
Liquor licence	San Xi Lou (22nd Floor, Coda Plaza)	5218803229	Mr. Leung Tak Kei *(Note 3)*	Not applicable	1 September 2017 to 31 August 2019	
Liquor licence	San Xi Lou Times Square	5212832704	Mr. Chu Wing-kong, Francis *(Note 3)*	Not applicable	30 November 2017 to 15 May 2018	
Liquor licence	Ronin Central	5218828703	Mr. Pang Chi-wing, Gi Gi *(Note 3)*	Not applicable	7 January 2018 to 6 January 2019	
Liquor licence	Ronin Wanchai	5212826945	Ms. Chow San Mei *(Note 3)*	Not applicable	28 July 2017 to 27 July 2019	
Club liquor licence	Banquet Hall	5318820278	Mr. Tang Daniel *(Note 3)*	Not applicable	11 May 2017 to 10 May 2018	
Water pollution control licence	San Xi Lou (7th Floor, Coda Plaza)	WT00027103-2017	Great Planner	Not applicable	6 February 2017 to 28 February 2022	
Water pollution control licence	San Xi Lou (22nd Floor, Coda Plaza)	WT00020857-2015	Great Planner	Not applicable	5 February 2015 to 29 February 2020	
Water pollution control licence	San Xi Lou Times Square	WT00029755-2017	Leading Win	Not applicable	24 November 2017 to 30 November 2022	
Water pollution control licence	Pure Veggie House	WT00027104-2017	Sky Honour	Not applicable	8 February 2017 to 28 February 2022	
Water pollution control licence	Banquet Hall	WT00027101-2017	Great Planner	Not applicable	6 February 2017 to 28 February 2022	

Type of licence/ registration	Restaurant/ club-house	Licence number	Licensee	Licensed area/ sq.m.	Validity period	Remarks
Water pollution control licence	Ronin Central	WT00027152-2017	Good Step	Not applicable	15 February 2017 to 28 February 2022	
Water pollution control licence	Ronin Wanchai	WT00022094-2015	Good Step	Not applicable	22 July 2015 to 31 July 2020	

Notes:

(1) As at the Latest Practicable Date, the licences for our premises for San Xi Lou at 7th Floor, Coda Plaza and Pure Veggie House at 3rd Floor, Coda Plaza were held by an associate of the landlord of these premises and are leased to us together with the premises as part of the tenancy for a licensing fee of HK$10,000 per month per licence, which amounted to approximately HK$0.2 million, HK$0.2 million and HK$80,000 for the two years ended 31 March 2017 and the four months ended 31 July 2017, respectively. This arrangement has been in place since the restaurants commenced operations at Coda Plaza. As advised by our Legal Counsel after reviewing the relevant agreements, the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) does not have any prohibition against a licensee to cause or permit another person from carrying out a restaurant business at the licensed premises and there is no non-compliances in relation to such licensing.

(2) Banquet Hall serves as a sitting area only for which food ordered from the Group's restaurants located in Coda Plaza can be consumed by our members. Therefore, it is licensed as a club-house under the C(SP)O.

(3) The licensees were employees of the Group as at the Latest Practicable Date.

As at the Latest Practicable Date, all of the above licences and certificate were valid and in-force, and the Directors are not aware of any circumstance which would result in any of our licences or certificate not being renewed and revoked. Based on our recent experience in opening San Xi Lou Times Square, it generally takes four months to obtain the necessary licences to operate a new or relocated restaurant after submitting the relevant licence applications. The Directors consider that there will not be any material impediment to obtain necessary licences to operate a new or relocated restaurant in the future as long as the property of the new or relocated restaurant is able to fulfill the requirements for obtaining the necessary licences to operate as a restaurant.

During the Track Record Period and up to the Latest Practicable Date, there had been no allegation or fines associated with any breach of licensing conditions of licences held by the Group or the holders of the liquor licences.

EMPLOYEES

The Group's staff are all based in Hong Kong. As at the Latest Practicable Date, the Group had a total of 169 full-time employees and 30 casual or part-time employees (as restaurant staff). The table below shows the breakdown of our total employees grouped by their functions as at the Latest Practicable Date:

	As at the Latest Practicable Date
Directors and senior management	7
Administrative	
Finance and accounting	4
Sales and marketing	4
Human resources and administration	2
Restaurant staff	
Restaurant managers	5
Chef and kitchen personnel	93
Service personnel	68
Cleaning personnel	16
Total	199

We believe that we have maintained a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, the Group had no material disputes with our employees.

Training

We provide on-the-job training to new recruits. Training of newly hired kitchen staff is conducted by the head chef while each restaurant general manager at our restaurants is generally responsible for the training of our new service staff.

Health and safety of our employees

We are committed to providing a safe working environment to our employees. We follow safety manuals issued by the Occupational Safety and Health Council, which set out work safety measures to prevent common accidents which could happen in our operating premises. Further, we provide relevant training to all our new recruits and existing employees. The Directors believe these measures help to reduce the number and seriousness of work injuries of the employees and are adequate and effective to prevent serious work injuries.

Our individual restaurant managers are responsible for the health and safety of our staff. Any accidents will be reported to our human resources department and in compliance with the applicable labour laws and regulations.

During the Track Record Period and up to the Latest Practicable Date, we had received reports of work injury from our employees. These injuries primarily involved minor injuries commonly seen in a restaurant environment such as cuts, burns, and slip and fall incidents. To the best of the knowledge of the Directors, we have recorded three, five, six and ten work related injuries for the two years ended 31 March 2016 and 2017, the four months ended 31 July 2017 and the period from 1 August 2017 and up to the Latest Practicable Date, respectively. As at the Latest Practicable Date, out of the said 24 cases, seven cases were still ongoing and the other 17 cases had been covered by our employees' compensation insurance policy. None of these claims had led to any material insurance claims. The Directors consider that these claims have not caused and will not have a material adverse effect on our business, results of operations and financial condition.

Employee recruitment and retention

Recruiting in the catering industry is highly competitive. We believe we offer competitive salaries and benefits. Our employees may also receive incentive awards, discretionary bonuses, long service payment and subsidies for their transportation and medical expenses. We believe our recruitment policy allow us to attract, motivate and retain employees who are crucial to the operations and the development of the Group.

We recruit our service and kitchen staff mainly by employee referrals and by posting job advertisements outside our premises. For our office staff, we mainly hired them from the open market through advertising in an online job portal.

In line with the market practice, in addition to our full-time staff, we hire casual or part-time staff through referrals from our existing employees during periods when there is temporary staff shortage due to staff absence or for special events or peak seasons. We usually employ them on an hourly basis and they are generally allocated to carry out basic tasks with low-skill requirements.

MPF Scheme

As required under the MPFSO, as at the Latest Practicable Date, all of our full-time employees and casual or part-time workers participated either in a MPF Scheme selected by the Group or an industry scheme for the catering industry. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the Group had made a total MPF contribution of approximately HK$1.0 million, HK$1.3 million and HK$0.5 million, respectively.

Save as disclosed in "Business — Legal Proceedings and Compliance" in this prospectus, we have no material non-compliance relating to applicable labour laws in Hong Kong during the Track Record Period.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we had five registered trademarks in Hong Kong and one pending trademark application in Hong Kong, which are material to our business. We had also registered one domain name **www.topstandard.com.hk**. For details of our intellectual property rights, please refer to "Statutory and General Information — Further Information about the Business of the Group — 2. Our intellectual property rights" in Appendix IV to this prospectus.

The Directors are aware that there is one Japanese restaurant in Hong Kong named "RŌNIN" (the "**Unrelated Restaurant**"), which is similar to our brand of "Ronin" in English. The Directors confirmed that as at the Latest Practicable Date, we only operated two restaurants under the brand of "Ronin", namely Ronin Central and Ronin Wanchai, and we are not, and have not been, affiliated to the Unrelated Restaurant. As set out in "Statutory and General Information — Further Information about the Business of the Group — 2. Our intellectual property rights" in Appendix IV to this prospectus, we have three registered trademarks in relation to our brand of "Ronin".

As at the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights owned by any third party; or (ii) by any third party of any intellectual property rights owned by the Group. The Directors confirm that as at the Latest Practicable Date, we were not aware of any pending or threatened claims against any member of the Group, nor had there been any claim made by us against third parties, relating to the infringement of any intellectual property rights owned by third parties.

RESEARCH AND DEVELOPMENT

The Group did not carry out any material research and development activities during the Track Record Period.

ENVIRONMENTAL MATTERS

We are subject to environmental protection laws and regulations in our operations. The Group's operations are subject to environmental protection laws and regulations in Hong Kong. For details, please refer to "Regulatory Overview" in this prospectus. As at the Latest Practicable Date, we had, where required, obtained water pollution licences for all of our restaurants. The Group has also implemented policies within the Group to ensure that there is minimal wastage from our operations. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, we incurred approximately HK$68,500, HK$79,890 and HK$20,000, respectively, as costs attributable to ensuring the Group's compliance with the applicable environmental laws and regulations. The Directors expect that the cost of compliance with the applicable environmental laws and regulations for the year ending 31 March 2018 to be immaterial.

LEGAL PROCEEDINGS AND COMPLIANCE

As at the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition. During the Track Record Period, the Group had failed to comply with certain Hong Kong laws and regulations. Save for the incidents of non-compliance as set forth below, the Directors are not aware of material non-compliance of the Group under applicable laws and regulations during the Track Record Period and as at the Latest Practicable Date.

The Directors are of the view that (i) no provision is necessary to be made in respect of the immaterial non-compliance incidents set out below and (ii) these non-compliance incidents, whether individually or collectively, have not caused and will not have a material adverse effect on our business, results of operations and financial condition.

The following table summaries major non-compliance incidents in relation to the Group's licences and MPF obligations during the Track Record Period:

Non-compliant incidents in relation to licences

No.	Particulars of non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedial actions taken and status
1.	Banquet Hall, prior to 24 February 2017, was operated by Great Planner without a Certificate of Compliance contravening section 4(1) of the C(SP)O or a restaurant licence contravening section 31(1) of the FBR where no person shall carry on any of food businesses like a restaurant, siu mei and lo mei shop except under and in accordance with a licence granted by the FEHD. The non-compliant incomes for the year ended 31 March 2016 and for the eleven months ended 28 February 2017 were approximately HK$0.9 million and HK$0.9 million, respectively.	The omission was due to a former administrative personnel who did not completely and accurately understand the provisions under the FBR or the C(SP)O, and considered that the Banquet Hall was merely a place to consume food prepared by San Xi Lou and Pure Veggie House and did not involve in any sales of meals, and hence the Banquet Hall was not required to obtain a general restaurant licence and/or a Certificate of Compliance given that (i) there was no kitchen facilities in the Banquet Hall and (ii) no food was being prepared in the Banquet Hall. The former administrative personnel understood from a third party licensing agent in his personal capacity that there was no prohibition from continual operation of the Banquet Hall during the application process of the Certificate of Compliance because (i) the application for the Certificate of Compliance was already in process and the Certificate of Compliance was expected to be issued in a very short period of time; and (ii) there were other instances where other clubhouses had started operation while pending the issue of a Certificate of Compliance. Because of the foregoing, we misunderstood that we were not prohibited from continual operation during the application process of the Certificate of Compliance.	For the breach of section 4(1) of the C(SP)O, it imposes a maximum fine of HK$200,000 and to imprisonment for two years and to a fine of HK$20,000 for each day during which the offence continues. For the breach of regulation 31(1) of the FBR, regulations 35(1)(a) and 35(3)(a) impose a maximum fine at level 5 (HK$50,000), imprisonment for six months and HK$900 for each day during which the offence continues.	The Banquet Hall has applied for the Certificate of Compliance on 1 March 2016 and obtained the same which would render it exempted from the operation of the FBR since 24 February 2017. The Legal Counsel has confirmed that as the Banquet Hall has obtained a Certificate of Compliance, it is exempted from the FBR licensing requirements. As advised by the Legal Counsel, it is highly unlikely that prosecution will be initiated given that the Certificate of Compliance has since been obtained. Further, prosecution for this non-compliance has been time-barred.

No.	Particulars of non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedial actions taken and status
2.	Ronin Central being operated without a provisional restaurant licence during the period from 14 October 2015 to 6 January 2016 and after the expiry of the provisional restaurant licence, Ronin Central continued its operation during the period from 7 July to 14 August 2016 when the licence renewal application was being processed by the FEHD at the relevant time contravening section 31(1) of FBR where no person shall carry on any of food businesses like a restaurant, siu mei and lo mei shop except under and in accordance with a licence granted by the FEHD. The abovementioned non-compliance occurred prior to the acquisition of Good Step, the operating company of Ronin Central by the Group.	The omission was due to the inadvertent oversight of a former administrative personnel who was responsible for the licensing, and the absence of timely and professional advice at that time.	For the breach of regulation 31(1) of the FBR, regulations 35(1)(a) and 35(3)(a) impose a maximum fine at level 5 (HK$50,000), imprisonment for six months and HK$900 for each day during which the offence continues.	Ronin Central has obtained a provisional restaurant licence since 7 January 2016 and a general restaurant licence valid since 15 August 2016. As advised by the Legal Counsel, it is highly unlikely that prosecution will be initiated given the relevant licence has since been obtained. Further, prosecution for the non-compliance has been time-barred.
3.	Each of San Xi Lou (7/F and 22/F), Pure Veggie House, Ronin Wanchai, Ronin Central and Banquet Hall did not possess valid effluent discharge licences prior to 6 February 2017 and 5 February 2017, 9 February 2017, 22 July 2015, 1 March 2017 and 6 February 2017, respectively, contravening sections 9 and 12 of the Water Pollution Control Ordinance, (Chapter 358 of the Laws of Hong Kong) ("**WPCO**") where licences are required for discharges other than domestic sewage.	The omission was due to the inadvertent oversight of a former administrative personnel who was responsible for the licensing, and the absence of timely and professional advice at that time. In particular, the former administrative personnel had incorrectly assumed that, in the case of San Xi Lou on the 7th floor of Coda Plaza and Pure Veggie House, the effluent discharge licences would be handled by the landlord as the landlord was the holder of the relevant restaurant licences.	For the non-compliances of sections 9 and 12 of the WPCO, section 11 of the WPCO imposes a maximum fine of $200,000 for a first offence, imprisonment for six months and a daily fine of $10,000 for the continuing default.	Each of San Xi Lou (7/F and 22/F), Pure Veggie House, Ronin Wanchai, Ronin Central and Banquet Hall has obtained an effluent discharge licence on 6 February 2017 and 5 February 2017, 9 February 2017, 22 July 2015, 1 March 2017 and 6 February 2017, respectively. As advised by the Legal Counsel, it is highly unlikely that prosecution will be initiated given the relevant licences have since been obtained. Further, the time limit for commencing prosecution for the non-compliance has been time-barred.

Non-compliant incidents in relation to MPF obligations

No.	Particulars of non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedial actions taken and status
4.	Great Planner, Sky Honour and Stormwind had failed to timely make the monthly MPF contributions for their full time employees. During the Track Record Period, (a) prior to February 2016, each of Great Planner and Sky Honour failed to timely make ten monthly MPF contributions payments in accordance with the MPFSO, and (b) prior to September 2016, Stormwind failed to timely make five monthly MPF contributions in accordance with the MPFSO, involving 117 individual full-time employees and MPF late contributions amounting to approximately HK$1.6 million in the aggregate. Late payments of MPF contributions contravene section 7A(8) of the MPFSO. Given that the late payments of MPF contributions were not cases of non-payment, there were no under-contributions by the Group for its full-time employees during the Track Record Period.	The non-compliance incidents were accidental, and were due to inadvertent oversight by former administrative personnel, who delayed in making the relevant payments of MPF contributions to the MPF trustee.	For non-compliance of section 7A(8) of the MPFSO, section 43B(1C)(b) of the MPFSO provides that an employer would be liable to a maximum fine of HK$350,000 and to imprisonment up to three years and a daily penalty of HK$500 for each day on which the offence is continued. According to section 43B(4) of the MPFSO, prosecution of offences under the MPFSO may be instituted within six months after the offence is discovered by or comes to the notice of the Mandatory Provident Fund Schemes Authority (the "**Authority**"). As the Authority was put on notice of this non-compliance via the trustee in September 2016 after the last late contribution deadline, the Legal Counsel has advised that prosecution by the Authority of this non-compliance has been time-barred by April 2017. The Legal Counsel has further advised that in light of the remedial actions taken by the Group (including the payment of surcharges that was already made to the MPF trustees), even if a complaint is made by an affected employee to the Authority regarding delayed MPF payments, the Group will have no further liability to the affected employees regarding the making-up of delayed MPF contribution payments and the associated surcharges since the delayed or missed MPF contribution payments and the associated surcharges have been tendered to the MPF trustees in full pursuant to the MPFSO.	In respect of delay in payment of MPF contributions for the full-time employees, the Directors confirm that: (i) all the payments of MPF contributions that were delayed (including the contribution surcharges) have been subsequently paid, and (ii) the obligation to make MPF contributions for Great Planner and Sky Honour were complied with since February 2016, and since September 2016 and up to the Latest Practicable Date, the Group as a whole has complied with the relevant MPF regulations in relation to MPF contributions for its full-time employees in all material respects. The Group has designated its Chief Operating Officer to oversee the compliance of MPF matters and strengthened its internal control system to prevent future occurrence of this non-compliance. Up to the Latest Practicable Date, the Group has neither: (i) been prosecuted or penalised by the Authority, nor (ii) received any complaint from our employees in relation to MPF-related non-compliances.

No.	Particulars of non-compliance	Reasons for non-compliance	Legal consequences and potential maximum penalties	Remedial actions taken and status
5.	Great Planner, Sky Honour and Good Step had failed to enroll their casual/part-time employees in an MPF scheme and to make MPF contributions for them, contravening sections 7(1), 7(1A) and 7A(8) of the MPFSO. Based on the Group's records, during the Track Record Period, an aggregate number of 172 (including 21 untraceable casual/part-time employees) casual/part-time employees was affected by this non-compliance, and the aggregate amount of under-contribution was approximately HK$0.2 million (of which approximately HK$46,000 represented under-contribution for the Group's untraceable casual/part-time employees). The abovementioned non-compliance of Good Step occurred prior to its acquisition by the Group.	The non-compliance incidents were caused by (i) inadvertent oversight by former administrative personnel, who was not aware of the requirement to enrol or make MPF contributions to a MPF scheme for casual/part-time employees that were hired on an as-needed and daily-rated basis; and (ii) the missing information for enrolment as most of such casual/part-time employees were neither enrolled in a MPF scheme nor provided their MPF scheme details to the Group.	For non-compliance of section 7 of the MPFSO, section 43B(1) of the MPFSO provides that an employer would be liable to a maximum fine of HK$350,000 and to imprisonment up to three years, and in the case of an offence contravening section 7(1A) of the MPFSO, a daily penalty of HK$500 for each day on which the offence is continued. For non-compliance of section 7A(8) of the MPFSO, section 43B(1C)(b) of the MPFSO provides that an employer would be liable to a maximum fine of HK$350,000 and to imprisonment up to three years and a daily penalty of HK$500 for each day on which the offence is continued. According to section 43B(4) of the MPFSO, prosecution of offences under the MPFSO may be instituted within six months after the offence is discovered by or comes to the notice of the Authority. For payment of MPF contributions for casual/part-time employees who can be identified and located from the Group's records, as the Authority was put on notice of the non-compliances in September 2017 after the Group paid-in the contributions for these employees, the Legal Counsel has advised that the prosecution for this non-compliance will be time-barred by March 2018. For payment of MPF contributions for untraceable casual/part-time employees who had not provided their MPF-related information to the Group, as the Authority was put on notice of the non-compliance in January 2018 after the Group paid in the contribution for these employees, the Legal Counsel has advised that the prosecution for this non-compliance will be time-barred by July 2018. The Legal Counsel has further advised that: • after taking into account of the mitigating factors, including those factors set out below, the remedial actions taken and the totality principle, the aggregate maximum liability of the Group, should it be prosecuted by the Authority, is likely to be no more than HK$4,500 for each affected employee, totalling not more than HK$774,000 for this non-compliance within the Track Record Period; • it is highly unlikely that the Authority will initiate any prosecution against the Group entities since: (1) the Group has taken substantial rectification and used its best endeavours to try to locate and contact its former casual/part-time staff concerned to make up the missed contributions, (2) the Group has paid in the outstanding contributions with the trustees of the MPF funds for those former employees who can be identified and located, (3) for those 21 former employees who are untraceable, the Directors confirm that the Group had paid the outstanding contributions of approximately HK$46,000 together with potential surcharges that may be levied to the MPF trustees, and (4) the non-compliances were unintentional; and • in light of the remedial actions taken by the Group (including the payment of MPF contributions and voluntary payment of associated surcharges for both identifiable and untraceable casual/part-time employees to the MPF trustees), even if a complaint is made by an affected casual/part-time employee to the Authority, the Group will have no further liability to the affected employees regarding the making-up of the under-contribution or the possible associated surcharges since the MPF contribution payments and the associated surcharges have been tendered to the MPF trustees in full pursuant to the MPFSO, and their claims may be satisfied from the payments that were made by the Group to the MPF trustees.	In respect of enrolment of casual/part-time employees in an MPF scheme, the Group had, as far as practicable, made up the outstanding MPF payments to the MPF trustees for the casual/part-time employees who can be identified and located from the Group's records in relation to this non-compliance and/or subsequently provided their outstanding MPF details to us, amounting to approximately HK$0.2 million in August 2017. The Group had also paid to the MPF trustee all outstanding MPF payments for those untraceable casual/part-time employees and the possible contribution surcharges in January 2018, which can be allocated by the MPF trustee to their respective MPF accounts upon the affected employee being located by the Group and the MPF trustee being notified with their MPF details to be provided by such employee. In addition, the Directors confirm that since September 2016 and up to the Latest Practicable Date, all casual/part-time employees have been properly enrolled in the relevant MPF scheme and contributions have been made for them. Up to the Latest Practicable Date, the Group has neither: (i) been prosecuted or penalised by the Authority, nor (ii) received any complaint from our employees in relation to MPF-related non-compliances.

Enhanced internal control measures to prevent reoccurrence of non-compliance incidents

The Group has enhanced its internal control measures to prevent reoccurrence of the above major non-compliance incidents.

In relation to non-compliant incidents regarding the Group's licences, Mr. Stanley Chuk, the executive Director, and Mr. Chu Pui Ki, Dickson, the company secretary and financial controller, are responsible for supervising the renewal of all licences required for our restaurants' and club-house operations, and they will be responsible for the timely preparation and submission of the relevant licence applications or renewal applications and monitoring their expiration dates. In addition, the Group has adopted the following measures to prevent re-occurrence of the non-compliance and ensure continuing compliance:

— the Group has established a licence register that records the details of the Group's licences and their respective validity periods. This register will be reviewed at least monthly by our Chief Operating Officer (the "**COO**") together with the company secretary and financial controllers for ensuring that all necessary licences for our existing restaurants and new restaurants to be opened are entered into the register. For new restaurants that are proposed to be opened, any necessary new licences will be entered into the licence register for tracking purposes at least four months before the intended opening date of the new restaurant. With reference to the licence register, the renewal application for existing licenses will be submitted together with the documents required and/or the license renewal fees to the relevant authority at least one month before the expiry of the respective licences or within ten business days from the receipt of the relevant renewal notice from the responsible government department. The company secretary and the financial controller will be responsible for reporting timely the status of the licences of our restaurants and/or licensing applications to the executive Directors for their decisions on further actions that need to be taken. In addition, the Group has notified our senior management and restaurant staff that the restaurants operated by the Group must not operate their business without valid licences;

— for all new restaurants that the Group intends to open in the future, the Group will engage a professional licensing consultant to assist in the licensing application process at least four months prior to the intended opening date of such restaurants. Where appropriate, the Group will also engage a professional licensing consultant to assist in the licensing renewal process, and we will also consult with our legal advisers after the Listing on the updated laws and regulations in relation to licensing-related matters from time to time;

— Mr. Stanley Chuk, our executive Director, our company secretary and financial controller, and the COO together with our senior management staff will attend external training courses/seminars in relation to new changes to licensing laws and regulations that affect the catering industry to strengthen their knowledge in compliance with the relevant rules and regulations and to keep abreast of the latest development in the catering industry;

— the Group has established an independent internal audit function, which is headed by the company secretary and financial controller and supported by the head of the Group's accounting department. The internal audit function shall be responsible for implementing and supervising the Group's internal control system, reporting to the Directors at least annually on the effectiveness of the Group's internal control system, and devising any improvements needed to the Group's internal control system. In carrying out its duties, the Group's internal audit team shall receive reports from the Group's management team and its employees regarding any actual or potential non-compliance, report such non-compliance matters to the Group's audit and risk management committee where appropriate, and make recommendation to the committee and/or the Board for rectifying such non-compliances. The Group's internal audit function may also engage external professional advisers for advice where necessary;

— the Company's audit and risk management committee, which comprises all of the Company's independent non-executive Directors, shall be responsible for, among others, monitoring compliance with the laws and regulations that are applicable to the operation of the Group, including without limitation licensing related matters, as well as assessing the adequacy and effectiveness of the Group's regulatory compliance procedures and system. Other than reviewing and monitoring our financial reporting process and the risk management procedures, our audit and risk management committee shall, on an annual basis: (a) review the reports and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system; (b) advise the Board on the adoption of the recommendation (if any) proposed by the internal control consultant; (c) assess and review the adequacy of resources and training provided to our management and staff in relation to our regulatory compliance functions; and (d) receive the recommendations and reports of the Group's internal audit function, review and approve the organisation, responsibilities, plans, results, budget and resources of the internal audit team to ensure the quality of the Group's internal control measures in relation to licensing matters are maintained. The committee shall also supervise the Group's internal audit team in handling actual or potential non-compliance matters (if any); and

— to assist the audit and risk management committee in discharging its duties, the Company will engage an internal control consultant to conduct an annual review on the adequacy and effectiveness of the Group's internal control system in respect of its compliance with licensing laws and regulations in Hong Kong for each financial year and submit a report. In particular, the internal control consultant shall set out in its report regarding the Group's compliance status with the applicable laws and regulations for the Group's licensing matters and the effectiveness of the Group's internal control system in ensuring the Group's compliance with the applicable licensing requirements for its restaurants. The Company shall summarise the internal control consultant's major findings (if any) in its annual reports.

In relation to non-compliance incidents regarding the Group's MPF obligations, the Group has designated Mr. Johnson Lam, the Group's COO and an executive Director, to be the officer responsible for overseeing compliance of MPF matters with the assistance of a newly appointed financial controller Mr. Chu Pui Ki, Dickson. Every month, the COO and the financial controller will review the Group's employee records and the MPF payment records to ensure that they are updated and are correct.

Indemnity from the Controlling Shareholders, Mr. KY Chuk and Mr. Steve Chuk

The Controlling Shareholders will enter into the Deed of Indemnity in favour of us before Listing to provide, among other things, indemnities on a joint and several basis in respect of, among other matters, all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, orders and expenses incurred or suffered or loss of profits, benefits or other commercial advantages suffered by any member of the Group (other than Good Step prior to its acquisition by the

Group) arising from or in connection with any litigation, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature instituted by or against any member of the Group (other than Good Step prior to its acquisition by the Group) in relation to events occurred on or before the Listing Date, including those arising out of or in connection with the non-compliances in relation to licences and MPF obligations as set out in this section. Please refer to "Statutory and General Information — Other Information — 4. Tax and other indemnities — (e) Deed of indemnity" in Appendix IV to this prospectus for additional details.

Mr. KY Chuk and Mr. Steve Chuk will enter into the Deed of Indemnity (Good Step) in favour of us before Listing to provide, among other things, indemnities on a joint and several basis in respect of, among other matters, all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, orders and expenses incurred or suffered or loss of profits, benefits or other commercial advantages suffered by the Company or Good Step arising from or in connection with any litigation, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature instituted by or against the Company or Good Step in relation to events related to Good Step occurred on or before the Listing Date, including those arising out of or in connection with the non-compliances in relation to licences and MPF obligations as set out in this section. Please refer to "Statutory and General Information — Other Information — 4. Tax and other indemnities — (f) Deed of indemnity (Good Step)" in Appendix IV to this prospectus for additional details.

Please see "Statutory and General Information — Other Information — 4. Tax and other indemnities — (e) Deed of Indemnity" and "Statutory and General Information — Other Information — 4. Tax and other indemnities — (f) Deed of Indemnity (Good Step)" in Appendix IV to this prospectus for further details.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

Internal control and risk management measures

The Directors are responsible for formulation and overseeing the implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

In light of the past non-compliance incidents that occurred during the Track Record Period, we have engaged Baker Tilly Hong Kong Risk Assurance Limited, an independent internal control consultant, (the "**Internal Control Consultant**") in January 2016 to assist the Group and the Sponsor to review and provide recommendations for improving and rectifying certain weakness of our internal control system according to the agreed-upon review procedures. The scope of work includes reviewing, among other things, (i) internal control system and procedures; (ii) food safety management; (iii) food and beverage licensing management; and (iv) workplace safety. 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 the Internal Control Consultant upon the conduct of the follow-up reviews took place between January 2016 and June 2017.

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 and will adopt 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:

- the 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 "Business — Legal Proceedings and Compliance" in this section, the Internal Control Consultant has reviewed our internal control system and made corresponding recommendations. The 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 the Group did not have significant deficiencies in our internal control system upon follow-up review;

- Mr. Stanley Chuk, the executive Director and Mr. Chu Pui Ki, Dickson, the company secretary and financial controller, are responsible for supervising the application or renewal of all licences required for our restaurants' and clubhouse's operations, and the Group has engaged professional licensing consultants to assist in the licensing application process and where appropriate, the licensing renewal process;

- the COO (together with the financial controller of the Group) will be responsible for ensuring the accuracy of the employee records, the proper MPF enrolments and the timely and accurate MPF contributions of the Group;

- our audit and risk management 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 CLC International Limited 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

- the Group will consult with our legal advisers after the Listing on the updated laws and regulations in relation to licensing related matters or our operations.

VIEWS OF THE DIRECTORS AND THE SPONSOR

Having considered that:

- all licensing-related non-compliances had been remedied on or before February 2017 and the Directors are not aware of any similar non-compliance incidents in relation to the Group's licences since the implementation of the enhanced internal control measures up to the Latest Practicable Date. In particular, upon the implementation of the enhanced internal control measures, the Company had renewed in time the general restaurant licences and liquor licences for San Xi Lou on the 22nd floor of Coda Plaza, Ronin Central and Ronin Wanchai;

- the Group has complied with the applicable MPF regulations in relation to the payment of MPF contributions and the enrolment of its casual/part-time employees in a MPF scheme in all material respects since September 2016;

- the Directors' involvement in the above non-compliances was limited in scope as: (i) all licensing-related matters for the Group's restaurants were entrusted to, and handled by, a former administration personnel (who claimed to have the relevant experience), and (ii) the MPF-related non-compliances were due to inadvertent oversight by a former administrative personnel being unaware of the relevant requirements;

- the above non-compliances were attributable to lack of accurate understanding by the former administrative personnel and professional support to the Group on licensing-related and MPF-related laws and regulations;

- the non-compliance incidents were individually and collectively not material which did not and will not have any significant financial and operational impact on the Group;

- the non-compliance incidents were confined to specific areas only instead of being systemic and widespread that affected the entire operations and internal controls of the Group and it is noted that the Internal Control Consultant did not designate these non-compliance as major findings under its internal control review over our overall internal control system;

- upon the discovery of the non-compliances, Mr. Stanley Chuk, the executive Director, personally took charge of licensing-related matters of the Group's restaurants, and the Group has designated the Group's COO (with the assistance of the financial controller) to oversee the compliance of MPF matters;

- the Group has adopted enhanced internal control measures as set out in "Business — Legal Proceedings and Non-compliance — Enhanced internal control measures to prevent reoccurrence of non-compliance incidents" and "Business — Internal Control and Risk Management Measures" in this section to avoid recurrence of these non-compliances;

- the Internal Control Consultant had reviewed the enhanced internal control measures that were adopted by the Group to prevent the reoccurrence of the above non-compliance incidents and had provided recommendations to enhance the Group's internal control system in preventing future occurrence. The Group has implemented such recommendations as at Latest Practicable Date; and

- the Directors had engaged and will engage professional licensing consultant(s) to assist in the licensing application process of the Group's restaurants. The application for the provisional general restaurant licence of San Xi Lou Times Square was made in July 2017, the effluent discharge licence and the liquor licence applications were both made in October 2017, which were sufficiently in-advance of the expected opening of this restaurant,

the Directors are of the view, and the Sponsor concurs with the Directors' view, that (i) the Group's internal control measures are adequate and effective given that the Internal Control Consultant had performed a follow-up review and the Group did not have significant deficiencies in our internal control system upon follow-up review, (ii) these non-compliances should not be taken as conclusive evidence regarding the competence of the Directors, and (iii) as the aforementioned non-compliances did not involve any dishonesty on the part of the Directors or cast any doubt on their integrity or competence, such non-compliance incidents do not affect the Directors' suitability to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules; and do not affect the Company's suitability for Listing under Rule 11.06 of the GEM Listing Rules.

OUR DEVELOPMENT PLAN

As part of our strategy, we intend to continue expanding our restaurant network to strengthen our market presence in Hong Kong. We have prepared a development plan including (i) expansion of our restaurants under the "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands; (ii) improvement of overall profitability of our restaurants under the "Ronin (浪人)" brand; (iii) establishment of a central kitchen to better support the operation of our existing and new restaurants; and (iv) upgrade of existing restaurants and the Banquet Hall, system upgrade and relocation of our headquarters.

(1) Expanding our San Xi Lou and Pure Veggie House

We intend to increase our market penetration in Hong Kong by replicating the success of our restaurants under the "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands. Given that our San Xi Lou and Pure Veggie House are both located at Coda Plaza, in order to minimise the concentration risk of our restaurants located at the same area, we decided to expand into other areas in Hong Kong.

As part of our expansion plan for the year ending 31 March 2018, our San Xi Lou Times Square commenced business in November 2017. Our San Xi Lou Times Square has a licensed area of approximately 700 sq.m. and a customer seating of around 240 seats. When choosing Times Square, we have taken into account, among other things, the factors as stated in "Developing our new restaurants" in this section below. Times Square is one of the major shopping malls on the Hong Kong Island with a location that has a relatively high level of pedestrian traffic and in the Causeway Bay district. We believe that our San Xi Lou Times Square can be benefited from this location and attract new customers. San Xi Lou Times Square has obtained all relevant licences or approval for its operation as at the Latest Practicable Date. The total capital expenditure of opening San Xi Lou Times Square is approximately HK$15.0 million (which is obtained through bank-borrowings), including renovation and equipment purchase.

We currently also plan to open our second restaurant under the "Pure Veggie House (心齋)" brand in the first quarter of 2019. This new Pure Veggie House will be located in the Kowloon Peninsula in Hong Kong and is expected to be approximately 400 sq.m. to 500 sq.m.. We target to open the new Pure Veggie House in shopping mall with high customer flow. The total expenditure of opening the new Pure Veggie House is expected to be approximately HK$10.0 million to HK$15.0 million (which will be funded by the proceeds from the Share Offer and internal funding) depending on the size of the particular restaurant after identifying suitable venue. As at the Latest Practicable Date, we have not identified suitable venue for our new Pure Veggie House.

Please refer to "Business — Our Business Strategies — Opening new restaurants", "Financial Information — Capital Expenditures" and "Future Plans and Use of Proceeds" for further details on the opening of new restaurants and their expected capital expenditure.

Developing our new restaurants

Factors of consideration for choosing a suitable location

We consider a suitable location to be a critical factor in determining the long-term performance of a restaurant. As part of our business strategies to continually expand, we decide to open a restaurant on a new location after taking into account, among other things, the following factors:

- *Accessibility and customer traffic:* whether the proposed location is situated in an area with a high customer flow and whether the proposed location is easily accessible to both pedestrians and vehicles.

- *Size:* whether the proposed location can meet our size requirement.

- *Rental costs:* whether we can operate profitably based on the rental costs and whether the rental costs fall within our acceptable proportion of total costs.

- *Visibility:* whether the proposed location can make our new restaurant visible.

- *Demographics:* the demographics of the people in the neighbourhood of the proposed location, including but not limited to, age, income levels and education.

- *Competition:* whether there exists competition (i) between the proposed location and the locations of the restaurants currently run by the Group; and/or (ii) between the proposed location and other existing and potential restaurants operated by others, and if any, the extent of the competition in terms of number, size and nature of business.

- *Breakeven and investment payback period:* the time it may take for the proposed restaurant to achieve the breakeven and investment payback.

Procedures for developing a new restaurant

When the Group considers a location suitable for the establishment of a new restaurant in the initial stages, we typically follow the procedures as set out below:

- *Devising a restaurant concept.* We will commence internal meetings to work out a preliminary restaurant concept for the proposed restaurant such as branding. The restaurant concept will be presented to the executive Directors for consideration and approval.

- *Selecting a site.* Our senior management comes up with a suitable site for a new restaurant.

- *Assessing feasibility.* Upon selection of a site, we will carry out a research in the operation aspect, including, among other things, rental costs, demographics and streams of people in the neighbourhood area. We will also conduct a feasibility study, which will set out information, including but not limited to, financial projections, staffing and a feasibility study on the relevant licensing issues. The findings of the research and the feasibility studies will be presented to the executive Directors for consideration and approval.

- *Negotiating the lease.* If the location and the restaurant concept are approved by the executive Directors, we will commence negotiating the terms of a lease with the prospective landlord, taking into account rental costs, comparable rents of shops of similar size in the vicinity, potential increase in the rental upon the expiry of the lease. If the executive Directors are satisfied with the terms of the lease after negotiation, we will sign the lease with the prospective landlord. If the executive Directors are not satisfied with any of the factors of consideration at any stage during the negotiation, we will cease the negotiation.

- *Renovating the premises.* Upon the signing of the lease, we will carry out discussions with designers and architects to finalise the design and the layout plans. We will also make sure the lead time is acceptable to us. Upon approval of the design by the executive Directors, the refurbishment and renovation work of the premises commences. We engage an outside contractor to do the refurbishment and renovation work for us.

- *Applying for licences.* While the refurbishment and renovation work is under way, we will commence applying for the licences necessary for the operation of the restaurant, including, among other things, general restaurant licences, liquor licences and water pollution control licences. We will engage a third party expert to assist in the licensing issues. Please refer to "Regulatory Overview" in this prospectus for details of the licensing requirements.

- *Sourcing staff.* We will work out the number of staff members the new restaurant requires to employ at various levels, their respective positions and job titles, job specifications and salary packages. At the first stage, we will explore the possibility of internal transfers and promotions. Then we will proceed to the second stage where recruitment from outside commences.

The Directors believe that we will benefit from the successful execution of our expansion plan of increasing penetration in Hong Kong, which is the market we are currently focusing on, primarily because of

- *Broadening our customer base and increasing total sales.* The additions of new restaurants in Hong Kong and expansion of our restaurant network are expected to broaden our customer base in our existing market and geographical location in Hong Kong, and increase the total sales of the Company.

- *Capturing market growth.* According to the Frost & Sullivan Report, (i) the market size of Sichuanese restaurants industry in Hong Kong by revenue is forecast to grow at a CAGR of 4.3% from 2016 to 2021 and such growth is attributable to the increasing popularity of Sichuan cuisine among other Chinese cuisines in Hong Kong caused by various marketing effects; (ii) the market size of Cantonese restaurants industry in Hong Kong by revenue is forecast to grow at a CAGR of 4.1% from 2016 to 2021; and (iii) the market size of vegetarian restaurants industry in Hong Kong by revenue is forecast to grow at a CAGR of 4.9% from 2016 to 2021 and such growth is predominantly due to the raising awareness of health benefit brought by vegetarian meal. We believe that our expansion plan will help us to capture more market growth.

- *Increasing brand awareness.* An expanding restaurant network will increase our geographical presence, which we believe will help us to promote the brand awareness among the consumers.

- *Increasing cost efficiency.* We believe that an expanding restaurant network will increase cost efficiency by (i) strengthening our bargaining power over our suppliers, and (ii) increasing our operating leverages.

From 1 August 2017 and up to the Latest Practicable Date, we had incurred capital expenditure of approximately HK$15.0 million (which was funded by our bank borrowings) for our network expansion in Hong Kong. For details, please refer to "Financial Information — Capital Expenditures" and "Future Plans and Use of Proceeds" in this prospectus.

Breakeven and investment payback

According to the Frost & Sullivan Report, a restaurant will generally achieve breakeven in approximately 12 to 48 months and the general investment payback period for Chinese restaurants (including vegetarian restaurants) would be about 12 to 36 months.

It is estimated that the breakeven period for our San Xi Lou Times Square and second Pure Veggie House will be within six months, and within six to 12 months, respectively. The investment payback period is estimated to be within 36 months for both new restaurants, which is in line with the market norms according to the Frost & Sullivan Report.

The Directors have taken into account the following factors when estimating the abovementioned breakeven points and investment payback points for our San Xi Lou Times Square and second Pure Veggie House:

- *Strong brand recognition of our San Xi Lou and Pure Veggie House.* As disclosed in "Business — Our Competitive Strengths" in this section, our existing "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands are widely recognised brands among Sichuanese and Cantonese restaurants and fusion vegetarian restaurants in Hong Kong, respectively, according to the Frost & Sullivan Report. Our San Xi Lou and Pure Veggie House have received numerous recognitions, including "Quality Restaurants" by the Hong Kong Tourism Board under the Quality Tourism Services (QTS) Scheme for both San Xi Lou and Pure Veggie House since 2014, and EatSmart Restaurant by Department of Health of the Government for Pure Veggie House since 2015. Pure Veggie House was also ranked 18th in the top 25 vegetarian restaurants in the world in 2015 as reviewed and ranked by The Daily Meal;

- *New restaurants are in more accessible locations*. As compared with our San Xi Lou and Pure Veggie House located at Coda Plaza, our new restaurants will be located in more accessible locations. Our San Xi Lou Times Square, which recently commenced business in November 2017, is located at Times Square in Causeway Bay, Hong Kong. Times Square is served by the Mass Transit Railway's Causeway Bay station with an underground passage that directly links its passengers to the building. It is also accessible by bus, tram, minibus and taxi. There is also cross-border transportation service from Times Square to Shenzhen Bay crossing, Shenzhen Bao'an International Airport and other regions of Guangdong. We also plan to open our second Pure Veggie House in a shopping mall located on the Kowloon Peninsula which would be easily accessible to both pedestrians and vehicles. Please refer to "Business — Our Development Plan — (1) Expanding our San Xi Lou and Pure Veggie House — Developing our new restaurants" for details of the factors of consideration for the Group to choose a suitable location for new restaurants;

- *Cost structure of the new restaurants will be similar to that of the existing restaurants*. The cost structure of our San Xi Lou Times Square and second Pure Veggie House includes fixed expenses such as rent, insurance, utility expenses and management fee, together with the inventory, personnel and space required to operate properly. We expect that the cost structure will be similar to that of our existing San Xi Lou and Pure Veggie House except for rental related expenses, which had been taken into account by the Directors in making the estimation;

- *Leveraging on marketing and promotional campaigns provided by the landlords of new restaurants*. We built our reputation through word of mouth and plan to further invest on additional marketing for the Group's restaurants so as to enhance the Group's brand awareness in Hong Kong. Our San Xi Lou Times Square is located at Times Square, a shopping mall on Hong Kong Island, and our second Pure Veggie House will be located in a shopping mall on the Kowloon Peninsula. We expect to be able to leverage the marketing and promotional campaigns carried out by such shopping malls, such as credit card promotions and offers when spending at such shopping malls and very important members (VIP) benefits and privileges. Further, we will utilise different media channels, including conventional media channels and social networking media, in rotation to launch the group-wide promotion with a view to attracting customers of various demographics; and

- *Better market condition and business environment.* As compared to the time when our San Xi Lou and Pure Veggie House commenced operation, which was during the time when Asia was experiencing financial crisis during 2007 to 2008, the market condition and business environment in the recent years have improved. According to the Frost & Sullivan Report, the market size of Chinese restaurants in Hong Kong by revenue increased at a CAGR of 3.2% from 2011 to 2016 and is estimated to grow at a CAGR of 4.3% from 2016 to 2021. It is expected that the new restaurants can benefit from the estimated growth in the market size of Chinese restaurants after commencement of their operation.

Our San Xi Lou and Pure Veggie House took 36 months to 48 months to achieve breakeven point, which are in line with the market norms according to the Frost & Sullivan Report. Further, our San Xi Lou and Pure Veggie House took 58 months and 75 months to achieve investment payback point primarily because the Group was required to take longer time to: (i) raise the brand awareness of these two restaurants to the market given that our "San Xi Lou (三希樓)" and "Pure Veggie House (心齋)" brands were completely new to the market; (ii) attract new customers to go to Coda Plaza, which is not easily accessible by Mass Transit Railway; and (iii) overcome the effects of the financial crisis during 2007 to 2008.

The Directors are of the view that the historical breakeven period and investment payback period for our San Xi Lou and Pure Veggie House are not indicative of our future performance as the Group's revenue, expenses and operating results may vary from period to period in response to a variety of factors (including factors beyond our control).

For further details of our breakeven period and investment payback period, please refer to "Business — Our Restaurants" in this section.

(2) Improving overall profitability of our Ronin Central and Ronin Wanchai

Prior to the acquisition by the Group, both Ronin Central and Ronin Wanchai recorded a negative operating margin. To the best of the Directors' knowledge, information and belief, (i) the unsatisfactory operating results of Ronin Central are mainly due to the short history of operation and mismatch of market positioning and (ii) the unsatisfactory operating results of Ronin Wanchai are mainly due to mismatch of pricing strategy. Both Ronin Central and Ronin Wanchai also lack of an effective marketing and promotional campaigns to raise the brand awareness. Therefore, Ronin Central and Ronin Wanchai had lower revenue generating capabilities.

Measures to improve overall profitability of our Ronin Central and Ronin Wanchai

To ensure that the Group can improve the operating margin of Ronin Central and Ronin Wanchai, we adopt the following measures after the acquisition of Ronin Central and Ronin Wanchai in October 2016:

- *Adjustments to market positioning.* We change the targeted customer bases of Ronin Central and Ronin Wanchai to customers who have relatively higher spending powers. To achieve this, we make customary adjustments on our menu offerings in Ronin Central and Ronin Wanchai, respectively, including different food items priced differently, to match the spending power and the taste of our customers in the districts of Hong Kong where Ronin Central and Ronin Wanchai are located. For instance, we launched weekends brunch session (in a form of semi-buffet) in Ronin Central to alleviate the effect of limited customer traffic on the weekends in Central, and we have also adjusted the menu offerings for the "all-you-can-eat" buffet at Ronin Wanchai after effective cost control to attract existing and new customers. The Directors believe that the business and profitability of Ronin Central and Ronin Wanchai may be adversely affected when they are building up their new targeted customers, but such adverse effect would be temporary in nature, and the business and profitability of Ronin Central and Ronin Wanchai will improve after their new targeted customers are built-up.

- *Marketing and promotional campaigns.* We carry out various promotional campaigns and maintain media exposure in order to (i) promote the brand name and market recognition of the "Ronin (浪人)" brand, (ii) increase the loyalty of our existing customers, and (iii) incentivise new customers to our Ronin restaurants. We launch group-wide dining promotions in all our existing restaurants from time to time in order to attract more customers and to enhance the brand image. We also develop promotional campaigns for restaurants under the "Ronin (浪人)" brand by offering certain dishes at special discounts to attract customers, for example, free appetisers and seasonal dishes which are not on regular menu. We distribute discount coupons and food promotional vouchers applicable to Ronin Central to customers after they settle their bills to attract customers in our low season. We also extend our membership programme to Ronin restaurants so as to increase revenue contribution from repeated customers.

- *Effective cost control.* We exercise cost control during the procurement of food ingredients by selecting suitable food ingredients and ensuring that we obtain such food ingredients at favourable prices.

- *Refined human resource management.* We hire experienced staff and provide training of our restaurant-level staff on their sales techniques and serving skills in order to ensure delightful experience for the customers in our Ronin restaurants. We also initiate employee incentive scheme to retain good and satisfactory staff to maintain a stable workforce.

- *Synergies with the Group.* We are able to further promote the "Ronin (浪人)" brand by leveraging the customers' experience with our San Xi Lou and Pure Veggie House under our group-wide dining promotional campaigns. We adopt a group-wide management system by centralising certain operation functions in our headquarters, such as administration, human resources and other ancillary matters (including maintenance and cleanliness) but relatively decentralising the business units under the three main brands which we believe Ronin Central and Ronin Wanchai can benefit from the economics of scales of centralised functions and the flexibility of the actual business units operation.

Operating performance after acquisition by the Group

In respect of Ronin Central, (i) its revenue increased by approximately HK$0.3 million, or 33.7% from approximately HK$0.7 million for the month ended 31 October 2016 to approximately HK$1.0 million for the month ended 31 March 2017 and further increased by approximately HK$0.1 million, or 10% to approximately HK$1.1 million for the month ended 31 July 2017, and (ii) its segment results was a loss of approximately HK$0.3 million for the month ended 31 October 2016, a gain of approximately HK$0.1 million for the month ended 31 March 2017 and achieved breakeven in June 2017. The Directors believe that such increase was mainly as a result of menu re-engineering, including the introduction of seasonal items and special items, elimination of food items with less popularity, and upward price adjustments.

In respect of Ronin Wanchai, (i) its revenue increased by approximately HK$0.2 million, or 12.8% from approximately HK$0.8 million for the month ended 31 October 2016 to approximately HK$1.0 million for the month ended 31 March 2017 and further increased by approximately HK$0.5 million, or 50% to approximately HK$1.5 million for the month ended 31 July 2017, and (ii) its segment results was a loss of approximately HK$0.2 million for the month ended 31 October 2016, a loss of approximately HK$3,000 for the month ended 31 March 2017 and achieved breakeven in June 2017. The Directors believe that such increase was mainly as a result of our strategic adjustments to menu offerings for the ''all-you-can-eat'' buffet menu and effective cost control on procurement of food ingredients by selecting suitable food ingredients at favourable prices.

According to the Frost & Sullivan Report, the market size of Japanese restaurants industry in Hong Kong by revenue is forecast to grow at a CAGR of 5.1% from 2016 to 2021 and such growth is due to a raising popularity of Japanese cuisine among Hong Kong citizens. Based on the actual improvement of the overall performance of Ronin Central and Ronin Wanchai which both have achieved the breakeven point in June 2017, the Directors consider that the above measures taken by the Group are adequate and effective for our operation and the Group will continue to review such measures from time to time.

(3) Establishing a central kitchen

The Group is currently operating five restaurants serving three different cuisines, namely San Xi Lou and San Xi Lou Times Square, both serving Sichuanese and Cantonese cuisine, Pure Veggie House, serving fusion vegetarian cuisine and Ronin Central and Ronin Wanchai, both serving Japanese cuisine. Our second Pure Veggie House is expected to be opened in the first quarter of 2019. Thus, the Group will be operating six restaurants in total (in which the Group would have more than one restaurant for each cuisine) before the establishment of the central kitchen in the second quarter of 2019.

The Directors believe that the central kitchen is not only designated to support our existing restaurants and our second Pure Veggie House, but also an additional of two to three new restaurants to be opened in the future.

In addition, the Group's six restaurants are and will be located in Central and Western district and Wan Chai district on Hong Kong Island and the Kowloon Peninsula. We intend to continue expanding our restaurant network to strengthen our market presence in Hong Kong and we may explore other districts in Hong Kong to open our future restaurants.

The primary purpose of setting up our central kitchen is to centralise the preparation and processing of a majority of the food ingredients that will be used in our dishes, which is expected to bring about cost savings and increase the efficiency of our restaurant operations. As such, we intend that our central kitchen will have the following functions:

Food production

Central kitchen is food production facility that centralises the production and distribution of semi-processed food, and prepares the proprietary seasonings and spices used in our dishes. The food processing functions currently planned to be assumed by our central kitchen will primarily include, but are not limited to, preparing semi-processed food, processed food ingredients, meats, soups and sauces, food ingredients used in dim sum, proprietary seasonings and spices used in our dishes.

The Group, taking into account the development of our existing restaurants and the new restaurant to be opened within these two years, intends to establish a central kitchen in Hong Kong in the second quarter of 2019 as part of our development and expansion plan to support our existing restaurants and future new restaurants. The Group plans to start with a small-scale central kitchen of a size of approximately 300 to 400 sq.m. located in the New Territories, Hong Kong. We expect that our central kitchen will enable us to centralise our food ingredients and supplies purchasing, food processing, quality control of food ingredients, semi-processed or processed food ingredients, as well as packaging, warehousing and distribution functions.

Food ingredients will be processed into semi-processed or processed ingredients at our central kitchen and will then be delivered to each of our restaurants in Hong Kong for their use. This arrangement is able to promote standardisation in the food preparation process and quality control, and also assist us in negotiating for bulk purchase discounts in our food ingredient purchases. With our central kitchen in operation, we will be able to reallocate part of the labour requirement on food preparation in our restaurants in Hong Kong to the central kitchen.

Food hygiene and safety is one of our key success factors. We have implemented a set of procedural guidelines on the entire production cycle from procurement of food ingredients and supplies, to preparation and processing, quality control and distribution of food. We believe our internal procedures on food ingredients procurement and preparation can be better performed by the use of a central kitchen.

We intend that our restaurants will issue production orders to the central kitchen every day through our ERP system to be implemented after Listing. Deliveries from the central kitchen to our restaurant locations will be made primarily through third party logistics service providers and using our own refrigerated truck(s). Deliveries will be made on a daily basis with special compartmentalised food delivery trucks, to ensure freshness of food.

Central warehouse

The central kitchen will also serve as a central warehouse for the Group, which is an inventory storage facility that centralises the storage and distribution of food ingredients and other supplies used at our central kitchen and restaurants. It is expected that our central kitchen will be responsible for consolidating production orders from our restaurants and prepare the required food ingredients and other supplies. The suppliers will deliver the ordered goods to the central kitchen, where our employees will inspect the quality of the goods in accordance with our formulated quality standards before acceptance. Our employees at central kitchen will monitor the shelf lives of various inventory and distribute the required food ingredients and other supplies to our restaurants according to their orders placed through the ERP system.

Logistics centre

Apart from engaging third party logistics service providers on distributing the required food ingredients and other supplies, we also intend to establish our own delivery team by recruiting four staff who possess relevant driving licence and delivery experience to deliver certain semi-processed and processed food ingredients from our central kitchen to our restaurants in Hong Kong. We plan to own and operate our own delivery vehicles, including two delivery vans and a refrigerated truck. Deliveries from our central kitchen will be made on daily basis to ensure freshness of food. We will formulate strict procedures and requirements with respect to the hygiene and temperature of the refrigerated trucks we use for transportation. Please refer to "Business — Our Business Strategies — Establishing a central kitchen to support our expansion", "Financial Information — Capital Expenditures" and "Future Plans and Use of Proceeds" in this prospectus for further details on the purchases of logistics equipment (including refrigerated trucks) and their expected capital expenditure.

Laundry centre

We expect that the central kitchen will operate for 12 to 14 hours per day (i.e. from 4:00 a.m. to 6:00 p.m.) and we intend to internalise the laundry of certain portion of linens used in our restaurants at our central kitchen at night time. We currently outsource to corporate laundry service providers, which are Independent Third Parties, the cleaning and drying of linens used in our restaurants such as staff uniforms, towels and tablecloths. We did not enter into a standard form of service contract with the laundry service providers and the laundry price is based on the weight of linen cleaned. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the Group paid approximately HK$0.5 million, HK$0.5 million and HK$0.2 million for laundry services, respectively. We believe that we can save the fee paid to laundry service provider by internalising the laundry of certain portion of linens used in our restaurants and reallocate the resources to other part of our business operation.

Based on the foregoing, the Directors believe that the Group's restaurant operation can generally benefit from a central kitchen in the following aspects:

- *Standardisation across our restaurant network.* Our central kitchen will allow us to standardise a significant portion of our food preparation process to ensure food quality consistency across various restaurants and minimise the excess food ingredients consumed and food waste. Our centralised inventory storage facility also enables us to achieve a significant degree of centralisation of quality inspection to ensure consistent quality of food ingredients.

- *Economies of scale*. We will benefit from greater food production efficiency through higher economies of scale in production, such as economic use of food ingredients and specialisation of labour in our central kitchen. Our central kitchen will allow us to control costs efficiently by centralising purchasing and food processing functions and reducing wastage of food ingredients.

- *Better utilisation.* We can better utilise the kitchen space at our individual restaurants by rearranging the kitchen equipment, further, our centralised storage facilities will be able to improve the space utilisation of our individual restaurants. We can also reduce the workload of our restaurant-level chefs in respect of the initial stages of food ingredients processing so they are able to focus their attention on the final stages of food preparation and reallocate those staff at individual restaurants who are performing food processing tasks for other duties.

- *Better inventory management.* The use of centralised storage facilities helps us to reduce inventory management expenses by consolidating the inventory storage, monitoring and logistics functions. We intend that our restaurants in Hong Kong will issue production orders to our central kitchen everyday. Deliveries from our central kitchen to our restaurants will be made on daily basis to ensure freshness of food. Deliveries of semi-processed and processed food ingredients from our central kitchen to our restaurant locations in Hong Kong will be made primarily through third party logistics service providers and/or using our own delivery vehicles, which we intend to purchase and operate.

- *Strategic stockpiling.* The use of central kitchen as central warehouse can facilitate management of our strategic stockpile of seasonal food ingredients and supplies, which may also provide protection against market for food ingredients with wide price fluctuations.

- *Protection of intellectual property.* The use of central kitchens helps us to protect our proprietary know-how, recipes, trade secrets and other intellectual property by reducing the number of employees having access to such intellectual property. Higher task specialisation allows every chef at central kitchen to access only certain components of a recipe, which in turn reduces the risks of leakage.

The Directors consider there is a need of centralising an adequate portion of kitchen operation of our restaurants to allow them to operate in a more efficient and effective way, given that there are certain common procedures of operating the said six restaurants (especially for those restaurants serving the same cuisine) and preparing the three different cuisines the Group's restaurants are serving, in particular, the following procedures:

- *Purchase of food ingredients*. The head chef of each restaurant is responsible for monitoring the level of supplies and deciding the types and quantities of food ingredients to be purchased. Although the Group is currently serving three different cuisines, certain food ingredients are commonly used in the dishes served in different restaurants. For instance, the pumpkin we used for preparing our "Spare Ribs Steamed in Whole Pumpkin (原隻南瓜蒸排骨)" served at San Xi Lou and "Sauteed Assorted Mushroom Served in Mini Pumpkin (迷你山珍金瓜盅)" served at Pure Veggie House; the dried chilies and dried Sichuan peppercorn (花椒) we used for our spicy mala powder with the "mala" pungency; and vegetables used for all restaurants. Under current practice, the food ingredients will be delivered by the suppliers to each restaurant directly and the head chef or the designated person in charge at each restaurant will check the ingredients received at delivery are of acceptable quality and sufficient quantity. In order to ensure food quality consistency across various restaurants (especially for those restaurants serving the same cuisine) and minimise the excess food ingredients consumed and food waste, such work task will be carried out by the control team at our central kitchen. We aim to hire a team of capable staff who possess adequate knowledge on selecting food ingredients and training will be provided by the head chefs to the control team on the quality standard and quantities estimation of the food ingredients required for our cuisines.

- *Food preparation.* Certain food preparation process are the same or similar for our restaurants, such as washing, peeling, cutting and seasoning. For instance, when preparing the vegetables and fruit we used in our cuisines, several staff at each restaurant are responsible for rinsing the vegetables in clean water and cutting them into the shape and size required for the particular dishes. These procedures can be done at our central kitchen through designated machines which are easy to operate. We believe that by utilising the intended function of our central kitchen, we can (i) enhance food safety by providing more safe and cleaner food ingredients and (ii) achieve cost-effective through machine automation of certain food preparation process by reducing our reliance on labour force. Further, we currently have two teams of dim sum chefs serving at our San Xi Lou and Pure Veggie House, respectively. We have also hired one more team of dim sum chefs for our San Xi Lou Times Square. We intend to relocate the dim sum chefs to the central kitchen after its establishment. Apart from ensuring the consistent quality of dim sum served at these restaurants and achieving higher economics of scale in production, this can also reduce the number of on-site dim sum chefs required for our future restaurants.

- *Inventory and storage.* Currently, the head chef of each restaurant is responsible for monitoring the level of inventory and ensuring proper processing and storage of food ingredients. The food ingredients are stored at each local restaurant before going through the food preparation process, and hence, occupied a portion of kitchen space for storage. The central kitchen can help downsize the storage space and optimise the seasonal storage plan at local restaurants, in particular to save up temporary spot for storing seasonal items, such as food which is catered for different festivities in Hong Kong (including Chinese New Year Cake (年糕) and mooncake) and food ingredients stockpiled for long holiday. Instead, such items can be stored at our central kitchen and withdrawn upon our local restaurants' request.

- *Laundry service.* Following the increasing number of restaurants, we expect the cost paid for laundry services will gradually increase as additional linens, such as staff uniforms, towels and tablecloths, will be used in our new and future restaurants if we continue to engage laundry service providers to clean and dry the linens we used in our restaurants. We believe that we can better control the laundry cost by internalising certain laundry work at our central kitchen.

- *Better planning for future restaurants.* We are able to adjust the floorplan of our future restaurants after the establishment of the central kitchen to better assign the kitchen space and serving tables. The kitchen operational system will flow more smoothly by lessening the need of local kitchen space when certain food preparation process is moved to the central kitchen (especially for single-function items, such as spinner and electric skillet designated for making dim sum which can be replaced or eliminated) which in turn, enables our future restaurants to afford more serving tables and number of seats so as to generate more income. Meanwhile, the number of kitchen staff for future restaurants can be reduced given the smaller kitchen space and less food preparation process.

Apart from the key benefits as stated above, the Directors have also considered the following drawbacks when deciding the use of central kitchen:

- *Logistic issues.* Centralising food production may incur high transportation costs. Besides the usual transportation route from the suppliers to the central kitchen, the frequency of transportation or distribution of semi-processed and processed food ingredients from the central kitchen to our restaurants increases in order to ensure freshness of the supply chain. To better manage logistics time and costs, we will also set up our delivery team and utilise our own truck for making deliveries so as to avoid over-reliance on third party delivery service providers. We believe that the increase in transportation cost can be partly offset by the discounts the Group enjoys through bulk purchasing of food ingredients.

- *Possible disruption of operation.* Our central kitchen may be subject to any disruption of operation arising from factors such as electricity and water suspensions, malfunction of facilities, severe traffic delays or interruption in food preparation process in our central kitchen. This may materially affect the provision and distribution of food served in our restaurants. In view of possible disruption of operation, we will hire staff, who possess the necessary abilities and expertise for the operation of a central kitchen such as previous kitchen and culinary experience and management control skills to ensure that the preparation, cooking and packaging of food products meet required production targets and standards and communicate and work with the respective local kitchens to facilitate solutions in case of unexpected problems. We may also utilise the on-site kitchens from respective restaurants and rearrange staff members to prepare food on the premises instead in case of any emergency.

- *Additional costs and expenses.* Additional costs are inevitable from the use of central kitchen, for instance, labour costs, occupancy costs, utility and consumables costs, inventory costs and maintenance expenses. Our capital expenditures are expected to increase for the purpose of establishing central kitchen, and such expenditures may result in increase in depreciation charge. Even so, such costs could be offset by the above-mentioned benefits as the application of economies of scale assures costs control during food purchases and minimises excess food wastage.

- *Longer transition period.* We currently do not yet possess the experience in establishing and running a central kitchen or its related logistics chain. As such, we may take a longer time to transit from our current kitchen operation to central kitchen system. In order to ensure a smooth transition from conventional to centralised food service system, we will engage a consultant to provide an implementation proposal on our central kitchen. In addition, we will arrange adequate training to our central kitchen staff prior to the establishment of central kitchen and during the transition period to allow them to prepare themselves for the new working system.

Please also refer to ''Risk Factors'' in this prospectus for the risk factors relating to the operation of central kitchen.

The Directors believe that the adoption of the central kitchen model will facilitate a sustainable development of the Group's business through its advantages and its disadvantages are resolvable. The Company, taking the functions of the central kitchen into account, will be able to conduct a better analysis and appraisal of enterprise cost and layout of restaurants' operations and in long run, optimise cost structure in operating our restaurants.

A company engaged in providing consultancy services in planning and designing central kitchen and manufacturing machinery equipment for central kitchen, which is an Independent Third Party, has provided us a preliminary proposal on establishing a central kitchen for the Group's restaurants and the layout and design (including renovation and equipment required, such as vegetable centrifuge machine, multi-function vegetable cutting machine, meat cutting machine, mixing and seasoning machine, and laundry machine) for a central kitchen which suits our operation and requirements. After Listing, we will engage a consultant to provide a detailed implementation proposal on our central kitchen, including facility design, employee safety, staff training, Hazard Analysis Critical Control Point (HACCP) programs and ability for future expansion. We expect such consultant would be able to provide us the following consulting services, including but not limited to (i) providing advice on site selection for our central kitchen; (ii) planning and reviewing the design; (iii) assisting in selection of contractors; (iv) proposing detailed information of equipment for our central kitchen and supplying relevant kitchen equipment; (v) monitoring and coordinating with the contractors during the installation period; and (vi) providing advice and assisting the Company to apply for relevant licences for operating a central kitchen, such as food factory licence. Given our central kitchen will be established in the second quarter of 2019, we have not yet engaged a consultant for setting up a central kitchen as at the Latest Practicable Date. When engaging such consultant, we will take into account, among other things, its operating history, credentials, relevant project experience, team qualification (such as qualified technicians and engineers to provide electrical and mechanical related advice), customer base and its fee quotation.

We plan to acquire premises in Hong Kong as our central kitchen to support our existing restaurants and an additional two to three new restaurants to be opened in future. Our central kitchen will be the heart of the centralised or commissary food service system of our restaurant business operation. We would have to obtain a food factory licence from the FEHD under the FBR after fulfilling the requirements to operate a central kitchen.

When building a new central kitchen, or renovating an existing building, there are a multitude of factors that must be considered to ensure its efficiency and effectiveness. We would take into consideration, among other things, (i) anticipated needs and service demands of the restaurants operation; (ii) food equipment schedule, including all custom-built equipment; (iii) interior finishes for each room including floors, walls, ceilings, countertops and coved juncture bases; (iv) plumbing schedule, including water heater(s), overhead waste water lines, floor drains and floor sinks, waste water line connections, and backflow prevention devices; (v) lighting schedule; and (vi) ventilation plan.

In order to fit in the required equipment in the premises, meanwhile, to reflect efficient food flow and processes within our central kitchen, certain equipment or setting will have to customarily build in. As such, the Directors consider that it would not be in our best interest to use leased properties for this purpose because of (i) the risk of substantial increases in rental expenses; and (ii) the risk of early termination or non-renewal of our tenancy agreements by the relevant landlord, which would require the Group to spend substantial amount on new renovation and equipment purchase to fit in the premises and may cause interruption to our operations.

It is expected that approximately HK$18.2 million from the net proceeds from the Share Offer (representing approximately 38.0% of the net proceeds from the Share Offer), will be used for establishing our central kitchen.

We target to acquire a premises with approximately 300 to 400 sq.m. located in the New Territories, Hong Kong with a budget between HK$12.0 million to HK$14.0 million. We plan to use approximately HK$8.4 million of the net proceeds from the Share Offer to acquire a premises for the central kitchen and the remaining acquisition price will be financed by way of mortgage loan and internal funding. If there is a shortfall in funding, such expenditure would be financed by our internal resources. The actual acquisition will be subject to the prevailing market price of similar premises located in the same area as well as the availability of other better options.

The estimated investment costs for establishment of our central kitchen (including renovation and equipment purchase) and hiring of an external consultant during the setting-up period of the central kitchen are expected to be approximately HK$8.6 million, which will be funded by the net proceeds from the Share Offer. To facilitate the operation of our central kitchen, we plan to apply approximately HK$1.2 million of the net proceeds from the Share Offer for purchasing two delivery vans and a refrigerated truck for delivery of semi-processed and processed food ingredients from our central kitchen to our restaurants. Please refer to "Future Plans and Use of Proceeds — Implementation Plan" in this prospectus for further details and the proposed timeline for establishment of our central kitchen.

We expect that the establishment of the new central kitchen will increase our fixed operating expenses, principally due to depreciation, mortgage repayment and other administrative costs such as staff cost as we will hire more staff or relocate some restaurant-level staff to the central kitchen. As at the Latest Practicable Date, no suitable premises had been identified and no provisional or formal sales and purchase agreement had been entered into.

(4) Upgrading existing restaurants and Banquet Hall, system upgrade and relocation of our headquarters

Upgrading existing restaurants and Banquet Hall

Following the opening of our San Xi Lou Times Square, we intend to upgrade our existing restaurants and the Banquet Hall, in particular, San Xi Lou and Pure Veggie House, through new refurbishment and replacing aged equipment with new equipment. We have not carried out any substantial renovation or refurbishment work for our existing restaurants and the Banquet Hall since their respective establishment. The extent of our refurbishment plan will depend on the conditions of each of our existing restaurants and the Banquet Hall.

Our San Xi Lou and Pure Veggie House have commenced operation for nearly 10 years. As such, the Directors consider there is a need to freshen up the look of establishment by replacing and upgrading the furniture, fixtures and fittings, such as our signboard, tables and seating in serving area, cooking stations in kitchen and toilet cubicles and paneling in washrooms, and carrying out interior refurbishment, such as replacing aged or damaged wallpaper and wall tiles.

We acquired Ronin Central and Ronin Wanchai in October 2016. Apart from carrying out certain interior refurbishment, we intend to optimise the restaurant's seating arrangements and replace some old furniture with new furniture and replace the upholstery of existing furniture. In addition, we plan to replace the air-conditioning and ventilation system of Ronin Central to further optimise the room temperature of the restaurant, which has an open kitchen, in a more effective way.

Our Banquet Hall is open to all our members catering for their needs on dining gatherings and hosting private banquets and celebratory events. We intend to upgrade the Banquet Hall to an ambience that is grand and stylish in design with new serving trays and utensils. We will also re-upholster our demountable partitioning for room sectors designated for different dining programs.

The refurbishment work, depending on the conditions of each premises, mainly include (i) painting, decorating, wallpapering and tiling; (ii) replacing and repairing plumbing installations and sanitary fittings; (iii) electrical works, rewiring and light fixtures; (iv) carpentry; (v) air-conditioning replacement; (vi) replacing kitchen fitting; and/or (vii) replacing flooring and carpeting. To allow our restaurants and the Banquet Hall to maintain normal operation, such refurbishment work will be carried out by stages and each stage will only cover certain areas and particular refurbishment work. For instance, based on our current refurbishment plan, we intend to (i) carry out air-conditioning replacement work by replacing one set of air-conditioning system at each stage with other air-conditioning systems under normal operation; (ii) replace the aged or damaged wallpaper, tiles and carpets by areas at each stage; (iii) replace the cooking stations by section(s) with new cooking stations; and (iv) replace old furniture and fittings by batches at each stage. Same concept applies to other refurbishment work to be carried out at our restaurants and the Banquet Hall.

Given the nature of the refurbishment work, the Directors are of the view that time is of essence and careful planning of the works will reduce disruption to the operation. As such, all refurbishment work will be carried out after our regular operation hours at night-time session and the refurbishment work is estimated to be completed within two months for each restaurant and the Banquet Hall. Based on the discussion with the contractors to be engaged by the Group for carrying out the refurbishment work, the aforesaid refurbishment plan by stages is feasible and therefore we do not intend to close down our restaurants and/or Banquet Hall for the refurbishment work. We believe that the refurbishment work will not materially affect the operation of our restaurants or the Banquet Hall. Please also refer to "Risk Factors — Risks relating to our business — Our Business may be affected by the planned refurbishment of our premises, and there may be unforeseen business interruptions, and such interruptions may adversely affect our operations" in this prospectus.

As the proposed refurbishment works of our restaurants and the Banquet Hall will not involve any deviation or alteration of the matters mentioned in sections 32 and 33 of the FBR, the works will only be carried out after our regular operation hours, and also the works will only involve replacement of existing equipment and redecoration of the interior, the Legal Counsel has advised that such works will be permissible under sections 34 and 34D of the FBR without the prior permission from the FEHD. The Legal Counsel has also advised that there is no direct prohibition on the carrying out of the restaurant business after our regular operation hours while refurbishment of part of the premises are ongoing, provided that satisfactory safety and precautionary measures are put in place and the premises are kept clean. The Directors confirm that during the refurbishment of the restaurants and the Banquet Hall, the Group will continue to comply with the conditions of the relevant licences.

The estimated amount of proceeds from the Share Offer to be used for implementing our refurbishment plan for our San Xi Lou (located on the 7th Floor and 22nd Floor of Coda Plaza), Pure Veggie House, Ronin Central, Ronin Wanchai and the Banquet Hall is expected to be approximately HK$10.0 million based on the fee quotations obtained by us. If there is a shortfall in funding for the refurbishment work for the aforesaid six premises, such expenditure could be financed by our internal resources.

Please refer to "Future Plans and Use of Proceeds — Implementation Plan" in this prospectus for the breakdown of the amount of proceeds to be used and the implementation timeframe for upgrading each of our existing restaurants and the Banquet Hall.

We believe that upgrading the decoration of our existing restaurants and the Banquet Hall can revitalise the ambience of the restaurants and the Banquet Hall, enhance the Group's competitiveness, attract new customers, and provide a new experience to our existing customers to improve our number of customer visits.

System upgrade

The Group also plans to strengthen our information technology system in the first quarter of 2018. This includes replacing our existing POS system, which will better assist our management in collecting more relevant data customers' preferences and dining habits of each of our restaurants for devising our sales and marketing strategies.

Relocation of our headquarters

In addition, our headquarters is currently situated at Coda Plaza, which is property leased by us. Pursuant to the tenancy agreement dated 12 December 2016 entered into between the Group and the landlord, the total rent the Group is currently paying to the landlord of Coda Plaza for our headquarters is HK$140,000 per month. We plan to relocate our head office to a leased premises with lower rental cost and larger office space in the first quarter of 2019 after the expiry of the lease for the existing headquarters at Coda Plaza in December 2018. We believe that the relocation of our headquarters can save rental expenses of the Group. As at the Latest Practicable Date, the Group has not identified any premises and no provisional or formal lease agreement has been entered into.

Please refer to "Business — Our Business Strategies", "Financial Information — Capital Expenditures" and "Future Plans and Use of Proceeds" in this prospectus for further details on the Group's strategies, the expected capital expenditures and the proportion of use of proceeds to be spent on implementing such strategies.

DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets out information concerning the Directors and senior management:

Name	Age	Position	Date of appointment	Date of joining the Group	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Chuk Stanley (formerly known as Chuk Stanley Cah Fai) (祝嘉輝)	39	Chairman of the Board, chief executive officer and executive Director	11 February 2016 (re-designated as an executive Director on 21 August 2017)	15 February 2008	Overseeing and planning of the Group's business strategies and responsible for the overall management of the Group, and serving as the chairman of the nomination committee and a member of the remuneration committee	Son of Mr. KY Chuk
Mr. Lam Ka Wong, Johnson (林家煌)	38	Executive Director and chief operating officer	21 August 2017	18 November 2008	Responsible for the overall management of the Group	Nil
Mr. Chuk Kin Yuen (祝建原)	64	Executive Director	21 August 2017	20 October 2016 (joined Good Step on 28 February 2013)	Overseeing and planning of the Group's business strategies, and serving as a member of the nomination committee	Father of Mr. Stanley Chuk and spouse of Mrs. Chuk Cheng Sau Mun, Winnie
Independent non-executive Directors						
Ms. Chian Yat Ping (錢一平)	52	Independent non-executive Director	23 January 2018	23 January 2018	Supervising the Group's compliance and corporate governance matters, providing independent advice to the Board, and serving as the chairman of the audit and risk management committee and a member of the remuneration committee and the nomination committee	Nil
Mr. Yew Tak Yun, Paul (姚德恩)	57	Independent non-executive Director	23 January 2018	23 January 2018	Supervising the Group's compliance and corporate governance matters, providing independent advice to the Board, and serving as a member of the audit and risk management committee, the nomination committee and the remuneration committee	Nil

Name	Age	Position	Date of appointment	Date of joining the Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Chan Kwok Ki, Stephen (陳國基)	45	Independent non-executive Director	23 January 2018	23 January 2018	Supervising the Group's compliance and corporate governance matters, providing independent advice to the Board, and serving as the chairman of the remuneration committee and a member of the audit and risk management committee and the nomination committee	Nil
Senior Management						
Mr. Chuk Stanley (祝嘉輝)	39	Chairman of the Board, chief executive officer and executive Director	11 February 2016	15 February 2008	Overseeing and planning of the Group's business strategies and responsible for the overall management of the Group	Son of Mr. KY Chuk
Mr. Lam Ka Wong, Johnson (林家煌)	38	Executive Director and chief operating officer	21 August 2017	18 November 2008	Responsible for the overall management of the Group	Nil
Mr. Chu Pui Ki, Dickson (朱沛祺)	33	Company secretary and financial controller	22 June 2017 and 21 August 2017	22 June 2017	Overseeing the company secretarial affairs and the financial matters of the Group	Nil
Mr. Ma Tat Cheong (馬達昌)	56	Senior manager	1 April 2012	11 February 2008	Overseeing the general operation, coordinating the promotion of our offerings and monitoring food safety and quality	Nil
Mr. Wong Chi Hung (黄志雄)	48	Head chef	1 March 2009	11 February 2008	Overseeing food quality control, inventory and kitchen staff	Nil
Mrs. Chuk Cheng Sau Mun, Winnie (祝鄭秀滿) (formerly known as Cheng Sau Mun (鄭秀滿))	47	Administrative manager	30 August 2017	20 October 2016 (joined Good Step on 1 January 2014)	Responsible for the general administration matter of Good Step	Spouse of Mr. KY Chuk

Executive Directors

Mr. Chuk Stanley (祝嘉輝) (formerly known as Mr. Chuk Stanley Cah Fai), aged 39, is the chairman of the Board, an executive Director and the chief executive officer of the Group. He was appointed as the Director on 11 February 2016. He was re-designated as the executive Director and appointed as the chief executive officer of the Company and the chairman of the Board on 21 August 2017. He joined the Group as a director of Great Planner, one of the operating subsidiaries of the Group, on 15 February 2008. He is primarily responsible for overseeing and planning of our business strategies and responsible for the overall management of the Group. He is the chairman of nomination committee and a member of remuneration committee. Mr. Stanley Chuk is also a director of all the subsidiaries of the Company.

Mr. Stanley Chuk has nearly 10 years of experience in the restaurant and catering business in Hong Kong. Prior to joining the Group, he worked as a building manager at Chuk's Development Company Limited from January 2000 to June 2004 in Canada. From June 2005 to July 2006, Mr. Stanley Chuk served as a property manager at Hing Fai Development (H.K.) Company Limited in Hong Kong.

Mr. Stanley Chuk graduated from Langara College in Vancouver, Canada with an associate of arts degree in May 2002.

Mr. Stanley Chuk is son of Mr. KY Chuk, the executive Director.

Mr. Lam Ka Wong, Johnson (林家煌), aged 38, was appointed as an executive Director and the chief operating officer of the Company on 21 August 2017. He was the financial controller of the Group from 18 November 2008 to 21 August 2017. Mr. Lam is primarily responsible for the overall management of the Group.

Mr. Lam has nearly ten years of experience in the administrative and financial management in the restaurant and catering business. Prior to joining the Group, he worked as a property consultant at Midland Business Management Ltd. from April 2005 to November 2005 and at Midland Realty (Comm.) Limited in Hong Kong in December 2005. Mr. Lam also served as a researcher at Harton Lee Limited in Hong Kong from April 2006 to June 2007 and as a property manager at Asian Property Investments Limited in Hong Kong from June 2007 to November 2008.

Mr. Lam graduated from the University of British Columbia in Vancouver, Canada with a bachelor's degree of arts in psychology in November 2004.

Mr. Chuk Kin Yuen (祝建原), aged 64, was appointed as an executive Director of the Company on 21 August 2017. He is primarily responsible for overseeing and planning of the Group's business strategies. He has been a director of Good Step, one of the operating subsidiaries of the Group, since February 2013 and joined the Group on 20 October 2016, being the day on which Good Step became part of the Group. He has been in charge of the management and operation of Ronin Central and Ronin Wanchai since their commencement of business. He is a member of nomination committee.

Mr. KY Chuk has over 40 years of experience in the construction, engineering and property industry. Prior to joining the Group, he worked as an assistant engineer at Carter Semiconductors (HK) Limited in Hong Kong from July 1971 to March 1973. He worked as an electronic technician at Facit Addo Office Equipment Limited in Vancouver, Canada from August 1973 to December 1979. He worked as a project director at Sui Chong Construction and Engineering Company Limited in Hong Kong from March 1980 to July 1999 which he was responsible for the construction projects for both public and private sectors. He has been the director of Hing Fai Development (H.K.) Company Limited in Hong Kong since 1981 and has worked as the general manager since July 1999.

Mr. KY Chuk studied electronic and communication engineering in the Far East Flying Training School in Hong Kong from 1968 to 1970.

Mr. KY Chuk is father of Mr. Stanley Chuk, the executive Director, and spouse of Mrs. Chuk Cheng Sau Mun, Winnie.

Independent non-executive Directors

Ms. Chian Yat Ping (錢一平), aged 52, was appointed as an independent non-executive Director on 23 January 2018. She is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. She is the chairman of audit and risk management committee and a member of remuneration committee and nomination committee.

Ms. Chian has nearly 30 years of experience in auditing and management accounting. From January 1988 to October 1993, Ms. Chian was a supervisor at Margolin Winer & Evens LLP in New York, the United States and was responsible for providing litigation consulting, audit and tax services to corporations. She worked at Deloitte & Touche LLP (currently known as Deloitte Touche Tohmatsu LLP) in New York, the United States as a manager from October 1993 to December 1995. She served as the manager of project administration of New World Development Company Limited (HK stock code: 00017) from January 1996 and on September 1999, she was transferred to New World China Land Limited and worked until January 2001. From July 2001 to December 2010, she was the investor relations officer in the investment promotion department of Invest Hong Kong. From September 2006 to December 2009, she was an independent non-executive director of Xpress Group Limited (HK stock code: 00185, currently known as ZH International Holdings Limited). Since October 2011, she has been the chief executive officer of Worldwide Best Consulting Company in Hong Kong and is responsible for providing financial and management consulting services. She has also been a committee member of the 13th and 14th Chinese People's Political Consultative Conference of Changzhou.

Ms. Chian graduated from State University of New York in New York State, the United States with a bachelor's degree in science in December 1987. Ms. Chian has been a certified public accountant in the United States since March 1990. She has been a member of National Association of Accountants, American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants in the United States since July 1990, July 1990 and January 1991, respectively. Ms. Chian has also been recognised by the Institute of Certified Management Accountants of the Institute of Management Accountants as a certified management accountant in the United States since February 1993. She has been an international affiliate of the Hong Kong Institute of Certified Public Accountants since February 2005. Ms. Chian qualified as an insurance intermediary and an MPF intermediary in Hong Kong in 2011.

Mr. Yew Tak Yun, Paul (姚德恩), aged 57, was appointed as an independent non-executive Director on 23 January 2018. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. He is a member of audit and risk management committee, nomination committee and remuneration committee.

Mr. Yew has about 30 years of experience in architecture. He served at RSP Architects Planners & Engineers in Singapore as an architect from May 1987 to October 1988. Mr. Yew joined Arthur C. S. Kwok Architects & Associates Limited in Hong Kong as an architect in November 1988 and has been a deputy director since April 1997.

Mr. Yew graduated from The National University of Singapore in Singapore with a bachelor's degree of arts in architectural studies in June 1984 and a bachelor's degree of architecture in June 1987. He has been an associate member of Singapore Institute of Architects since September 1987. He has also been a member of The Hong Kong Institute of Architects since May 1990 and a registered architect as awarded by Architects Registration Board Hong Kong since 2003.

Mr. Chan Kwok Ki, Stephen (陳國基), aged 45, was appointed as an independent non-executive Director on 23 January 2018. He is primarily responsible for supervising the Group's compliance and corporate governance matters and providing independent advice to the Board. He is the chairman of remuneration committee and a member of audit and risk management committee and nomination committee.

Mr. Chan has about 20 years of experience in business administration. He served as a sales and marketing manager from August 1997 to September 2007 and has been a general manager since August 2007 at Lee Tack Plastic & Metal Manufactory Limited. Since November 2014, he has worked as the chief executive officer of Sanki Pioneer Limited, a company principally engaged in trading and distribution of stationery and lifestyle products in Asian and European markets.

Mr. Chan graduated from McGill University in Canada with a bachelor's degree in commerce in June 1997. He also obtained a master's degree in business administration from Hong Kong Baptist University in November 2007.

Save as disclosed above and in the "Statutory and General Information" in Appendix IV to this prospectus, each of the Directors confirms with respect to him/her that: (i) he/she has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not hold any other position in the Company or any of its subsidiaries; (iii) he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there is no other information that should be disclosed for him/her pursuant to Rule 17.50(2) of the GEM Listing Rules; and (v) to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

Senior Management

Our senior management team is primarily responsible for the implementation of company strategies and carrying out the daily tasks of managing the Group. The details of our senior management team are set out below.

For detailed biographies of **Mr. Chuk Stanley (祝嘉輝)** and **Mr. Lam Ka Wong, Johnson (林家煌)**, please see "Executive Directors" above in this section.

Mr. Chu Pui Ki, Dickson (朱沛祺), aged 33, was appointed as the company secretary of the Company on 22 June 2017 and the financial controller of the Group with effect from 21 August 2017. Mr. Chu is primarily responsible for overseeing the company secretarial affairs and the financial matters of the Group.

Mr. Chu has nearly 10 years of relevant experience in accounting and auditing working and has experience in tax and internal control matters. Since April 2017, Mr. Chu has served as a director of a Singapore private company that principally engages in business and management consultancy services. He worked at Cheng and Cheng Limited, an accounting firm that serves both private and publicly listed companies in Hong Kong, from January 2013 to March 2017 and his last position was audit manager. He was an accounting manager of Creation Chance Limited, a subsidiary of RM Group Holdings Limited (HK stock code: 00932), from August 2010 to January 2013. He served at CCIF CPA Limited, a Hong Kong accounting firm, from February 2008 to April 2010 and his last position was a senior auditor.

Mr. Chu graduated from the Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

Mr. Chu has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Mr. Ma Tat Cheong (馬達昌), aged 56, was appointed as the senior manager of the Group with effect from April 2012. He is primarily responsible for overseeing the general operation of our restaurants, coordinating the promotion of our offerings and monitoring food safety and quality. Mr. Ma has served at the Group for nearly 10 years. He joined the Group as a manager in February 2008.

Mr. Ma has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Mr. Wong Chi Hung (黃志雄), aged 48, was appointed as the head chef of the Group with effect from March 2009. He is primarily responsible for overseeing food quality control, inventory and kitchen staff. Mr. Wong has served at the Group for nearly 10 years. He joined the Group as a sous chef in February 2008.

Mr. Wong has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

Mrs. Chuk Cheng Sau Mun, Winnie (祝鄭秀滿) (formerly known as Cheng Sau Mun (鄭秀滿)), aged 47, was appointed as the administrative manager of Good Step on 30 August 2017. She is primarily responsible for the general administration matter of Good Step. She joined Good Step, one of the operating subsidiaries of the Group, as the operational and finance manager in January 2014 and joined the Group on 20 October 2016, being the day on which Good Step became part of the Group.

Mrs. Chuk has nearly 20 years of experience in the property industry. From December 1988 to February 1995, she worked at Hong Kong Telecommunications Limited and her last position was a customer service representative of the customer front office. She served as a tour counter saleslady at Gray Line Tours of Hong Kong Limited during the period of November 1995 to May 1996 and a tour guide in the operations department of Holiday World Tours Limited from September 1996 to February 1997. She worked as a senior property consultant of Midland Realty (Strategic) Limited from October 1998 to April 2004. Since May 2004, she has served as a property and officer manager of Hing Fai Development (H.K.) Company Limited and has been responsible for overseeing its property portfolio.

Mrs. Chuk attended at S.K.H. Holy Trinity Church Secondary School in Hong Kong from September 1983 to July 1988.

Mrs. Chuk is spouse of Mr. KY Chuk, the executive Director.

Mrs. Chuk has not held any directorships in any other public companies the securities of which are or have been listed on any securities markets in Hong Kong or overseas in the past three years.

COMPLIANCE OFFICER

Mr. Stanley Chuk is the compliance officer of the Company. Please refer to "Executive Directors" in this section for the profile of Mr. Stanley Chuk.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on principles and code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules (the "**Corporate Governance Code**"). Except for the deviation from code provision A.2.1 of the Corporate Governance Code, the Company's corporate governance practices comply with the Corporate Governance Code.

Code provision A.2.1 of the Corporate Governance Code provides that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Stanley Chuk is the chairman and the chief executive officer of the Company. In view of Mr. Stanley Chuk being a founder of the Group and has been operating and managing Great Planner, Sky Honour, Good Step (since its acquisition by the Group) and Leading Win, the main operating subsidiaries of the Company, the Board believes that it is in the best interest of the Group to have Mr. Stanley Chuk taking up both roles for effective operational management and strategic business development. Further, the Board believes that both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Stanley Chuk is the most suitable person to occupy both positions for the Group and facilitating the implementation and execution of the Group's business strategy as disclosed in this prospectus. Therefore, the Directors consider that the deviation from code provision A.2.1 of the Corporate Governance Code is appropriate, and Mr. Stanley Chuk being the chairman and the chief executive officer can preserve and enhance the philosophies of the Group, preserve the leadership direction of the Group, and allow an efficient discharge of the executive functions of the chief executive as the decision maker. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises individuals with diverse professional backgrounds and experiences including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

BOARD COMMITTEES

The Board has established an audit and risk management committee, a remuneration committee and a nomination committee.

Audit and risk management committee

We have established an audit and risk management committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the Corporate Governance Code. The primary function of the audit and risk management committee includes, among others, monitoring compliance with the laws and regulations that are applicable to the operations of the Group, reviewing the reports and findings submitted by the internal control consultant to ensure the effectiveness of our regulatory compliance procedures and system, reviewing and monitoring our financial reporting process, the risk management procedures as well as internal control system, reviewing our financial information, considering issues relating to the external auditors and their appointment, and performing other duties and responsibilities as assigned by the Board.

The audit and risk management committee currently comprises three independent non-executive Directors, namely Ms. Chian Yat Ping, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen and is chaired by Ms. Chian Yat Ping.

Remuneration committee

We have established a remuneration committee with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the Corporate Governance Code. The primary function of the remuneration committee includes, among other things, making recommendations to the Board on the Company's policy for human resource management as well as establishing and reviewing policies and structure in relation to remuneration for the directors and senior management.

The remuneration committee currently comprises one executive Director, namely Mr. Stanley Chuk, and three independent non-executive Directors, namely Ms. Chian Yat Ping, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen, and is chaired by Mr. Chan Kwok Ki, Stephen.

Nomination committee

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code. The primary function of the nomination committee includes, among other things, reviewing the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and making recommendations to the Board on the appointment, removal or re-appointment of Directors.

The nomination committee currently comprises two executive Directors, namely Mr. Stanley Chuk and Mr. KY Chuk, and three independent non-executive Directors, namely Ms. Chian Yat Ping, Mr. Yew Tak Yun, Paul and Mr. Chan Kwok Ki, Stephen, and is chaired by Mr. Stanley Chuk.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate remuneration (including fees, salaries, housing allowances and other allowances and benefits in kind, pension scheme, bonuses and fair value of options granted) paid to the Directors for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 were nil, approximately HK$0.3 million and HK$84,000, respectively.

The aggregate remuneration (including fees, salaries, housing allowances and other allowances and benefits in kind, pension scheme, bonuses and fair value of options granted) paid to our senior management for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 were approximately HK$0.9 million, HK$1.1 million and HK$0.4 million, respectively.

The aggregate remuneration (including fees, salaries, housing allowances and other allowances and benefits in kind, pension scheme, bonuses and fair value of options granted) paid to the Company's five highest paid individuals for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 were approximately HK$2.2 million, HK$2.7 million and HK$0.9 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, the Directors or the five highest-paid individuals as an inducement to join or upon joining the Company. No compensation was paid by us to, or receivable by, the Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of the Company.

Save as disclosed above, no other payments have been made or are payable in respect of the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 by any member of the Group to any of the Directors. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ending 31 March 2018 to be approximately HK$0.5 million.

For additional information on Directors' remunerations during the Track Record Period as well as information on the highest paid individuals, please refer to note 6 in the Accountants' Report as set out in Appendix I to this prospectus.

COMPLIANCE ADVISER

The Company has appointed CLC International Limited as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to provide advisory services to the Company. In compliance with Rule 6A.23 of the GEM Listing Rules, the Company must consult with, and if necessary, seek advice from, the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction which might be a notifiable or connected transaction under Chapters 19 or 20 of the GEM Listing Rules, is contemplated, including share issues and share repurchases;

(c) where the Company proposes to use the net proceeds of the Share Offer in a manner different from that provided in this prospectus or when our business activities, developments or results deviate from any forecast, estimate (if any) or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which the 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 and such appointment may be subject to extension by mutual agreement.

RETIREMENT BENEFIT SCHEME

In Hong Kong, we participate in mandatory provident fund scheme prescribed by the MPFSO. Save as the aforesaid, we have not participated in any other pension scheme.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer, JSS Group, which is wholly-owned by Mr. Stanley Chuk, will hold 60.84% of the Company's issued share capital. For the purpose of the GEM Listing Rules, Mr. Stanley Chuk and JSS Group will be the Controlling Shareholders. Save and except for their respective interests in the Company and its subsidiaries, none of the Controlling Shareholders nor any of their respective associates had any interest in any other companies which competes, or is likely to compete, either directly or indirectly, with the business of the Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules as at the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, the Directors believe that the Group is capable of carrying on our business independently from the Controlling Shareholders (including any of their close associates) after the Listing.

Management independence

Our management and operational decisions are made by the Board and senior management. The Board comprises three executive Directors and three independent non-executive Directors.

The independent non-executive Directors have been appointed in compliance with the requirements under the GEM Listing Rules to ensure that the decisions of the Board will be made only after due consideration of independent and impartial opinion. The independent non-executive Directors are sufficiently experienced and capable of monitoring our operations independently of the Controlling Shareholders. Therefore, the Directors are of the view that the interests of the Shareholders can be safeguarded. Please refer to "Directors and Senior Management" in this prospectus for details on the independent non-executive Directors.

Each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of the Company and does not allow any conflict between his duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group, and the Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of the Company in respect of such transactions and will not be counted in the quorum of the relevant board meeting.

Except for Mr. Stanley Chuk, who is the Controlling Shareholder and executive Director, Mr. KY Chuk, who is also the executive Director, and Mrs. Chuk Cheng Sau Mun, Winnie, who is a member of our senior management, the Group has an independent senior management team to carry out and execute the business decisions of the Group independently. Our independent non-executive Directors are also expected to oversee the decisions made by the Board independently to ensure that there is no potential conflict of interest. The Directors are satisfied that the senior management team of the Group will be able to perform their roles in the Group independently, and the Directors are of the view that the Group is capable of managing its business independently from the Controlling Shareholders and their respective close associates after the Listing.

Operational independence

The Group is operationally independent from the Controlling Shareholders. Having considered the following factors, the Directors consider that the management of the Group is capable to make operational decisions independently free from the interference from the Controlling Shareholders and their respective close associates after the Listing:

(i) save for the Ronin Wanchai premises which is leased by Good Step from Charm Region Limited, a company owned by Mr. KY Chuk and Mr. Steve Chuk, under a tenancy agreement dated 1 October 2016 (details of which are set out in "Connected Transactions" in this prospectus), all of the properties used for business operations, in particular those of our restaurants, are leased from Independent Third Parties by our operating subsidiaries;

(ii) even though there is personal guarantee provided by Mr. KY Chuk and Mr. Steve Chuk (in their capacity as shareholders and directors and as required by the landlord) in respect of the tenancy agreement for the Ronin Central premises which is leased by Good Step from an Independent Third Party, neither Mr. KY Chuk nor Mr. Steve Chuk is a Controlling Shareholder or its close associate, and there are no personal guarantees or corporate guarantees provided by Mr. Stanley Chuk or JSS Group (being the Controlling Shareholders) or their respective close associates in respect of the tenancy agreements. Despite of the above, the Group has accepted the landlord's proposal to substitute the personal guarantee with an extra rental deposit amounting to approximately HK$0.7 million to be paid by the Group. Accordingly, the Group is in the process of arranging for the personal guarantee to be released prior to the Listing.

(iii) the Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities, and a set of internal control procedures independent from the Controlling Shareholders to facilitate the effective operation of our business;

(iv) we (together with our employees) possess all relevant licences necessary to carry on and operate our restaurant business and we have a workforce that is able to operate independently from the Controlling Shareholders and their respective close associates;

(v) the Group owned the trademarks and brands of our restaurants and is not reliant on any trademarks or franchised/licensed brands owned by the Controlling Shareholders or their respective close associates; and

(vi) save as disclosed in "Connected Transactions" in this prospectus and the related party transactions as set forth in note 30 to the Accountants' Report in Appendix I to this prospectus, and connected transactions that are fully exempt from the requirements under Chapter 20 of the GEM Listing Rules, immediately after the Listing, there will be no continuing connected transactions and related party transactions between the Group and the Controlling Shareholders and/or their respective close associates. The Company will comply with all the requirements under Chapter 20 of the GEM Listing Rules in connection with any new continuing connected transactions to be entered into by the Company after the Listing.

In light of the foregoing, the Directors are of the view that the Group is capable of operating independently from the Controlling Shareholders and their respective close associates after the Listing.

Financial independence

We make financial decisions according to our own business needs. The Group has established a financial reporting system that operates independently, has established its own internal control and accounting system, has its own an independent accounting department, and has a financial controller who is independent from the Controlling Shareholders who is responsible for overseeing the Group's financial functions. The Directors therefore consider that the Group is able to operate independently from the Controlling Shareholders from a financial perspective.

During the Track Record Period and up to the Latest Practicable Date, Mr. Stanley Chuk, Mr. KY Chuk, Mr. Steve Chuk and their close associates had provided personal and/or corporate guarantees and their properties held by their associated companies as collaterals for banking facilities used by the Group. The Directors confirm that the above personal guarantees and collaterals will be released and replaced by corporate guarantees provided by members of the Group upon the Listing.

All loans and advances due to the Controlling Shareholders and their respective close associates which are non-trade in nature will be fully settled prior to the Listing. The Group has sufficient capital to operate our business independently, and has adequate internal resources and available credit facilities to support our daily operations and our business strategies after the Listing.

The Directors are of the view that the Group is not financially dependent on the Controlling Shareholders or their respective associates in the Group's business operations and the Group is able to obtain external financing on market terms and conditions for its business operations as and when required.

DEED OF NON-COMPETITION

In order to maintain a clear delineation of the businesses between the Group, the Controlling Shareholders, and Mr. KY Chuk, J & W Group, Mr. Steve Chuk and Oxlo (collectively, the "**Existing Shareholders**"), the Controlling Shareholders and the Existing Shareholders (collectively, the "**Covenantors**") have entered into the Deed of Non-Competition in favour of the Company (for itself and as trustee for each of its subsidiaries from time to time).

Under the Deed of Non-Competition:

(a) each of the Covenantors irrevocably undertakes to the Company (for itself and as trustee for each of its subsidiaries from time to time) that he/it shall not, and shall procure that none of their respective associates (other than members of the Group) shall, during the period (the "**Restricted Period**") in which (i) the Shares remain listed on the Stock Exchange; and (ii) the Covenantors and their respective associates (other than members of the Group), individually or jointly, are entitled to exercise, or control the exercise of, not less than 30% of the voting power at general meetings of the Company, directly or indirectly, either on their own account, in conjunction with, on behalf of, or through any person, firm or company, among other things, carry on, participate or be interested, engaged or otherwise involved in or acquire or hold any right or interest in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete, whether directly or indirectly, with any business of any members of the Group and any other new business which the Group may undertake from time to time after the Listing within Hong Kong and such other places as the Group may conduct or carry on business from time to time (the "**Restricted Business**");

(b) each of the Covenantors further undertakes to procure that, during the Restricted Period, any business investment or other commercial opportunity relating to the Restricted Business (the "**New Opportunity**") identified by or offered to the Covenantors and/or any of their respective associates (other than members of the Group) (the "**Offeror**"), shall be handled in the following manner:

(i) the Covenantors are required to, and shall procure their respective associates (other than members of the Group) to, refer, or procure the referral of the New Opportunity to the Group, and shall give written notice (the "**Offer Notice**") to the Company of any New Opportunity containing all information considered by the Directors to be necessary for the Directors and the Company to consider whether (1) the New Opportunity forms part of the Restricted Business, and/or (2) it is in the interest of the Group and the shareholders of the Company as a whole to pursue the New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs as soon as practicable after such opportunity arises. For the avoidance of doubt, none of the Covenantors or their respective associates may take up any Restricted Business during the Restricted Period; and

(ii) if there is a material change in the terms and conditions of the New Opportunity (or any subsequent revision to or major development on the New Opportunity) offered by the Offeror, the Covenantors are required to, and shall procure their respective associates (other than members of the Group) to, refer or procure the referral of such revised New Opportunity in the manner provided for in paragraph (b)(i) above;

(c) each of the Covenantors further undertakes and agrees:

(i) not at any time during the Restricted Period to induce or attempt to induce directly or indirectly, any director, manager or employee of the Group to terminate his or her service contract, or contract of employment with the Group, whether or not such act of that person would constitute a breach of that person's service contract, or contract of employment;

(ii) not at any time during the Restricted Period to solicit or persuade directly or indirectly, any person who has dealt with the Group or is in the process of negotiating with the Group in relation to the Restricted Business cease to deal with the Group or reduce the amount of business which the person would normally do with the Group;

(iii) to provide all relevant information for the annual review by the independent non-executive Directors for the compliance with and the enforcement of the Deed of Non-Competition;

(iv) to allow, subject to confidentiality restrictions imposed by any third party, the representatives of the Company and of the auditors of the Company to have access to its/his financial and/or corporate records as may be necessary for the independent non-executive Directors to determine whether the Covenantors and their respective associates have complied with the terms of the Deed of Non-Competition;

(v) to make an annual declaration in a form determined by the Company on the compliance with the terms of the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the Company's corporate governance report within two months after the date upon which the financial period of the Company ends, or if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the Company's corporate governance report; and

(vi) the Covenantors, for themselves and on behalf of their respective associates (except any member of the Group), acknowledge that the Company may be required by the relevant laws, regulations, rules of the stock exchange(s) on which the Shares may be listed and the regulatory bodies to disclose, from time to time, information on the New Opportunity, including but not limited to disclosure in public announcements or the Company's corporate communications in relation to the New Opportunity and agree to the disclosure to the extent necessary (including, for the avoidance of doubt, the Company's advisors) to comply with any such requirement.

The Covenantors further acknowledge that the Group may be required by law, regulatory bodies or the rules and regulations of the stock exchange(s) on which the shares or other securities of the Company and/or its subsidiaries may be listed from time to time to seek Shareholders' approval to pursue such opportunities.

CORPORATE GOVERNANCE MEASURES

The Controlling Shareholders and the Existing Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. The Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

(1) the Articles of Association provide that a Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution);

(2) the independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-Competition by the Controlling Shareholders and the Existing Shareholders;

(3) the Controlling Shareholders and the Existing Shareholders undertake to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;

(4) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking of the Controlling Shareholders and the Existing Shareholders in the annual reports of the Company;

(5) the Controlling Shareholders and the Existing Shareholders will make an annual declaration on compliance with the Deed of Non-Competition in the annual report of the Company; and

(6) the independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-Competition or connected transaction(s) at the cost of the Company.

Further, any transaction that is proposed between the Group and the Controlling Shareholders and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of the Group has experienced any dispute with its shareholders or among its shareholders themselves and the Directors believe that each member of the Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, the Directors believe that the interests of the Shareholders as a whole will be protected.

OVERVIEW

Pursuant to Chapter 20 of the GEM Listing Rules, the Directors, substantial Shareholders and chief executive officer or those of our subsidiaries, any person who was a Director or a director of our subsidiaries within 12 months pending the Listing Date and any of their associates will become a connected person of the Company upon Listing. Upon Listing, our transactions with such connected persons will constitute connected transactions under Chapter 20 of the GEM Listing Rules.

During the Track Record Period, we have entered into certain related party transactions and such transactions had been discontinued or ceased prior to Listing. The Directors confirm that after Listing, the following transactions between the Group and the relevant connected persons will continue, which will constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Tenancy Agreement between the Group and Charm Region

On 1 January 2018, Good Step, as tenant, entered into a tenancy agreement (the "**Tenancy Agreement**") with Charm Region Limited ("**Charm Region**"), as landlord in respect of the premises (the "**Premises**") for use by the Group to operate Ronin Wanchai. A summary of the terms of the Tenancy Agreement is set out below:

Landlord	:	Charm Region
Tenant	:	Good Step
Premises	:	2A, 2nd Floor, Capital Building, 175–191 Lockhart Road, Wan Chai, Hong Kong
Term of lease	:	From 1 January 2018 to 31 March 2020
Monthly rental	:	HK$200,000 (excluding government rates, utilities, management fees and other outgoings) during the period from 1 January 2018 to 30 September 2018, and HK$250,000 (excluding government rates, utilities, management fees and other outgoings) during the period from 1 October 2018 to 31 March 2020 with two rent-free months in October 2018 and October 2019
Renewal rights	:	Good Step shall have the right to renew the lease for three additional years from 1 April 2020 at the prevailing market rent provided that the increase in monthly rental shall be no more than 25%
Use	:	Restaurant

Charm Region is owned as to 50% by Mr. KY Chuk and 50% by Mr. Steve Chuk, Mr. KY Chuk is the Director, and Mr. Steve Chuk is son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk, who is an associate of the Company. As such, Charm Region is a connected person of the Company under the GEM Listing Rules.

Historical transaction amounts

The total amounts incurred by Good Step for the Premises to Charm Region for the two years ended 31 March 2016 and 2017, the four months ended 31 July 2017, and the five months ended 31 December 2017 were approximately HK$2.4 million, HK$2.4 million, HK$0.8 million and HK$1.0 million, respectively.

Annual caps on future transaction amounts

Based on the terms of the Tenancy Agreement, the Directors estimate that the aggregate amount payable by the Group to Charm Region for the periods set out below are as follows:

From 1 January 2018 to 31 March 2018	:	HK$0.6 million
For the year ending 31 March 2019	:	HK$2.45 million (with a rent-free month in October 2018)
For the year ending 31 March 2020	:	HK$2.75 million (with a rent-free month in October 2019)

Such estimate is based on fixed monthly rentals payable under the Tenancy Agreement, which were determined after arm's length negotiations with reference to (i) historical rentals paid by Good Step to Charm Region; and (ii) the prevailing market rates of similar properties in the area. After considering the opinion of AVISTA Valuation Advisory Limited, an independent professional valuation firm, the Directors consider that the rent to be paid by the Group to Charm Region as stated above is fair, reasonable and consistent with the market rent for similar premises in similar locations.

As one or more applicable percentage ratios (other than the profit ratio) under the GEM Listing Rules exceed 5%, the Tenancy Agreement will therefore constitute a continuing connected transaction of the Company which will be subject to reporting, announcement, annual review and independent shareholders' approval requirements after the Listing.

Confirmation from the Directors and the Sponsor

The Directors (including the independent non-executive Directors) are of the view, and the Sponsor concurs, that the transactions under the Tenancy Agreement have been and will be entered into in the ordinary and usual course of business of the Company, negotiated on an arm's length basis, and on normal commercial terms or better which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the proposed annual caps for the transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Waiver application

As the Tenancy Agreement will continue to be entered into in the ordinary and usual course of business of the Group on a continuing basis, the Directors are of the view that compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules would impose unnecessary administrative costs and burden to the Group. Accordingly, the Sponsor and the Company have applied for, and the Stock Exchange has granted to us, a waiver for strict compliance with the announcement and shareholders' approval requirements under Rules 20.33 and 20.34 of the GEM Listing Rules as may otherwise be required by the Company in respect of the Tenancy Agreement pursuant to Rules 20.100

and 20.103 of the GEM Listing Rules provided that aggregate transaction amounts are within the annual caps proposed for the three years ending 31 March 2020. We shall continue to comply with the annual review and reporting under Chapter 20 of the GEM Listing Rules. Upon expiry of the waiver, we will comply with the applicable provisions under Chapter 20 of the GEM Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

(1) Parking and advertising fees paid to connected persons

We have transactions with Darnassus Limited ("**Darnassus**"), a company wholly-owned by Mr. Stanley Chuk, one of the Controlling Shareholders and an executive Director, which will be continued after the Listing. As such, Darnassus is a connected person of the Company under the GEM Listing Rules. The details of the transactions entered into between the Group and Darnassus and which will be continued after the Listing are as follows:

*(a) Parking concession granted to eligible customers of the Group (the "**Customer Parking Arrangement**")*

We offer free parking at Coda Plaza (up to a maximum limit of three hours) to our members who park in Coda Plaza's carpark and who spend a minimum amount at our restaurants or our Banquet Hall in Coda Plaza (the "**Eligible Customers**"). Prior to 1 August 2016, one of the Predecessor Group companies, Top Standard Parking Limited ("**TS Parking**"), was the provider of car parking spaces in Coda Plaza and the Group paid car parking fees to TS Parking directly on behalf of the Eligible Customers. Since 1 August 2016, Darnassus has become the provider of car parking spaces in Coda Plaza, and the Group settled the amounts due under the Customer Parking Arrangement with Darnassus. Pursuant to two service agreements dated 1 August 2016 entered into between Darnassus and Great Planner (the operating company of San Xi Lou) and between Darnassus and Sky Honour (the operating company of Pure Veggie House), respectively, each of Great Planner and Sky Honour has agreed to pay to Darnassus carpark fees at the rate of HK$25 per hour per parking space occupied by our Eligible Customers (which is lower than the hourly carpark rate of HK$28 per hour that is payable by public users of the Coda Plaza carpark) within 30 days from the invoice date. The service agreements would remain valid unless terminated by either party to a service agreement by at least one month's notice.

*(b) Monthly rental fees payable by the Group for the Group's own motor vehicle for its own operations (the "**Monthly Carpark Rental**")*

Since 1 October 2016, Great Planner has also paid a monthly fee for renting a car parking space from Darnassus, and this carpark space is used for parking its goods vehicle. Great Planner currently pays HK$3,300 per month for each parking space rented from Darnassus, which is lower than both the hourly carpark rate and also the day-park rate that is payable by the public users of the Coda Plaza carpark. Invoices are issued monthly by Darnassus to the Group and are payable within 30 days from the invoice date.

*(c) Advertisement fees paid to Darnassus (the "**Carpark Advertisement Arrangement**")*

During the Track Record Period, the Group's restaurants are permitted by TS Parking and Darnassus to display advertisements at the Coda Plaza carpark entrance and also at two parking spaces within the Coda Plaza carpark by paying advertisement fees. The fees for the Carpark Advertisement Arrangement were payable to TS Parking prior to 1 August 2016 and to Darnassus from 1 August 2016. The monthly advertisement fees payable by Great Planner and Sky Honour are HK$5,000 per month and HK$2,000 per month, respectively. Invoices for the advertisement fees are issued monthly to the Group and are payable within 30 days from the invoice date.

The Customer Parking Arrangement, the Monthly Carpark Rental and the Carpark Advertisement Arrangement (together the "**Carpark Transactions**") are made in the ordinary and usual course of our business and are on normal commercial terms or better. Pursuant to the requirements under Rule 20.81 of the GEM Listing Rules, as all of the Carpark Transactions are conducted with Darnassus after the Listing, the Stock Exchange may aggregate all continuing connected transactions with a connected person. Given that each of the applicable percentage ratios calculated on the basis of the aggregated annual transaction amounts under the Carpark Transactions is less than 5% and the total consideration payable under the Carpark Transactions on an annual basis is less than HK$3,000,000, the Carpark Transactions constitute continuing connected transactions of the Company but are fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 20.74(1) of the GEM Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that it will be in the interests of the Company and the Shareholders as a whole to continue with the Carpark Transactions after the Listing. Should there be any change in any of the Carpark Transactions so as to make these transactions, when aggregated, not fully exempt under the GEM Listing Rules, we will comply with the applicable requirements under the GEM Listing Rules.

(2) Catering income from connected persons

During the Track Record Period, certain Directors and substantial Shareholders and their respective associates, being the connected persons of the Company, are customers of our restaurants (the "**Catering Services**"). After Listing, the Directors, substantial Shareholders and their respective associates will continue to engage in the Catering Services.

The Catering Services are made in the ordinary and usual course of the business, on normal commercial terms and for own consumption. The transactions contemplated under the Catering Services fall within the exemption of buying or selling of consumer goods or services under Rule 20.95 of the GEM Listing Rules and are fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Note 30 to the Accountant's Report in Appendix I to this prospectus sets out the catering income during the Track Record Period from Mr. Stanley Chuk and Mr. KY Chuk, who are the Directors.

The Directors (including our independent non-executive Directors) consider that the Catering Services have been entered into on normal commercial terms and in the ordinary and usual course of business, and that the transactions contemplated under the Catering Services are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, the following persons will, immediately following the completion of the Capitalisation Issue and the Share Offer, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are, 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 the Company:

Name of Shareholder	Nature of interest	Number of Shares held at the date of this prospectus *(Note 1)*	Approximate percentage shareholding as at the date of this prospectus	Number of Shares held upon completion of the Capitalisation Issue and Share Offer *(Note 1)*	Approximate percentage shareholding in the Company upon completion of the Capitalisation Issue and the Share Offer
JSS Group	Beneficial owner	8,112 (L)	81.12%	486,720,000 (L)	60.84%
Mr. Stanley Chuk *(Note 2)*	Interest in a controlled corporation	8,112 (L)	81.12%	486,720,000 (L)	60.84%

Notes:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

(2) The Company will be directly owned as to 60.84% by JSS Group immediately upon the completion of the Capitalisation Issue and the Share Offer. By virtue of Mr. Stanley Chuk's 100% shareholding in JSS Group, Mr. Stanley Chuk is deemed to be interested in the same number of Shares held by JSS Group.

Save as disclosed above, the Directors are not aware of any person who will, immediately following the completion of the Capitalisation Issue and the Share Offer, has an interest or 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 who are, 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 the Company.

SIGNIFICANT SHAREHOLDERS

So far as the Directors are aware, apart from the persons disclosed in "Relationship with the Controlling Shareholders" in this prospectus and "Substantial Shareholders" in this section, immediately after completion of the Capitalisation Issue and the Share Offer, the following persons will be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company, and are accordingly regarded as significant shareholders upon Listing under the GEM Listing Rules:

Name of Shareholder	Nature of interest	Number of Shares held at the date of this prospectus *(Note 1)*	Approximate percentage shareholding as at the date of this prospectus	Number of Shares held upon completion of the Capitalisation Issue and Share Offer *(Note 1)*	Approximate percentage shareholding in the Company upon completion of the Capitalisation Issue and the Share Offer
J & W Group	Beneficial owner	944 (L)	9.44%	56,640,000 (L)	7.08%
Oxlo	Beneficial owner	944 (L)	9.44%	56,640,000 (L)	7.08%
Mr. KY Chuk *(Note 2)*	Interest in a controlled corporation	944 (L)	9.44%	56,640,000 (L)	7.08%
Mr. Steve Chuk *(Note 3)*	Interest in a controlled corporation	944 (L)	9.44%	56,640,000 (L)	7.08%
Mrs. Chuk Cheng Sau Mun, Winnie *(Note 4)*	Interest of spouse	944 (L)	9.44%	56,640,000 (L)	7.08%

Notes:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

(2) The Company will be directly owned as to 7.08% by J & W Group immediately upon the completion of the Capitalisation Issue and the Share Offer. By virtue of Mr. KY Chuk's 100% shareholding in J & W Group, Mr. KY Chuk is deemed to be interested in the same number of Shares held by J & W Group.

(3) The Company will be directly owned as to 7.08% by Oxlo immediately upon the completion of the Capitalisation Issue and the Share Offer. By virtue of Mr. Steve Chuk's 100% shareholding in Oxlo, Mr. Steve Chuk is deemed to be interested in the same number of Shares held by Oxlo.

(4) Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, is deemed to be interested in all the Shares that Mr. KY Chuk holds an interest in for the purpose of Part XV of the SFO.

Save as disclosed, the Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Share Offer, be directly or indirectly interested in 5% or more of the voting power at the general meetings of the Company and be regarded as significant shareholders under the GEM Listing Rules.

The following is a description of the authorised and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Capitalisation Issue and the Share Offer:

Authorised share capital:		*HK$*
2,000,000,000	Shares of HK$0.01 each	20,000,000

Issued and to be issued, fully paid or credited as fully paid:

10,000	Shares in issue as at the Latest Practicable Date	100
599,990,000	Shares to be issued pursuant to the Capitalisation Issue	5,999,900
200,000,000	Shares to be issued pursuant to the Share Offer	2,000,000
800,000,000	**Total**	8,000,000

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, the Company must maintain the minimum prescribed percentage of 25% of the issued share capital of the Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares will carry the same rights in all respects with all Shares currently in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus save for the entitlements under the Capitalisation Issue.

GENERAL MANDATE GRANTED TO THE DIRECTORS

Subject to the Share Offer becoming unconditional, general mandates have been granted to the Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, please refer to "Further Information about the Company — 4. Written resolutions of the Shareholders passed on 23 January 2018" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Cayman Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, the Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III to this prospectus.

*You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. The Group's consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views of the Group with respect to future events and financial performance. These statements are based on assumptions and analysis made by the Group in light of our experience of historical trends, current conditions and expected future developments, as well as other factors the Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet the Group's expectations and projections depends on a number of risks and uncertainties over which the Group does not have control. For further information, please refer to "Risk Factors" and "Forward-looking Statements" in this prospectus.

The following discussions 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 arithmetic aggregation of the figures of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a Hong Kong based restaurant group that offers Sichuanese, Cantonese, fusion vegetarian and Japanese cuisine. We are committed to serving customers who appreciate tasty and aesthetically pleasing cuisines that are prepared using quality ingredients. As at the Latest Practicable Date, we operated five full-service restaurants in Hong Kong, including (i) our two Sichuanese and Cantonese restaurants under the "San Xi Lou (三希樓)" brand, (ii) our fusion vegetarian restaurant under the "Pure Veggie House (心齋)" brand, and (iii) our two Japanese restaurants under the "Ronin (浪人)" brand.

We have adopted a multi-brand strategy purely aimed at the Hong Kong market. With three main brands namely, "San Xi Lou (三希樓)", "Pure Veggie House (心齋)" and "Ronin (浪人)", covering the spectrum of different segments of mid-to-high customers we believe have strong spending power, our diverse restaurant network has enabled us to attract a diversified customer base across Hong Kong. Our multi-brand strategy also gives us flexibility in our operations and in planning our future expansion. The Directors believe that a key factor in our success to date has been our desire and ability to adapt over time to customer demands and preferences in different market segments. We believe our multi-brand portfolio and our diversified offering allow us to target customers with different tastes and preferences who expect value-for-money and broaden our revenue sources strive to meet their demands and expectations throughout the entire dining experience.

For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the Group generated revenue of HK$72.9 million, HK$80.0 million and HK$31.1 million, respectively. Our profit and total comprehensive income for the two years ended 31 March 2016 and 2017 were HK$10.7 million and HK$8.3 million, respectively, and our loss and total comprehensive expense for the four months ended 31 July 2017 was HK$6.0 million. After excluding non-recurring Listing expenses in the amount of HK$7.0 million, we would have had a profit and total comprehensive income for the four months ended 31 July 2017 of HK$0.9 million.

BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability. Pursuant to the Reorganisation as detailed in "History and Corporate Structure — Reorganisation" in this prospectus, the Company became the holding company of the subsidiaries that operate our San Xi Lou and Pure Veggie House on 30 June 2016, and became the holding company of the subsidiary that operates the Ronin restaurants on 20 October 2016. The historical financial information has been prepared under the principles of merger accounting, and 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 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current Group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where there is a shorter period.

The consolidated statements of financial position of the Group as at 31 March 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at that date taking into account the respective dates of incorporation, where applicable. The acquisition of Good Step has been accounted for using the purchase method. For details, please refer to note 27 to the Accountants' Report in Appendix I to this prospectus.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The Group's results of operations and financial conditions have been and will continue to be affected by a number of factors, many of which may be beyond the control of the Group, including those that are set out in "Risk Factors" in this prospectus and those set out below.

Economic condition of Hong Kong

Because all of the Group's restaurants are located in Hong Kong, our revenue and our results of operations depend to a great extent on the Hong Kong economy. Furthermore, the Directors believe that our targeted market segment (being the mid-to-high end market segment) is influenced to a large extent by our customers' disposable income and discretionary spending. Therefore, if Hong Kong experiences an economic downturn or other conditions that are adverse to our operations such as natural disasters, contagious disease outbreaks, food safety incidents, political or financial market instability or threats of or actual terrorist attacks, our revenue and our results of operations may be materially and adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in revenue on our profits/loss before tax and our profit/loss for the years/period during the Track Record Period (assuming that all other relevant factors remain unchanged). Fluctuations are assumed to be 5% and 10% for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, which we believe to be reasonable and are within the range of fluctuations in revenues of our restaurants during the Track Record Period:

Hypothetical Fluctuation

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2016

	-10%	-5%	+5%	+10%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in revenue	(7,290)	(3,645)	3,645	7,290
Change in profit before tax	(7,290)	(3,645)	3,645	7,290
Change in profit for the year	(6,087)	(3,043)	3,043	6,087

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2017

	-10%	-5%	+5%	+10%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in revenue	(7,995)	(3,998)	3,998	7,995
Change in profit before tax	(7,995)	(3,998)	3,998	7,995
Change in profit for the year	(6,676)	(3,338)	3,338	6,676

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the four months ended 31 July 2017

	-10%	-5%	+5%	+10%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in revenue	(3,112)	(1,556)	1,556	3,112
Change in loss before tax	(3,112)	(1,556)	1,556	3,112
Change in loss for the period	(2,599)	(1,299)	1,299	2,599

Staff costs

The restaurant business is a service-oriented business and is labour intensive by nature. Staff costs (including employee benefits expenses and service fees for part-time or casual staff) were the largest component of our operating expenses during the Track Record Period. We also rely on our experienced employees in order to ensure that our food and service quality is maintained at standards acceptable to us, and we believe that by offering remuneration packages that are competitive we would be able to retain our employees and our employees will contribute to the success our restaurant business. For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our staff costs amounted to HK$23.9 million, HK$28.4 million and HK$11.0 million, respectively, representing 32.8%, 35.5% and 35.3% of our total revenue for the corresponding period.

In view of the statutory minimum wage regime, there are regular revisions of statutory minimum wage levels (as at 1 May 2017, the statutory minimum wage has been set at HK$34.5 per hour, an increase of approximately 6.2% from the previously rate of HK$32.5 per hour). Combined with the general inflationary pressures in Hong Kong, we believe the Group will face competition from employers both within and outside of the restaurant industry for skilled and unskilled workers alike.

Where there is an upward pressure on our staff costs, the Group may be forced to increase our offered wages to hire employees and to retain our existing staff. We manage our staff costs by carefully monitoring and optimising our operational flow and by reducing our part-time staff engagements. An increase in staff costs will affect our profit margins.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on our profits/loss before tax and our profit/loss for the years/period during the Track Record Period (assuming that all other relevant factors remain unchanged). Fluctuations are assumed to be 10% and 20% for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, which we believe to be reasonable and are within the range of fluctuations in staff costs of the Group during the Track Record Period:

Hypothetical Fluctuation

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2016

	-20%	-10%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in staff cost	(4,787)	(2,393)	2,393	4,787
Change in profit before tax	4,787	2,393	(2,393)	(4,787)
Change in profit for the year	3,997	1,998	(1,998)	(3,997)

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2017

	-20%	-10%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in staff cost	(5,680)	(2,840)	2,840	5,680
Change in profit before tax	5,680	2,840	(2,840)	(5,680)
Change in profit for the year	4,743	2,371	(2,371)	(4,743)

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the four months ended 31 July 2017

	-20%	-10%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in staff cost	(2,198)	(1,099)	1,099	2,198
Change in loss before tax	2,198	1,099	(1,099)	(2,198)
Change in loss for the period	1,836	918	(918)	(1,836)

As we intend to open new restaurants and to establish a new central kitchen as part of our business plan, and taking into account the anticipated inflationary pressures on wages and the regular revisions of statutory minimum wage level, we expect our staff costs expenses to increase.

Costs of raw materials and consumables used

Our raw materials and consumables used primarily comprise food ingredients and other consumables (including utensils and table linens) that we use, and beverages that are consumed by our customers in our restaurants. We require a stable supply of food ingredients and beverages that meet our quality requirements for supply to our customers, and changes in their costs may affect our financial performance. During the Track Record Period, the principal food ingredients that we used in our operations included seafood, meats, vegetables and spices. Food ingredients that we purchase from our suppliers are generally purchased at the prevailing market price as the Group generally does not enter into long-term contracts with our raw materials and consumables suppliers. Therefore, the costs of our raw materials and consumables are subject to fluctuations in market prices based on the supply and demand condition at the relevant time.

For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our total costs for raw materials and consumables used were HK$18.3 million, HK$19.5 million and HK$7.9 million, respectively, representing 25.1%, 24.4% and 25.5% of our total revenue for the corresponding period. The costs for raw materials and consumables used did not have a significant fluctuation as a percentage of our total revenue during the Track Record Period.

Costs of raw materials and consumables used was the second largest component of our operating expenses during the Track Record Period, and these costs therefore may have a significant impact on our operating results, and an upward fluctuation of our costs of raw materials and consumables used may affect our profit margins. For details on how we monitor and control the costs of our food ingredients, please refer to "Business — Our Suppliers — Raw materials and consumables" in this prospectus.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of costs of raw materials and consumables used on our profits/loss before tax and our profits/loss for the years/period during the Track Record Period (assuming that all other relevant factors remain unchanged). Fluctuations are assumed to be 10% and 20% for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, which we believe are reasonable and are within the range of fluctuations in costs of raw materials and consumables used during the Track Record Period:

Hypothetical Fluctuation

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2016

	-20%	-10%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in raw material and consumable used	(3,659)	(1,829)	1,829	3,659
Change in profit before tax	3,659	1,829	(1,829)	(3,659)
Change in profit for the year	3,055	1,527	(1,527)	(3,055)

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2017

	-20%	-10%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in raw material and consumable used	(3,908)	(1,954)	1,954	3,908
Change in profit before tax	3,908	1,954	(1,954)	(3,908)
Change in profit for the year	3,264	1,632	(1,632)	(3,264)

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the four months ended 31 July 2017

	-20%	-10%	+10%	+20%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in raw material and consumable used	(1,585)	(793)	793	1,585
Change in loss before tax	1,585	793	(793)	(1,585)
Change in loss for the period	1,324	662	(662)	(1,324)

As we intend to set up new restaurants as part of our business plan, we expect to use more raw materials and consumables and such expenses are expected to increase.

Rental and related expenses

During the Track Record Period, all of the Group's restaurants and our office were operated on leased properties, and hence the Group is exposed to rental market fluctuations in Hong Kong.

For the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, the Group's rental and related expenses amounted to HK$6.8 million, HK$10.4 million and HK$6.0 million, respectively, representing 9.3%, 13.1% and 19.3% of the Group's total revenue for the corresponding period. During the Track Record Period, the tenancies of our premises were based on fixed rent that were payable on a monthly basis. Most of our existing lease agreements include option(s) to renew at increased rent.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of rental and related expenses on our profits/loss before tax and our profits/loss for the years/period during the Track Record Period (assuming that all other relevant factors remain unchanged). Fluctuations are assumed to be 20% and 35% for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, which we believe are reasonable and are within the range of fluctuations in rental and related expenses during the Track Record Period:

Hypothetical Fluctuation

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2016

	-35%	-20%	+20%	+35%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in rental and related expenses	(2,385)	(1,363)	1,363	2,385
Change in profit before tax	2,385	1,363	(1,363)	(2,385)
Change in profit for the year	1,991	1,138	(1,138)	(1,991)

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the year ended 31 March 2017

	-35%	-20%	+20%	+35%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in rental and related expenses	(3,653)	(2,087)	2,087	3,653
Change in profit before tax	3,653	2,087	(2,087)	(3,653)
Change in profit for the year	3,050	1,743	(1,743)	(3,050)

Impact on certain items in the consolidated statements of profit or loss and other comprehensive income items for the four months ended 31 July 2017

	-35%	-20%	+20%	+35%
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Change in rental and related expenses	(2,102)	(1,201)	1,201	2,102
Change in loss before tax	2,102	1,201	(1,201)	(2,102)
Change in loss for the period	1,755	1,003	(1,003)	(1,755)

We had also leased the premises at Times Square in Causeway Bay for San Xi Lou Times Square, and the rent that is charged is determined on the basis of the higher of a minimum rent per month and an agreed percentage of gross receipts from our restaurant. As we intend to expand our restaurant operations, and also taking into account general inflationary pressures on rent, we expect our property rental and related expenses to increase as we implement our plans to open new restaurants.

Seasonality

The restaurant business in Hong Kong is seasonal, with higher revenue being recorded before and during major festivities, when we believe our customers are more inclined to have group gatherings. In particular, we record higher levels of revenue during the period between the Winter Solstice festival and the Lunar New Year when there are more celebratory festivals. During the two years ended 31 March 2016 and 2017, the revenue for each of December and January was at least 8% above the average monthly revenue of the corresponding full financial year. Conversely, our revenues remain relatively steady in the remaining months of the relevant year. Because of the seasonality factor, the results for any particular period in a year do not necessarily accurately reflect the results that may be achieved for the full year.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial information has been prepared in accordance with HKFRSs. We have identified certain accounting policies (such as our accounting policies on revenue recognition, property and equipment, and leasing) that are significant to the preparation of our financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in note 3 to the Accountants' Report in Appendix I to this prospectus.

In addition, the preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. However, uncertainties about these assumptions, estimates and judgments could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities in the future. Please refer to note 4 to the Accountants' Report in Appendix I to this prospectus for further details.

RESULTS OF OPERATION OF THE GROUP

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, which are derived from the Accountants' Report in Appendix I to this prospectus.

	For the year ended 31 March		For the four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Revenue	72,898	79,951	22,520	31,123
Other income	1	1	1	1
Raw materials and consumables used	(18,293)	(19,542)	(5,192)	(7,926)
Staff costs	(23,934)	(28,401)	(8,129)	(10,992)
Depreciation	(1,512)	(2,988)	(582)	(1,656)
Rental and related expenses	(6,815)	(10,437)	(2,294)	(6,006)
Utilities expenses	(3,281)	(3,510)	(1,045)	(1,437)
Listing expenses	—	—	—	(6,956)
Other expenses	(6,072)	(4,404)	(1,231)	(1,463)
Finance costs	(149)	(206)	(28)	(156)
Profit (loss) before taxation	12,843	10,464	4,020	(5,468)
Income tax expense	(2,138)	(2,131)	(626)	(560)
Profit (loss) and total comprehensive income (expense) for the year/period	10,705	8,333	3,394	(6,028)
Profit (loss) and total comprehensive income (expense) for the year/period attributable to				
— owners of the Company	6,958	7,406	2,467	(6,028)
— non-controlling interests	3,747	927	927	—
	10,705	8,333	3,394	(6,028)

DESCRIPTION OF THE PRINCIPAL COMPONENTS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We derive our revenue principally from (i) catering income, which includes services provided and sales of food and beverages at our restaurants operations, and (ii) membership fee income (representing the HK$300 non-refundable yearly subscription fee paid by members) during the Track Record Period. For further details of our membership fee income during the Track Record Period, please refer to note 5 to the Accountants' Report in Appendix I to this prospectus. Our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to HK$72.9 million, HK$80.0 million, HK$22.5 million and HK$31.1 million, respectively. The following table sets forth the breakdown of revenue by restaurant during the Track Record Period.

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(unaudited)			
San Xi Lou	57,764	79.2	56,093	70.1	17,900	79.5	17,916	57.6
Pure Veggie House	15,134	20.8	15,026	18.8	4,620	20.5	4,738	15.2
Ronin Central *(Note 1)*	—	—	3,888	4.9	—	—	3,485	11.2
Ronin Wanchai *(Note 1)*	—	—	4,944	6.2	—	—	4,984	16.0
Total	72,898	100.0	79,951	100.0	22,520	100.0	31,123	100.0

Note:

(1) The Group acquired Good Step, which operates Ronin Central and Ronin Wanchai, on 20 October 2016. For the pre-acquisition financial information of Good Step, please refer to note 32 to the Accountants' Report in Appendix I to this prospectus.

Please refer to "Business — Sales and Marketing — Settlement" on the manner our customers settle their bills.

For the year ended 31 March 2017, the Group's revenue increased by HK$7.1 million, representing an increase of 9.7% from HK$72.9 million for the year ended 31 March 2016 to HK$80.0 million for the year ended 31 March 2017. This increase in revenue for the year ended 31 March 2017 was primarily due to the inclusion of the revenues derived from Ronin Wanchai and Ronin Central, which became part of the Group in October 2016, which together contributed approximately HK$8.8 million in additional revenue to the Group for the year ended 31 March 2017. Excluding the revenue contribution from the acquired restaurants, we recorded a slight decrease in revenues that were generated by San Xi Lou and Pure Veggie House from HK$72.9 million for the year ended 31 March 2016 to HK$71.1 million for the year ended 31 March 2017, representing a decrease of 2.4%. The decrease was mainly attributable to a decrease in the aggregate number of customer visits for our San Xi Lou and Pure Veggie House for the year ended 31 March 2017.

For the four months ended 31 July 2017, the Group's revenue increased by HK$8.6 million, representing an increase of 38.2% from HK$22.5 million for the four months ended 31 July 2016 to HK$31.1 million for the four months ended 31 July 2017, which was also due to the additional revenue contribution from the acquired restaurants. Excluding the revenue contribution from these restaurants, we recorded a slight increase in revenue of HK$0.2 million that were generated by San Xi Lou and Pure Veggie House from HK$22.5 million for the four months ended 31 July 2016 to HK$22.7 million for the four months ended 31 July 2017, representing an increase of 0.5%.

The following table sets forth the revenue from catering services and membership fees during the Track Record Period:

	For the year ended 31 March		**For the four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Catering income *(Note 1)*	72,043	79,124	22,309	30,905
Membership fee income *(Note 2)*	855	827	211	218
Total	72,898	79,951	22,520	31,123

Notes:

(1) The catering income is recognised after deduction of discounts offered by the Group for marketing and promotion purposes and/or under its membership scheme (such as the general member benefit of 10% discount on spending and the use of dining vouchers and discount coupons).

(2) The membership fee income is attributed to the individual restaurant at which the relevant member enrols or renews his or her membership. It is recognised as revenue of the Group on a straight-line basis over the subscription period. For our membership scheme, please refer to "Business — Sales and Marketing — Marketing — Our membership scheme" in this prospectus.

Other income

Other income represents sundry income. Our other income amounted to HK$1,000 for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017.

Raw materials and consumables used

Raw materials and consumables used consists of food ingredients, beverages and other consumables (such as utensils and table linen) used in our restaurants operations. Costs of raw materials and consumables used was our second largest cost component during the Track Record Period. Our raw materials and consumables used for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to HK$18.3 million, HK$19.5 million, HK$5.2 million and HK$7.9 million, respectively, representing 25.1%, 24.4%, 23.1% and 25.5% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively. The table below sets forth the components of raw materials and consumables used during the Track Record Period:

	For the year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Food ingredients	16,325	89.2	17,840	91.3	4,738	91.3	7,157	90.3
Beverages	1,073	5.9	988	5.0	267	5.1	438	5.5
Other consumables	895	4.9	714	3.7	187	3.6	331	4.2
Total	18,293	100.0	19,542	100.0	5,192	100.0	7,926	100.0

Staff costs

Our staff costs primarily consists of salaries of our employees, directors' remuneration, MPF contributions and other benefits for our staff. Staff costs was our largest cost component for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, which amounted to HK$23.9 million, HK$28.4 million, HK$8.1 million and HK$11.0 million, respectively, representing 32.8%, 35.5%, 36.1% and 35.3% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively. The following table sets forth the breakdown of our staff costs during the Track Record Period:

	For the year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Staff salaries and other benefits	22,970	26,911	7,705	10,459
Directors' remuneration	—	252	84	84
Retirement benefit scheme contribution	964	1,238	340	449
Total	23,934	28,401	8,129	10,992

Depreciation

Depreciation represents depreciation charges for our property and equipment, which comprised leasehold improvements, furniture and fixtures, catering and other equipment and a motor vehicle. Our depreciation for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to approximately HK$1.5 million, HK$3.0 million, HK$0.6 million and HK$1.7 million, respectively, representing 2.1%, 3.7%, 2.6% and 5.3% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively.

Rental and related expenses

Our rental and related expenses primarily consist of the rental payments under operating leases for our restaurants and office premises and other expenses that we incur in connection with the renting of the premises. Our rental and related expenses for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to approximately HK$6.8 million, HK$10.4 million, HK$2.3 million and HK$6.0 million, respectively, representing 9.3%, 13.1%, 10.2% and 19.3% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively.

The following table sets forth the breakdown of our rental and related expenses during the Track Record Period:

	For the year ended 31 March		**For the four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
San Xi Lou and Banquet Hall *(Note 1)*	4,697	5,661	1,586	2,769
Pure Veggie House	2,118	2,242	708	779
Ronin Central *(Note 2)*	—	1,019	—	907
Ronin Wanchai *(Note 2)*	—	979	—	839
The Group's headquarters *(Note 3)*	—	536	—	712
Total	6,815	10,437	2,294	6,006

Notes:

(1) The Group commenced the leasing of the premises of Banquet Hall on 1 January 2017. Prior to this date, leasing of the premises was by a subsidiary of the Predecessor Group.

(2) The Group acquired Good Step, which operates Ronin Central and Ronin Wanchai, on 20 October 2016. For the pre-acquisition financial information of Good Step, please refer to note 32 to the Accountants' Report in Appendix I to this prospectus.

(3) The Group commenced the leasing of the headquarters premises on 1 January 2017.

Utilities expenses

Utilities expenses mainly represent electricity, gas, water and cleaning expenses. Our utilities expenses for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to HK$3.3 million, HK$3.5 million, HK$1.0 million and HK$1.4 million, respectively, representing 4.5%, 4.4%, 4.6% and 4.6% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively.

Other expenses

Other expenses mainly represent expenses incurred for advertising and promotions, credit card commissions, licensing, insurance, repair and maintenance, parking fee and management fee. Management fee represented reimbursement by our restaurants for the administrative expenses that TSGL paid on behalf of our restaurants such as staff expenses and utilities expenses during the period when our San Xi Lou and Pure Veggie House were indirectly wholly-owned by TSGL. Our other expenses for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to HK$6.1 million, HK$4.4 million, HK$1.2 million and HK$1.5 million, respectively, representing 8.3%, 5.5%, 5.5% and 4.7% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively. The following table sets forth a breakdown of our other expenses during the Track Record Period:

	For the year ended 31 March		**For the four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Advertising and promotion expenses	225	359	67	214
Auditor's remuneration	56	100	18	18
Credit card commission expense	1,191	1,299	361	471
Insurance	330	467	107	205
Licence fee	269	314	90	94
Management fee	2,336	—	—	—
Parking fee	687	750	251	241
Repairing and maintenance	434	505	115	27
Others	544	610	222	193
Total	6,072	4,404	1,231	1,463

Finance costs

Finance costs represents interest on bank borrowings and obligation under finance lease. Our finance costs for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017 amounted to HK$0.1 million, HK$0.2 million, HK$28,000 and HK$0.2 million, respectively, representing 0.2%, 0.3%, 0.1% and 0.5% of our total revenue for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 and 2017, respectively. The following table sets forth a breakdown of our finance costs during the Track Record Period:

	For the year ended 31 March		**For the four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
The finance costs represent interest on				
— Bank borrowings	149	197	28	151
— Obligation under finance lease	—	9	—	5
Total	149	206	28	156

Income tax expense

Income tax represents the Hong Kong profits tax that is applicable to the Group's assessable profits in respect of its operations in Hong Kong. The below table sets forth a breakdown of our income tax expense during the Track Record Period:

	For the year ended 31 March		**For the four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Hong Kong profits tax				
Current tax	2,317	2,325	626	630
Overprovision in prior years	(47)	—	—	—
	2,270	2,325	626	630
Deferred taxation credit	(132)	(194)	—	(70)
Total	2,138	2,131	626	560

For further details on our income tax expenses during the Track Record Period, please refer to note 10 to the Accountants' Report in Appendix I to this prospectus.

Profit (loss) and total comprehensive income (expense) for the year/period

As a result of the cumulative effect of the above factors (including but not limited to the increase in rental and related expenses, depreciation from leasehold improvements of Ronin Wanchai and Ronin Central and raw materials and consumables used), our profit and total comprehensive income decreased by HK$2.4 million from HK$10.7 million for the year ended 31 March 2016 to HK$8.3 million for the year ended 31 March 2017, representing a decrease of 22.2%. We changed from a profit and total comprehensive income position of HK$3.4 million for the four months ended 31 July 2016 to a loss and total comprehensive expense position of HK$6.0 million for the four months ended 31 July 2017 primarily due to the non-recurring Listing expenses that were incurred in the amount of HK$7.0 million and the increase in rental and related expenses. Excluding the effect of non-recurring Listing expenses, we would have recorded a profit and total comprehensive income of HK$0.9 million for the four months ended 31 July 2017.

The net profit margins of the Group were 14.7%, 10.4% and 15.1% for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2016, respectively. After adjusting for non-recurring Listing expenses, the Group would have had a net profit margin of 3.0% for the four months ended 31 July 2017. The gross profit margin is not presented by the Group as we account for our costs by nature.

RESULTS OF OPERATIONS OF THE GROUP

Four months ended 31 July 2017 compared to four months ended 31 July 2016

Revenue

Our revenue increased by HK$8.6 million, representing an increase of 38.2% from HK$22.5 million for the four months ended 31 July 2016 to HK$31.1 million for the four months ended 31 July 2017. The increase in revenue for the four months ended 31 July 2017 was primarily due to the inclusion of revenue in the amount of HK$8.5 million derived from Ronin Wanchai and Ronin Central, which we acquired in October 2016.

The revenue generated from San Xi Lou for the four months ended 31 July 2016 and 2017 were HK$17.9 million and HK$17.9 million, respectively, which was relatively stable.

The revenue generated from Pure Veggie House for the four months ended 31 July 2016 and 2017 were HK$4.6 million and HK$4.7 million, respectively, representing a slight increase of 2.6%, which was primarily due to the increased marketing efforts of the restaurant.

Other income

Our other income remained stable at HK$1,000 for the four months ended 31 July 2016 and 2017, respectively.

Raw materials and consumables used

Our raw materials and consumables used increased by HK$2.7 million, representing an increase of 52.7% from HK$5.2 million for the four months ended 31 July 2016 to HK$7.9 million for the four months ended 31 July 2017. The increase in raw materials and consumables used for the four months ended 31 July 2017 was primarily due to the costs of additional raw materials and consumables used by Ronin Wanchai and Ronin Central, which were borne by the Group after Good Step was acquired by us in October 2016, but was slightly offset by the decrease in expenses incurred from the purchase of raw materials and consumables by San Xi Lou and Pure Veggie House because of our continued efforts in inventory control, which we believe reduced wastage and allowed us to purchase fewer food ingredients.

Staff costs

Our staff costs increased by HK$2.9 million, representing an increase of 35.2% from HK$8.1 million for the four months ended 31 July 2016 to HK$11.0 million for the four months ended 31 July 2017. The increase in staff costs was primarily due to the additional salaries and other benefits payable to staff employed by Good Step after it was acquired by the Group, of which there were 51 staff on Good Step's payroll as at 31 July 2017.

Depreciation

Our depreciation increased by HK$1.1 million, representing an increase of 184.5% from HK$0.6 million for the four months ended 31 July 2016 to HK$1.7 million for the four months ended 31 July 2017. The increase in depreciation was primarily due to the additional depreciation charge incurred by the Group arising from leasehold improvements of Ronin Central and Ronin Wanchai, which the Group acquired in October 2016.

Rental and related expenses

Our rental and related expenses increased by HK$3.7 million, representing an increase of 161.8% from HK$2.3 million for the four months ended 31 July 2016 to HK$6.0 million for the four months ended 31 July 2017. The increase in rental and related expenses was primarily due to (i) increase in monthly rental payment by San Xi Lou and Pure Veggie House after we entered into new lease agreements with respect to these premises at an increased monthly rent since 1 January 2017; (ii) the additional rental and related expenses incurred by Ronin Wanchai and Ronin Central, which became payable by the Group after these restaurants were acquired by the Group; and (iii) the additional rental and related expenses associated with the Banquet Hall and our recently set-up headquarters since 1 January 2017.

Utilities expenses

Our utilities expenses increased by HK$0.4 million, representing an increase of 37.5% from HK$1.0 million for the four months ended 31 July 2016 to HK$1.4 million for the four months ended 31 July 2017. The increase in utilities expenses was primarily due to utilities expenses incurred by Ronin Central and Ronin Wanchai.

Listing expenses

Our Listing expenses amounted to HK$7.0 million for the four months ended 31 July 2017. Listing expenses as a percentage of our revenue for the four months ended 31 July 2017 was 22.4%. Listing expenses primarily related to expenses accrued and paid to professional parties in connection with the Listing.

Other expenses

Our other expenses increased by HK$0.2 million, representing an increase of 18.8% from HK$1.2 million for the four months ended 31 July 2016 to HK$1.5 million for the four months ended 31 July 2017. The increase in other expenses was primarily due to the other expenses incurred by Good Step, in particular, advertising and promotion expenses and credit card commission expense.

Finance costs

Our finance costs increased by HK$0.1 million, representing an increase of 457.1% from HK$28,000 for the four months ended 31 July 2016 to HK$0.2 million for the four months ended 31 July 2017. The increase in finance costs was primarily due to interest paid under the bank borrowings of Good Step after it was acquired by us in October 2016.

Profit (loss) before taxation

As a result of the foregoing, and taking into account Listing expenses incurred of HK$7.0 million for the four months ended 31 July 2017, we recorded a loss before taxation of HK$5.5 million for the four months ended 31 July 2017 compared with a profit before taxation of HK$4.0 million for the four months ended 31 July 2016.

Income tax expense

Income tax expenses remained stable at HK$0.6 million and HK$0.6 million for the four months ended 31 July 2016 and 2017, respectively. Our effective tax rate (excluding the impact of the effect of the non-recurring Listing expense) of the Group for the four months ended 31 July 2016 and 2017 was approximately 15.6% and 37.6%, respectively. The increase was primarily due to the loss generated by Ronin Wanchai and Ronin Central, which could not be applied to offset the profits generated by San Xi Lou and Pure Veggie House for tax purposes.

Profit (loss) and total comprehensive income (expense) for the period

As a result of the factors discussed above, the profit and total comprehensive income position of HK$3.4 million for the four months ended 31 July 2016 changed to a loss and total comprehensive expense position of HK$6.0 million for the four months ended 31 July 2017. Excluding the non-recurring Listing expenses of HK$7.0 million incurred during the four months ended 31 July 2017, we would have recorded a profit and total comprehensive income of HK$0.9 million for the four months ended 31 July 2017.

Our net profit margin, adjusted for the Listing expenses, was approximately 3.0% for the four months ended 31 July 2017 as compared to approximately 15.1% for the four months ended 31 July 2016. The decrease in our net profit margin (after adjusted for the Listing expenses) was primarily attributable to the operating loss generated by Ronin Wanchai and Ronin Central for the four months ended 31 July 2017.

Year ended 31 March 2017 compared to year ended 31 March 2016

Revenue

Our revenue increased by HK$7.1 million, representing an increase of 9.7% from HK$72.9 million for the year ended 31 March 2016 to HK$80.0 million for the year ended 31 March 2017. The increase in revenue for the year ended 31 March 2017 was primarily due to the additional revenue contribution of HK$8.8 million from Good Step since its acquisition by the Group in October 2016, which was offset by the slight decrease in revenue generated by San Xi Lou and Pure Veggie House.

The revenue derived from San Xi Lou decreased slightly by HK$1.7 million, representing a decrease of 2.9% from HK$57.8 million for the year ended 31 March 2016 to HK$56.1 million for the year ended 31 March 2017. The decrease in revenue for the year ended 31 March 2017 was primarily due to the decrease in the total number of customer visits from approximately 146,000 for the year ended 31 March 2016 to approximately 136,000 for the year ended 31 March 2017, which was partially offset by the increase in the average spending per customer from HK$395 to HK$412 for the corresponding periods.

The revenue generated from Pure Veggie House for the two years ended 31 March 2016 and 2017 were HK$15.1 million and HK$15.0 million, respectively, which were relatively stable.

Other income

Our other income remained stable at HK$1,000 for the two years ended 31 March 2016 and 2017, respectively.

Raw materials and consumables used

Our raw materials and consumables used increased by HK$1.2 million, representing an increase of 6.8% from HK$18.3 million for the year ended 31 March 2016 to HK$19.5 million 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 the costs of additional raw materials and consumables used by Ronin Wanchai and Ronin Central, which were borne by the Group after Good Step was acquired by the Group, which was slightly offset by the decrease in expenses incurred from the purchase of raw materials and consumables by San Xi Lou and Pure Veggie House because of our efforts in inventory control, which we believe reduced wastage and allowed us to purchase fewer food ingredients.

Staff costs

Our staff costs increased by HK$4.5 million, representing an increase of 18.7% from HK$23.9 million for the year ended 31 March 2016 to HK$28.4 million for the year ended 31 March 2017. The increase in staff costs was primarily due to (i) the additional salaries and other benefits payable to staff employed by Good Step, of which there were 46 staff on Good Step's payroll as at 31 March 2017; and (ii) the Group's headquarters started to takeover the administrative functions of the Group's operations starting from April 2016, the function of which was previously assumed by TSGL and was paid by us as a management fee to TSGL prior to 1 April 2016.

Depreciation

Our depreciation increased by HK$1.5 million, representing an increase of 97.6% from HK$1.5 million for the year ended 31 March 2016 to HK$3.0 million for the year ended 31 March 2017. The increase in depreciation was primarily due to the additional depreciation charge incurred by the Group arising from leasehold improvements of Ronin Central and Ronin Wanchai since we acquired Good Step in October 2016.

Rental and related expenses

Our rental and related expenses increased by HK$3.6 million, representing an increase of 53.1% from HK$6.8 million for the year ended 31 March 2016 to HK$10.4 million for the year ended 31 March 2017. The increase in rental and related expenses was primarily due to (i) increase in monthly rental payment by San Xi Lou and Pure Veggie House after we entered into new lease agreements with respect to these premises at an increased monthly rent since 1 January 2017; (ii) the additional rental and related expenses incurred by Ronin Wanchai and Ronin Central, which became payable by the Group after these restaurants became part of the Group; and (iii) the additional rental and related expenses associated with the Banquet Hall and our recently set-up headquarters since 1 January 2017.

Utilities expenses

Our utilities expenses increased by HK$0.2 million, representing an increase of 7.0% from HK$3.3 million for the year ended 31 March 2016 to HK$3.5 million for the year ended 31 March 2017. The increase in utilities expenses was primarily due to the utilities expenses incurred by Good Step for Ronin Central and Ronin Wanchai. The utilities expenses incurred by Ronin Central and Ronin Wanchai were lower than those incurred by San Xi Lou and Pure Veggie House primarily due to the lower consumption of utilities (other than electricity) used by Japanese cuisine carried out by Ronin Central and Ronin Wanchai.

Other expenses

Our other expenses decreased by HK$1.7 million, representing a decrease of 27.5% from HK$6.1 million for the year ended 31 March 2016 to HK$4.4 million for the year ended 31 March 2017. The decrease in other expenses was primarily due to the end of the arrangement between TSGL and the Group, whereby TSGL paid San Xi Lou's and Pure Veggie House's administrative expenses and salaries and emolument paid to one of the Directors, and TSGL was then subsequently reimbursed by the Group by way of a management fee paid to TSGL. This management fee arrangement was discontinued after our own headquarters became operational in April 2016. The management fee payable under this arrangement for the year ended 31 March 2016 is shown as a management fee expense for the year ended 31 March 2016. Such decrease was partially offset by a moderate increase in other categories of other expenses incurred by the Group.

Finance costs

Our finance costs increased by HK$0.1 million, representing an increase of 38.3% from HK$0.1 million for the year ended 31 March 2016 to HK$0.2 million for the year ended 31 March 2017. The increase in finance costs was primarily due to interest paid under the additional finance lease and also under the bank borrowing of Good Step.

Profit before taxation

As a result of the foregoing, our profit before taxation decreased by HK$2.4 million, representing a decrease of 18.5% from HK$12.8 million for the year ended 31 March 2016 to HK$10.5 million for the year ended 31 March 2017.

Income tax expense

Income tax expenses amounted to HK$2.1 million and HK$2.1 million for the two years ended 31 March 2016 and 2017, respectively. Our effective tax rate increased from 16.6% for the year ended 31 March 2016 to 20.4% for the year ended 31 March 2017. Due to (i) the loss generated by Ronin Wanchai and Ronin Central, and (ii) the expenses incurred by our headquarters since it commenced operations in April 2016, neither of which could be applied to offset the profits generated by San Xi Lou and Pure Veggie House restaurants for tax purposes, our effective tax rate for the year ended 31 March 2017 was higher than the profit tax rate of 16.5% in Hong Kong.

Profit and total comprehensive income for the year

As a result of the cumulative effect of the above factors, our profit and total comprehensive income decreased by HK$2.4 million from HK$10.7 million for the year ended 31 March 2016 to HK$8.3 million for the year ended 31 March 2017, representing a decrease of 22.2%.

The net profit margins of the Group were 14.7% and 10.4% for the two years ended 31 March 2016 and 2017, respectively. The decrease in net profit margins for the year ended 31 March 2017 is primarily due to the operating loss generated by Ronin Wanchai and Ronin Central after Good Step was acquired by the Group.

MANAGEMENT DISCUSSION OF SELECTED ITEMS IN STATEMENTS OF FINANCIAL POSITION

Property and equipment

During the Track Record Period, our property and equipment mainly comprised leasehold improvements, furniture and fixtures, catering and other equipment and motor vehicle. As at 31 March 2016 and 2017 and 31 July 2017, our property and equipment were HK$3.0 million, HK$12.7 million and HK$11.1 million, respectively. The increase in property and equipment by HK$9.7 million, or 318.7%, from HK$3.0 million as at 31 March 2016 to HK$12.7 million as at 31 March 2017 was primarily due to the additional leasehold improvements, furniture and fixtures, and catering and other equipment belonging to Ronin Wanchai and Ronin Central and the purchase of a motor vehicle under a finance lease. Ronin Wanchai and Ronin Central had a relatively high carrying amount of property and equipment and leasehold improvement and renovations when compared with our San Xi Lou and Pure

Veggie House. Our property and equipment decreased by HK$1.6 million, or 12.7%, from HK$12.7 million as at 31 March 2017 to HK$11.1 million as at 31 July 2017, which was primarily due to depreciation of property and equipment provided for in the four months ended 31 July 2017.

Inventories

During the Track Record Period, our inventories mainly comprised food and beverage and other consumables for our restaurant operations. The following table sets out information on our inventories as at the dates indicated:

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Food and beverage and other consumables	304	468	384
Inventories turnover days *(Note)*	6.1	7.2	6.6

Note: We calculate inventory turnover days by dividing average inventory by costs of raw materials and consumables used and multiplied by 366 and 365 days for each of the two years ended 31 March 2016 and 2017 and 122 days for the four months ended 31 July 2017, respectively. Average inventory is calculated by dividing by the two sum of inventory at the beginning of the period and the inventory at the end of the period.

Our inventories increased by HK$0.2 million from HK$0.3 million as at 31 March 2016 to HK$0.5 million as at 31 March 2017. The increase was primarily due to the additional inventories contributed by Ronin Wanchai and Ronin Central. Our inventories decreased by HK$0.1 million from HK$0.5 million as at 31 March 2017 to HK$0.4 million as at 31 July 2017. Our inventories turnover days were 6.1 days, 7.2 days and 6.6 days as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively, which were relatively stable.

As at 30 November 2017, over 89.1% of our inventories of HK$0.4 million as at 31 July 2017 had been subsequently utilised.

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 from certain of our customers who have long relationships with us and are permitted by us to consume food and beverages in our restaurants on credit terms. Our trade receivables as at 31 March 2016, 31 March 2017 and 31 July 2017 amounted to HK$0.2 million, HK$0.5 million and HK$2.6 million, respectively.

The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually seven days after the service rendered date. In addition, some of our customers, which include certain corporate customers, are granted credit terms of 30 days in general.

Set out below is an aging analysis of our trade receivables, based on the invoice date, as at the dates indicated below:

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	152	364	1,502
31 to 60 days	—	16	978
61 to 90 days	—	4	3
Over 90 days	51	124	78
Total	203	508	2,561

As at 31 March 2016, 31 March 2017 and 31 July 2017, approximately HK$0.1 million, HK$0.1 million and HK$0.9 million of our trade receivables, respectively, were past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable by the Directors based on the historical experience. Set out below is the ageing analysis on such trade receivables:

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Overdue by:			
0 to 30 days	—	16	825
31 to 60 days	—	4	3
Over 60 days	51	124	78
Total	51	144	906

The following table sets out the trade receivables turnover days of the Group for the Track Record Period:

	For the year ended 31 March		For the four months ended 31 July
	2016	**2017**	**2017**
	(Days)	*(Days)*	*(Days)*
Trade receivables turnover days *(Note)*	1.1	1.6	6.0

Note: We calculate trade receivables turnover days by dividing average trade receivables by revenue and multiplied by 366 days and 365 days for each of the two years ended 31 March 2016 and 2017 and 122 days for the four months ended 31 July 2017, respectively. Average trade receivables is calculated by dividing by two the sum of trade receivables at the beginning of the period and trade receivables at the end of that period.

Our trade receivables increased by HK$0.3 million, from HK$0.2 million as at 31 March 2016 to HK$0.5 million as at 31 March 2017, representing an increase of 150.2%. Our trade receivables increased by HK$2.1 million, from HK$0.5 million as at 31 March 2017 to HK$2.6 million as at 31 July 2017, representing an increase of 404.1%. Our trade receivables turnover days increased from 1.1 days for the year ended 31 March 2016 to 1.6 days for the year ended 31 March 2017 because more customers who had credit terms with us tended to settle their invoices beyond their allowed credit terms. As these customers who have credit terms with us are known personally by at least one of the directors, we believe that such amounts will be recoverable by us. The trade receivables turnover days increased to 6.0 days for the four months ended 31 July 2017 was also due to corporate and individual customers who had credit terms with us did not settle their invoices within the allowed credit terms. However, as at the Latest Practicable Date, all of our trade receivables of HK$2.6 million as at 31 July 2017 had been fully settled.

Deposits and prepayments

During the Track Record Period, our deposits and prepayments primarily comprised (i) rental deposits, (ii) other deposits, and (iii) prepayments. As at 31 July 2017, our deposits and prepayments also included deferred Listing expenses, which represent the portion of the Listing expenses that is expected to be capitalised (i.e. accounted for as deduction from equity) upon the Listing. Rental deposits mainly include deposits paid on our rented properties and building management fees. Other deposits mainly include utilities deposits such as water, electricity and gas. Prepayments mainly comprised Listing expenses pre-paid to professional parties and insurance premium. The table sets forth the breakdown of our deposits and prepayments as at the dates shown below:

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Rental deposits	1,041	3,058	5,330
Other deposits	581	1,095	1,140
Prepayments	273	856	607
Deferred Listing expenses	—	—	2,123
Total	1,895	5,009	9,200
Analysed for reporting purposes:			
Current assets	293	954	2,828
Non-current assets	1,602	4,055	6,372
Total	1,895	5,009	9,200

Rental deposits increased by HK$2.1 million, representing an increase of 193.8% from HK$1.0 million as at 31 March 2016 to HK$3.1 million as at 31 March 2017. The increase in rental deposits was primarily due to the additional rental deposits (i) paid by Good Step for Ronin Central and Ronin Wanchai prior to Good Step becoming part of the Group; (ii) paid upon the renewal of leases for our San Xi Lou and Pure Veggie House restaurants when our monthly rentals were increased, and (iii) paid upon the commencement of the lease of the Banquet Hall and our headquarters starting from January 2017. Rental deposits increased by HK$2.3 million, representing an increase of 74.3% from HK$3.1 million as at 31 March 2017 to HK$5.3 million as at 31 July 2017. The increase in rental deposits was primarily due to the payment of rental deposit in the amount of HK$2.3 million for San Xi Lou Times Square.

Other deposits increased by HK$0.5 million, representing an increase of 88.5% from HK$0.6 million as at 31 March 2016 to HK$1.1 million as at 31 March 2017. The increase in other deposits was primarily due to (i) the utilities deposits that were paid by Good Step for Ronin Central and Ronin Wanchai prior to Good Step becoming part of the Group, and (ii) the commencement of the lease of the Banquet Hall and our headquarters starting from January 2017. Other deposits slightly increased by HK$45,000, representing an increase of 4.1% from HK$1.1 million as at 31 March 2017 to HK$1.1 million as at 31 July 2017.

Prepayments increased by HK$0.6 million, representing an increase of 213.6% from HK$0.3 million as at 31 March 2016 to HK$0.9 million as at 31 March 2017 mainly due to the Listing expenses that were prepaid by the Group to professional parties. Prepayments decreased by HK$0.2 million, representing a decrease of 29.1% from HK$0.9 million as at 31 March 2017 to HK$0.6 million as at 31 July 2017, which was mainly due to the recognition of part of the prepaid Listing expenses as at 31 March 2017 as accrued Listing expenses as at 31 July 2017.

Our current portion of deposits and prepayments increased by HK$0.7 million from approximately HK$0.3 million as at 31 March 2016 to HK$1.0 million as at 31 March 2017. Such increase was mainly attributable to the increase in other deposits and prepayments. Our current portion of deposits and prepayments increased by HK$1.8 million from HK$1.0 million as at 31 March 2017 to HK$2.8 million as at 31 July 2017. Such increase was mainly attributable to the recognition of deferred Listing expenses as at 31 July 2017, which will be capitalised upon Listing.

Our non-current portion of deposits increased by HK$2.5 million from approximately HK$1.6 million as at 31 March 2016 to HK$4.1 million as at 31 March 2017. Such increase was mainly attributable to the increase in rental deposits paid. Our non-current portion of deposits increased by HK$2.3 million from approximately HK$4.1 million as at 31 March 2017 to HK$6.4 million as at 31 July 2017. Such increase was mainly attributable to the rental deposit paid for the lease of San Xi Lou Times Square.

Trade and other payables and accruals

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	845	2,010	2,130
Salaries payables	1,959	2,549	2,884
Accruals and other payables	2,301	3,179	2,349
Accrued Listing expenses	—	—	6,494
Total	5,105	7,738	13,857

During the Track Record Period, our trade and other payables and accruals primarily related to (i) the purchases of food ingredients and beverages for our restaurant operations, (ii) salaries payables, (iii) accruals and other payables, which included accrued operating expenses, accrued repair and maintenance expenses on our restaurants' equipment and fittings, accrued utilities expenses and effective rental payables, and (iv) accrued Listing expenses. Our trade payables increased by HK$1.2 million, representing an increase of 137.9%, from approximately HK$0.8 million as at 31 March 2016 to HK$2.0 million as at 31 March 2017. The increase in trade payables is mainly due to (i) trade payables of Good Step, which was acquired by the Group in October 2016, and (ii) increased trade payables due from Great Planner to its suppliers, but were not yet due for settlement as at 31 March 2017. Our trade payables increased by HK$0.1 million, representing an increase of 6.0%, from HK$2.0 million as at 31 March 2017 to HK$2.1 million as at 31 July 2017. During the Track Record Period, the credit periods granted to us by our suppliers normally ranged from 0 to 60 days.

The table below sets out an ageing analysis of our trade payables based on the invoice date as at the dates indicated.

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	768	1,518	1,294
31 to 60 days	69	459	689
61 to 90 days	8	22	74
Over 90 days	—	11	73
Total	845	2,010	2,130
Trade payable turnover days *(Note)*	11.7	26.7	31.9

Note: We calculate trade payables turnover days by dividing average trade payables by cost of raw materials and consumables used and multiplied by 366 days and 365 days for each of the two years ended 31 March 2016 and 2017, respectively and 122 days for the four months ended 31 July 2017. Average trade payables is calculated by dividing by two the sum of trade payables at the beginning of the period and trade payables at the end of the period.

Our trade payables turnover days were 11.7 days, 26.7 days and 31.9 days as at 31 March 2016, 31 March 2017 and 31 July 2017, respectively, which were in line with the payment terms granted by our suppliers. As at 30 November 2017, our trade payables of HK$2.1 million as at 31 July 2017 had been subsequently settled in full.

The Directors confirm that we did not have any material default in payment of trade payables during the Track Record Period.

The increase in accruals and other payables of HK$0.9 million, representing an increase of 38.2%, from HK$2.3 million as at 31 March 2016 to HK$3.2 million as at 31 March 2017 was primarily due to additional accruals attributable to our Ronin Wanchai and Ronin Central and our new headquarters. The decrease in accruals and other payables of HK$0.8 million, representing a decrease of 26.1% from HK$3.2 million as at 31 March 2017 to HK$2.3 million as at 31 July 2017, was primarily due to settlement of invoices that were due for payment prior to 31 July 2017.

Amounts due from/to related parties/former related parties

Please refer to "Related Party Balances and Transactions — Balances with related parties/former related parties" in this section for details.

Acquisition of a subsidiary

The Group acquired Good Step, which operates Ronin Wanchai and Ronin Central, on 20 October 2016. The following table sets forth the assets acquired and liabilities recognised at the date of the acquisition of Good Step:

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property and equipment *(Note 1)*	11,156
Deposits for acquisition of property and equipment	717
Inventories	108
Trade receivables, deposits and prepayments *(Note 2)*	1,931
Contribution receivable from Mr. KY Chuk *(Note 3)*	7,720
Bank balances and cash	1,101
Trade and other payables and accruals	(2,207)
Bank borrowings *(Note 4)*	(18,000)
Amounts due to related parties	(2,416)
Provision	(110)
Net assets acquired	—

Notes:

(1) Property and equipment as at the date of acquisition primarily comprised (a) leasehold improvements of Ronin Wanchai and Ronin Central amounting to approximately HK$9.8 million, (b) furniture and fixture amounting to approximately HK$1.2 million, and (c) computer and software amounting to approximately HK$0.2 million.

(2) The fair value of trade receivables, deposits and prepayments and other receivables at the date of acquisition amounted to HK$1,931,000, which is the same as the gross contractual amounts of trade receivables as at the date of acquisition.

(3) The contribution receivable, which represented amounts that Mr. KY Chuk agreed to contribute to Good Step prior to the date of the acquisition, was outstanding as at 31 March 2017 and was included in amounts due from related parties/former related parties as at 31 March 2017. The amount was subsequently settled in June 2017.

(4) Bank borrowings of Good Step as at the date of acquisition represented a term loan with a loan tenor of three years in the principal amount of HK$18.0 million, which is repayable in instalments commencing from January 2017. The entire amount of this term loan had been drawn down and was used in the business operation of Good Step. As at the Latest Practicable Date, approximately HK$13.5 million remained outstanding under this loan.

Cash inflow arising on acquisition:

	HK$'000
Bank balances and cash acquired	1,101

Revenue of the Group for the year ended 31 March 2017 includes HK$8.8 million attributable to Good Step. Included in the profit of the Group for the year ended 31 March 2017 is a loss of HK$2.1 million attributable to Good Step.

Had the acquisition been effected at the beginning of the year ended 31 March 2017, the revenue of the Group for the year ended 31 March 2017 would have been HK$93.4 million and the amount of the profit of the Group for the year ended 31 March 2017 would have been HK$6.2 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of the results.

Please refer to note 32 of the Accountants' Report in Appendix I to this prospectus for the pre-acquisition financial information of Good Step.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our liquidity and capital requirements primarily through a combination of capital contributions from internally generated funds from our operating activities, amounts advanced from related parties and bank borrowings. We had net cash from operating activities of HK$9.3 million and HK$7.6 million for the two years ended 31 March 2016 and 2017, respectively, and we had net cash used in operating activities of HK$3.4 million for the four months ended 31 July 2017. We require cash primarily for general working capital needs, repayment of financial obligations and capital expenditures. As at 31 March 2016, 31 March 2017 and 31 July 2017, we had bank balances and cash of HK$2.7 million, HK$1.4 million and HK$2.8 million, respectively. All of the Group's cash and cash equivalents were held in Hong Kong dollars.

Working capital requirements

For more information on our planned capital expenditure requirements, please refer to "Capital Expenditures" in this section. We expect to finance our working capital requirements and the planned capital expenditures for the 12 months following the date of this prospectus with the following sources of funding:

(i) funds to be generated from our operating activities;

(ii) full recovery of amounts due from related parties/former related parties of approximately HK$10.3 million as at 30 November 2017 before the Listing;

(iii) the cash and cash equivalents available, which were HK$3.0 million as at 30 November 2017 (being the latest practicable date for the preparation of the indebtedness statement in this prospectus);

(iv) facilities available as at 30 November 2017; and

(v) net proceeds to be received by the Group from the Share Offer.

Taking into account the above factors, the Directors believe, and the Sponsor concurs, that we will have sufficient funds for our present working capital requirements for at least the next 12 months from the date of this prospectus.

Cashflows of the Group

The following table sets forth the selected cash flow data from the consolidated statements of cashflows for the Track Record Period:

	For the year ended 31 March		For the four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Net cash from (used in) operating activities	9,295	7,632	2,365	(3,361)
Net cash (used in) from investing activities	(10,118)	(9,978)	(3,710)	5,698
Net cash from (used in) financing activities	2,112	977	(982)	(905)
Net increase (decrease) in cash and cash equivalents	1,289	(1,369)	(2,327)	1,432
Cash and cash equivalents at beginning of the year/period	1,432	2,721	2,721	1,352
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	2,721	1,352	394	2,784

Net cash from (used in) operating activities

Our cash inflow from operating activities is principally derived from the receipts from our restaurant operations. Our operating expenses mainly comprised costs of raw materials and consumables used, rental and related expenses and staff costs. During the Track Record Period, our net cashflow from (used in) operating activities represented profit/loss before taxation for the year/period adjusted for depreciation and finance costs.

For the year ended 31 March 2016, we had a profit before taxation of HK$12.8 million and the net cash from operating activities of HK$9.3 million. The difference between them is attributable to adjustments made due to depreciation in the amount of HK$1.5 million and finance costs in the amount of HK$0.1 million, which resulted in operating cash inflow before changes in working capital in the amount of HK$14.5 million. After taking into account mainly: (i) increase in the amounts due from related parties/former related parties of HK$1.3 million, (ii) decrease in trade and other payables and accruals of HK$0.7 million, and (iii) increase in amounts due to related parties of HK$0.6 million, the cash generated from operations was HK$13.1 million for the year ended 31 March 2016. The increase in the amounts due from related parties/former related parties for the year ended 31 March 2016 was mainly attributable to the increase in consumption of food and beverages resulting in higher trade balances due from related parties/former related parties, and the decrease in trade and other payables and accruals was mainly attributable to the Group settling its accounts payable to its suppliers prior to 31 March 2016.

For the year ended 31 March 2017, we had a profit before taxation of HK$10.5 million and the net cash we generated from operating activities was HK$7.6 million. The difference between them is attributable to depreciation charge in the amount of HK$3.0 million and finance costs in the amount of HK$0.2 million, which resulted in operating cash inflow before changes in working capital in the amount of HK$13.7 million. After taking into account mainly: (i) increase in trade receivables, deposits and prepayments of HK$1.5 million, (ii) the increase in amounts due from related parties/former related parties in the amount of HK$1.8 million, (iii) increase in trade and other payables and accruals in the amount of HK$0.4 million, and (iv) decrease in amounts due to related parties of HK$0.3 million, the cash generated from operations for the year ended 31 March 2017 was HK$10.4 million.

For the four months ended 31 July 2017, we had a loss before taxation of HK$5.5 million and the net cash used in operating activities (after adjustments for depreciation and finance costs) was HK$3.4 million. We recorded the operating cash outflow in the amount of HK$2.8 million during this period primarily due to increase in trade receivables, deposits and prepayments of HK$6.2 million, but was partially offset by recovery of amounts due from related parties/former related parties of HK$1.1 million and by increase in trade and other payables and accruals of HK$6.1 million.

We paid Hong Kong profits tax in the amount of HK$3.8 million, HK$2.8 million and HK$0.5 million for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. Please refer to note 10 to the Accountants' Report in Appendix I to this prospectus for further details of our income tax expense.

As at 1 April 2015, there was a consolidated accumulated loss of the Group in the amount of approximately HK$0.1 million, which was related to the following being understated for the prior years: (i) the costs of re-instatement of the Group's leased premises, and (ii) the corresponding depreciation expenses being understated in the audited accounts of Great Planner and Sky Honour. As a result of this restatement, an adjustment in the amount of HK$0.2 million was made to the Group's accounts for the year ended 31 March 2015. As the Group declared and paid dividends during the year ended 31 March 2015 (which resulted in a reduction of retained profits of the Group), the effect of the restatement resulted in the above stated consolidated accumulated loss.

Net cash (used in) from investing activities

Our cash used in investing activities mainly consists of advance to related parties/former related parties, deposits paid for acquisition of property and equipment and purchases of property and equipment. Our cash flow from investing activities mainly represents repayment from related parties/former related parties and cashflow from the acquisition of a subsidiary.

For the year ended 31 March 2016, our net cash used in investing activities was HK$10.1 million, which was primarily due to advance to related parties/former related parties in the amount of HK$43.1 million, but was offset by repayment from related parties/former related parties in the amount of HK$33.2 million, and purchases of property and equipment in the amount of HK$0.3 million.

For the year ended 31 March 2017, our net cash used in investing activities was HK$10.0 million, which was primarily due to advance to related parties/former related parties in the amount of HK$34.2 million, but was offset by repayment from related parties/former related parties in the amount of HK$23.6 million, cash inflow arising from the acquisition of subsidiary in the amount of HK$1.1 million, deposits paid for acquisition of property and equipment in the amount of HK$0.2 million and purchases of property and equipment in the amount of HK$0.4 million.

For the four months ended 31 July 2017, our net cash from investing activities was HK$5.7 million, which was primarily due to repayment from related parties/former related parties in the amount of HK$15.6 million, but was partially offset by advances to related parties/former related parties in the amount of HK$9.9 million.

Net cash from (used in) financing activities

During the Track Record Period, our cash inflows from financing activities mainly consisted of advance from related parties and new borrowings raised. Our cash used in financing activities mainly consist of repayment to related parties, repayment of obligation under finance lease, repayment of bank borrowings and interests paid. Please refer to "Recent Developments" in this section for details of the bank facility that we have obtained for our new restaurant in Times Square.

For the year ended 31 March 2016, our net cash from financing activities was HK$2.1 million, which primarily consisted of advance from related parties of HK$9.0 million and new borrowings raised of HK$1.6 million, but was offset by repayment to related parties in the amount of HK$5.8 million, repayment of bank borrowings in the amount of HK$2.6 million and interests paid in the amount of HK$0.1 million.

For the year ended 31 March 2017, our net cash from financing activities was HK$1.0 million, which primarily consisted of advance from related parties of HK$9.0 million and new borrowings raised of HK$1.8 million, but was offset by repayment to related parties in the amount of HK$6.3 million, repayment of bank borrowings in the amount of HK$3.3 million and interests paid in the amount of HK$0.2 million.

For the four months ended 31 July 2017, our net cash used in financing activities was HK$1.0 million, which was primarily caused by cash used to repay bank borrowings in the amount of HK$2.3 million, cash used to repay amounts due to related parties of HK$0.6 million and payment of bank interest in the amount of HK$0.2 million, but was partially offset by cash generated by new bank borrowings raised of HK$2.1 million.

NET CURRENT ASSETS/LIABILITIES

The table below sets forth our current assets, current liabilities and net current assets/liabilities as at the dates indicated. As at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017 (being the latest practicable date for the preparation of the indebtedness statement in this prospectus), we had net current assets of HK$1.6 million, net current liabilities of HK$5.0 million, HK$11.9 million and HK$25.5 million, respectively.

	As at 31 March		As at 31 July	As at 30 November
	2016	2017	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Current assets				
Inventories	304	468	384	544
Trade receivables, deposits and prepayments	496	1,462	5,389	14,168
Amounts due from related parties/former related parties	10,651	19,753	12,929	10,284
Tax recoverable	—	21	—	—
Bank balances and cash	2,721	1,352	2,784	2,972
Total current assets	14,172	23,056	21,486	27,968
Current liabilities				
Trade and other payables and accruals	5,105	7,738	13,857	19,970
Amounts due to related parties	4,173	895	100	—
Tax payable	962	550	645	1,246
Bank borrowings	2,339	18,857	18,694	32,150
Obligation under finance lease	—	49	51	52
Total current liabilities	12,579	28,089	33,347	53,418
Net current assets (liabilities)	1,593	(5,033)	(11,861)	(25,450)

Our current assets as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017 amounted to HK$14.2 million, HK$23.1 million, HK$21.5 million and HK$28.0 million, respectively, consisting primarily of inventories, trade receivables, deposits and prepayments, amounts due from related parties/former related parties and bank balances and cash.

Our current liabilities as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017 amounted to approximately HK$12.6 million, HK$28.1 million, HK$33.3 million and HK$53.4 million, respectively, consisting of trade and other payables and accruals, amounts due to related parties, tax payable, bank borrowings and obligation under finance lease.

We changed from a net current asset position as at 31 March 2016 to a net current liabilities position as at 31 March 2017 mainly due to an increase in our bank borrowings from HK$2.3 million as at 31 March 2016 to HK$18.9 million as at 31 March 2017, which mainly represents the pre-existing bank borrowing of Good Step that remained outstanding when the Group acquired Good Step. Our net current liabilities position further increased between 31 March 2017 and 31 July 2017 mainly due to an increase in trade and other payables and accruals (which is primarily attributable to the accrued Listing expenses) and decrease in amounts due from related parties/former related parties, but was partially offset by increase in trade receivables, deposits and prepayments, which was mainly attributable to additional trade receivables due from the Group's customers who have long-term relationships with the Group. The net current liabilities position as at 30 November 2017 increased primarily due to banking facilities being drawn-down from August 2017 to October 2017 to support the opening of our San Xi Lou Times Square and the increase in accrued Listing expenses.

INDEBTEDNESS

During the Track Record Period, our borrowings mainly consisted of bank borrowings, obligation under finance lease, and amounts due to related parties.

Bank borrowings

The following table sets forth a breakdown of our bank borrowings by scheduled repayment dates set out in the loan agreements as at the dates indicated:

	As at 31 March		**As at 31 July**	**As at 30 November**
	2016	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Carrying amount (shown under current liabilities) that contain a repayment on demand clause:				
—Within one year	2,135	5,357	9,194	22,650
—More than one year but not exceeding two years	204	13,500	9,500	9,500
Total	2,339	18,857	18,694	32,150
Secured and guaranteed bank borrowings	—	17,000	15,500	30,500
Unsecured and guaranteed bank borrowings	2,339	1,857	3,194	1,650
	2,339	18,857	18,694	32,150

All of our bank borrowings were denominated in Hong Kong dollars and the effective interest rates as at 31 March 2016, 31 March 2017 and 31 July 2017 ranged from 3.25% to 4.75% per annum, 2.00% to 4.75% per annum and 2.00% to 5.50% per annum, respectively.

Bank borrowings of HK$1.3 million as at 31 March 2016 were unsecured and guaranteed by the Hong Kong Mortgage Corporation Limited, personal guarantees from Mr. Stanley Chuk, Mr. Steve Chuk and Mr. Tang Sung Kwong (鄧崇光) ("**Mr. Tang**"), a former business partner of Mr. Stanley Chuk, and corporate guarantees from certain group entities. Such bank borrowings have been fully repaid during the year ended 31 March 2017.

Bank borrowings of HK$17.0 million, HK$15.5 million and HK$30.5 million as at 31 March 2017, 31 July 2017 and 30 November 2017, respectively, are secured by the leasehold land and building owned by Charm Region Limited ("**Charm Region**") and certain corporate entities that are outside of the Group that are owned by Mr. KY Chuk and Mr. Steve Chuk. Charm Region, a connected person of the Company, is owned as to 50% by each of Mr. KY Chuk, a Director, and 50% by Mr. Steve Chuk, son of Mr. KY Chuk and elder brother of Mr. Stanley Chuk, and each of Mr. KY Chuk and Mr. Steve Chuk is also a director of Charm Region. As at 31 July 2017 and 30 November 2017, the bank borrowings in the amount of HK$15.5 million and HK$30.5 million, respectively, were also guaranteed by Mr. KY Chuk and Mr. Steve Chuk, which had been drawn down for the business operation of Good Step and for opening San Xi Lou Times Square.

Bank borrowings of HK$2.1 million and HK$1.2 million as at 31 July 2017 and 30 November 2017, respectively were unsecured and guaranteed by Mr. Stanley Chuk and Mrs. Chuk Cheng Sau Mun, Winnie, spouse of Mr. KY Chuk.

The remaining unsecured bank borrowings of HK$1.0 million, HK$1.9 million, HK$1.1 million and HK$0.5 million as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, respectively, are guaranteed by personal guarantees from Mr. Stanley Chuk and Mr. Steve Chuk and corporate guarantees from certain group entities. As at 31 March 2016, the bank borrowings of HK$1.0 million was also guaranteed by personal guarantee from Mr. Tang, which was released with effect from 20 February 2017.

The total amount of bank borrowings as at 30 November 2017 (being the latest practicable date for the preparation of the indebtedness statement in this prospectus) increased by HK$13.4 million from the amount as at 31 July 2017, which was due to additional bank borrowings of the Group taken out from August 2017 to October 2017.

The Directors confirm that all pledges provided by outside group entities and personal guarantees for our bank borrowings will be released or replaced by corporate guarantees provided by the Group upon Listing.

As at 30 November 2017, the Group had HK$15.0 million of banking facility that was granted and utilised for the primary purpose of opening our San Xi Lou Times Square. As at 30 November 2017, the Group did not have any unutilised banking facilities.

There are no material covenants relating to our outstanding indebtedness.

Obligation under finance lease

For the year ended 31 March 2017 and the four months ended 31 July 2017, the Group has leased its motor vehicle used to transport food ingredients to our restaurants under finance lease. The table below set out our obligations under the finance lease as at the dates indicated:

	As at 31 March		As at 31 July	As at 30 November
	2016	**2017**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
Analysed for reporting purpose as:				
Current liabilities	—	49	51	52
Non-current liabilities	—	193	176	158
Total	—	242	227	210

The finance lease is unguaranteed and secured by the relevant motor vehicle. Our finance lease liabilities are denominated in Hong Kong dollars. The lease term was five years. Interest rate was fixed at the contract date at 3.0% per annum.

Amounts due to related parties

For a detailed breakdown of amounts due to related parties, please refer to "Financial Information — Related Party Balances and Transactions — Balances with related parties/former related parties" in this section.

For the Track Record Period and up to the Latest Practicable Date, the Directors confirm that they are not aware of (i) any material defaults in payment of trade and non-trade payables, bank and other borrowings, (ii) any breach of any of the covenants contained in banking facilities of the Group constituting any event of default, and (iii) any restrictions that will limit our ability to drawdown on unutilised facilities. The Directors further confirm that for the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, we did not have outstanding borrowings and indebtedness such as loan capital issued and outstanding or agreed to be issued or created but unissued, bank overdraft, loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at 30 November 2017, being the latest practicable date for the preparation of the indebtedness statement in this prospectus. Up to the Latest Practicable Date, we did not have any plan for material external debt financing other than fully utilising the existing unutilised banking facility for setting up and operating our San Xi Lou Times Square.

OPERATING LEASE COMMITMENTS

Our operating lease commitments relate to our leased properties for our restaurants and our headquarters. At the end of each reporting period, the Group has commitments for future minimum lease payments under the non-cancellable operating leases. The table below sets forth our future minimum lease payments under non-cancellable operating leases as at 31 March 2016, 31 March 2017 and 31 July 2017:

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	3,582	15,036	14,791
In the second to fifth years, inclusive *(Note 1)*	156	9,360	4,600
Total	3,738	24,396	19,391

Note:

(1) Such amount does not include any rent that might be paid or payable after the minimum lease term.

The above operating lease payments represent rental payable by the Group for restaurants and office premises as at the dates indicated. Leases are negotiated and fixed for the terms of two to three years and have renewal option(s) that can be exercised by us.

The Group has leased the premises at Times Square for our new Sichuanese and Cantonese restaurant under the "San Xi Lou (三希樓)" brand in August 2017 for a fixed term of five years with increasing minimum rent for each rental year. The operating lease rental for our new restaurant premises at Times Square is determined to be the higher of a minimum rental or a pre-determined percentage of our gross receipts of the restaurant at Times Square pursuant to the lease agreement. As future revenue of this restaurant 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.

CAPITAL COMMITMENTS

We did not have any material capital commitments as at 31 March 2016 and 2017 and we had unpaid capital commitments amounted to HK$11.2 million as at 31 July 2017. As at 30 November 2017 (being the latest practicable date for the preparation of the indebtedness statement in this prospectus), we have incurred and committed to incur capital expenditure of approximately HK$15.0 million for our San Xi Lou Times Square.

CAPITAL EXPENDITURES

The Group's capital expenditures during the Track Record Period are set out in the table below:

	For the year ended 31 March		For the four months ended 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Leasehold improvements	—	977	—
Furniture and fixtures	197	117	24
Catering and other equipment	77	105	28
Motor vehicle	—	280	—

Save for the implementation of our business strategies as described in this prospectus and except for the expenditures that are necessary for our business operations such as repair, replacement or maintenance of our existing property and equipment, we had no material capital expenditures planned or committed as at the Latest Practicable Date.

We anticipate that our future capital expenditure will increase as we implement our business strategies. Our projected capital expenditures for the three years ending 31 March 2020 are expected to be HK$14.1 million, HK$42.3 million and HK$1.4 million, respectively. We expect that our planned capital expenditures for the three years ending 31 March 2020 will be primarily used for (i) opening of San Xi Lou Times Square, (ii) establishing a central kitchen to support our expansion (inclusive of the purchase of the associated premises and the purchase of motor vehicles), (iii) opening a new restaurant in Kowloon, (iv) refurbishing our existing restaurants and the Banquet Hall, and (v) enhancing our information system. As such, the capital expenditure requirements for the Group's implementation plans are expected to amount to HK$57.8 million, of which HK$37.6 million (representing 65.1% of the planned capital expenditure), is expected to be financed by the net proceeds from the Share Offer, with the remaining HK$20.2 million of capital expenditure (representing 34.9% of the planned capital expenditure) is expected to be financed from the Group's general working capital. Please refer to "Future Plans and Use of Proceeds" in this prospectus for details of our capital expenditure plans for the implementation of our business strategies.

Our planned capital expenditures are projections only and are based on the assumptions that are set out in "Future Plans and Use of Proceeds — Bases and Assumptions" in this prospectus. We may make adjustments depending on the prevailing market conditions, opportunities and the actual progress in implementing our business strategies.

RELATED PARTY BALANCES AND TRANSACTIONS

Balances with related parties/former related parties

The following table sets forth the breakdown of the amounts due from and to related parties/former related parties as at the dates indicated:

	As at 31 March		As at 31 July	As at 30 November	Settlement as at Latest Practicable Date
	2016	2017	2017	2017	*(Note 8)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Amounts due from related parties/former related parties					
Mr. Stanley Chuk					
Trade	128	389	430	92	92
Non-trade	983	6,796	9,205	3,555	3,555
Sub-total	1,111	7,185	9,635	3,647	3,647
Mr. Steve Chuk					
Trade	2	1	—	—	—
Non-trade	—	—	—	—	—
Sub-total	2	1	—	—	—
Mr. KY Chuk					
Trade	—	—	14	7	7
Non-trade	—	9,270	1,657	6,155	6,155
Sub-total	—	9,270	1,671	6,162	6,162
TSGL *(Note 7)*					
Trade	95	203	119	—	—
Non-trade	6,264	—	—	—	—
Sub-total	6,359	203	119	—	—
Gold Goal Limited ("**Gold Goal**") *(Notes 1 and 7)*					
Trade	—	—	—	—	—
Non-trade	716	—	—	—	—
Sub-total	716	—	—	—	—

	As at 31 March		As at 31 July	As at 30 November	Settlement as at Latest Practicable Date
	2016	**2017**	**2017**	**2017**	*(Note 8)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Bright Link *(Notes 2 and 7)*					
Trade	932	2,214	1,076	475	475
Non-trade	1,166	546	—	—	—
Sub-total	2,098	2,760	1,076	475	475
Darnassus Limited ("**Darnassus**") *(Note 5)*					
Trade	—	—	11	—	—
Non-trade	—	—	—	—	—
Sub-total	—	—	11	—	—
Healthlase Medical Laser Skin Care Limited ("**Healthlase**") *(Notes 3 and 7)*					
Trade	149	206	201	—	—
Non-trade	50	—	—	—	—
Sub-total	199	206	201	—	—
Digit Future Development Limited ("**Digit Future**") *(Notes 3 and 7)*					
Trade	—	128	216	—	—
Non-trade	34	—	—	—	—
Sub-total	34	128	216	—	—
Mr. Tang *(Note 7)*					
Trade	—	—	—	—	—
Non-trade	132	—	—	—	—
Sub-total	132	—	—	—	—
Total	10,651	19,753	12,929	10,284	10,284

	As at 31 March 2016 HK$'000	As at 31 March 2017 HK$'000	As at 31 July 2017 HK$'000	As at 30 November 2017 HK$'000 (unaudited)	Settlement as at Latest Practicable Date (Note 8) HK$'000
Analysis into:					
Amounts due from related parties	10,651	16,465	11,317	9,809	9,809
Amounts due from former related parties	—	3,297	1,612	475	475
Total	10,651	19,753	12,929	10,284	10,284
Analysis into:					
Trade	1,306	3,141	2,067	574	574
Non-trade	9,345	16,612	10,862	9,710	9,710
Total	10,651	19,753	12,929	10,284	10,284

	As at 31 March 2016 HK$'000	As at 31 March 2017 HK$'000	As at 31 July 2017 HK$'000	As at 30 November 2017 HK$'000 (unaudited)	Settlement as at Latest Practicable Date (Note 8) HK$'000
Amounts due to related parties					
Mr. KY Chuk					
Trade	—	—	—	—	—
Non-trade	3,534	550	—	—	—
Sub-total	3,534	550	—	—	—
Mr. Stanley Chuk					
Trade	—	—	—	—	—
Non-trade	—	21	—	—	—
Sub-total	—	21	—	—	—
Charm Region *(Note 4)*					
Trade	—	200	100	—	—
Non-trade	—	—	—	—	—
Sub-total	—	200	100	—	—

	As at 31 March 2016 HK$'000	As at 31 March 2017 HK$'000	As at 31 July 2017 HK$'000	As at 30 November 2017 HK$'000 (unaudited)	Settlement as at Latest Practicable Date *(Note 8)* HK$'000
Darnassus *(Note 5)*					
Trade	—	124	—	—	—
Non-trade	—	—	—	—	—
Sub-total	—	124	—	—	—
Top Standard (China) Limited ("**TS China**") *(Notes 6 and 7)*					
Trade	416	—	—	—	—
Non-trade	—	—	—	—	—
Sub-total	416	—	—	—	—
Top Standard Parking Limited ("**TS Parking**") *(Notes 5 and 7)*					
Trade	223	—	—	—	—
Non-trade	—	—	—	—	—
Sub-total	223	—	—	—	—
Total	4,173	895	100	—	—

	As at 31 March 2016 HK$'000	As at 31 March 2017 HK$'000	As at 31 July 2017 HK$'000	As at 30 November 2017 HK$'000 (unaudited)	Settlement as at Latest Practicable Date *(Note 8)* HK$'000
Analysis into:					
Trade	639	324	100	—	—
Non-trade	3,534	571	—	—	—
Total	4,173	895	100	—	—

Notes:

(1) Gold Goal is a wholly owned subsidiary of TSGL.

(2) Bright Link ceased to be related parties of the Group after 30 June 2016. Bright Link accepts orders on behalf of its customers and places food orders with the Group's restaurants according to its customers' orders.

(3) Mr. Tang had significant influence over Healthlase and Digit Future.

(4) Charm Region is a company jointly owned by Mr. KY Chuk and Mr. Steve Chuk. The amount due to Charm Region represents rentals payable for the lease of Ronin Wanchai's premises from Charm Region.

(5) Darnassus is a company wholly owned by Mr. Stanley Chuk, and the amount due to Darnassus represents hourly parking fees that the Group pays on behalf of our customers who park in the Coda Plaza carpark and dine in our restaurants in Coda Plaza and also advertisements fees payable for advertisements displayed in the carpark. Prior to 1 August 2016, such amounts were paid to TS Parking, which is a wholly-owned subsidiary of TSGL. As at 31 July 2017, amount due from Darnassus represents prepayments of the parking fees and advertisement fees to Darnassus.

(6) TS China was a wholly-owned subsidiary of TSGL.

(7) After 30 June 2016, TSGL, Gold Goal, Bright Link, Healthlase, Digit Future, Mr. Tang, TS China and TS Parking ceased to be our related parties.

(8) It represents the settlement as at the Latest Practicable Date of the amounts due from/to the relevant party as at 30 November 2017.

The amounts due from certain of our related parties/former related parties in the amounts of HK$9.3 million, HK$16.6 million, HK$10.9 million and HK$9.7 million as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, respectively, are non-trade, unsecured, interest-free and repayable on demand. The remainder of such amounts in the amounts of HK$1.3 million, HK$3.1 million, HK$2.1 million and HK$0.6 million as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, respectively, consisted of trade balances of which we did not grant any credit terms on. The Group does not hold any collateral over these balances.

As at the Latest Practicable Date, the HK$10.3 million as at 30 November 2017 due from related parties/former related parties had been settled in full.

The amounts due to related parties of HK$3.5 million, HK$0.6 million, nil and nil as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, respectively, are non-trade, unsecured, interest-free and repayable on demand. The remainder of such amounts of HK$0.6 million, HK$0.3 million, HK$0.1 million and nil as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, respectively, represented the trade nature balances.

Prior to the Listing, it is expected that each of these related parties/former related parties will settle their respective non-trade amounts due to the Group, and the Group will settle all non-trade amounts due to related parties by way of repayment in cash to the respective parties.

For further details of the balances with related parties/former related parties, please refer to note 19 to the Accountants' Report in Appendix I to this prospectus.

Related party transactions

The related parties transactions can be classified into the following main categories: (i) purchases of raw materials and consumables from related parties/former related parties and service charges paid for procurement services provided by a former related party, (ii) catering income from related parties/former related parties, (iii) management fees paid by us to TSGL for administrative services provided to us prior to our setting up of own headquarters, (iv) parking fees paid to TS Parking and Darnassus on behalf of our eligible customers who park in the Coda Plaza carpark and who spend a minimum amount in our restaurants in Coda Plaza and advertising fees we pay to these entities for advertisements we post inside the carpark, and (v) rental payable to a related party in connection with the rental of the premises of Ronin Wanchai.

During the Track Record Period, we had related party transactions which were trade in nature. The Directors confirm that these trade transactions were conducted on arm's length basis and on normal commercial terms, and except for settlement of such amounts upon presentation of an invoice rather than settlement in cash, the terms are no more favourable than terms available to Independent Third Parties, and that these trade transactions would not distort the Group's financial performance during the Track Record Period or make such results not reflective of the Group's future financial performance. For further details of the related party transactions, please refer to note 30 to the Accountants' Report in Appendix I to this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

The Group did not enter into any material off-balance sheet transactions or arrangements as at the Latest Practicable Date.

DISTRIBUTABLE RESERVES

As at 31 July 2017, the Company had no distributable reserves which were available for distribution to our equity holders.

QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISKS

For risks that the Group is exposed to, such as interest rate risk, credit risk and liquidity risk, please refer to note 29 to the Accountants' Report in Appendix I to this prospectus. Please also refer to note 28 to the Accountants' Report in this prospectus for details on the Group's capital risk management measures to ensure that the Group will be able to continue as a going concern.

OTHER KEY FINANCIAL RATIOS

The table below sets out some of our other key financial ratios as at/for the two years ended 31 March 2016 and 2017 and as at/for the four months ended 31 July 2017, respectively:

	As at/for the year ended 31 March		As at/for the four months ended 31 July
	2016	2017	2017
Current ratio *(Note 1)*	1.13	0.82	0.64
Quick ratio *(Note 2)*	1.10	0.80	0.63
Return on equity *(Notes 3 and 8)*	175.6%	72.4%	N/A
Return on total assets *(Notes 4 and 8)*	56.7%	20.7%	N/A
Interest coverage ratio *(Notes 5 and 9)*	87.2	51.8	N/A
Gearing ratio *(Note 6)*	0.4	1.7	3.5
Net debt to equity ratio *(Note 7)*	N/A	1.5	2.9

Notes:

(1) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the relevant period.

(2) Quick Ratio is calculated based on the total current assets minus inventories divided by the total current liabilities as at the end of the relevant period.

(3) Return on equity is a percentage ratio calculated based on profit of the relevant period divided by the total equity at the end of the relevant period.

(4) Return on total assets is a percentage ratio calculated based on the profit of the relevant period divided by the total assets at the end of the relevant period.

(5) Interest coverage ratio is calculated based on profit before interest and tax for the relevant period divided by interest expenses for the relevant period.

(6) Gearing ratio is calculated based on total debt divided by total equity at the end of the relevant period. Total debt includes all interest-bearing loans and obligation under finance lease.

(7) Net debt to equity ratio is a percentage ratio calculated based on net debts (being the aggregate of interest-bearing loans and the obligation under finance lease, net of cash and cash equivalents) divided by total equity as at the end of the relevant period.

(8) Return on equity and return on total assets for the four months ended 31 July 2017 are not computed as the Group was loss making during this period.

(9) Interest coverage ratio is not computed for the four months ended 31 July 2017 as the Group recorded a net loss for this period.

Current ratio and quick ratio

Our current ratio decreased from 1.13 as at 31 March 2016 to 0.82 as at 31 March 2017, and our quick ratio decreased from 1.10 to 0.80 for the corresponding dates. The decreases in the current and quick ratios were mainly due to a significant increase in the current liabilities due to an outstanding bank loan that was acquired by the Group through our acquisition of Good Step, which was partially offset by an increase in the current assets of the Group arising from increased amounts due from related parties/former related parties.

Our current ratio decreased from 0.82 as at 31 March 2017 to 0.64 as at 31 July 2017, and our quick ratio decreased from 0.80 to 0.63 for the corresponding dates. These decreases were mainly due to a decrease in the current assets due to a reduction in amounts due from related parties/former related parties and also an increase in trade and other payables and accruals primarily as a result of the recognition of Listing expenses payable.

Return on equity

Our return on equity decreased from 175.6% for the year ended 31 March 2016 to 72.4% for the year ended 31 March 2017. This decrease in our return on equity is primarily due to: (i) the decrease in profit recognised for the year ended 31 March 2017, and (ii) the increase in our equity base following the issue of new shares by the Company to new Shareholders, which was partially offset by dividends declared and paid during the year ended 31 March 2017 to Mr. Stanley Chuk. The Group was loss-making for the four months ended 31 July 2017 and this ratio is not calculated for this period.

Return on total assets

Our return on total assets decreased from 56.7% for the year ended 31 March 2016 to 20.7% for the year ended 31 March 2017. This decrease is primarily due to the decrease in profits and the increase in the Group's total assets after the completion of our acquisition of Good Step which operates Ronin Wanchai and Ronin Central during the year ended 31 March 2017. The Group was loss-making for the four months ended 31 July 2017 and this ratio is not calculated for this period.

Interest coverage ratio

Our interest coverage ratio went down from 87.2 for the year ended 31 March 2016 to 51.8 for the year ended 31 March 2017. The decrease in this ratio is primarily attributable to (i) the higher interest expense incurred by the Group as a result of the increase in the outstanding amounts of bank loans and interests payable under these loans, and (ii) the lower profit before interest and tax for the year ended 31 March 2017. The Group recorded a net loss for the four months ended 31 July 2017 and this ratio is not calculated for this period.

Gearing ratio

Our gearing ratio increased from 0.4 as at 31 March 2016 to 1.7 as at 31 March 2017. This increase in gearing reflects an increase in outstanding debt of the Group as at 31 March 2017 due to an outstanding bank loan that was acquired by the Group through its acquisition of Good Step, but was partially offset by an increase in our equity base.

Our gearing ratio increased from 1.7 as at 31 March 2017 to 3.5 as at 31 July 2017, which was mainly due to a decrease in equity arising from the loss of the Group for the four months ended 31 July 2017, which reduced the Company's reserves.

Net debt to equity ratio

We had a net asset position as at 31 March 2016 and had a net debt to equity ratio of 1.5 as at 31 March 2017. This change is primarily attributable to a significant increase in outstanding bank loans and a decrease in cash and cash equivalents, which was partially offset by an increase in our equity base.

Our net debt to equity ratio increased from 1.5 as at 31 March 2017 to 2.9 as at 31 July 2017, which was mainly due to a decrease in equity arising from the operating loss of the Group for the four months ended 31 July 2017, which reduced the Company's reserves.

LISTING EXPENSES AND EFFECT ON OUR FINANCIAL PERFORMANCE

The total amount of Listing expenses in connection with the Listing is estimated to be approximately HK$27.1 million, of which HK$10.1 million is to be capitalised (i.e. accounted for as deduction from equity) upon the Listing. The remaining HK$17.0 million in fees and expenses has been or is expected to be charged to the consolidated statements of profit or loss and other comprehensive income, of which nil was charged for the two years ended 31 March 2016 and 2017. Listing expenses of HK$7.0 million in relation to services already performed have been recognised in the consolidated statements of profit or loss and other comprehensive income for the four months ended 31 July 2017, and the remaining Listing expenses of HK$10.0 million are expected to be recognised in the consolidated statements of profit or loss and other comprehensive income as an expense for the year ending 31 March 2018. Accordingly, the net profits of the Group for the year ending 31 March 2018 are expected to be affected by the estimated expenses in relation to the Listing. Such Listing expenses are a current estimate for reference only and the final amount to be charged to the profit and loss account of the Group for the year ending 31 March 2018 and the amount to be deducted from the Group's capital are subject to change. If the Listing were to be postponed due to market conditions, additional Listing expenses would be incurred for future listing plan and would further reduce the Group's future net profit.

DIVIDENDS

During the year ended 31 March 2016, Great Planner and Sky Honour declared dividends of HK$6.2 million and HK$0.7 million to the then shareholders. During the year ended 31 March 2017, the Company declared dividends of HK$11.0 million to the then Shareholders. The payment of dividends during the years ended 31 March 2016 and 2017 was primarily for the purposes of offsetting amounts due from the relevant shareholders. No dividend was declared or paid during the four months ended 31 July 2017 and up to the Latest Practicable Date.

The Company currently does not have a fixed dividend policy and may declare dividends by way of cash or by other means that the Directors consider appropriate. A decision to declare any interim dividend or recommend declaration of any final dividend would require the approval of the Board and will depend on, among others, our results of operations, cashflows and financial condition, general business conditions and strategies, our operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong and other factors as the Board may consider relevant.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus.

DISCLOSURES REQUIRED UNDER THE GEM LISTING RULES

The Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which could give rise to a disclosure obligation pursuant to Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENTS

Since 31 July 2017, being the latest date on which the consolidated financial information of the Group as set out in the Accountants' Report in Appendix I to this prospectus was made up and up to the Latest Practicable Date, we have the following new developments:

We have leased a premises located on the 11th Floor at Times Square in Causeway Bay for San Xi Lou Times Square, our second Sichuanese and Cantonese restaurant under the "San Xi Lou (三希樓)" brand in August 2017. The lease term for the premises is five years fixed and the new restaurant has a licensed area of approximately 700 sq.m. and a customer seating of around 240 seats. San Xi Lou Times Square commenced business in November 2017. Further details of San Xi Lou Times Square can be found in "Business — Our Restaurants" and "Business — Our Development Plan — (1) Expanding our San Xi Lou and Pure Veggie House" in this prospectus. As at the Latest Practicable Date, we had incurred capital expenditure of approximately HK$15.0 million in the opening of the new restaurant.

Based on the unaudited management accounts of the Group for the four months ended 30 November 2016 and 2017, (i) revenue of the Group for the four months ended 30 November 2017 has increased by approximately 43.8% as compared to that of the corresponding period in 2016; and (ii) our average daily seating turnover rate and our average spending per customer for the four months ended 30 November 2017 were approximately 1.5 and HK$344.2 respectively, which has been improved as compared to that for the same period in 2016. The substantial improvement of our revenue for the four months ended 30 November 2017 was primarily due to (i) the inclusion of revenue from Ronin Central and Ronin Wanchai following the Group's acquisition of Good Step in November 2016; and (ii) Ronin Wanchai and Ronin Central having achieved breakeven since June 2017. However, because of the expenses incurred in relation to the opening of San Xi Lou Times Square (including the effective rent), based on our unaudited management accounts for the four months ended 30 November 2017, the Group recorded a net loss as compared to a net profit recorded for the same period in 2016.

Recently, support measures were announced in the Financial Secretary's 2017–18 budget for the Government. In the budget, the Financial Secretary had proposed short-term measures to waive the licence fees for restaurants and hawkers and fees for restricted food permits for one year. We expect to be able to benefit from these measures and we expect to save on licensing-related expenses of approximately HK$45,000 in aggregate.

MATERIAL ADVERSE CHANGE

The expenses of the Share Offer, primarily consisting of fees paid or payable to professional parties and underwriting fees and commissions, are estimated to be approximately HK$27.1 million (based on the mid-point of the indicative Offer Price range of HK$0.375 per Offer Share), of which approximately HK$17.0 million is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2018 and HK$10.1 million is expected to be accounted for as a deduction from equity upon the Listing. Such expenses are one-time and non-recurring in nature.

The Directors expect that the Listing expenses and the opening of the new restaurant in Times Square (including the effective rent of our new San Xi Lou restaurant at Times Square for the year ending 31 March 2018, which is expected to be approximately HK$1.6 million, will be accounted for as rental expenses of the Group) may materially affect the Group's financial performance for the year ending 31 March 2018. As a result, it is expected that the Group will record a net loss for the year ending 31 March 2018.

Save for the above, the Directors confirm that up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospect of the Group since 31 July 2017 (being the date of which the Group's latest audited consolidated financial statements were made up as set out in the Accountants' Report in Appendix I to this prospectus), and there had been no event since 31 July 2017 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

BUSINESS OBJECTIVES

The Group will endeavour to achieve its business objectives and adopt the following business objectives and implementation plans during the period from the Latest Practicable Date to 31 March 2020. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to in "Future Plans and Use of Proceeds — Bases and assumptions" in this prospectus. These bases and assumptions are subject to uncertainties, variables and unpredictable factors, in particular the risk factors set out in "Risk Factors" in this prospectus. The Group's actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of the Group will be materialised in accordance with the expected time frame or that the business objectives of the Group will be accomplished at all.

BUSINESS STRATEGIES

For our business strategies, please refer to "Business — Our Business Strategies" in this prospectus.

DEVELOPMENT PLAN

For our development plan of our restaurant business, please refer to "Business — Our Development Plan" in this prospectus.

IMPLEMENTATION PLAN

The tables below set out our plan to implement our business objectives and strategies for each of the six-month periods from the Latest Practicable Date until 31 March 2020 and our estimates on the amount of proceeds that are used.

From the Latest Practicable Date to 31 March 2018

Business objective	Use of proceeds	Implementation plan
Repayment of bank loan for opening San Xi Lou Times Square	HK$4.0 million	Repay part of the utilised revolving facility drawn down by the Group for the purpose of establishing San Xi Lou Times Square
Establishing a central kitchen to support our expansion	HK$0.2 million	Commission a feasibility study for the central kitchen — Identify suitable premises for the central kitchen
Strengthening our marketing efforts	HK$0.1 million	Social media marketing, strengthening our online presence, and carrying out promotional activities such as lucky draws

From 1 April 2018 to 30 September 2018

Business objective	Use of proceeds	Implementation plan
Opening a new restaurant under the "Pure Veggie House (心齋)" brand	HK$1.9 million	Submit tender and design the premises — Enter into a lease agreement for Pure Veggie House premises
Establishing a central kitchen to support our expansion	HK$8.4 million	Acquire suitable premises for the central kitchen and obtain a mortgage for its acquisition — Commence design of the premises and the production line of the central kitchen
Renovating our premises and upgrading our equipment	HK$2.3 million	Design and refurbish San Xi Lou located on the 7th Floor of Coda Plaza
	HK$2.2 million	Design and refurbish Pure Veggie House
	HK$1.5 million	Design and refurbish Ronin Wanchai
	Nil	Identify suitable premises for our new headquarters
Investing in system upgrade for our existing business operation and to cater future business expansion so as to improve our operational efficiency	HK$1.0 million	Engage service provider to install ERP system, and upgrade POS system and accounting system
Strengthening our marketing efforts	HK$0.6 million	Social media marketing, strengthening our online presence, taking out printed advertisements, conducting media tasting, taking out outdoor advertisements, offering discount coupon through online platform(s), hiring spokesperson and/or to engage a marketing research company to perform market research on the Group's brand offering and latest market preferences

From 1 October 2018 to 31 March 2019

Business objective	Use of proceeds	Implementation plan
Opening a new restaurant under the "Pure Veggie House (心齋)" brand	HK$8.2 million	Renovate the new premises Obtain necessary licences Employ restaurant staff
Establishing a central kitchen to support our expansion	HK$5.9 million	Renovate the premises and pay initial payment for renovations Purchase of equipment Obtain necessary licences
	HK$1.2 million	Acquire vehicles for delivery of products from the central kitchen to our restaurants
Renovating our premises and upgrading our equipment	HK$2.1 million	Lease new office premises Renovate the new premises of our headquarters Relocate our headquarters to the new premises
	HK$0.7 million	Refurbish Ronin Central
	HK$2.3 million	Design and refurbish San Xi Lou located on the 22nd Floor of Code Plaza
Strengthening our marketing efforts	HK$0.2 million	Social media marketing, strengthening our online presence, and carrying out promotional activities such as lucky draws

From 1 April 2019 to 30 September 2019

Business objective	Use of proceeds	Implementation plan
Establishing a central kitchen to support our expansion	HK$2.5 million	Set up production line and conduct operation training Pay remaining amount of renovation expenses Purchase utensils and containers Obtaining necessary licences Commence trial operation of the central kitchen
Strengthening our marketing efforts	HK$0.2 million	Social media marketing, strengthening our online presence, taking out printed advertisements, conducting media tasting, taking out outdoor advertisements, offering discount coupon through online platform(s)

From 1 October 2019 to 31 March 2020

Business objective	Use of proceeds	Implementation plan
Renovating our premises and upgrading our equipment	HK$1.0 million	Refurbish the Banquet Hall

Our purchase of the premises for the new central kitchen

Part of the proceeds will be used to purchase a property from an Independent Third Party in the New Territories, Hong Kong as our central kitchen premises (the "**Central Kitchen Premises**"). The Directors believe that by purchasing our own premises, we will be able to have a stable environment to operate our central kitchen in, to avoid exposure to the rental market fluctuation, and also to avoid any potential disruptions to our central kitchen operations if we rent the premises but we are in the future forced to relocate our central kitchen due to the landlord not renewing the lease with us. Please refer to "Business — Our Development Plan — (3) Establishing a central kitchen" for further details regarding the central kitchen we intended to establish. The planned expenditure for the acquisition of the Central Kitchen Premises is expected to be approximately HK$12 million to HK$14 million, of which approximately HK$8.4 million will be financed from the proceeds of the Share Offer, representing approximately 17.5% of the net proceeds of the Share Offer, and the remainder of the acquisition price will be financed by a mortgage over the Central Kitchen Premises to be obtained from a commercial bank and internal funding.

As at the Latest Practicable Date, we have not entered into any lease agreement or any agreement to purchase either the Central Kitchen Premises or to purchase equipment that are intended to be used in our central kitchen or vehicles that are going to be used by in the operations of the central kitchen. The Directors expect that the investments (other than the purchases of the Central Kitchen Premises) will primarily be made shortly before the central kitchen commences operations.

BASES AND ASSUMPTIONS

The implementation plan set out by the Directors are based on the following bases and assumptions:

- the Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of the Group's future plans described in this prospectus from the amount as estimated by the Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to the Group, or in the political, economic or market conditions in which the Group operates;
- there will be no changes in the effectiveness of the licences, permits and qualifications obtained by the Group;

- there will be no material changes in the bases or rates of taxation applicable to the activities of the Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of the Group; and
- the Group will not be materially affected by the risk factors as set out in "Risk Factors" in this prospectus.

REASONS FOR THE LISTING AND THE SHARE OFFER

The Share Offer will enhance the Group's capital base and provide the Group with additional capital to implement the future plans set out in this section. In addition, the Directors believe that being a company listed on the Stock Exchange will give us the following benefits.

Additional sources to raise capital to expand our business

The Directors believe that the Listing is strategically critical to our long-term growth as it will provide us with additional sources to raise capital for expansion and other development needs. Following the Listing, we will have access to the capital markets, providing us additional sources for future fundraising through the issuance of equity and debt securities for business expansion. Equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, in particular, we do not have to rely on the financial support from our Shareholders by way of providing personal guarantees and/or pledge of properties owned by them to secure bank borrowings, and therefore would allow the Group to react promptly to market conditions and business opportunities. Further, the Directors believe that a listing status would allow us to gain leverage in obtaining bank financing for our expansion and our working capital needs on relatively more favourable terms. Therefore, the Listing will allow us to offer us more flexibility in fundraising.

Reduce reliance on the financial support from the Shareholders

We have historically been relying on funds generated from our restaurant operations and advances from related parties and bank borrowings to support our capital requirements. Being a private company with a small shareholder base, the amount of Shareholders' loans available is limited. Further, the financing costs associated with bank borrowings are usually relatively higher for private companies and banks would normally require guarantees from the Shareholders for securing the bank borrowings. Furthermore, the Group's business is asset-light in nature and therefore it does not have the suitable fixed and/or other assets to offer to banks as collateral to secure bank borrowings. Bank borrowings will also subject us to interest rate risks. Recently, we have secured a revolving bank loan to support our expansion plans for San Xi Lou Times Square. Such bank borrowing is secured by personal guarantees provided by the Shareholders and a property owned by a Shareholder.

Therefore, if we continue to rely on bank borrowings with the financial support from the Shareholders to finance our expansion in the future, the increase in our financing costs will place significant financial burden on the small group of Shareholders, and the Directors believe that any reliance on the financial support of the Shareholders would hinder the development and expansion of our business. The Directors are of the view that it is beneficial for the Group to have a diverse range of funding sources (including equity funding) to fund its operations.

Increase competitiveness through strengthening of market position

The Listing status will strengthen our market position, enhance our reputation and corporate profile and raise our brand publicity. This is particularly important to restaurant business in Hong Kong to increase its competitiveness and increase revenue. A number of our competitors within our industry are listed companies. The Directors believe that a listing status, which entails public financial disclosures and regulatory supervision, can enhance our corporate profile and credibility with the public and potential business partners. In addition, the Directors are of the view that the Listing will also increase our bargaining power in negotiating terms with our suppliers and potential business partners as a business relationship with a listed company will be more appealing to them. The Directors believe that with the increases in brand awareness and the creditability of being a listed company will enable the Group to increase its chances to secure better venues for its new restaurants in the future. As a listed entity, our brand will become more visible to the public and our customers and suppliers will have more confidence in the quality of our services, our financial strength and credibility, transparency in operations and financial reporting, and our internal control systems.

Enhance corporate governance

The Directors believe that through the Listing, the internal control and corporate governance practices of the Group would be further enhanced. Following the Listing, we are required to meet high standards with respect to internal control and corporate governance, which are instrumental in strengthening the overall control and supervision of the Group.

USE OF PROCEEDS

We estimate that the net proceeds to be received by us from the Share Offer, after deducting the underwriting commission and related expenses payable by the Company in the aggregate amount of approximately HK$27.1 million, will be approximately HK$47.9 million (assuming an Offer Price of HK$0.375 per Offer Share, being the mid-point of the indicative Offer Price range). We intend to apply such net proceeds from the Share Offer as follows:

- approximately HK$18.2 million, representing approximately 38.0% of the net proceeds from the Share Offer, will be used for establishing a central kitchen, among which:

  — approximately HK$8.4 million, representing approximately 17.5% of the net proceeds from the Share Offer will be used as part of the consideration for acquiring the Central Kitchen Premises, with the remainder of the acquisition price being financed by a mortgage and internal funding;

  — approximately HK$8.6 million, representing approximately 18.0% of the net proceeds from the Share Offer will be used mainly for renovating the Central Kitchen Premises, purchase of equipment and hiring an external consultant during the setting-up period of the central kitchen to advise us on the optimisation of our central kitchen operation. Please refer to "Future Plans and Use of Proceeds — Implementation Plan" for further details and the proposed timeline for establishing our central kitchen;

  — approximately HK$1.2 million, representing approximately 2.5% of the net proceeds from the Share Offer will be used for purchase of the delivery vehicles;

- approximately HK$12.1 million, representing approximately 25.3% of the net proceeds from the Share Offer, will be used for renovating our premises and upgrading our equipment, among which:
  - — approximately HK$10.0 million, representing approximately 20.9% of the net proceeds from the Share Offer, will be used for the refurbishment of our existing restaurants and Banquet Hall;
  - — approximately HK$2.1 million, representing approximately 4.4% of the net proceeds from the Share Offer, will be used for relocation of our headquarters;
- approximately HK$10.1 million, representing approximately 21.0% of the net proceeds from the Share Offer, will be used for establishing a new restaurant in Kowloon;
- approximately HK$4.0 million, representing approximately 8.4% of the net proceeds from the Share Offer will be used for repayment of utilised banking facility. The bank facility is a revolving loan in the amount of HK$15.0 million that may be drawn down for a period of either one, two, three or six months. An amount that is drawn-down will be charged at the corresponding interest rate of one, two, three or six months Hong Kong Interbank Offered Rate plus 2.5% per annum;
- approximately HK$1.1 million, representing approximately 2.3% of the net proceeds from the Share Offer, will be used to strengthen our marketing effects;
- approximately HK$1.0 million, representing approximately 2.1% of the net proceeds from the Share Offer will be used for upgrading our information system; and
- approximately HK$1.4 million, representing approximately 2.9% of the net proceeds from the Share Offer, will be used for general working capital of the Group.

The Directors expect that the net proceeds from the issue of the Offer Shares of approximately HK$47.9 million will be sufficient to finance our business plans as scheduled in ‘‘Implementation plan’’ in this section. The net proceeds of the Share Offer are expected to be fully utilised by 31 March 2020 according to our business plans. In the event that the net proceeds from the issue of the Offer Shares is insufficient to finance the capital expenditure as mentioned above, we will finance our business plans from internal resources.

In the event that any part of the future plans does not materialise or proceed as planned, we will carefully evaluate the situation and may reallocate the intended funding to our other future plans and/or place the proceeds on short-term interest bearing deposit accounts with licensed banks and/or financial institutions in Hong Kong so long as we consider it to be in the best interest of the Company and our Shareholders taken as a whole. Should the Directors decide to allocate the net proceeds from the Share Offer to business plans and/or new projects of the Group other than those disclosed in this prospectus after the Listing, we will make an announcement to notify the Shareholders and investors of the changes in compliance with the GEM Listing Rules.

If the final Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received by us from the Share Offer will increase or decrease by approximately HK$4.7 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest of the indicative Offer Price range.

PUBLIC OFFER UNDERWRITERS

Sole Bookrunner

Cinda International Capital Limited

Joint Lead Managers

Cinda International Capital Limited
CLC Securities Limited

Co-lead Managers

Bluemount Securities Limited
Ping An Securities Limited
Sunfund Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Company is initially offering 20,000,000 Offer Shares for subscription by 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 (i) the Listing Division granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and (ii) certain other conditions set out in the Public Offer Underwriting Agreement (including, among others, the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company agreeing on the Offer Price), the Public Offer Underwriters have agreed, severally but not jointly, to subscribe for, or procure subscribers to subscribe for, their respective applicable proportions of the Public Offer Shares on the terms and subject to the conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement. The Public Offer Shares are fully underwritten pursuant to the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination of the Public Offer Underwriting Agreement

If any of the events set out below shall occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall be entitled by notice (orally or in writing) given to the Company to terminate the Public Offer Underwriting Agreement with immediate effect:

(a) there shall develop, occur or come into force:

(i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the BVI, the Cayman Islands or any other jurisdiction(s) relevant to the Company and our subsidiaries or any other similar event which in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) has or is likely to have a material adverse effect on the business or financial conditions or prospects of the Group; or

(ii) any change (whether or not permanent) in national, regional, international, financial, military, industrial or economic conditions or prospects, stock market, fiscal or political conditions, regulatory or market conditions and matters and/or disasters in Hong Kong, the BVI, the Cayman Islands or any other jurisdiction(s) relevant to the Company and our subsidiaries or any other similar event which in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) has or is likely to have a material adverse effect on the business or financial conditions or prospects of the Group; or

(iii) without prejudice to sub-paragraph (i) of paragraph above, the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

(iv) any event, or series of events, beyond the control of the Public Offer Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God or accident) would or might adversely affect any member of the Group; or

(v) any change or development occurs involving a prospective change in taxation or in exchange control in Hong Kong, the BVI, the Cayman Islands or any other jurisdiction(s) to which any member of the Group is subject or the implementation of any exchange controls which in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) would or might adversely affect any member of the Group; or

(vi) any litigation or claim of material importance to the business, financial or operations of the Group being threatened or instituted against any member of the Group, which is likely to have a material adverse effect on the business or financial condition or prospects of the Group as a whole; or

(vii) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, the BVI, the Cayman Islands or any other jurisdiction(s) relevant to the Company and its subsidiaries, which is likely to have a material adverse effect on the business or financial conditions or prospects of the Group; or

(viii) any government authority, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority, or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign, or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any members of the Group or Director where such investigation would or might adversely affect the business or financial condition of the Group as a whole; or

(ix) order or petition for the winding up of any members of the Group or any composition or arrangement made by any members of the Group with its creditors or a scheme of arrangement entered into by any members of the Group or any resolution for the winding up of any members of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any members of the Group or anything analogous thereto occurring in respect of any members of the Group; or

(x) any such event, which, individually, or in the aggregate, in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), (i) has or may have a material adverse effect on the success of the Share Offer, or the level of applications under the Public Offer or the level of interest under the Placing; or (ii) has or will or may have a material adverse effect on the assets, liabilities, business, prospects, trading or financial position of the Group as a whole; or (iii) makes it inadvisable or inexpedient to proceed with the Share Offer; or (iv) has or will or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

(b) there comes to the notice of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) any matter or event showing any of the representations and warranties contained in the Public Offer Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) in its sole and absolute opinion to be material or showing any of the obligations or undertakings expressed to be assumed by or imposed on the Company or the other warrantors under the Public Offer Underwriting Agreement not to have been complied with in any respect considered by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) in its sole and absolute opinion to be material; or

(c) there comes to the notice of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) any breach on the part of the Company or any of the other warrantors of any provisions of the Public Offer Underwriting Agreement in any respect which is considered by the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) in its sole and absolute opinion to be material; or

(d) any statement contained in this prospectus, notices, advertisements, announcements, application proof prospectus, post hearing information pack, the submissions, documents or information provided to the Sponsor, the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), the Stock Exchange, the legal adviser to the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters and any other parties involved in the Share Offer which in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or

(e) matters have arisen or have been discovered which would, if this prospectus, notices, advertisements, announcements, application proof prospectus, post hearing information pack was to be issued at that time, constitute, in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) a material omission of such information; or

(f) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of the Group which in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) is material; or

(g) the approval of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued under the Share Offer and the Shares to be issued pursuant to the Capitalisation Issue is refused or not granted, other than subject to customary conditions, on or before 8:00 a.m. (Hong Kong time) on the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(h) any expert, who has given opinion or advice which are contained in this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or advices and references to its name included in the form and context in which it respectively appears prior to the issue of this prospectus; or

(i) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or

(j) there comes to the notice of the Sponsor, the Sole Bookrunner, the Joint Lead Managers or any of the Underwriters any information, matter or event which in the sole and absolute opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

    (i) is inconsistent in any material respect with any information contained in the Declaration and Undertaking with regard to Directors given by any Directors pursuant to the Share Offer; or

(ii) would cast any serious doubt on the integrity or reputation of any Director or the reputation of the Group as a whole.

Undertakings to the Stock Exchange

Undertaking by the Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that except pursuant to the Share Offer, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of our Shares or our securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertaking by the Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that except pursuant to the Share Offer and save as permitted under the GEM Listing Rules, he/it shall not and shall procure the relevant registered holder shall not, without the prior consent of the Stock Exchange:

(a) in the period commencing on the date by reference to which disclosure of his/its interests in the Company is made in this prospectus and ending on the date falling six months from the Listing Date (the "**First 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 of the securities of the Company in respect of which he/it is shown by this prospectus to be the beneficial owners (the "**Relevant Securities**"); or

(b) in the six-month period commencing on the expiry of the First Six-month Period (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 of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders, would cease to be a controlling shareholder or a group of controlling shareholders of the Company for the purposes of the GEM Listing Rules.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has further undertaken to the Stock Exchange and to the Company that he/it will comply with the following requirements:

(a) in the event that he/it pledges or charges any direct or indirect interest in the Relevant Securities in favor 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 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 First Six-month Period and the Second Six-month Period, he/it must inform the 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 the Shares under (a) above, he/it must inform the Company immediately in the event that he/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.

Pursuant to Rule 13.20 of the GEM Listing Rules, in the event that the Company has been informed of any matter under Rule 13.19 of the GEM Listing Rules as described above, we shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Undertakings pursuant to the Public Offer Underwriting Agreement

Each of the Controlling Shareholders, jointly and severally, has given an undertaking to each of the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters that, without the prior written consent of the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules, none of the Controlling Shareholders will, and will procure that none of its close associates will:

(i) during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six Month Period**"), (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) (the foregoing restriction is expressly agreed to include the Controlling Shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares); 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 Shares or any other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of the Company or shares or other securities of such other members of the Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforementioned period); and

(ii) he or it will not, during the period of six months commencing on the date on which the First Six Month Period expires and including, the date that is six months after the end of the First Six Month Period (the "**Second Six Month Period**"), enter into any of the transactions specified in (a), (b) or (c) under paragraph (i) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he or it will cease to be a "controlling shareholder" (as the term is defined in the GEM Listing Rules) of the Company or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him or it and/or any of his or its close associate which owns such Shares or interests as aforesaid; and

(iii) until the expiry of the Second Six Month Period, in the event that he or it enters into any of the transactions specified in (a), (b) or (c) under paragraph (i) above or offers to or agrees to or announces any intention to effect any such transaction, he or it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Except for the offer of the Offer Shares pursuant to the Share Offer and the issue and allotment of Shares pursuant to the Capitalisation Issue as disclosed in this prospectus, during the First Six Month Period, the Company undertakes to each of the Sole Bookrunner, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters not to, and to procure each member of the Group not to, without the prior written consent of the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any shares or other securities of such other members of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other members of the Group, as applicable); 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 Shares or any other securities of the Company or any shares or other securities of such other members of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such members of the Group, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of the Company or shares or other securities of such members of the Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforementioned period). In the event that, during the Second Six Month Period, the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company. Each of the Company, our Controlling Shareholders and executive Directors undertakes to each of the Sole Bookrunner, the Joint Lead Managers, the Sponsor and the Public Offer Underwriters to procure the Company to comply with the undertakings in this paragraph.

Each of the Company, our Controlling Shareholders and executive Directors undertakes to and covenants with the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters that save with the prior written consent of the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), no company in the Group will during the First Six Month Period purchase any securities of the Company.

Without prejudice to the above, each of our Controlling Shareholders undertakes and covenants with the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters that:

(i) save with the prior written consent from the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and to the extent as allowed under the GEM Listing Rules, during the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it shall not and shall procure that none of his or its close associates shall pledge or charge or create any other rights or encumbrances in any Shares or any interest therein owned by him or it or any of their close associates or in which he or it or any of their close associates is, directly or indirectly, interested immediately following completion of the Share Offer (or any other Shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise) or any share or interest in any company controlled by him or it or any of their close associates which is the beneficial owner (directly or indirectly) of such Shares or interest therein as aforesaid (or any other shares or securities of or interest in the company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); and

(ii) in the event that notification is given to the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), when he or it or any of their close associates shall pledge, charge or create any encumbrance or other right or any of the Shares or interests referred to in (i) above, he or it shall give prior written notice of not less than two business days to the Stock Exchange, the Company, the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) giving details of the number of Shares, shares in the company which is the beneficial owner of such Shares, or the interests as aforementioned, the identities of the pledgee or person (the "**Mortgagee**") in favour of whom the pledge, charge, encumbrance or interest is created and further if he or it or any of their close associates is aware of or receives indications or notice, either verbal or written, from the Mortgagee that the Mortgagee will dispose of or transfer any of the Shares or interests referred to in (i) above, he or it will immediately notify the Stock Exchange, the Company, the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) in writing of such indications and provide details of such disposal or transfer to the Stock Exchange, the Company, the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) as they may require.

The Company undertakes and covenants with the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters that the Company shall forthwith inform the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) and the Stock Exchange in writing immediately after the Company has been informed of the matters referred to in paragraph (ii) above and the Company shall, if so required by the Stock Exchange or the GEM Listing Rules, disclose such matters by way of an announcement and shall comply with all requirements of the Stock Exchange.

Placing Underwriting Agreement

In connection with the Placing, it is expected that the Company and the Placing Underwriters will enter into the Placing Underwriting Agreement. Under the Placing Underwriting Agreement, the Company will offer our Placing Shares for subscription and purchase by professional, institutional and other investors at the Offer Price payable in full on subscription and purchase in Hong Kong dollars, on and subject to the terms and conditions set out in the Placing Underwriting Agreement and the placing documents. It is expected that the Placing Underwriters will agree to severally underwrite for our Placing Shares.

Commissions and expenses

According to the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 7.0% of the aggregate Offer Price in respect of all of the Public Offer Shares.

In consideration of the Sponsor's services in sponsoring the Share Offer, the Sponsor will receive a financial advisory fee. Such underwriting commission and financial advisory fee, together with the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer which are currently estimated to be approximately HK$27.1 million in aggregate (assuming an Offer Price of HK$0.375 per Offer Share (being the mid-point of the indicative Offer Price of HK$0.35 to HK$0.40 per Offer Share)), are to be borne by us.

Underwriters' interest in the company

Save for the interests and obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in the shares of any of the Group's members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of the Group.

Sponsor's interest in the Company

Save for (i) the advisory and documentation fees to be paid to the Sponsor in connection with the Share Offer; (ii) the advisory fee to be paid to the Sponsor as the Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules; and (iii) their interests and obligations under the Underwriting Agreements, neither the Sponsor nor any of its close associates has or may have, as a result of the Share Offer, any interest in any class of securities in the Company or any of its subsidiaries (including options or rights to subscribe for such securities).

No director or employee of the Sponsor who is involved in providing advice to the Company has or may have, as a result of the Share Offer, any interest in any class of securities of the Company or any of its subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer). No director or employee of the Sponsor has a directorship in the Company or any of its subsidiaries. The Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

(i) the Public Offer of 20,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described below in "The Public Offer" in this section; and

(ii) the Placing of 180,000,000 Offer Shares (subject to reallocation as mentioned below) which will be conditionally placed with selected professional, institutional and other investors under the Placing.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both. The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Share Offer. The number of Offer Shares to be offered under the Public Offer and the Placing, respectively, may be subject to reallocation as mentioned below.

CONDITIONS OF THE SHARE OFFER

The Share Offer is conditional upon, among others:

(i) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein on GEM;

(ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Bookrunner on behalf of the Underwriters) and not being terminated in accordance with the terms of the respective agreements or otherwise; and

(iii) the Price Determination Agreement having been executed on or before the Price Determination Date;

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 on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by the Company on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.topstandard.com.hk** on the next business day following such lapse. In such event, 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, the application money will be held in one or more separate bank accounts with the receiving bank or other bank(s) in Hong Kong, licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares are expected to be issued on Monday, 12 February 2018 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 13 February 2018, provided that (i) the Share Offer has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.

THE PUBLIC OFFER

Number of Shares initially offered

The Company is initially offering 20,000,000 Public Offer Shares at the Offer Price, representing 10% of the Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to reallocation of Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of the Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in "Conditions of the Share Offer" in this section.

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 the Public Offer Shares validly applied for by applicants. Allocation of the Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 20,000,000 Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any 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).

The final Offer Price, the level of indication of interest in the Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Monday, 12 February 2018 through a variety of channels as described in "How to Apply for the Public Offer Shares — 10. Publication of Results" in this prospectus.

Reallocation

Allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Sole Bookrunner shall apply a clawback mechanism following the closing of the application lists on the following basis:

- if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Public Offer, then 40,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 60,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Share Offer;

- if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Public Offer, then 60,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 80,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Share Offer; and

- if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available for subscription under the Public Offer, then 80,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 100,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Share Offer.

In each case, based on the additional Offer Shares reallocated to the Public Offer, 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 in its sole and absolute discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer is not fully subscribed, the Sole Bookrunner will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares in such amount as the Sole Bookrunner deems appropriate.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PLACING

Number of the Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 180,000,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of the Company's enlarged issued share capital immediately after the completion of the Share Offer and the Capitalisation Issue.

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed by the Placing Underwriters. The Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such Placing Shares in Hong Kong. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be based on a number of factors, including the level and timing of demand, 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 Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our Shareholders as a whole.

The Sole Bookrunner may require any investor who has been offered Placing 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 them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

OFFER PRICE

Offer Price range

The Offer Price will not be more than HK$0.40 per Offer Share and is expected to be not less than HK$0.35 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced not later than the morning of the last day for lodging applications under the Public Offer.

Price payable on application

The Offer Price will not be more than HK$0.40 per Offer Share and is expected to be not less than HK$0.35 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK$0.40 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK$3,232.25 per board lot of 8,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK$0.40 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Determination of the Offer Price

The Placing Underwriters will solicit from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing 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 Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or around Monday, 5 February 2018, or such later date as may be agreed by the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company. If, for any reason, the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price on the Price Determination Date, the Share Offer will not become unconditional and will not proceed.

Reduction in Offer Price Range

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with the consent of the Company, reduce the indicative Offer Price range and/or the number of Offer Shares being offered below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, the Company will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.topstandard.com.hk** a notice of the reduction in the indicative Offer Price range and/or the number of Offer Shares being offered. Upon issue of such a notice, the Offer Price range and/or the number of Offer Shares being offered will be final and conclusive and the Offer Price, if agreed upon with the Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such reduction.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or the number of Offer Shares being offered may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants who have submitted their applications for Public Offer Shares before such an announcement is made may subsequently withdraw their applications in the event that such an announcement is subsequently made. In the absence of any notice being published in relation to a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

Announcement of Offer Price and basis of allocation

Announcement of the final Offer Price, together with 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 is expected to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.topstandard.com.hk** on Monday, 12 February 2018.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Tuesday, 13 February 2018 under the GEM stock code 8510. The Shares will be traded in board lots of 8,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus on GEM and the Company complies 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 on GEM 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.

All necessary arrangements have been made for 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.

In respect of the dealings in the Shares which may be settled through CCASS, investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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; 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.

The Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers 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 under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

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 Company, the Sponsor, the Sole Bookrunner and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

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 the Company and/or any of its subsidiaries;
- are a Director or chief executive officer of the Company and/or any of its subsidiaries;

- are a connected person or a core connected person (as defined in the GEM Listing Rules) of the Company or will become a connected person or a core connected person of the 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 THE PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

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, either (i) complete and sign the **YELLOW** Application Form; or (ii) give electronic application instructions to HKSCC via CCASS.

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 Wednesday, 31 January 2018 to 12:00 noon on Monday, 5 February 2018 from:

(i) the following office of the Public Offer Underwriters:

Cinda International Capital Limited
45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

CLC Securities Limited
13th Floor, Nan Fung Tower
88 Connaught Road Central
Central, Hong Kong

Bluemount Securities Limited
Room 2403–05, Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Ping An Securities Limited
Unit 02, 2nd Floor, China Merchants Building
152–155 Connaught Road Central
Hong Kong

Sunfund Securities Limited
Unit 702-3, 7th Floor
100 Queen's Road Central
Hong Kong

(ii) any of the following branches of Industrial and Commercial Bank of China (Asia) Limited, the receiving bank for the Public Offer:

District	Branch Name	Address
Hong Kong Island	Central Branch	1/F., 9 Queen's Road Central, Hong Kong
	Quarry Bay Branch	Shop SLG1, Sub-Lower Ground Floor, Westlands Gardens, Nos. 2–12, Westlands Road, Quarry Bay, Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35–37 Hankow Road, Tsimshatsui, Kowloon
	Telford Branch	Shop F19, Telford Plaza, Kowloon Bay, Kowloon
New Territories	Kwai Fong Branch	C63A–C66, 2/F, Kwai Chung Plaza, Kwai Fong, New Territories
	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 January 2018 until 12:00 noon on Monday, 5 February 2018 from the Depository Counter of HKSCC at 1st Floor, 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 "ICBC (Asia) Nominee Limited — Top Standard 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:

- Wednesday, 31 January 2018 — 9:00 a.m. to 5:00 p.m.
- Thursday, 1 February 2018 — 9:00 a.m. to 5:00 p.m.
- Friday, 2 February 2018 — 9:00 a.m. to 5:00 p.m.
- Saturday, 3 February 2018 — 9:00 a.m. to 1:00 p.m.
- Monday, 5 February 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 Monday, 5 February 2018, the last application day or such later time as described in "Effect of bad weather on the opening of the applications lists" in this section.

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, 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:

(i) undertake to execute all relevant documents and instruct and authorise the Company, the Sponsor and/or the Sole Bookrunner and/or the Joint Lead Managers (or their agents or nominees), as agents of the 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;

(ii) agree to comply with the Cayman Companies Law, the Companies Ordinance, the Companies (WUMP) Ordinance and the Memorandum and Articles of Association;

(iii) 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;

(iv) 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;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers 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);

(vii) 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 of the Placing Shares nor participated in the Placing;

(viii) agree to disclose to the Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) 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 the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers 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;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) 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;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any share certificate(s) 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 have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) 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;

(xvii) understand that the Company, the Directors, the Sponsor, the Sole Bookrunner and Joint Lead Managers 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;

(xviii) (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 by you or by any one as your agent or by any other person; and

(xix) (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.

Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, the 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

5. 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 (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
1st Floor, 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 the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and our Hong Kong Branch 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:

(i) 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;

(ii) 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 the Company, the Directors, the Sponsor, the Sole Bookrunner and the Joint Lead Managers 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 the Company to place HKSCC Nominees' name on the 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 the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers 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 the Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and/or their respective advisers 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 the 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 the 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 the giving electronic application instructions to apply for Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the 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 Cayman Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of the Company; 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 the 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 8,000 Public Offer Shares. Instructions for more than 8,000 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:

Wednesday, 31 January 2018	—	9:00 a.m. to 8:30 p.m.[(1)]
Thursday, 1 February 2018	—	8:00 a.m. to 8:30 p.m.[(1)]
Friday, 2 February 2018	—	8:00 a.m. to 8:30 p.m.[(1)]
Saturday, 3 February 2018	—	8:00 a.m. to 1:00 p.m.[(1)]
Monday, 5 February 2018	—	8:00 a.m.[(1)] to 12:00 noon

Note:

(1) 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 Wednesday, 31 January 2018 until 12:00 noon on Monday, 5 February 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 Monday, 5 February 2018, the last application day or such later time as described in "Effect of bad weather on the opening of the application lists" in this section.

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, the 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 the Company, the Hong Kong Branch Share Registrar, the receiving banker, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. 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. 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. The Company, the Directors, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant 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 Monday, 5 February 2018.

7. 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 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).

8. 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 in respect of a minimum of 8,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

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, please see "Structure and Conditions of the Share Offer — Offer Price" of this prospectus.

9. 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 Monday, 5 February 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 Monday, 5 February 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" in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

The 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 Monday, 12 February 2018 on the Company's website at **www.topstandard.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers (where appropriate) 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 Company's website at **www.topstandard.com.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Monday, 12 February 2018;
- from the designated results of allocations website at www.ewhiteform.com.hk/results with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Monday, 12 February 2018 to 12:00 midnight on Thursday, 15 February 2018;

- by telephone enquiry line by calling (852) 2153 1688 between 9:00 a.m. and 6:00 p.m. from Monday, 12 February 2018 to Thursday, 15 February 2018 (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 12 February 2018 to Wednesday, 14 February 2018 at all the receiving bank branches and sub-branches.

If the 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. Further details are contained in "Structure and Conditions of the Share Offer" of this prospectus.

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.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC, 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 the 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.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers 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.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange 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 Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) 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 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;
- the Company, the Sponsor or the Sole Bookrunner, or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

12. 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$0.40 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus 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 Monday, 12 February 2018.

13. 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 Public Offer 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 around Monday, 12 February 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 Tuesday, 13 February 2018 provided that the Share Offer has become unconditional and the right of termination described in "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

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 12 February 2018 or such other date as notified by us.

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 Branch 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 Monday, 12 February 2018, by ordinary post and at your own risk.

(ii) 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 Monday, 12 February 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 Participant's stock account as stated in your Application Form on Monday, 12 February 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 a 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*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to the stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) 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 Monday, 12 February 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 allotment of the Public Offer in the manner specified in "Publication of Results" above on Monday, 12 February 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 12 February 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 Monday, 12 February 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 Monday, 12 February 2018.

14. 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 adviser 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-60, 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 TOP STANDARD CORPORATION AND CLC INTERNATIONAL LIMITED

Introduction

We report on the historical financial information of Top Standard Corporation (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-60, which comprises the consolidated statements of financial position of the Group as at 31 March 2016 and 2017 and 31 July 2017, the statements of financial position of the Company as at 31 March 2016 and 2017 and 31 July 2017, 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 four months ended 31 July 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 set out on pages I-4 to I-60 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 January 2018 (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 1 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.

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 give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 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 and 2017 and 31 July 2017, of the Company's financial position as at 31 March 2016 and 2017 and 31 July 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 1 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 the 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 four months ended 31 July 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 1 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 that an audit conducted in accordance with Hong Kong Standards on Auditing 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 1 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 11 to the Historical Financial Information which contains information about the dividends paid by the Company and other entities now comprising the Group in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 January 2018

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 consolidated financial statements of the Group for the Track Record Period (the "Underlying Financial Statements"), on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March		Four months ended 31 July	
		2016	**2017**	**2016**	**2017**
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	*5*	72,898	79,951	22,520	31,123
Other income	*7*	1	1	1	1
Raw materials and consumables used		(18,293)	(19,542)	(5,192)	(7,926)
Staff costs		(23,934)	(28,401)	(8,129)	(10,992)
Depreciation		(1,512)	(2,988)	(582)	(1,656)
Rental and related expenses		(6,815)	(10,437)	(2,294)	(6,006)
Utilities expenses		(3,281)	(3,510)	(1,045)	(1,437)
Listing expenses		—	—	—	(6,956)
Other expenses		(6,072)	(4,404)	(1,231)	(1,463)
Finance costs	*8*	(149)	(206)	(28)	(156)
Profit (loss) before taxation	*9*	12,843	10,464	4,020	(5,468)
Income tax expense	*10*	(2,138)	(2,131)	(626)	(560)
Profit (loss) and total comprehensive income (expense) for the year/period		10,705	8,333	3,394	(6,028)
Profit (loss) and total comprehensive income (expense) for the year/period attributable to					
— owners of the Company		6,958	7,406	2,467	(6,028)
— non-controlling interests		3,747	927	927	—
		10,705	8,333	3,394	(6,028)
Earnings (loss) per share					
Basic (HK cents)	*12*	2.20	1.50	0.68	(1.00)

STATEMENTS OF FINANCIAL POSITION

		THE GROUP			THE COMPANY		
		As at 31 March		As at 31 July	As at 31 March		As at 31 July
		2016	2017	2017	2016	2017	2017
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets							
Property and equipment	*13*	3,027	12,674	11,070	—	—	—
Deposits	*16*	1,602	4,055	6,372	—	—	—
Deposits for acquisition of property and equipment		—	180	180	—	—	—
Amounts due from subsidiaries	*19*	—	—	—	—	7,510	7,510
Deferred tax assets	*14*	85	279	349	—	—	—
		4,714	17,188	17,971	—	7,510	7,510
Current assets							
Inventories	*15*	304	468	384	—	—	—
Trade receivables, deposits and prepayments	*16*	496	1,462	5,389	—	562	2,175
Amounts due from related parties/former related parties	*19*	10,651	19,753	12,929	—	—	—
Tax recoverable		—	21	—	—	—	—
Bank balances and cash	*17*	2,721	1,352	2,784	—	—	—
		14,172	23,056	21,486	—	562	2,175
Current liabilities							
Trade and other payables and accruals	*18*	5,105	7,738	13,857	—	—	6,494
Amounts due to related parties	*19*	4,173	895	100	—	—	—
Amounts due to subsidiaries	*19*	—	—	—	—	—	2,078
Tax payable		962	550	645	—	—	—
Bank borrowings	*20*	2,339	18,857	18,694	—	—	—
Obligation under finance lease	*21*	—	49	51	—	—	—
		12,579	28,089	33,347	—	—	8,572
Net current assets (liabilities)		1,593	(5,033)	(11,861)	—	562	(6,397)
Total assets less current liabilities		6,307	12,155	6,110	—	8,072	1,113

		THE GROUP			THE COMPANY		
		As at 31 March		As at 31 July	As at 31 March		As at 31 July
		2016	**2017**	**2017**	**2016**	**2017**	**2017**
	NOTES	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities							
Obligation under finance lease	*21*	—	193	176	—	—	—
Provision	*22*	210	460	460	—	—	—
		210	653	636	—	—	—
Net assets		6,097	11,502	5,474	—	8,072	1,113
Capital and reserves							
Share capital	*23*	1,625	—	—	—	—	—
Reserves		2,338	11,502	5,474	—	8,072	1,113
Equity attributable to owners of the Company		3,963	11,502	5,474	—	8,072	1,113
Non-controlling interests		2,134	—	—	—	—	—
Total equity		6,097	11,502	5,474	—	8,072	1,113

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Share Premium	Other reserves	Accumulated (losses) profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	1,625	—	—	(136)	1,489	802	2,291
Profit and total comprehensive income for the year	—	—	—	6,958	6,958	3,747	10,705
Dividends declared *(note 11)*	—	—	—	(4,484)	(4,484)	(2,415)	(6,899)
At 31 March 2016	1,625	—	—	2,338	3,963	2,134	6,097
Profit and total comprehensive income for the year	—	—	—	7,406	7,406	927	8,333
Dividends declared *(note 11)*	—	—	—	(11,000)	(11,000)	—	(11,000)
Issues of shares of the Company *(note 1(ix) and 31)*	—	8,072	—	—	8,072	—	8,072
Transfer upon group reorganisation *(note 1(vi) and 1(vii))*	(1,625)	—	1,625	—	—	—	—
Shareholder's contribution upon the group reorganisation as stated in note 1(viii)	—	—	3,061	—	3,061	(3,061)	—
At 31 March 2017	—	8,072	4,686	(1,256)	11,502	—	11,502
Loss and total comprehensive expense for the period	—	—	—	(6,028)	(6,028)	—	(6,028)
At 31 July 2017	—	8,072	4,686	(7,284)	5,474	—	5,474
(Unaudited)							
At 1 April 2016	1,625	—	—	2,338	3,963	2,134	6,097
Profit and total comprehensive income for the period	—	—	—	2,467	2,467	927	3,394
Transfer upon group reorganisation *(note 1(vi) and 1(vii))*	(1,625)	—	1,625	—	—	—	—
Shareholder's contribution upon the group reorganisation as stated in note 1(viii)	—	—	3,061	—	3,061	(3,061)	—
At 31 July 2016	—	—	4,686	4,805	9,491	—	9,491

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 March		Four months ended 31 July	
		2016	2017	2016	2017
	NOTE	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
OPERATING ACTIVITIES					
Profit (loss) before taxation		12,843	10,464	4,020	(5,468)
Adjustments for:					
Depreciation		1,512	2,988	582	1,656
Finance costs		149	206	28	156
Operating cash flows before movements in working capital		14,504	13,658	4,630	(3,656)
Decrease (increase) in inventories		3	(56)	50	84
Increase in trade receivables, deposits and prepayments		(31)	(1,488)	(652)	(6,244)
(Increase) decrease in amounts due from related parties/former related parties		(1,306)	(1,835)	(2,159)	1,074
(Decrease) increase in trade and other payables and accruals		(699)	426	1,277	6,119
Increase (decrease) in amounts due to related parties		639	(315)	(345)	(224)
Cash generated from (used in) operations		13,110	10,390	2,801	(2,847)
Hong Kong Profits Tax paid		(3,815)	(2,758)	(436)	(514)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		9,295	7,632	2,365	(3,361)
INVESTING ACTIVITIES					
Advance to related parties/former related parties		(43,054)	(34,154)	(3,793)	(9,854)
Repayment from related parties/former related parties		33,210	23,607	177	15,604
Acquisition of a subsidiary	*27*	—	1,101	—	—
Deposits paid for acquisition of property and equipment		—	(180)	—	—
Purchases of property and equipment		(274)	(352)	(94)	(52)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(10,118)	(9,978)	(3,710)	5,698

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
FINANCING ACTIVITIES				
Advance from related parties	9,010	8,952	—	—
Repayment to related parties	(5,755)	(6,259)	(23)	(571)
Repayment of obligation under finance lease	—	(28)	—	(15)
New bank borrowings raised	1,590	1,801	—	2,137
Repayment of bank borrowings	(2,584)	(3,283)	(931)	(2,300)
Interests paid	(149)	(206)	(28)	(156)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	2,112	977	(982)	(905)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,289	(1,369)	(2,327)	1,432
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	1,432	2,721	2,721	1,352
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	2,721	1,352	394	2,784

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 11 February 2016. The address of the Company's registered office and the principal place of business is disclosed in the paragraph headed "Corporate Information" to the Prospectus.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with HKFRSs issued by the HKICPA and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Consolidations" ("AG5") issued by the HKICPA.

Before the reorganisation as mentioned below, Mr. Chuk Stanley ("Mr. Stanley Chuk"), the founder of the Group, has 65% beneficial interests over Great Planner Limited ("Great Planner") and Sky Honour Consultants Limited ("Sky Honour"), the operating subsidiaries of the Group. Mr. Tang Sung Kwong ("Mr. Tang") has the remaining 35% beneficial interests over Great Planner and Sky Honour.

In preparation of the listing of the Company's shares on the GEM of the Stock Exchange (the "Listing"), the companies comprising the Group underwent the reorganisation as described below.

(i) On 11 February 2016, JSS Group Corporation ("JSS Group") was incorporated in the British Virgin Islands ("BVI") with limited liability. 650 and 350 shares of JSS Group were allotted and issued to Mr. Stanley Chuk and Mr. Tang, respectively. Mr. Stanley Chuk and Mr. Tang held 65% and 35% of JSS Group, respectively.

(ii) On 11 February 2016, the Company was incorporated as an exempted company in the Cayman Islands with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 shares with a par value of HK$0.01 each. On the same date, one share of the Company was allotted and issued to the initial subscriber and then transferred to JSS Group.

(iii) On 11 February 2016, Skyreach Investment Holdings Limited ("Skyreach") was incorporated in the BVI with limited liability. On the same date, one share was allotted and issued to the Company. Upon the completion of allotment, Skyreach became the wholly-owned subsidiary of the Company.

(iv) On 11 February 2016, each of Everbloom Group Limited ("Everbloom"), Ironforge Group Limited ("Ironforge") and Legion Holdings Group Limited ("Legion") was incorporated in the BVI with limited liability. On the same date, one share of each of Everbloom, Ironforge and Legion was allotted and issued to Skyreach. Upon the completion of allotments, each of Everbloom, Ironforge and Legion became wholly-owned by Skyreach.

(v) On 18 March 2016, Stormwind Limited ("Stormwind") was incorporated in Hong Kong with limited liability. On the same date, 10,000 shares were allotted and issued to Skyreach. Upon the completion of allotment, Stormwind is wholly-owned by Skyreach.

(vi) On 24 June 2016, Everbloom acquired entire equity interest of Great Planner from Top Standard Group Limited ("TSGL"), the then immediate holding company of Great Planner, at a cash consideration of HK$1. Upon completion of the acquisition, Great Planner became the wholly-owned subsidiary of Everbloom.

(vii) On 24 June 2016, Ironforge acquired entire equity interest of Sky Honour from TSGL, the then immediate holding company of Sky Honour, at a cash consideration of HK$1. Upon completion of the acquisition, Sky Honour became the wholly-owned subsidiary of Ironforge.

(viii) Pursuant to a sale and purchase agreement dated 30 June 2016 entered into between Mr. Stanley Chuk and Mr. Tang, Mr. Stanley Chuk acquired 35% equity interest of JSS Group from Mr. Tang at a consideration of HK$12,474,350. Upon completion of the acquisition, JSS Group was owned as to 100% by Mr. Stanley Chuk.

(ix) On 20 October 2016, the Company issued 8,111 shares of the Company to JSS Group (as instructed by Mr. Stanley Chuk) at par. At the same time, the Company issued 944 shares and 944 shares to J & W Group Limited ("J & W Group"), which is a BVI incorporated limited company owned by Mr. Chuk Kin Yuen ("Mr. KY Chuk"), and Oxlo

Corporation ("Oxlo"), which is a BVI incorporated limited company owned by Mr. Chuk Chon Fai, Steve ("Mr. Steve Chuk"), at a cash consideration of HK$4,036,000 and HK$4,036,000, respectively. Upon the completion of share subscription, the Company is 81.12% owned by JSS Group, 9.44% owned by J & W Group and 9.44% owned by Oxlo.

Pursuant to the reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group on 30 June 2016.

The Historical Financial Information has been prepared under the principles of merger accounting in accordance with AG5 issued by the HKICPA. 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 years ended 31 March 2016 and 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the years ended 31 March 2016 and 2017, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at that date taking into account the respective dates of incorporation, where applicable.

Pursuant to a sale and purchase agreement dated 20 October 2016 and a deed of amendments dated 29 August 2017 entered into between the Company, Mr. Stanley Chuk, Mr. KY Chuk, who is the father of Mr. Stanley Chuk, and Mr. Steve Chuk, who is the brother of Mr. Stanley Chuk, Legion acquired the entire equity interest of Good Step Limited ("Good Step") at a cash consideration of HK$2. Upon the completion of the acquisition, Good Step became the wholly-owned subsidiary of the Group. The acquisition of Good Step has been accounted for using the purchase method in accordance with HKFRS 3 "Business combination". Details are disclosed in note 27.

2. ADOPTION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the HKFRSs issued by the HKICPA that are effective for the Group's financial year beginning on 1 April 2017 throughout the Track Record Period.

The Group has not early applied the following new and amendments to HKFRSs and interpretation ("new and revised HKFRSs") which are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance contracts[4]
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[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[2]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[3]
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014–2016 cycle[1]
Amendments to HKAS 40	Transfers of investment property[1]
HK(IFRIC) - Interpretation 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC) - Interpretation 23	Uncertainty over income tax treatments[3]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after a date to be determined.
[3] Effective for annual periods beginning on or after 1 January 2019.
[4] Effective for annual periods beginning on or after 1 January 2021.

HKFRS 9 "Financial instruments"

HKFRS 9 introduces 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 related 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 assets as at 31 July 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised cost 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 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 will not have a material impact on the amounts reported and disclosures made to the financial statements of the Group in the future based on the existing business model of the Group as at 31 July 2017.

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 Hong Kong Accounting Standards ("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 a 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.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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 31 July 2017, the Group has non-cancellable operating lease commitments of HK$19,391,000 as disclosed in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the 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. However, the directors of the Company do not expect the adoption of HKFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and the net assets of the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except as disclosed above, the management of the Group anticipates that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

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 this Historical Financial Information is determined on such a basis, except for 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 adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and 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 year/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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to the non-controlling interest even if this results in non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests 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 relative 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 consolidation occurs as if they had been consolidated from the date when the combining entities or business first case under control of the controlling entity.

The net assets of the combining entities or businesses are consolidated using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain.

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 is a shorter period.

Business combinations

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business consolidation is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for services provided and food served in the normal course of business and net of discount.

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 each of the Group's activities, as described below.

Sales of goods are recognised when the goods are delivered and titles have passed.

Service income is recognised when the services are rendered.

Membership fee income are recognised on a straight-line basis over the subscription period.

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.

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment 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 a prospective basis.

Assets 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.

An item of property 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 and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment loss on assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position 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 and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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.

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 receivables and deposits, amounts due from related parties/former related parties and subsidiaries and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables 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 loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables.

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 carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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 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 instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities 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 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

The Group's financial liabilities including trade and other payables and accruals and amounts due to related parties 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.

On derecognition of a financial asset, 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 or 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.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme (''MPF Scheme'') as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-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 asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits (such as long service payments) are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Leasing

Leases are classified as finance leases whenever the terms of the 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 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, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the term.

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.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit (loss) before taxation" 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 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 each reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when 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 each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

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 borrowings 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.

Provision

Provision is 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 each 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 obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 estimates 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 is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Estimation of useful lives and impairment of property and equipment

The Group's management determines the estimated useful lives and depreciation method in determining the related depreciation charges for its property and equipment. This estimate is based on the management's experience of the actual useful lives of property and equipment of similar nature and functions. Management of the Group will accelerate the depreciation charge where the economic useful lives are shorter than previously estimated due to removal or closure of restaurants. The management of the Group will also write-off or write-down the carrying value of the items which are technically obsolete or assets that have been abandoned. Actual economic useful lives may differ from estimated economic useful lives.

In addition, management of the Group assesses impairment whenever events or changes in circumstances indicate that the carrying amount of an item of property and equipment may not be recoverable. When the recoverable amounts of property and equipment differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place. As at 31 March 2016 and 2017 and 31 July 2017, the carrying amounts of property and equipment are approximately HK$3,027,000, HK$12,674,000 and HK$11,070,000, respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food served and net of discount, and membership fee income from external customers for privileged services in the Group's restaurants during Track Record Period. The Group's revenue from external customers based on their nature are detailed below:

	Year ended 31 March		**Four months ended 31 July**	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Catering income (including services provided and food served)	72,043	79,124	22,309	30,905
Membership fee income	855	827	211	218
	72,898	79,951	22,520	31,123

The Historical Financial Information reported to the management of the Group, being the chief operating decision makers, for the purpose of assessment of segment performance and resources allocation focuses on different restaurants of the Group. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reporting segments are (i) Sichuanese and Cantonese cuisine under the brand of "San Xi Lou" ("San Xi Lou"); (ii) vegetarian cuisine under the brand of "Pure Veggie House" ("Pure Veggie House"); (iii) Japanese cuisine located in Central, Hong Kong ("Ronin Central"); and (iv) Japanese cuisine located in Wanchai ("Ronin Wanchai"). Ronin Central and Ronin Wanchai are new operating and reportable segments during the year ended 31 March 2017 upon the completion of the acquisition of Good Step on 20 October 2016, further details are stated in note 27.

Segment revenue and results

	San Xi Lou	Pure Veggie House	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2016					
External revenue	57,764	15,134	72,898	—	72,898
Inter segment sales	—	64	64	(64)	—
Total	57,764	15,198	72,962	(64)	72,898
Segment results	15,630	3,433	19,063	—	19,063
Other income					1
Finance costs					(149)
Other expenses					(6,072)
Profit before taxation					12,843

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Segment total	Eliminated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2017							
External revenue	56,093	15,026	3,888	4,944	79,951	—	79,951
Inter segment sales	—	39	—	—	39	(39)	—
Total	56,093	15,065	3,888	4,944	79,990	(39)	79,951
Segment results	16,162	3,463	(840)	(249)	18,536	—	18,536
Other income							1
Finance costs							(206)
Other expenses							(7,867)
Profit before taxation							10,464

	San Xi Lou	Pure Veggie House	Segment total	Elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the four months ended 31 July 2016 (unaudited)					
External revenue	17,900	4,620	22,520	—	22,520
Inter segment sales	—	23	23	(23)	—
Total	17,900	4,643	22,543	(23)	22,520
Segment results	5,221	873	6,094	—	6,094
Other income					1
Finance costs					(28)
Other expenses					(2,047)
Profit before taxation					4,020

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Segment total	Eliminated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the four months ended 31 July 2017							
External revenue	17,916	4,738	3,485	4,984	31,123	—	31,123
Inter segment sales	—	—	—	—	—	—	—
Total	17,916	4,738	3,485	4,984	31,123	—	31,123
Segment results	4,414	887	(470)	54	4,885	—	4,885
Other income							1
Finance costs							(156)
Listing expense							(6,956)
Other expenses							(3,242)
Loss before taxation							(5,468)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned/loss incurred by each segment without allocation of other income, finance costs, other expenses (including management fee expenses to a related company during the year ended 31 March 2016 and head office staff costs, rental and other corporate expenses during the year ended 31 March 2017 and the four months ended 31 July 2016 and 2017), listing expenses and taxation.

Segment assets and liabilities

	San Xi Lou	Pure Veggie House	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2016			
ASSETS			
Segment assets	5,269	1,466	6,735
Deferred tax assets			85
Non-trade amounts due from related parties/former related parties			9,345
Bank balances and cash			2,721
Consolidated total assets			18,886
LIABILITIES			
Segment liabilities	4,686	1,268	5,954
Non-trade amounts due to related parties			3,534
Bank borrowings			2,339
Tax payables			962
Consolidated total liabilities			12,789

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017					
ASSETS					
Segment assets	6,888	1,537	8,563	3,908	20,896
Unallocated property and equipment					64
Deferred tax assets					279
Unallocated prepayments					1,020
Tax recoverable					21
Non-trade amounts due from related parties/former related parties					16,612
Bank balances and cash					1,352
Consolidated total assets					40,244

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES					
Segment liabilities	4,838	1,229	822	1,101	7,990
Unallocated other payables and accruals					472
Non-trade amounts due to related parties					571
Bank borrowings					18,857
Obligation under finance lease					242
Tax payables					550
Unallocated provision					60
Consolidated total liabilities					28,742

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 July 2017					
ASSETS					
Segment assets	8,713	1,254	9,297	3,487	22,751
Unallocated property and equipment					60
Deferred tax assets					349
Unallocated prepayments					2,651
Non-trade amounts due from related parties/former related parties					10,862
Bank balances and cash					2,784
Consolidated total assets					39,457
LIABILITIES					
Segment liabilities	4,279	912	835	1,047	7,073
Unallocated other payables and accruals					7,284
Bank borrowings					18,694
Obligation under finance lease					227
Tax payables					645
Unallocated provision					60
Consolidated total liabilities					33,983

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than certain property and equipment for corporate use, deferred tax assets, unallocated prepayments, tax recoverable, non-trade nature amounts due from related parties/former related parties and bank balances and cash.

- all liabilities are allocated to operating and reportable segments, other than tax payables, bank borrowings, obligation under finance lease, certain other payables and accruals, non-trade nature amounts due to related parties and unallocated provision.

Other segment information

	San Xi Lou	Pure Veggie House	Total segment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2016					
Amounts included in the measure of segment profit or segment assets:					
Additions of property and equipment	243	31	274	—	274
Depreciation of property and equipment	1,188	324	1,512	—	1,512

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Total segment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2017							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions of property and equipment	584	20	806	—	1,410	69	1,479
Depreciation of property and equipment	1,297	324	876	486	2,983	5	2,988

	San Xi Lou	Pure Veggie House	Total segment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the four months ended 31 July 2016 (unaudited)					
Amounts included in the measure of segment profit or segment assets:					
Additions of property and equipment	86	—	86	8	94
Depreciation of property and equipment	408	172	580	2	582

	San Xi Lou	Pure Veggie House	Ronin Central	Ronin Wanchai	Total segment	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the four months ended 31 July 2017							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions of property and equipment	28	—	24	—	52	—	52
Depreciation of property and equipment	451	108	704	389	1,652	4	1,656

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of goods delivered and services provided and all of the Group's non-current assets are located in Hong Kong by physical location of assets.

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during the Track Record Period.

6. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Stanley Chuk was appointed as director of the Company on 11 February 2016. Mr. KY Chuk and Mr. Lam Ka Wong, Johnson ("Mr. Johnson Lam") were appointed as directors of the Company on 21 August 2017. The emoluments paid or payable to the directors and chief executive of the Company (including the emoluments for services as directors/ employee of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period as follows:

	Mr. Stanley Chuk	Mr. Johnson Lam	Total
	HK$'000	*HK$'000*	*HK$'000*
	(note i)	*(note ii)*	
Year ended 31 March 2016			
Fees	—	—	—
Other emoluments			
Salaries and other benefits	—	—	—
Retirement benefit scheme contributions	—	—	—
Total emoluments	—	—	—

	Mr. Stanley Chuk	Mr. KY Chuk	Mr. Johnson Lam	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(note i)	*(note iii)*		
Year ended 31 March 2017				
Fees	—	—	—	—
Other emoluments				
Salaries and other benefits	—	—	240	240
Retirement benefit scheme contributions	—	—	12	12
Total emoluments	—	—	252	252

	Mr. Stanley Chuk	Mr. Johnson Lam	Total
	HK$'000	*HK$'000*	*HK$'000*
	(note i)		
Four months ended 31 July 2016 (unaudited)			
Fees	—	—	—
Other emoluments			
Salaries and other benefits	—	80	80
Retirement benefit scheme contributions	—	4	4
Total emoluments	—	84	84

	Mr. Stanley Chuk HK$'000 (note i)	Mr. KY Chuk HK$'000 (note iii)	Mr. Johnson Lam HK$'000	Total HK$'000
Four months ended 31 July 2017				
Fees	—	—	—	—
Other emoluments				
Salaries and other benefits	—	—	80	80
Retirement benefit scheme contributions	—	—	4	4
Total emoluments	—	—	84	84

Notes:

(i) Mr. Stanley Chuk also acts as chief executive officer of the Group.

(ii) The emolument to Mr. Johnson Lam was borne by a related company during the year ended 31 March 2016.

(iii) Mr. KY Chuk has joined the Group since 20 October 2016.

The directors' emoluments are for their services in connection to the management of the affairs of the Company and the Group.

During the Track Record Period, no remuneration was paid by the Group to the directors of the Company 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 any remuneration during the Track Record Period.

(b) Employees' emoluments

The five highest paid individuals included all non-director employees for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 (unaudited) and 2017. The emoluments of the five highest paid individuals for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2016 (unaudited) and 2017, respectively are as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and other benefits	2,074	2,614	864	853
Retirement benefit scheme contributions	88	102	34	32
	2,162	2,716	898	885

Their emoluments are within the following bands:

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	Number of employees	**Number of employees**	**Number of employees** (unaudited)	**Number of employees**
Nil to HK$1,000,000	5	5	5	5

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7. OTHER INCOME

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Sundry income	1	1	1	1

8. FINANCE COSTS

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
The finance costs represents interest on:				
— bank borrowings	149	197	28	151
— obligation under finance lease	—	9	—	5
	149	206	28	156

9. PROFIT (LOSS) BEFORE TAXATION

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Profit (loss) before taxation has been arrived at after charging:				
Auditor's remuneration	56	100	18	18
Staff costs (including directors' emoluments)				
Salaries and other benefits	22,970	27,151	7,785	10,539
Retirement benefits scheme contributions	964	1,250	344	453
	23,934	28,401	8,129	10,992
Minimum lease payments under operating leases in respect of:				
— land and buildings	5,184	8,212	1,725	4,919
— catering equipment	58	182	40	93
	5,242	8,394	1,765	5,012

10. INCOME TAX EXPENSE

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Hong Kong Profits Tax:				
Current tax	2,317	2,325	626	630
Overprovision in prior years	(47)	—	—	—
	2,270	2,325	626	630
Deferred taxation credit *(note 14)*	(132)	(194)	—	(70)
	2,138	2,131	626	560

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years/periods.

The income tax expense for the Track Record Period can be reconciled to the profit (loss) before taxation as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit (loss) before taxation	12,843	10,464	4,020	(5,468)
Tax at the domestic income tax rate	2,119	1,727	663	(902)
Tax effect of expense not deductible for tax purpose	23	21	—	1,149
Overprovision in prior years	(47)	—	—	—
Tax effect of tax losses/deductible temporary differences not recognised	—	428	—	313
Others	43	(45)	(37)	—
Income tax expense	2,138	2,131	626	560

Details of deferred tax are set out in note 14.

11. DIVIDENDS

During the year ended 31 March 2016, Great Planner and Sky Honour declared dividends of approximately HK$6,151,000 and HK$748,000, respectively, to the then shareholders.

The rate of dividend and number of shares ranking for dividend declared by Great Planner and Sky Honour are not presented as such information is not considered meaningful having regard to the purpose of this report.

During the year ended 31 March 2017, the Company declared dividends of HK$11,000,000 (HK$110,000 per share) to the shareholders.

12. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the following data.

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Earnings (loss):				
Earning (loss) for the purpose of calculating earnings (loss) per share (profit (loss) for the year/period attributable to owners of the Company)	6,958	7,406	2,467	(6,028)
	'000	*'000*	*'000*	*'000*
Number of shares:				
Number of shares for the purpose of calculating earnings (loss) per share	316,368	495,303	361,051	600,000

The number of ordinary shares for the purpose of calculating basic earnings (loss) per share has been determined on the assumption that the reorganisation and the capitalisation issue as described in Appendix IV to the Prospectus has been effective on 1 April 2015.

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

13. PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture and fixtures	Catering and other equipment	Motor vehicle	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 April 2015	4,150	1,624	1,394	—	7,168
Additions	—	197	77	—	274
At 31 March 2016	4,150	1,821	1,471	—	7,442
Additions	977	117	105	280	1,479
Acquisition of a subsidiary *(note 27)*	9,762	1,172	222	—	11,156
At 31 March 2017	14,889	3,110	1,798	280	20,077
Additions	—	24	28	—	52
At 31 July 2017	14,889	3,134	1,826	280	20,129
DEPRECIATION					
At 1 April 2015	1,679	603	621	—	2,903
Provided for the year	829	382	301	—	1,512
At 31 March 2016	2,508	985	922	—	4,415
Provided for the year	2,092	504	345	47	2,988
At 31 March 2017	4,600	1,489	1,267	47	7,403
Provided for the period	1,241	269	123	23	1,656
At 31 July 2017	5,841	1,758	1,390	70	9,059
CARRYING AMOUNTS					
At 31 March 2016	1,642	836	549	—	3,027
At 31 March 2017	10,289	1,621	531	233	12,674
At 31 July 2017	9,048	1,376	436	210	11,070

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the lease terms
Furniture and fixtures	20%
Catering and other equipment	20%
Motor vehicle	25%

As at 31 March 2017 and 31 July 2017, the carrying amounts of motor vehicle included an amount of HK$233,000 and HK$210,000 respectively in respect of asset held under finance lease.

14. DEFERRED TAXATION

The following is the deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period.

	Accelerated accounting depreciation	Accelerated tax depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	—	(47)	(47)
Credit to profit or loss	85	47	132
At 31 March 2016	85	—	85
Credit to profit or loss	194	—	194
At 31 March 2017	279	—	279
Credit to profit or loss	70	—	70
At 31 July 2017	349	—	349

The Group has unused tax losses of approximately nil, HK$7,397,000 and HK$8,427,000 and deductible temporary differences of HK$515,000, HK$2,708,000 and HK$3,998,000 available for offset against future profits as at 31 March 2016 and 2017 and 31 July 2017, respectively. The deductible temporary differences of HK$515,000, HK$1,691,000 and HK$2,115,000 as at 31 March 2016 and 2017 and 31 July 2017, respectively, have been recognised as deferred tax assets. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences of HK$1,017,000 and HK$1,883,000 as at 31 March 2017 and 31 July 2017 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

15. INVENTORIES

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Food and beverage and other consumables for restaurant operations	304	468	384

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group			The Company		
	As at 31 March		As at 31 July	As at 31 March		As at 31 July
	2016	2017	2017	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	203	508	2,561	—	—	—
Rental deposits	1,041	3,058	5,330	—	—	—
Other deposits	581	1,095	1,140	—	—	—
Prepayments	273	856	607	—	562	52
Deferred listing expense	—	—	2,123	—	—	2,123
Total	2,098	5,517	11,761	—	562	2,175
Analysed for reporting purposes as:						
Non-current assets	1,602	4,055	6,372	—	—	—
Current assets	496	1,462	5,389	—	562	2,175
	2,098	5,517	11,761	—	562	2,175

There was no credit period granted to individual customers for the restaurant operations. The Group's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date.

However, the Group generally allows a credit period of 30 days to its VIP members which include individuals and corporate customers for their consumption in the Group's restaurants. The credit period provided to customers can vary based on a number of factors including the Group's relationship with the customer and the customer's credit profile.

No interest is charged on the trade receivables on the outstanding balance.

The following is an ageing analysis of trade receivables presented based on the invoice date, which approximated the service rendered date, at the end of each reporting period.

	As at 31 March		**As at 31 July**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	152	364	1,502
31 to 60 days	—	16	978
61 to 90 days	—	4	3
Over 90 days	51	124	78
	203	508	2,561

As at 31 March 2016 and 2017 and 31 July 2017, the trade receivables with carrying amount of HK$152,000, HK$364,000 and HK$1,655,000, respectively, are neither past due nor impaired. The Group considers that the amounts are recoverable because of the good repayment records by the counterparties.

As at 31 March 2016 and 2017 and 31 July 2017, included in the Group's trade receivables are debtors with an aggregate carrying amount of HK$51,000, HK$144,000 and HK$906,000, respectively, which are past due at the end of each reporting period for which the Group has not provided for impairment loss. In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The trade receivables past due but not impaired as at the end of each reporting period were either subsequently settled or no historical default of payments was noted by the respective customers and management of the Group believes that no recognition of impairment is required. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	As at 31 March		**As at 31 July**
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Overdue:			
0 to 30 days	—	16	825
31 to 60 days	—	4	3
Over 60 days	51	124	78
	51	144	906

Included in rental deposits of HK$400,000 and HK$400,000 respectively, represented the deposits made to Charm Region (as defined as note 19) for the lease of a restaurant as at 31 March 2017 and 31 July 2017.

17. BANK BALANCES AND CASH

As at 31 March 2016 and 2017 and 31 July 2017, bank balances and cash comprise of cash held and short term bank deposits with an original maturity of three months or less which carry interest at prevailing market rate of 0.01% per annum.

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	The Group			The Company		
	As at 31 March		As at 31 July	As at 31 March		As at 31 July
	2016	**2017**	**2017**	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	845	2,010	2,130	—	—	—
Salaries payables	1,959	2,549	2,884	—	—	—
Accruals and other payables	2,301	3,179	2,349	—	—	—
Accrued listing expenses	—	—	6,494	—	—	6,494
	5,105	7,738	13,857	—	—	6,494

The credit period grants to the Group by suppliers normally ranges from 0 to 60 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 March		As at 31 July
	2016	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
0–30 days	768	1,518	1,294
31–60 days	69	459	689
61–90 days	8	22	74
Over 90 days	—	11	73
	845	2,010	2,130

19. AMOUNTS DUE FROM/TO RELATED PARTIES/FORMER RELATED PARTIES

Amounts due from related parties/former related parties

Details of amounts due from related parties/former related parties are as follows:

Name of related parties/former related parties	The Group: Balance at 1 April 2015	Balance at 31 March 2016	Balance at 31 March 2017	Balance at 31 July 2017	Maximum amount outstanding: During the year ended 31 March 2016	During the year ended 31 March 2017	During the four months ended 31 July 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Stanley Chuk	100	1,111	7,185	9,635	2,571	7,185	9,635
Mr. Steve Chuk	—	2	1	—	2	2	1
Mr. KY Chuk	—	—	9,270	1,671	—	10,207	9,670
TSGL *(note vii)*	4,923	6,359	203	119	13,621	6,359	203
Gold Goal Limited ("Gold Goal") *(notes i and vii)*	—	716	—	—	1,434	2,288	—
Bright Link Limited ("Bright Link") *(notes ii and vii)*	—	2,098	2,760	1,076	3,669	3,541	3,080
Darnassus Limited ("Darnassus") *(note viii)*	—	—	—	11	—	—	11
Healthlase Medical Laser Skin Care Limited ("Healthlase") *(notes iii and vii)*	462	199	206	201	612	206	222
Digit Future Development Limited ("Digit Future") *(notes iii and vii)*	192	34	128	216	271	128	216
Top Standard Consultants Limited ("TS Consultants") *(notes iv and vii)*	435	—	—	—	435	—	—
Falcon Luck Limited ("Falcon Luck") *(notes v and vii)*	269	—	—	—	727	—	—
Ever Victory Limited ("Ever Victory") *(notes vi and vii)*	19	—	—	—	19	—	—
Mr. Tang	—	132	—	—	554	509	—
	6,400	10,651	19,753	12,929			
Analysis into:							
Amounts due from related parties	6,400	10,651	16,456	11,317			
Amounts due from former related parties	—	—	3,297	1,612			
Total	6,400	10,651	19,753	12,929			

Notes:

(i) Gold Goal is a wholly-owned subsidiary of TSGL.

(ii) Bright Link is a former related company of Great Planner and Sky Honour, which Mr. Stanley Chuk had 65% controlling interests before 30 June 2016. Mr. Stanley Chuk disposed his 65% equity interests of Bright Link to Mr. Tang on 30 June 2016.

(iii) Mr. Tang has significant influence over Healthlase and Digit Future. Upon the acquisition of 35% equity interests of Great Planner and Sky Honour from Mr. Tang by Mr. Stanley Chuk on 30 June 2016, Mr. Tang has no longer held any interest of the Group. Accordingly, these entities are no longer related companies of the Group since then.

(iv) TS Consultants was a wholly-owned subsidiary of TSGL.

(v) Falcon Luck was a wholly-owned subsidiary of TSGL and was liquidated on 5 August 2017.

(vi) Ever Victory was a wholly-owned subsidiary of TSGL and was liquidated on 5 August 2017.

(vii) Upon the acquisition of 35% equity interests of Great Planner and Sky Honour from Mr. Tang by Mr. Stanley Chuk on 30 June 2016, Mr. Tang has no longer held any interest of the Group. At the same time, Mr. Stanley Chuk has disposed his interests in TSGL and Bright Link to Mr. Tang. Accordingly, these entities are no longer related companies of the Group since then.

(viii) Darnassus is wholly-owned by Mr. Stanley Chuk.

The amounts due from related parties/former related parties of HK$9,345,000, HK$16,612,000 and HK$10,862,000, respectively, are non-trade, unsecured, interest-free and repayable on demand as at 31 March 2016 and 2017 and 31 July 2017.

Included in the amounts due from related parties/former related parties of HK$1,306,000, HK$3,141,000 and HK$2,067,000 as at 31 March 2016 and 2017 and 31 July 2017, respectively, represented the trade nature balances, the Group did not grant any credit period to these related parties/former related parties. The following is an ageing analysis of trade nature amounts due from related parties/former related parties presented based on the invoice date at the end of each reporting period.

	The Group		
	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	282	517	324
31 to 60 days	734	901	361
61 to 90 days	—	98	151
91 to 180 days	290	25	23
181 to 365 days	—	1,362	646
Over 365 days	—	238	562
	1,306	3,141	2,067

The entire trade nature amounts due from related parties/former related parties were past due at the end of each reporting period for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

No interest is charged on the trade nature amounts due from related parties/former related parties. The Group has policy regarding impairment losses on trade nature amounts due from related parties/former related parties which is based on the evaluation of collectability and on management's judgement including the current creditworthiness and the past collection history of each related party.

Amounts due to related parties

Details of amounts due to related parties are stated as follows:

	The Group		
	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Mr. KY Chuk	3,534	550	—
Mr. Stanley Chuk	—	21	—
Charm Region Limited ("Charm Region") *(note i)*	—	200	100
Darnassus	—	124	—
Top Standard (China) Limited ("TS China") *(note ii)*	416	—	—
Top Standard Parking Limited ("TS Parking") *(note iii)*	223	—	—
	4,173	895	100

Notes:

(i) Charm Region is wholly-owned by Mr. KY Chuk and Mr. Steve Chuk.

(ii) TS China was a wholly-owned subsidiary of TSGL and was liquidated on 5 August 2017.

(iii) TS Parking is a wholly-owned subsidiary of TSGL.

The amounts due to related parties (including Mr. KY Chuk and Mr. Stanley Chuk) of HK$3,534,000 and HK$571,000, respectively, are non-trade, unsecured, interest-free and repayable on demand as at 31 March 2016 and 2017.

Included in amounts due to related parties of HK$639,000, HK$324,000 and HK$100,000 as at 31 March 2016 and 2017 and 31 July 2017, respectively, represented the trade nature balances. The following is an ageing analysis of trade nature amounts due to related parties presented based on the invoice date at the end of each reporting period.

	The Group		
	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	447	263	100
31 to 60 days	109	61	—
61 to 90 days	83	—	—
	639	324	100

As represented by the management of the Group, the non-trade amounts due from/to related parties will be settled before listing.

The Company

Amounts due from/to subsidiaries

Amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

20. BANK BORROWINGS

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:			
— Within one year	2,135	5,357	9,194
— More than one year but not exceeding two years	204	13,500	9,500
	2,339	18,857	18,694

The bank borrowings are at floating rate which carry interest at HK$ Best Lending Rate minus a spread. The effective interest rate on the Group's bank borrowings ranged from 3.25% to 4.75% per annum, 2.00% to 4.75% per annum and 2.0% to 5.5% per annum as at 31 March 2016 and 2017 and 31 July 2017, respectively.

Bank borrowings of HK$1,333,000 as at 31 March 2016 are unsecured and guaranteed by the Hong Kong Mortgage Corporation Limited, personal guarantees by Mr. Stanley Chuk, Mr. Steve Chuk and Mr. Tang and corporate guarantee by certain group entities.

Bank borrowing of HK$17,000,000 and HK$15,500,000 as at 31 March 2017 and 31 July 2017, respectively, are secured by the leasehold land and buildings owned by Highland Limited, Hing Fai Development (H.K.) Company Limited, F1 Investment Limited and Charm Region, which are wholly-owned by Mr. KY Chuk and Mr. Steve Chuk. As at 31 July 2017, the bank borrowing of HK$15,500,000 is also guaranteed by Mr. KY Chuk and Mr. Steve Chuk.

Bank borrowing of HK$2,137,000 as at 31 July 2017 are unsecured and guaranteed by Mr. Stanley Chuk and Mrs. Chuk Cheng Sau Mun, Winnie ("Mrs. Chuk"), the spouse of Mr. KY Chuk.

The remaining unsecured bank borrowings of HK$1,006,000, HK$1,857,000 and HK$1,057,000 as at 31 March 2016 and 2017 and 31 July 2017, respectively, are guaranteed by Mr. Stanley Chuk and Mr. Steve Chuk and certain group entities. As at 31 March 2016, the bank borrowings of HK$1,006,000 is also guaranteed by Mr. Tang.

As represented by the management of the Group, the personal guarantee by Mr. KY Chuk, Mrs. Chuk, Mr. Stanley Chuk and Mr. Steve Chuk and the pledges by the related companies will be released upon the Listing.

21. OBLIGATION UNDER FINANCE LEASE

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Analysed for reporting purpose as:			
Current liabilities	—	49	51
Non-current liabilities	—	193	176
	—	242	227

The Group has leased certain of its motor vehicle under finance lease. The lease term was five years. Interest rate was fixed at the contract date at 3.00% per annum.

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 March		As at 31 July	As at 31 March		As at 31 July
	2016	2017	2017	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amount payable under finance lease						
Within one year	—	62	62	—	49	51
Within a period of more than one year but not exceeding two years	—	62	62	—	53	54
Within a period of more than two years but not exceeding five years	—	150	130	—	140	122
	—	274	254	—	242	227
Less: Future finance charges	—	(32)	(27)	—	—	—
Present value of lease obligation	—	242	227	—	242	227
Less: Amount due for settlement within one year (shown under current liabilities)				—	(49)	(51)
Amount due for settlement after one year				—	193	176

The Group's obligation under finance lease was secured by the lessor's charge over the leased asset.

22. PROVISION

	Reinstatement provision
	HK$'000
At 1 April 2015 and 31 March 2016	210
Acquisition of a subsidiary *(note 26)*	110
Provision recognised	140
At 31 March 2017 and 31 July 2017	460

The provision for reinstatement works is related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

23. SHARE CAPITAL

The share capital as at 1 April 2015 represented the combined share capital of Great Planner and Sky Honour.

The share capital as at 31 March 2016 represented the combined share capital of the Company, Great Planner and Sky Honour.

The share capital as at 31 March 2017 and 31 July 2017 represented the share capital of the Company.

Details of the Company's shares are disclosed as follows:

	Number of shares	Amount HK$	HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 11 February 2016 (date of incorporation), 31 March 2016 and 2017 and 31 July 2017	38,000,000	380,000	380
Issued and fully paid:			
At 11 February 2016 (date of incorporation) and 31 March 2016	1	—	—
Issue of shares on 20 October 2016	9,999	100	—
At 31 March 2017 and 31 July 2017	10,000	100	—

On 20 October 2016, the Company issued 8,111 shares to Mr. Stanley Chuk at par. Also, the Company issued 944 shares and 944 shares to Mr. KY Chuk and Mr. Steve Chuk, respectively, at a cash consideration of HK$8,072,000 in aggregate.

All ordinary shares issued rank pari passu with existing issued shares in all aspects.

24. OPERATING LEASE COMMITMENTS

At the end of each reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	HK$'000	HK$'000
Within one year	3,582	15,036	14,791
In the second to fifth year inclusive	156	9,360	4,600
	3,738	24,396	19,391

Included in the total operating lease commitment of the Group in respect of the rental of premise with Charm Region amounted to HK$3,600,000 and HK$2,800,000 as at 31 March 2017 and 31 July 2017 respectively.

The above operating lease payments represent rental payable by the Group for restaurants and office premises for the Track Record Period.

Leases are negotiated and rentals are fixed for term of two to three years.

The lease agreement entered into between the landlord and the Group includes a renewal option at the discretion of the respective group entities for further two to four years from the end of the leases without predetermined rental. Accordingly, this is not included in the above commitment.

25. CAPITAL COMMITMENTS

	As at 31 March		As at 31 July
	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*
Capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in the Historical Financial Information	—	—	11,200

26. RETIREMENT BENEFITS SCHEMES

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the 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 employer and its employees are both required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount was HK$1,500 per employee per month.

The retirement benefits schemes contributions arising from the MPF Scheme charged to the consolidated statement of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The contributions paid and payable to the schemes by the Group are disclosed in note 9.

27. ACQUISITION OF A SUBSIDIARY

On 20 October 2016, the Group entered into a sale and purchase agreement with Mr. KY Chuk and Mr. Steve Chuk to acquire entire equity interest in Good Step at cash consideration of HK$2. Also, Mr. KY Chuk agreed to contribute HK$7,720,000 to Good Step as part of the condition of this acquisition. Good Step is engaged in the operations of Japanese cuisine restaurants in Hong Kong.

Assets acquired and liabilities recognised at the date of acquisition:

	HK$'000
Property and equipment	11,156
Deposits for acquisition of property and equipment	717
Inventories	108
Trade receivables, deposits and prepayments *(note i)*	1,931
Contribution receivable from Mr. KY Chuk *(note ii)*	7,720
Bank balances and cash	1,101
Trade and other payables and accruals	(2,207)
Bank borrowings	(18,000)
Amounts due to related parties	(2,416)
Provision	(110)
Net assets acquired	—

Notes:

(i) The fair value of trade receivables, deposits and prepayments at the date of acquisition amounted to HK$1,931,000, which is the same as their gross contractual amounts at the date of acquisition.

(ii) The contribution receivable is not settled as at 31 March 2017 and included in amounts due from related parties/ former related parties as at 31 March 2017. The amount is subsequently settled in June 2017.

Cash inflow arising on acquisition:

	HK$'000
Bank balances and cash acquired	1,101

Revenue of the Group for year ended 31 March 2017 includes HK$8,832,000 from Good Step. Included in the profit of the Group for the year ended 31 March 2017 is a loss of HK$2,054,000 attributable to Good Step.

Had the acquisition been effected at the beginning of the year ended 31 March 2017, the total amount of revenue of the Group for the year ended 31 March 2017 would have been HK$93,447,000 and the amount of the profit for the year ended 31 March 2017 would have been HK$6,171,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of the results.

28. 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 owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes amounts due to related parties and bank borrowings as disclosed in respective notes, and equity of the Group, comprising issued share capital, other reserves and accumulated (losses) profits.

Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP			**THE COMPANY**		
	As at 31 March		**As at 31 July**	**As at 31 March**		**As at 31 July**
	2016	**2017**	**2017**	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets						
Loans and receivables (including cash and cash equivalents)	14,156	22,708	19,414	—	7,510	7,510
Financial liabilities						
Amortised cost	9,658	24,663	29,560	—	—	8,572

Financial risk management objectives and policies

The Group's financial instruments include trade receivables and other deposits, bank balances and cash, trade and other payables and accruals, amounts due from related parties/former related parties, amounts due to related parties and bank borrowings. The Company's financial instruments include amounts due from/to subsidiaries and other payables and accruals. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 17 and 20). The Group is also exposed to fair value interest rate risk in relation to fixed-rate obligation under finance lease (see note 21). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances and HK$ Best Lending Rate arising from the Group's variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used. The bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's profit for the years ended 31 March 2016 and 2017 would decrease/increase by HK$10,000 and HK$79,000, respectively, and the Group's loss for the four months ended 31 July 2017 would increase/decrease by HK$26,000.

Credit risk

The Group's credit risk is principally attributable to trade receivables and deposits, amounts due from related parties/ former related parties and bank balances.

The maximum exposure to credit risk of the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the 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 Group has significant concentration of credit risk on amounts due from related parties/former related parties. Details of amounts due from related parties/former related parties are disclosed in note 19. The management of the Group considers the counterparties with good credit worthiness based on its past repayment history and subsequent settlement.

The credit risk for bank balances is considered as not material as such amounts are placed in banks with good reputations.

Liquidity risk

The Group has net current liabilities of approximately HK$5,033,000 and HK$11,861,000 as at 31 March 2017 and 31 July 2017, respectively. The Historical Financial Information has been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking into account of the existing banking facilities and cashflows from operations.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has 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 are based on floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

THE GROUP

	Weighted average effective interest rate	Repayable on demand	Within 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2016							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	—	3,146	—	—	3,146	3,146
Amounts due to related parties	N/A	4,173	—	—	—	4,173	4,173
Bank borrowings	4.11	2,339	—	—	—	2,339	2,339
		6,512	3,146	—	—	9,658	9,658

	Weighted average effective interest rate	Repayable on demand	Within 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	—	4,911	—	—	4,911	4,911
Amounts due to related parties	N/A	895	—	—	—	895	895
Bank borrowings	2.12	18,857	—	—	—	18,857	18,857
Obligation under finance lease	3.00	—	15	47	212	274	242
		19,752	4,926	47	212	24,937	24,905

	Weighted average effective interest rate	Repayable on demand	Within 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 July 2017							
Non-derivative financial liabilities							
Trade and other payables and accruals	N/A	—	10,766	—	—	10,766	10,766
Amounts due to related parties	N/A	100	—	—	—	100	100
Bank borrowings	2.24	18,694	—	—	—	18,694	18,694
Obligation under finance lease	3.00	—	16	46	192	254	227
		18,794	10,782	46	192	29,814	29,787

THE COMPANY

	Weighted average effective interest rate	Repayable on demand	Within 3 months	3 months to 1 year	1–5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 July 2017							
Non-derivative financial liabilities							
Other payables and accruals	N/A	—	—	6,494	—	6,494	6,494
Amounts due to subsidiaries	N/A	2,078	—	—	—	2,078	2,078
		2,078	—	6,494	—	8,572	8,572

Bank borrowings with a repayment on demand clause are included in the "Repayment on demand" time band in the above maturity analysis. As at 31 March 2016 and 2017 and 31 July 2017, the aggregate carrying amount of these bank borrowings were approximately HK$2,339,000, HK$18,857,000 and HK$18,694,000, respectively. Taking into account the Group's financial position, management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management of the Group believes that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

For the purpose of managing liquidity risk, management of the Group reviews the expected cash flow information of the Group's bank borrowings based on the scheduled repayment dates set out in the bank borrowing agreements as set out in the table below:

	Weighted Average effective interest rate	Within 3 months	3 months to 1 year	1–2 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings:						
As at 31 March 2016	4.11	706	1,450	205	2,361	2,339
As at 31 March 2017	2.12	2,249	3,444	13,663	19,356	18,857
As at 31 July 2017	2.24	1,259	8,260	9,579	19,098	18,694

Fair value

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

30. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Group had the following transactions with its related parties during the Track Record Period:

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(unaudited)	
Purchases from:				
— TS China	7,528	—	—	—
— Falcon Luck	650	—	—	—
— Bright Link	153	—	—	—
— Heyuan City Dongjiang Kang Zhi Yuan Organic Food Limited ("Kang Zhi Yuan") *(notes i and ii)*	—	603	603	—
— Shiny (China) Limited *(notes i and iii)*	—	1,136	1,136	—
	8,331	1,739	1,739	—
Catering income from:				
— Bright Link *(note i)*	2,802	1,027	1,027	—
— Digit Future *(note i)*	167	56	56	—
— Healthlase *(note i)*	238	67	67	—
— TSGL *(note i)*	208	44	44	—
— Ever Victory	45	—	—	—
— TS China	35	—	—	—
— Falcon Luck	225	—	—	—
— Mr. Stanley Chuk	265	319	76	52
— Mr. KY Chuk	347	740	141	136
— Mr. Steve Chuk	21	1	—	—
— Mr. Tang *(note i)*	326	107	107	—
	4,679	2,361	1,518	188
Advertising fee paid/payable to TS Parking *(note i)*	84	21	21	—
Advertising fee paid/payable to Darnassus	—	56	—	28
Management fee paid/payable to TSGL	2,336	—	—	—
Merchandise service charge to TS China	319	—	—	—
Parking fee paid/payable to TS Parking *(note i)*	687	185	185	—
Parking fee paid/payable to Darnassus	—	499	—	241
Rental expenses paid/payable to Charm Region	—	1,000	—	800

Notes:

(i) The amount represented the transaction with these related parties from 1 April 2016 to 30 June 2016 (the date Mr. Tang ceased his beneficial interests over Great Planner and Sky Honour) and since then transaction with these related parties are no longer considered as related party transactions.

(ii) Kang Zhi Yuan was a former wholly-owned subsidiary of TS China and was disposed to sister of Mr. Tang in May 2016.

(iii) Shiny (China) Limited is wholly-owned by niece of Mr. Tang.

During the Track Record Period, Mr. KY Chuk and Mr. Steve Chuk provided joint and several guarantees to fully guarantee the due observance and compliance of a tenancy agreement to the landlord. As represented by the management of the Group, the guarantees by Mr. KY Chuk and Mr. Steve Chuk will be released upon the Listing.

Details of the balances with related parties/former related parties at the end of each reporting period are disclosed in the statements of financial position and note 19 to the Historical Financial Information.

Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 March 2016 and 2017 and four months ended 31 July 2016 (unaudited) and 2017 were as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Short-term benefits	839	1,079	349	366
Post-employment benefits	35	47	16	16
	874	1,126	365	382

31. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2016 and 2017, the Group settled dividends of HK$6,899,000 and HK$11,000,000, respectively, to the then shareholders through the current account with them.

In January 2017, Mr. KY Chuk and Mr. Steve Chuk settled their payable of HK$8,072,000 or their subscription of shares of the Company through the capitalisation of the amounts due to them of HK$8,072,000.

Addition to property and equipment of approximately HK$270,000 for the year ended 31 March 2017 was made under the finance lease.

32. PRE-ACQUISITION FINANCIAL INFORMATION OF GOOD STEP

As stated in note 27 of the Historical Financial Information, on 20 October 2016, the Group acquired the entire equity interest of Good Step.

The financial information of the acquired business for the year ended 31 March 2016 and the period from 1 April 2016 to 19 October 2016 (the "Pre-Acquisition Financial Information") has been prepared by the directors of Good Step in accordance with the accounting policies set out in note 3 of the Historical Financial Information, which conform with HKFRSs.

(a) Statements of profit or loss and other comprehensive income

	Notes	**Year ended 31 March 2016** *HK$'000*	**For the period from 1 April 2016 to 19 October 2016** *HK$'000*
Revenue	*(i)*	18,630	13,496
Other income		51	—
Raw materials and consumables used		(8,008)	(4,932)
Staff costs		(6,107)	(4,132)
Depreciation		(1,577)	(1,909)
Rental and related expenses		(4,428)	(3,204)
Utilities expenses		(813)	(551)
Other expenses		(1,275)	(720)
Finance costs		(66)	(210)
Loss before taxation		(3,593)	(2,162)
Income tax expense	*(ii)*	—	—
Loss and total comprehensive expense for the year/period	*(iii)*	(3,593)	(2,162)

(b) Statements of financial position

	Notes	As at 31 March 2016 HK$'000	As at 19 October 2016 HK$'000
Non-current assets			
Property and equipment	(iv)	12,811	11,156
Deposits for acquisition of property and equipment		717	717
Deposits	(vi)	1,717	1,517
		15,245	13,390
Current assets			
Inventories	(v)	140	108
Trade receivables, deposits and prepayments	(vi)	377	414
Bank balances and cash		430	1,101
		947	1,623
Current liabilities			
Trade and other payables and accruals	(vii)	1,446	2,207
Amounts due to related parties	(viii)	2,194	2,416
Bank borrowing	(ix)	18,000	18,000
		21,640	22,623
Net current liabilities		(20,693)	(21,000)
Total assets less current liabilities		(5,448)	(7,610)
Non-current liabilities			
Provision	(x)	110	110
Net liabilities		(5,558)	(7,720)
Capital and reserves			
Share capital		—	—
Reserves		(5,558)	(7,720)
Net liabilities		(5,558)	(7,720)

(c) Statements of changes in equity

	Share capital	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	—	(1,965)	(1,965)
Loss and total comprehensive expense for the year	—	(3,593)	(3,593)
At 31 March 2016	—	(5,558)	(5,558)
Loss and total comprehensive expense for the period	—	(2,162)	(2,162)
At 19 October 2016	—	(7,720)	(7,720)

(d) Statements of cash flows

	Year ended 31 March 2016	For the period from 1 April 2016 to 19 October 2016
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Loss before taxation	(3,593)	(2,162)
Adjustments for:		
Depreciation	1,577	1,909
Finance costs	66	210
Operating cash flows before movements in working capital	(1,950)	(43)
(Increase) decrease in inventories	(140)	32
(Increase) decrease in trade receivables, deposits and prepayments	(2,041)	163
Increase in trade and other payables and accruals	712	761
Increase (decrease) in amounts due to related parties	800	(400)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(2,619)	513
INVESTING ACTIVITIES		
Purchases of property and equipment	(102)	(254)
Repayment from related parties	330	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES	228	(254)
FINANCING ACTIVITIES		
Advance from related parties	17,399	1,908
Repayment to related parties	(33,000)	(1,286)
New bank borrowing raised	18,000	—
Interests paid	(66)	(210)
NET CASH FROM FINANCING ACTIVITIES	2,333	412
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(58)	671
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/ PERIOD	488	430
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	430	1,101

(e) Notes to financial information of Good Step

(i) Revenue and segment information

Revenue represents the fair value of amounts received and receivable from restaurant operations for services provided and food served and net of discount during the year ended 31 March 2016 and the period from 1 April 2016 to 19 October 2016.

The financial information reported to the management of Good Step, being the chief operating decision makers, for the purpose of assessment of segment performance and resources allocation focuses on different restaurants of Good Step. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of Good Step.

Good Step's operating and reporting segments are (i) Ronin Central; and (ii) Ronin Wanchai.

Segment revenue and results

	Ronin Central	Ronin Wanchai	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2016			
External revenue	4,078	14,552	18,630
Segment results	(2,170)	(133)	(2,303)
Other income			51
Finance costs			(66)
Other expenses			(1,275)
Loss before taxation			(3,593)
Period from 1 April 2016 to 19 October 2016			
External revenue	5,829	7,667	13,496
Segment results	(1,032)	(200)	(1,232)
Finance costs			(210)
Other expenses			(720)
Loss before taxation			(2,162)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by each segment without allocation of other income, finance costs, other expenses and taxation.

Segment assets and liabilities

	Ronin Central	Ronin Wanchai	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2016			
Segment assets	10,550	5,212	15,762
Bank balances and cash			430
Total assets			16,192
Segment liabilities	792	1,564	2,356
Non-trade amounts due to related parties			1,394
Bank borrowing			18,000
Total liabilities			21,750

	Ronin Central	Ronin Wanchai	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 19 October 2016			
Segment assets	9,504	4,408	13,912
Bank balances and cash			1,101
Total assets			15,013
Segment liabilities	1,191	1,526	2,717
Non-trade amounts due to related parties			2,016
Bank borrowing			18,000
Total liabilities			22,733

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments, other than bank balances and cash.
- all liabilities are allocated to operating and reportable segments, other than bank borrowing and non-trade nature amounts due to related parties.

Other segment information

	Ronin Central	Ronin Wanchai	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2016			
Additions to property and equipment	9,966	4	9,970
Depreciation of property and equipment	475	1,102	1,577
Period from 1 April 2016 to 19 October 2016			
Additions to property and equipment	137	117	254
Depreciation of property and equipment	1,221	688	1,909

Geographical information

No geographical segment information is presented as Good Step's revenue are all derived from Hong Kong based on the location of goods delivered and services provided and all of Good Step's non-current assets are located in Hong Kong by physical location of assets.

Information about major customers

No individual customer accounted for over 10% of Good Step's total revenue during the Track Record Period.

(ii) Income tax expense

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year/periods.

No provision on Hong Kong Profits Tax has been made as Good Step incurred tax losses for the year/periods.

Good Step has unused tax losses of HK$4,985,000 and HK$5,821,000 and deductible temporary differences of HK$308,000 and HK$1,623,000 as at 31 March 2016 and 19 October 2016, respectively. No deferred tax asset has been recognised in respect of the entire unused tax losses and deductible temporary differences as at 19 October 2016 due to the unpredictability of future profit. Unused tax losses may be carried forward indefinitely.

(iii) Loss for the year/periods

	Year ended 31 March 2016	For the period from 1 April 2016 to 19 October 2016
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	30	15
Staff costs (including directors' emoluments)		
Salaries and other benefits	5,913	3,962
Retirement benefits scheme contributions	194	170
	6,107	4,132
Minimum lease payments under operating leases in respect of:		
— land and buildings	4,093	2,934
— catering equipment	50	39
	4,143	2,973

(iv) Property and equipment

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Catering and other equipment *HK$'000*	Total *HK$'000*
COST				
At 1 April 2015	4,653	781	75	5,509
Additions	8,927	916	127	9,970
At 31 March 2016	13,580	1,697	202	15,479
Additions	—	170	84	254
At 19 October 2016	13,580	1,867	286	15,733
DEPRECIATION				
At 1 April 2015	929	149	13	1,091
Provided for the year	1,278	271	28	1,577
At 31 March 2016	2,207	420	41	2,668
Provided for the period	1,611	275	23	1,909
At 19 October 2016	3,818	695	64	4,577
CARRYING AMOUNTS				
At 31 March 2016	11,373	1,277	161	12,811
At 19 October 2016	9,762	1,172	222	11,156

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the lease terms
Furniture and fixtures	20%
Catering and other equipment	20%

(v) Inventories

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
Food and beverage and other consumables for restaurant operations	140	108

(vi) Trade receivables, deposits and prepayments

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
Trade receivables	54	195
Rental deposits	1,314	1,114
Other deposits	528	419
Prepayments	198	203
Total	2,094	1,931
Analysed for reporting purposes as:		
Non-current assets	1,717	1,517
Current assets	377	414
	2,094	1,931

There was no credit period granted to individual customers for the restaurant operations. Good Step's trading terms with its customers are mainly by cash and credit card settlement. The settlement terms of credit card companies are usually 7 days after the service rendered date. All trade receivables are aged within 7 days.

(vii) Trade and other payables and accruals

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
Trade payables	541	846
Salaries payables	78	579
Accruals and other payables	827	782
	1,446	2,207

The credit period grants to Good Step by suppliers normally ranges from 0 to 60 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
0–30 days	541	523
31–60 days	—	323
	541	846

(viii) Amounts due to related parties

Details of amounts due to related parties are stated as follows:

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
Mr. KY Chuk	127	299
Highland Limited	1,267	1,567
Charm Region	800	400
Great Planner	—	150
	2,194	2,416

The amounts due to related parties of HK$1,394,000 and HK$2,016,000, respectively, are non-trade, unsecured, interest-free and repayable on demand as at 31 March 2016 and 19 October 2016.

Included in amounts due to related parties of HK$800,000 and HK$400,000 as at 31 March 2016 and 19 October 2016, respectively, represented the trade nature balances. The following is an ageing analysis of trade nature amounts due to related parties presented based on the invoice date at the end of each reporting period.

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
0 to 30 days	200	200
31 to 60 days	200	200
61 to 90 days	200	—
Over 90 days	200	—
	800	400

(ix) Bank borrowing

	As at 31 March 2016 *HK$'000*	As at 19 October 2016 *HK$'000*
Carrying amount (shown under current liabilities) that contains a repayment on demand clause based on scheduled repayment terms:		
— Within one year	1,000	2,500
— More than one year but not exceeding two years	3,500	6,000
— More than two years but not exceeding three years	13,500	9,500
	18,000	18,000

The bank borrowing is at floating rate which carry interest at HK$ Best Lending Rate minus a spread. The effective interest rate on Good Step's bank borrowing is 2.00% per annum as at 31 March 2016 and 19 October 2016.

Bank borrowing of HK$18,000,000 as at 31 March 2016 and 19 October 2016 are secured by the leasehold land and buildings owned by Highland Limited, Hing Fai Development (H.K.) Company Limited, F1 Investment Limited and Charm Region.

(x) Provision

	Reinstatement provision
	HK$'000
At 1 April 2015	—
Provision recognised	110
At 31 March 2016 and 19 October 2016	110

The provision for reinstatement works related to the estimated cost of reinstating the rented premises to be carried out at the end of respective lease periods. These amounts have not been discounted for the purpose of measuring the provision for reinstatement works as the effect is not significant.

(xi) Movement on Good Step's Liabilities Arising from Financing Activities

The table below details changes in the Good Step'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 Good Step's statements of cash flows as cash flows from financing activities.

	Non-trade amounts due to related parties	Bank borrowing	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	16,995	—	16,995
Financing cash flows *(note)*	(15,601)	17,934	2,333
Finance costs recognised	—	66	66
At 31 March 2016	1,394	18,000	19,394
Finance cash flows *(note)*	622	(210)	412
Finance costs recognised	—	210	210
At 19 October 2016	2,016	18,000	20,016

Note: The financing cash flows represented the net amount of proceeds from bank borrowing, payment of finance costs, advances from related parties and repayments to related parties.

33. MOVEMENT ON GROUP'S 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 statements of cash flows as cash flows from financing activities.

	Non-trade amounts due to related parties	Bank borrowings	Obligation under finance lease	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	279	3,333	—	3,612
Financing cash flows *(note)*	3,255	(1,143)	—	2,112
Finance costs recognised	—	149	—	149
At 31 March 2016	3,534	2,339	—	5,873
Financing cash flows *(note)*	2,693	(1,679)	(37)	977
Capitalisation of amounts due to related parties *(note 31)*	(8,072)	—	—	(8,072)
Acquisition of a subsidiary *(note 27)*	2,416	18,000	—	20,416
Purchase of property and equipment through finance lease	—	—	270	270
Finance costs recognised	—	197	9	206
At 31 March 2017	571	18,857	242	19,670
Financing cash flows *(note)*	(571)	(314)	(20)	(905)
Finance costs recognised	—	151	5	156
At 31 July 2017	—	18,694	227	18,921
At 1 April 2016	3,534	2,339	—	5,873
Financing cash flows *(note)*	(23)	(959)	—	(982)
Finance costs recognised	—	28	—	28
At 31 July 2016 (unaudited)	3,511	1,408	—	4,919

Note: The financing cash flows represented the net amount of proceeds from bank borrowings, payment of finance costs, advances from related parties, repayments to related parties, bank borrowings and obligation under finance lease.

34. RESERVES OF THE COMPANY

	Share premium	Accumulated loss	Total
	HK$'000	*HK$'000*	*HK$'000*
On 11 February 2016 (date of incorporation) and 31 March 2016	—	—	—
Issue of shares of the Company	8,072	—	8,072
At 31 March 2017	8,072	—	8,072
Loss and comprehensive expense for the period	—	(6,959)	(6,959)
At 31 July 2017	8,072	(6,959)	1,113

35. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of establishment	Place of operation	Issued and full paid share capital	Attributable equity interest of the Group as at 31 March 2016	31 March 2017	31 July 2017	date of this report	Principal activities	Notes
Everbloom	BVI 11 February 2016	Hong Kong	United States Dollar ("USD") 1	65%	100%	100%	100%	Investment holdings	*(a)*
Good Step	Hong Kong 1 February 2013	Hong Kong	HK$2	—	100%	100%	100%	Restaurant operations	*(b)*
Great Planner	Hong Kong 26 November 1999	Hong Kong	HK$1,000,000	65%	100%	100%	100%	Restaurant operations	*(b)*
Ironforge	BVI 11 February 2016	Hong Kong	USD1	65%	100%	100%	100%	Investment holding	*(a)*
Leading Win Limited	Hong Kong 17 February 2017	Hong Kong	HK$500,000	—	100%	100%	100%	Restaurant operations	*(c)*
Legion	BVI 11 February 2016	Hong Kong	USD1	65%	100%	100%	100%	Investment holding	*(a)*
Sky Honour	Hong Kong 6 December 2006	Hong Kong	HK$1,500,000	65%	100%	100%	100%	Restaurant operations	*(b)*
Skyreach	BVI 11 February 2016	Hong Kong	USD1	65%	100%	100%	100%	Investment holding	*(a)*
Stormwind	Hong Kong 18 March 2016	Hong Kong	HK$10,000	65%	100%	100%	100%	Provision of management services to group companies	*(b)*

All the companies comprising the Group have adopted 31 March as their financial year end date.

Skyreach is directly held by the Company and all other subsidiaries are indirectly held by the Company.

Notes:

(a) No statutory audited financial statements have been prepared since its date of incorporation as they are incorporated in a jurisdiction where there is no statutory audit requirements.

(b) The statutory financial statements of these entities for the year ended 31 March 2016, which are prepared in accordance with the HKFRSs issued by HKICPA, were audited by Cheng & Cheng Limited, a firm of certified public accountants registered in Hong Kong. The statutory financial statements of these entities for the year ended 31 March 2017, which are prepared in accordance with the HKFRSs issued by HKICPA, were audited by us.

(c) No statutory audited financial statements have been prepared since its date of incorporation, as it is not yet due for issuance.

36. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, subsequent events of the Group and detailed as below.

On 23 January 2018, written resolutions of the shareholders of the Company was passed to approve the matters set out in the paragraph headed "Written resolutions of the Shareholders passed on 23 January 2018" in Appendix IV of the Prospectus. It was resolved, among other things:

(i) the authorised share capital of the Company increased to HK$20,000,000 by the creation of an additional 1,962,000,000 shares of the Company;

(ii) conditional upon the share premium account of the Company being credited as a result of the offer of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK$5,999,900 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par 599,990,000 shares of the Company for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 23 January 2018.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 31 July 2017.

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for each of the two years ended 31 March 2017 and the four months ended 31 July 2017 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, the Company's Reporting Accountants (the "Accountants' Report"), as set out in Appendix I to this prospectus, and is included herein 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 out 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 statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of the Group as if the Share Offer had taken place on 31 July 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 as at 31 July 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 31 July 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 the owners of the Company as at 31 July 2017	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 per Share**
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on Offer Price of HK$0.40 per Share	5,474	59,481	64,955	0.08
Based on Offer Price of HK$0.35 per Share	5,474	50,181	55,655	0.07

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Share Offer are based on 200,000,000 Offer Shares at Offer Price of lower limit and upper limit of HK$0.35 and HK$0.40 per Offer Share, respectively, after taking into account the estimated underwriting fees and other related expenses to be incurred by the Group (excluding listing expenses which have been charged to profit or loss up to 31 July 2017). The calculation of such estimated net proceeds does not take into account of any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this prospectus.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company per Share is arrived at on the basis that 800,000,000 Shares were in issue assuming that the Capitalisation Issue and the Share Offer had been completed on 31 July 2017 and does not take into account of any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the Appendix IV to this prospectus.

(4) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Top Standard Corporation

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Top Standard Corporation (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 31 July 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 31 January 2018 (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 offer of shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Share Offer**") on the Group's financial position as at 31 July 2017 as if the Share Offer had taken place at 31 July 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 each of the two years ended 31 March 2017 and the four months ended 31 July 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 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 behavior.

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 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 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 31 July 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 Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 January 2018

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 11 February 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 23 January 2018. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of the Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Cayman 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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, provided that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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.

(c) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) Transfer of shares

Subject to the Cayman Companies Law and the requirements of the Stock Exchange, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House (as defined in the Articles) or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Power of the Company to purchase its own shares

The Company may 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 requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(f) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(g) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. 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 20 per cent per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, remain liable to pay to the Company all monies which, as 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 payment at such rate not exceeding 20 per cent per annum as the Board may prescribe.

2.2 Directors

(a) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the retirement by rotation provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(i) resigns;

(ii) dies;

(iii) is declared to be of unsound mind and the Board resolves that his office be vacated;

(iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) is prohibited from being or ceases to be a director by operation of law;

(vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(viii) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory 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 shall be 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, provided that no shares shall be issued at a discount.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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 Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(d) 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 uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, 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.

(e) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, *pro rata*. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(f) Compensation or payments for loss of office

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(g) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(h) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) 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/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, 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;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.5 Meetings of member

(a) 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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An ordinary resolution, by contrast, is 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 members which are corporations, by their duly authorised representatives or by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(b) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company, provided that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. 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. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(i) at least two members;

(ii) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of the Company shall be called by at least 14 days' (and not less than 10 clear business days') notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95 per cent of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(e) 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, and continues to be present until the conclusion of the meeting.

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.

(f) 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 shall be 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 shall be 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. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.6 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 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.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(b) all dividends shall be apportioned and paid *pro rata* in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(c) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(i) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(ii) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 per cent per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.8 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

2.9 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3.6 of this Appendix.

2.10 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:

(a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

(b) if the Company is wound up and the assets available for distribution among the members as such are 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 on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 11 February 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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.

3.2 Share capital

Under the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(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) any manner provided in section 37 of the Cayman 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.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

 (i) on or in respect of the shares, debentures or other obligations of the Company; or

 (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 1 March 2016.

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.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right 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 of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2017 Revision) of the Cayman Islands.

3.15 Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall 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.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (that is, the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

3.19 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Cayman Companies Law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in "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.

FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 11 February 2016. The Company has established a principal place of business in Hong Kong at 4th Floor, Coda Plaza, 51 Garden Road, Central, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 10 July 2017. In connection with such registration, Mr. Stanley Chuk has been appointed as an authorised representative of the Company for acceptance of service of process and notices on behalf of the Company in Hong Kong. The address for acceptance of service of process and notices on the Company in Hong Kong is the same as its registered place of business in Hong Kong.

As the Company was incorporated in the Cayman Islands, its operations are subject to the Cayman Companies Law and its constitution, which comprises of a memorandum of association and articles of association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Companies Law is set out in "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of the Company

The authorised share capital of the Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The following alterations in the issued and paid up share capital of the Company have taken place since its date of incorporation up to the date of this prospectus.

(a) on 11 February 2016, one Share at par was allotted and issued fully-paid as the subscriber's share to Harneys Service (Cayman) Limited (currently known as Harneys Fiduciary (Cayman) Limited), an Independent Third Party, which in turn transferred such one Share to JSS Group at par on the same day.

(b) on 20 October 2016, 944 Shares at par were allotted and issued to each of J & W Group and Oxlo. On the same date, 8,111 Shares were allotted and issued fully-paid to JSS Group.

(c) on 23 January 2018, the Shareholders resolved to increase the authorised share capital of the Company from HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional of 1,962,000,000 Shares, each carry the same rights with the Shares then in issue in all respects.

(d) on 23 January 2018, the Shareholders resolved that, conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, the Directors were authorised to capitalise an amount of HK$5,999,900 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 599,990,000 Shares for allotment and issue to the Shareholders whose names appeared on the register of members of the Company as at the close of business on the date which the said resolution has been passed (or another date as the Directors may direct) to their respective shareholdings in the Company.

The following is a description of the authorised and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Capitalisation Issue and the Share Offer.

Authorised share capital:

		HK$
2,000,000,000	Shares of HK$0.01 each	20,000,000

Issued and to be issued, fully paid or credited as fully paid:

10,000	Shares in issue as at the Latest Practicable Date	100
599,990,000	Shares to be issued pursuant to the Capitalisation Issue	5,999,900
200,000,000	Shares to be issued pursuant to the Share Offer	2,000,000
800,000,000	**Total**	8,000,000

The above table assumes that the Share Offer becomes unconditional and Shares are issued pursuant to the Share Offer. It takes no account of any Shares which may be issued or repurchased by us pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described below.

Immediately following the completion of the Capitalisation Issue and the Share Offer, the Company had an authorised share capital of HK$20,000,000, divided into 2,000,000,000 Shares, and an issued share capital of HK$8,000,000, divided into 800,000,000 Shares, all fully paid or credited as fully paid, and 1,200,000,000 Shares will remain unissued.

Save as disclosed above and in ''Further Information about the Company — 4. Written resolutions of the Shareholders passed on 23 January 2018'' in this appendix, there has been no alteration in the share capital of the Company since its incorporation.

3. Changes in authorised and issued capital of our subsidiaries

The Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, the Company has no other subsidiaries.

Save as disclosed in ''Further Information about the Company — 5. Group reorganisation'' below in this appendix and ''History and Corporate Structure'' in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the Shareholders passed on 23 January 2018

Pursuant to the resolutions in writing of all the Shareholders passed on 23 January 2018:

(a) the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,962,000,000 Shares of HK$0.01 each, ranking *pari passu* with the Shares in issue in all respects;

(b) the Company approved and adopted the Memorandum and Articles of Association conditional upon the Listing;

(c) conditional upon (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Offer Price being fixed on or around the Price Determination Date; (iii) the execution and delivery of the Underwriting Agreements; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with their respective terms or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(1) the Share Offer were approved and the Directors were authorised to allot and issue the new Shares pursuant to the Share Offer to rank *pari passu* with the then existing Shares in all respects;

(2) the proposed Listing was approved and the Directors were authorised to implement the Listing;

(3) conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, the Directors were authorised to capitalise an amount of HK$5,999,900 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 599,990,000 Shares for allotment and issue to the Shareholders whose names appeared on the register of members of the Company as at the close of business on the date which the said resolution has been passed (or another date as the Directors may direct) to their respective shareholdings in the Company at that time, and the Shares allotted and issued shall carry the same rights as the then existing issued Shares;

(4) a general unconditional mandate was granted to the Directors to, among other things, allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to (A) a rights issue, (B) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, or (C) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of:

(i) 20% of the total nominal or par value of the share capital of the Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and

(ii) the total nominal or par value of the share capital of the Company repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in sub-paragraph (5) below,

such mandate to remain in effect during the period from the passing of the resolution until the earliest of (A) the conclusion of the Company's next annual general meeting, (B) the expiration of the period within which the Company is required by any applicable law or the Articles of Association to hold its next annual general meeting; or (C) the date on which the resolution is varied, revoked or renewed by an ordinary resolution of the Shareholders in a general meeting (the "**Relevant Period**") (the "**Issue Mandate**");

(5) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to repurchase Shares on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the GEM Listing Rules with an aggregate nominal value of not more than 10% of the aggregate nominal or par value of the Company's share capital in issue immediately following the completion of the Capitalisation Issue and the Share Offer, such mandate to remain in effect during the Relevant Period (the "**Repurchase Mandate**"); and

(6) the Issue Mandate as referred to in sub-paragraph (4) above was extended by an amount representing the aggregate nominal or par value of the Shares repurchased by the Company pursuant to the Repurchase Mandate as referred to in sub-paragraph (5) above.

5. Group reorganisation

The companies comprising the Group underwent the Reorganisation in preparation for the Listing. For information relating to the Reorganisation, please refer to "History and Corporate Structure" in this prospectus.

6. Repurchase by the Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed 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 written resolutions of the Shareholders passed on 23 January 2018, the Repurchase Mandate was given to the Directors to exercise all powers of the Company to repurchase up to 10% of the aggregate nominal or par value of the share capital of the Company in issue immediately following completion of the Share Offer on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose). The Repurchase Mandate will remain in effect during the Relevant Period.

(ii) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Company's Memorandum and Articles of Association and the Cayman Companies Law. A listed company may not repurchase its own securities 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 from time to time. Under Cayman Islands law, any repurchases by the Company may only be made out of profits of the Company, or out of share premium account, or out of the proceeds of a fresh issue of share made for the purpose of the repurchase, or, if so authorised by its articles of association and subject to the provisions of the Cayman Companies Law, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of profits of the Company or from sums standing to the credit of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Cayman Companies Law, out of capital.

(iii) Trading restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The GEM Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Suspension of repurchase

Pursuant to the GEM Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the GEM Listing Rules); and (ii) the deadline for a listed company to publish an announcement of its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

(v) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vi) Connected parties

A company is prohibited from knowingly repurchasing securities from "connected person", that is, a director, chief executive or substantial shareholder of the Company or any of their respective associates and a connected person shall not knowingly sell his securities to the Company, on the Stock Exchange.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the 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 the Group as compared with the position disclosed in this prospectus. However, the 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 of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the Listing, would result in up to 80,000,000 Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to us or our subsidiaries.

The 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, a Shareholder in accordance with the GEM Listing Rules rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Codes on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) could obtain or consolidate control of the Company. Depending on the level of increase of the Shareholders' interest in the Company, one or more Shareholders may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of Shares on the Stock Exchange. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the GEM Listing Rules requirements regarding the public shareholding referred to above. A waiver of this provision is not normally granted other than in exceptional circumstances.

No core connected person (as defined in the GEM Listing Rules) of the Company has notified us that he or she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT THE BUSINESS OF THE GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

(a) instrument of transfer and bought and sold notes dated 24 June 2016 entered into between TSGL and Everbloom for the transfer of 1,000,000 ordinary shares of Great Planner for the consideration of HK$1.0 to Everbloom;

(b) instrument of transfer and bought and sold notes dated 24 June 2016 entered into between TSGL and Ironforge for the transfer of 1,500,000 ordinary shares of Sky Honour for the consideration of HK$1.0 to Ironforge;

(c) the Sale and Purchase Agreement;

(d) the Deed of Amendments;

(e) the Deed of Non-Competition;

(f) the Deed of Indemnity;

(g) the Deed of Indemnity (Good Step); and

(h) the Public Offer Underwriting Agreement.

2. Our intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks:

Trademark	Trademark no.	Registered owner	Place of registration	Class	Expiry date
三希樓 San Xi Lou	302935161	Great Planner	Hong Kong	43	23 March 2024
	302915280	Sky Honour	Hong Kong	43	5 March 2024
	303693169	Good Step	Hong Kong	43	22 February 2026
RONIN JAPANESE CUISINE	303693150	Good Step	Hong Kong	43	22 February 2026
浪人	304256884	Good Step	Hong Kong	43	29 August 2027

As of the Latest Practicable Date, the Group had applied for the registration of the following trademark:

Trademark	Application no.	Applicant	Place of registration	Class	Application date
TOP STANDARD CORPORATION	304373316	The Company	Hong Kong	35	19 December 2017

Notes:

Class 35 — Business management

Class 43 — Services for providing food and drink

(b) Domain name

As at the Latest Practicable Date, the Group had registered the following domain name:

Domain name	Registrant	Expiry Date
www.topstandard.com.hk	Stormwind	27 April 2019

Information contained in the above website does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, registered designs, patents or other intellectual or industrial property rights which are material to the business of the Group.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

1. Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

Immediately following the completion of the Capitalisation Issue and the Share Offer, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 into in the register referred to in that section, or which will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, once the Shares are listed will be as follows:

Long position in the Shares

Name of Director	Nature of interest and capacity	Number of Shares held/ interested	Approximate percentage of shareholding
Mr. Stanley Chuk	Interest in controlled corporation *(Note 1)*	486,720,000	60.84%
Mr. KY Chuk	Interest in controlled corporation *(Note 2)*	56,640,000	7.08%

Notes:

(1) Mr. Stanley Chuk directly owns 100% of JSS Group, which will in turn hold approximately 60.84% of the issued share capital of the Company. Mr. Stanley Chuk is deemed, or taken to be interested in, all the Shares held by JSS Group for the purpose of the SFO.

(2) Mr. KY Chuk directly owns 100% of J & W Group, which will in turn hold approximately 7.08% of the issued share capital of the Company. Mr. KY Chuk is deemed, or taken to be interested in, all the Shares held by J & W Group for the purpose of the SFO.

2. Interests and short positions of Shareholders in the shares, underlying shares and debentures of the Company and its associated corporations

So far as is known to any Director or chief executive of the Company, immediately following completion of the Capitalisation Issue and the Share Offer, the following persons (other than a Director or chief executive of the Company) will have an interest or a short position in the Shares or the underlying Shares which will 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 which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who 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 the Company:

Long position in the Shares

Name of Shareholder	Nature of interest and capacity	Number of Shares held/ interested	Approximate percentage of shareholding
JSS Group	Beneficial owner	486,720,000	60.84%
J & W Group	Beneficial owner	56,640,000	7.08%
Oxlo	Beneficial owner	56,640,000	7.08%
Mr. Steve Chuk *(Note 1)*	Interest in controlled corporation	56,640,000	7.08%
Mrs. Chuk Cheng Sau Mun, Winnie *(Note 2)*	Interest of spouse	56,640,000	7.08%

Note:

(1) Mr. Steve Chuk directly owns 100% of Oxlo, which will in turn hold approximately 7.08% of the issued share capital of the Company. Mr. Steve Chuk is deemed, or taken to be interested in, all the Shares held by Oxlo for the purpose of the SFO.

(2) Mrs. Chuk Cheng Sau Mun, Winnie, being the spouse of Mr. KY Chuk, is deemed to be interested in all the Shares that Mr. KY Chuk holds an interest in for the purpose of Part XV of the SFO.

3. Particulars of Directors' service contracts

(a) Executive Directors' service contracts

Each of the executive Directors has entered into a service contract with the Company. The terms and conditions of each of such service contracts are similar in all material aspects. Each service contract is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing. Under the service contracts, the initial annual salaries payable to the executive Directors are as follows:

Name	Annual salary *HK$'000*
Mr. Stanley Chuk	480
Mr. Johnson Lam	480
Mr. KY Chuk	480

Each of the executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of the Group and the performance of that executive Director. Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and discretionary bonus payable to himself.

(b) Independent non-executive Directors' letters of appointment

Each of Chian Yat Ping, Yew Tak Yun, Paul and Chan Kwok Ki, Stephen, being all our independent non-executive Directors, has entered into a letter of appointment with the Company. Each letter of appointment is for an initial term of three years commencing from the Listing Date, which may be terminated by either party giving at least one month's notice in writing. Under the letters of appointment, the annual director's fees payable to our independent non-executive Directors are as follows:

Name	**Annual director's fee** *HK$'000*
Chian Yat Ping	120
Yew Tak Yun, Paul	120
Chan Kwok Ki, Stephen	120

Save for the annual director's fees mentioned above, none of our independent non-executive Directors is entitled to receive any other remuneration for holding his/her office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract or letter of appointment with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation other than statutory compensation).

(c) Directors' remuneration

The aggregate remuneration paid and benefits in kind granted to the Directors for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 was nil, approximately HK$0.3 million and HK$84,000, respectively.

There was no arrangement under which a Director waived or agreed to waive any remuneration for any of the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017.

Save as disclosed above, no other payments have been made or are payable in respect of the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 by any member of the Group to any of the Directors.

Under the arrangements currently in force, the Company estimates the aggregate remuneration payable to, and benefits in kind receivable by (excluding any discretionary bonuses), the Directors in respect of the year ending 31 March 2018 to be approximately HK$0.5 million.

During the Track Record Period, no remuneration was paid by us to, or receivable by, the Directors or the five highest paid individuals as an inducement to join or upon joining the Company. No compensation was paid by us to, or receivable by, the Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of the Company.

4. Personal guarantees

Save as disclosed in this prospectus, at the Latest Practicable Date, the Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

5. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors and experts referred to in "Other Information — 6. Qualifications of experts" below in this appendix) in connection with the issue or sale of any capital or security of the Company or any of member of the Group within the two years preceding the date of this prospectus.

6. Related party transactions

Details of the related-party transactions are set out under note 30 to the Accountants' Report as set out in Appendix I to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or chief executives of the Company has any interest and/or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (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 in which they are 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 in that section, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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 the Group;

(c) none of the Directors nor any of the persons listed in "Other Information — 6. Qualifications of experts" below in this appendix is interested 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 the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(e) none of the persons listed in "Other Information — 6. Qualifications of experts" below in this appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(f) none of the persons listed in "Other Information — 6. Qualifications of experts" below in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(g) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option; and

(h) so far as is known to the Directors, none of the Directors or their close associates or any Shareholder (which to the knowledge of the Directors owns 5% or more of the issued share capital of the Company) has any interest in any of the five largest suppliers or customers of the Group.

8. Miscellaneous

Mr. KY Chuk was a director of Best Jumbo Limited, a company incorporated in Hong Kong and dissolved by striking off on 22 October 2010, pursuant to Section 291 of the Predecessor Companies Ordinance. Best Jumbo Limited was principally engaged in property investment and had ceased business prior to its dissolution. Mr. KY Chuk confirmed that the said company was solvent and dormant with no outstanding liabilities at the time of it being struck off and to the best of his knowledge and understanding, the dissolution of the said company has not resulted in any liability or obligation to be imposed against him. Mr. KY Chuk further confirmed that there was no wrongful act on his part leading to the dissolution and struck off of Best Jumbo Limited and he is not aware of any actual or potential claim that has been or will be made against him as a result of the striking off of the said company.

Ms. Chian Yat Ping was a director of China Best Consultants Limited, Glory Pacific International Limited and Zhong Hua Beer (H.K.) Co., Limited, in which all three companies were incorporated in Hong Kong and dissolved by deregistration on 26 October 2001, 7 December 2001 and 11 July 2003, respectively, pursuant to Section 291AA of the Predecessor Companies Ordinance. China Best Consultants Limited had ceased business prior to its dissolution. Glory Pacific International Limited had ceased business prior to its dissolution. Zhong Hua Beer (H.K.) Co., Limited had ceased business prior to its dissolution. Ms. Chian Yat Ping confirmed that such companies were solvent and dormant with no outstanding liabilities at the time of its being deregistered and to the best of her knowledge and understanding, the dissolution of such companies have not resulted in any liability or obligation to be imposed against her. Ms. Chian Yat Ping further confirmed that there was no wrongful act on her part leading to the deregistration of such companies and she is not aware of any actual or potential claim that has been or will be made against her as a result of the deregistration of such companies.

Note 1: Under Section 291 of the Predecessor Companies Ordinance, the Registrar of Companies may strike off a company if the Registrar has reasonable cause to believe that a company is not carrying on business or in operation. Pursuant to Section 291(5) of the Predecessor Companies Ordinance, at the expiration of three months from the date of the gazette notice, unless cause is shown to the contrary, the company will be struck off the register and the company will be dissolved.

Note 2: Under Section 291AA of the Predecessor Companies Ordinance or Section 751 of the Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.

OTHER INFORMATION

1. Litigation

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to the Directors to be pending or threatened against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

2. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer. All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

The Sponsor will be paid by the Company a total fee of HK$5.5 million (excluding disbursement) to act as the sponsor to the Company in connection with Listing.

3. Material adverse change

Save for the total expenses related to the Share Offer in the amount of approximately HK$17.0 million, which is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2018, the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 July 2017 (being the date to which the latest audited combined financial statements of the Group were prepared).

4. Tax and other indemnities

(a) Tax on dividends

No tax is payable in Hong Kong by us in respect of dividends paid by us.

(b) Profits tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15.0% on unincorporated businesses. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(c) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

(d) Estate duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of our subsidiaries.

(e) Deed of indemnity

Pursuant to the Deed of Indemnity given by the Controlling Shareholders in favour of the Company (and each of the members of the Group) and conditional on the fulfilment of the conditions stated in "Structure and Conditions of the Share Offer" in this prospectus, each of the Controlling Shareholders has unconditionally and irrevocably, jointly and severally covenanted, agreed and undertaken to indemnify and at all times keep the Company (for itself and as trustee for other members of the Group) and each other member of the Group indemnified on demand from and against any taxation falling on any member of the Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to have been granted, earned, accrued, received or made) on or before the Listing Date or any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other events, acts or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, this shall require each of the Controlling Shareholders to indemnify and at all times keep each of the members of the Group indemnified, in each case, in respect of any additional taxation which may fall on the Company or any other member of the Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any member of the Group of taxation due and whether or not such reassessment is effected in respect of taxation which the Company or any other member of the Group had previously reached agreement with a taxation authority.

However, the indemnities given by the Controlling Shareholders under the Deed of Indemnity do not cover, and the Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

(i) to the extent that such liability is attributable to Good Step on or prior to the Listing Date, or is otherwise indemnified by the covenantors under the Deed of Indemnity (Good Step);

(ii) to the extent that provision has been made for such taxation or taxation claim in the audited consolidated financial statements of the Group or the audited accounts of any member of the Group for an accounting period ended on or before 31 July 2017;

(iii) to the extent such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong or elsewhere), including without limitation the Inland Revenue Department, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;

(iv) falling on any member of the Group in respect of any accounting period commencing on or after 1 August 2017 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, the Controlling Shareholders or any member of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

    (1) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the Listing Date; or

    (2) pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity or pursuant to any statement of intention made in this prospectus;

(v) to the extent that such liability is discharged by another person who is not a member of the Group and that none of the members of the Group is required to reimburse such person in respect of the discharge of such liability; and

(vi) to the extent of any provision or reserve made for such liability in the audited accounts referred to in paragraph (ii) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, each of the Controlling Shareholders has also unconditionally and irrevocably, jointly and severally covenanted, agreed and undertaken to indemnify and at all times keep the Company (for itself and as trustee for the other members of the Group) and each other member of the Group indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, orders and expenses incurred or suffered or loss of profits, benefits or other commercial advantages suffered by any member of the Group as a result of (i) the Reorganisation (other than the acquisition of Good Step), (ii) any and all non-compliances with the applicable laws, rules or regulations, by the Company and/or any member of the Group (other than Good Step) in their respective places of incorporation or operation which have occurred at any time on or before the Listing Date; and (iii) any litigation, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature instituted by or against the Company and/or any member of the Group (other than Good Step) in relation to events occurred on or before the Listing Date, including but not limited to the legal proceedings and claims and non-compliance matters as disclosed in ''Business — Legal Proceedings and Compliance'' in this prospectus.

For the avoidance of doubt, the above indemnity does not cover any liability that is indemnified by the covenantors under the Deed of Indemnity (Good Step).

(f) Deed of indemnity (Good Step)

Pursuant to the Deed of Indemnity (Good Step) given by each of Mr. KY Chuk and Mr. Steve Chuk in favour of the Company and Good Step and conditional on the fulfilment of the conditions stated in ''Structure and Conditions of the Share Offer'' in this prospectus, each of Mr. KY Chuk and Mr. Steve Chuk has unconditionally and irrevocably, jointly and severally covenanted, agreed and undertaken to indemnify and at all times keep the Company and Good Step indemnified on demand from and against any taxation falling on the Company or Good Step resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to have been granted, earned, accrued, received or made) attributable to or otherwise arising from Good Step on or before the Listing Date or any event, transaction, act or omission occurring or deemed to occur with respect to Good Step on or before the Listing Date whether alone or in conjunction with any other events, acts or omission occurring or deemed to occur with respect to Good Step on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, this shall require each of Mr. KY Chuk and Mr. Steve Chuk to indemnify and at all times keep the Company and Good Step indemnified, in each case, in respect of any additional taxation which may fall on the Company and/or Good Step in respect of a Good Step taxation claim resulting from a reassessment or similar action by a taxation authority against the Company and/or Good Step of taxation due and whether or not such reassessment is effected in respect of taxation which the Company or Good Step had previously reached agreement with a taxation authority.

However, the indemnities given by Mr. KY Chuk and Mr. Steve Chuk under the Deed of Indemnity (Good Step) do not cover, and Mr. KY Chuk and Mr. Steve Chuk shall be under no liability in respect of, any liability on taxation and taxation claim:

(i) to the extent that provision has been made for such taxation and taxation claim in the audited accounts of Good Step for an accounting period ended on or before 31 March 2016;

(ii) to the extent such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong or elsewhere), including without limitation the Inland Revenue Department, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;

(iii) falling on the Company or Good Step in respect of any accounting period of Good Step commencing on or after 1 April 2016, unless such liability would not have arisen but for some act or omission of, or transaction entered into by, Mr. KY Chuk, Mr. Steve Chuk or Good Step (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

  (1) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the Listing Date; or

  (2) pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity (Good Step) or pursuant to any statement of intention made in this prospectus;

(iv) to the extent that such liability is discharged by another person who is not a member of the Group and that none of the member of the Group is required to reimburse such person in respect of the discharge of such liability; and

(v) to the extent of any provision or reserve made for such liability in the audited accounts referred to in paragraph (i) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce liability of Mr. KY Chuk and Mr. Steve Chuk in respect of such liability shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity (Good Step), each of Mr. KY Chuk and Mr. Steve Chuk has also unconditionally and irrevocably, jointly and severally covenanted, agreed and undertaken to each of the Company (for itself and as trustee for other members of the Group) and each of the other members of the Group indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, orders and expenses incurred or suffered or loss of profits, benefits or other commercial advantages suffered by any member of the Group as a result of (i) the acquisition of Good Step by the Group; (ii) any and all of the non-compliances of Good Step with the applicable laws, rules or regulations by Good Step or its operations on or before the Listing Date; and (iii) any litigation, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature instituted by or against the Company and/or Good Step in relation to events related to Good Step occurred on or before the Listing Date, including but not limited to the legal proceedings and claims and non-compliance matters as disclosed in "Business — Legal Proceedings and Compliance" in this prospectus that relates to Good Step.

(g) Consultation with professional advisors

Potential investors in the Share Offer are recommended to consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of the Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, 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 or disposal of, or dealing in, the Shares.

5. Miscellaneous

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(a) no share or loan capital of the Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(d) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares or debentures of any member of the Group;

(e) no founders, management or deferred shares of the Company or any of its subsidiaries has been issued or agreed to be issued;

(f) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(g) the Company has no outstanding convertible debt securities or debentures;

(h) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 24 months preceding the date of this prospectus;

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(j) no company within the Group is presently listed on any stock exchange or traded on any trading system; and

(k) our principal share register will be maintained by our principal registrar, Harneys Fiduciary (Cayman) Limited in the Cayman Islands and our Hong Kong Branch share register will be maintained by Boardroom Share Registrars (HK) Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
CLC International Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance)
Harney Westwood & Riegels	Legal advisers to the Company as to Cayman Islands law
Mr. K.C. Patrick Chong	Barrister-at-law in Hong Kong
Deloitte Touche Tohmatsu	Certified public accountants
Baker Tilly Hong Kong Risk Assurance Limited	Internal control consultant
Frost & Sullivan International Limited	Independent market consultants
AVISTA Valuation Advisory Limited	Independent property valuer

7. Consents of experts

Each of CLC International Limited, Harney Westwood & Riegels, Mr. K.C. Patrick Chong, Deloitte Touche Tohmatsu, Baker Tilly Hong Kong Risk Assurance Limited, Frost & Sullivan International Limited and AVISTA Valuation Advisory Limited, has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their letters, reports, opinions and/or references to their names (as the case may be) in the form and context in which they respectively appear. None of the experts named above has any shareholding interest in any members of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

8. Promoters

The Company has no promoter for the purposes of the GEM Listing Rules.

9. Preliminary expenses

The estimated preliminary expenses of the Company are approximately US$5,734 and were payable or paid by the Company.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of binding all persons concerned by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (WUMP) Ordinance insofar as applicable. The English text of this prospectus shall prevail over its Chinese text.

11. 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

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the **White** and **Yellow** Application Forms;

(b) a copy of each of the material contracts referred to in "Statutory and General Information — Further Information about the Business of the Group — 1. Summary of material contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in "Statutory and General Information — Other Information — 7. Consents of experts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Peter Yuen & Associates (in association with Fangda Partners) at 26th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the Accountants' Report on the financial information of the Group for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of the Group for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017;

(d) the assurance report on the unaudited pro forma financial information of the Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;

(e) the letter of advice prepared by Harney Westwood & Riegels, our legal advisor as to the laws of the Cayman Islands, summarising certain aspects of the Cayman Companies Law referred to in "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix III to this prospectus;

(f) the industry report prepared by Frost & Sullivan;

(g) the opinion letter prepared by AVISTA Valuation Advisory Limited regarding the rent of property under the tenancy agreement dated 1 January 2018 entered into between the Group and Charm Region Limited;

(h) the material contracts referred to in "Statutory and General Information — Further Information about the Business of the Group — 1. Summary of material contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in "Statutory and General Information — Other Information — 7. Consents of experts" in Appendix IV to this prospectus;

(j) the service contracts and letters of appointment referred to in "Statutory and General Information — Further Information about Directors and Shareholders — 3. Particulars of Directors' service contracts" in Appendix IV to this prospectus;

(k) the legal opinions issued by Mr. K.C. Patrick Chong, barrister-at-law in Hong Kong, in respect of certain aspects of Hong Kong law applicable to the Group; and

(l) the Cayman Companies Law.

Top Standard Corporation