

Winning Tower Group Holdings Limited 運興泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8362

SHARE OFFER

Sponsor

SUNWAH KINGSWAY

新華滙富

Kingsway Capital Limited

Joint Bookrunners and Joint Lead Managers

SUNWAH KINGSWAY

新華滙富

Kingsway Financial Services Group Limited

平安 證券有限公司
Ping An Securities Limited

IMPORTANT

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

Winning Tower Group Holdings Limited 運興泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares : 350,000,000 Shares comprising 280,000,000 New Shares and 70,000,000 Sale Shares (subject to the Offer Size Adjustment Option)

Number of Placing Shares : 315,000,000 Shares comprising 245,000,000 New Shares and 70,000,000 Sale Shares (subject to reallocation and the Offer Size Adjustment Option)

Number of Public Offer Shares : 35,000,000 New Shares (subject to reallocation)

Offer Price : Not more than HK\$0.22 per Offer Share and expected to be not less than HK\$0.18 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 each

Stock code : 8362

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新華滙富
Kingsway Capital Limited

Joint Bookrunners and Joint Lead Managers

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Kingsway Financial Services Group Limited

平安證券有限公司
Ping An Securities Limited

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI 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 Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) on or before 6:00 p.m. the Price Determination Date. The Offer Price is expected to be not more than HK\$0.22 per Offer Share and not less than HK\$0.18 per Offer Share. If, for any reason, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) are unable to reach an agreement on the Offer Price by 9:00 p.m. (Hong Kong time) on the Price Determination Date, the Share Offer will not proceed and will lapse. In the case of such event, a notice will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wtghl.hk. The Offer Price will fall within the Offer Price range stated in this prospectus unless otherwise announced, as explained below.

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

Prospective investors of the Offer Shares should note that the Joint Bookrunners (for themselves and on behalf of the Underwriters), may in their discretion, terminate the Underwriting Agreements by notice in writing to be given by the Joint Bookrunners (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Bookrunners (for themselves and on behalf of the Underwriters) terminate their obligations under the Underwriting Agreements in accordance with the terms, the Share Offer, will not proceed and will lapse. It is important that prospective investors refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

19 June 2017

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.

EXPECTED TIMETABLE

If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at www.wtgl.hk and the website of the Stock Exchange at www.hkexnews.hk.

Date ⁽¹⁾
2017

Public Offer commences and **WHITE** and **YELLOW** Application Forms available from 9:00 a.m. on Monday, 19 June

Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk ⁽²⁾ 11:30 a.m. on Thursday, 22 June

Application lists of Public Offer open ^(Note 3) 11:45 a.m. on Thursday, 22 June

Latest time for lodging **WHITE** and **YELLOW** Application Forms 12:00 noon on Thursday, 22 June

Latest time to give **electronic application instructions** to HKSCC ^(Note 4) 12:00 noon on Thursday, 22 June

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on Thursday, 22 June

Application lists of Public Offer close ^(Note 3) 12:00 noon on Thursday, 22 June

Expected Price Determination Date on or before ^(Note 5) Friday, 23 June

Announcement of the final Offer Price, indications of the levels of interest in the Placing, the levels of applications of the Public Offer and the basis of allotment and the results of applications in the Public Offer to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wtgl.hk on or before Thursday, 29 June

Announcement of results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our Company's website at www.wtgl.hk and the website of the Stock Exchange at www.hkexnews.hk (for further details, please see the section headed "How to apply for Public Offer Shares — 11. Publication of results" of this prospectus) on or before Thursday, 29 June

Results of allocations in the Public Offer will be available at www.tricor.com.hk/ipo/result with a "search by ID/Business Registration Number" function on Thursday, 29 June

EXPECTED TIMETABLE

Date ⁽¹⁾
2017

Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer on or before ^(Notes 5 to 8) Thursday, 29 June

Despatch/Collection of the **HK eIPO White Form** e-Auto Refund payment instructions and refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before ⁽⁵⁾⁽⁷⁾⁽¹¹⁾ Thursday, 29 June

Despatch/collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before ^(Notes 5 to 9) Thursday, 29 June

Dealings in Shares on GEM expected to commence at 9:00 a.m. on Friday, 30 June

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application money) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 22 June 2017, the application lists will not open and close on that day. For further details, please see the section headed “How to apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists” of this prospectus.
4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “How to apply for Public Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS” of this prospectus.
5. The Price Determination Date is expected to be on or before Friday, 23 June 2017. If our Company (for itself and on behalf of the Selling Shareholders) and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by the Price Determination Date or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Share Offer will not become unconditional and will not proceed.
6. Share certificates for the Public Offer Shares are expected to be issued on or before Thursday, 29 June 2017 but will only become valid certificates of title at 8:00 a.m. on Friday, 30 June 2017 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

EXPECTED TIMETABLE

- Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) or through **HK eIPO White Form** service may collect their refund cheques (where relevant) and/or share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 29 June 2017 or any other day as announced by us as the date of despatch/collect 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 our Hong Kong Branch Share Registrar.

- 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 appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
- Uncollected share certificates and 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 the section headed "How to apply for Public Offer Shares — 14. Despatch/collection of share certificates and refund monies" of this prospectus.
- Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.
- e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the price per Public Offer Share payable on application. 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 would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through a single bank account may have e-Auto Refund payment instructions (if any) despatched to their application payment bank account on Thursday, 29 June 2017. Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts may have refund cheque(s) despatched to the address specified in their application instructions through the **HK eIPO White Form** service, on or before Thursday, 29 June 2017, by ordinary post and at their own risk.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and conditions of the Share Offer" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Selling Shareholder, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made or contained in this prospectus must not be relied on by you as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates or any other persons or parties involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus and therefore does not contain all the information which may be important to you. You should read this prospectus in its entirety before you decide to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in our Shares. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this prospectus.

OVERVIEW

We are a food supplier focusing on processed raw and cooked food products in Hong Kong. Founded in 2004, we have over 12 years of experience in the food processing and trading industry. We have both wholesale and retail operations. All of our wholesale business are conducted in Hong Kong, and our wholesale customers include airline catering, restaurant, general catering and food processing operators. In addition to our wholesale operation, we have operated an online food shop, namely **Jettfoods.com**, since 2012, offering a wide variety of food products to our retail customers via our online platform. As at the Latest Practicable Date, we offered to our customers over 100 types of processed raw food products such as processed poultry, beef, pork and lamb and over 50 types of cooked food products such as barbecued pork, peking duck, suckling pig and beef brisket. All our food processing activities are conducted in our own factory premises in Hong Kong comprising equipment and machinery for food processing.

We generate our revenue by sourcing, processing and supplying processed raw and cooked food products to wholesale customers in different industries, by retail sales of food products through our online food shop and trading of raw food. We also offer logistics services to external customers. We place strong emphasis on quality control and have implemented stringent quality control procedures throughout our processing stage and on all processing lines. We also have our own vehicle fleet and our own logistics team to ensure our products are delivered to customers in a timely manner and of good quality throughout transportation.

According to the CIC Report, the total revenue of the processed meat market in Hong Kong recorded approximately HK\$9.9 billion in 2016. The competition in Hong Kong processed meat market was relatively concentrated with the top five competitors together occupied approximately 51.3% market share of the overall sales revenue. Our Group shared about 1.35% of the industry revenue in 2016. For further details, please refer to the section headed “Industry Overview” in this prospectus.

SUMMARY

For the two years ended 31 December 2016, approximately 99.9% and 82.2% of our total revenue were generated from wholesale processed raw food to our customers, respectively. The following table sets forth a breakdown of our sales by products and services during the Track Record Period:

Product or service type	Year ended 31 December 2015		Year ended 31 December 2016	
	Revenue <i>HK\$'000</i>	Percentage of total revenue %	Revenue <i>HK\$'000</i>	Percentage of total revenue %
Wholesale processed raw food	112,718	99.9	109,802	82.2
Wholesale processed cooked food ^(Note)	—	—	17,527	13.1
Retail online food delivery and trading ^(Note)	—	—	2,823	2.1
Logistics services	<u>147</u>	<u>0.1</u>	<u>3,426</u>	<u>2.6</u>
Total	<u><u>112,865</u></u>	<u><u>100.0</u></u>	<u><u>133,578</u></u>	<u><u>100.0</u></u>

Note: Wholesale processed cooked food is operated under Winning Star and retail online food delivery and trading is operated under Jett Foods. Prior to a reorganisation in December 2015, Winning Star and Jett Foods were owned as to 40% and 30% by Winning Tower, respectively. Therefore, the revenue from these products and services for the year ended 31 December 2015 were not reflected in the total revenue of our Group for the year ended 31 December 2015. Subsequently in December 2015, Winning Star became our 60% owned subsidiary and Jett Foods became our wholly-owned subsidiary. Therefore, the revenue from these products and services for the year ended 31 December 2016 were reflected in the total revenue of our Group for the year ended 31 December 2016.

Our revenue increased from approximately HK\$112.9 million for the year ended 31 December 2015 to approximately HK\$133.6 million for the year ended 31 December 2016. The increase was primarily attributable to the increased in sales on wholesale processed cooked food, retail online food delivery and trading and logistics services, which is driven by (i) Winning Star and Jett Foods became our subsidiaries of our Group and the revenue from wholesale processed raw food and cooked food were reflected in the total revenue of our Group for the year ended 31 December 2016, and (ii) Maxford became a subsidiary of our Group on 18 December 2015, the revenue from logistics services was reflected for the year ended 31 December 2016.

SUMMARY

The following table sets forth a breakdown of our wholesale processed raw food during the Track Record Period:

By types of food	Year ended 31 December			
	2015		2016	
	Revenue	Percentage of revenue from wholesale processed raw food	Revenue	Percentage of revenue from wholesale processed raw food
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Poultry	40,125	35.6%	42,126	38.4%
Pork	29,662	26.3%	30,401	27.7%
Beef	31,003	27.5%	26,525	24.1%
Lamb	972	0.9%	670	0.6%
Others	<u>10,956</u>	<u>9.7%</u>	<u>10,080</u>	<u>9.2%</u>
	<u><u>112,718</u></u>	<u><u>100.0%</u></u>	<u><u>109,802</u></u>	<u><u>100.0%</u></u>

The following table sets forth a breakdown of our revenue by customer types during the Track Record Period:

	Year ended 31 December			
	2015		2016	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Airline catering	68,532	60.7	72,511	54.3
Restaurant	14,682	13.0	33,020	24.7
General catering	12,414	11.0	9,212	6.9
Food processing	15,813	14.0	9,634	7.2
Others ^(Note)	<u>1,424</u>	<u>1.3</u>	<u>9,201</u>	<u>6.9</u>
Total	<u><u>112,865</u></u>	<u><u>100.0</u></u>	<u><u>133,578</u></u>	<u><u>100.0</u></u>

Note: Others mainly included food trades and online retail.

SUMMARY

The following table sets forth our gross profit and gross profit ratio by each of our product categories for the Track Record Period:

	Year ended 31 December			
	2015		2016	
	Gross profit	Gross profit	Gross profit	Gross profit
	ratio	ratio	ratio	ratio
	HK\$'000	%	HK\$'000	%
Wholesale processed raw food	29,578	26.2	31,548	28.7
Wholesale processed cooked food	—	—	9,431	53.8
Retail online food delivery and trading	—	—	998	35.4
Logistics <i>(Note)</i>	147	100.0	3,426	100.0
Total	29,725	26.3	45,403	34.0

Note: As cost of inventories consumed is not applicable for this product type, the gross profit ratio of this product type is 100%.

Over 99.5% and approximately 69.5% of our gross profit is contributed by our wholesale processed raw food for the years ended 31 December 2015 and 2016. Our gross profit for the years ended 31 December 2015 and 2016 amounted to approximately HK\$29.7 million and HK\$45.4 million respectively, representing gross profit ratio of 26.3% and 34.0% respectively. Such increase was mainly due to the significant increase in the sale on wholesale processed cooked food and retail online food delivery and trading, as Winning Star and Jett foods became our subsidiaries of our Group. For further details regarding our analysis of gross profit and gross profit ratio, please refer to the section headed “Financial Information — Period to period comparison of results of operations”.

MACHINERY AND EQUIPMENT

Our Group owns all the equipment and machinery used in our food processing. The following table sets forth the principal machinery used in our processing stage, each having an average expected useful life of four to seven years:

Machinery or equipment	Number of machinery or equipment	Use(s)
Meat saw	7	To cut bone-in meat
Chop cutter	3	To chop boneless meat
Slicer	2	To slice meat
Meat mincer	5	To mince meat up
Mixer/Vacuum mixer	6	To marinate meat
Vacuum packer	2	To remove air from plastic food preservation bags
Ice machine	3	To make ice for packaging of our food products to maintain ideal storage conditions
Metal detector	1	To detect foreign metal objects in the food packaging
Strapping machine	4	To package our food products
Oven	11	To roast our food products

SUMMARY

PROCESSING CAPACITY AND UTILISATION RATE

The monthly processing capacity of the factory and an analysis of the utilisation rate during the Track Record Period are set out below:

	For the year ended 31 December 2015			For the year ended 31 December 2016		
	Estimated processing capacity <i>(Note 1)</i> <i>('000</i> <i>kilogram)</i>	Actual processing volume <i>('000</i> <i>kilogram)</i>	Utilisation rate <i>(Note 2)</i>	Estimated processing capacity <i>(Note 1)</i> <i>('000</i> <i>kilogram)</i>	Actual processing volume <i>('000</i> <i>kilogram)</i>	Utilisation rate <i>(Note 2)</i>
January	384	295	77%	384	360	94%
February	347	279	80%	359	298	83%
March	384	282	73%	384	322	84%
April	371	301	81%	371	338	91%
May	384	339	88%	384	337	88%
June	371	253	68%	371	295	80%
July	384	249	65%	384	267	70%
August	384	245	64%	384	302	79%
September	371	350	94%	371	337	91%
October	384	337	88%	384	313	82%
November	371	310	84%	371	310	84%
December	384	298	78%	384	323	84%
Total	4,519	3,538	78%	4,531	3,802	84%

Notes:

1. Processing capacity is estimated by the daily storage capacity multiplied by the number of days in the month. Currently we have refrigeration facility in our processing factories, sectioned into two separate areas for the storage of chilled and frozen food products. All the products are stored in standard storage units which can hold a maximum of 525 kg of food per unit. Our storage area can hold approximately 55 standard storage units. Half of the storage area is designated for raw material and the other half for finished goods. Therefore, we can process approximately 14,438 kg per day.
2. Utilisation rate is computed by dividing actual processing volume by estimated processing capacity.

OUR CUSTOMERS

During the Track Record Period, we provided processed raw and cooked food products to over 30 customers in Hong Kong. Our customers include airline catering, restaurant, general catering and food processing operators. For the two years ended 31 December 2016, our top five customers accounted for approximately 77.6% and 76.6% of our total revenue, respectively; and our largest customer accounted for approximately 37.8% and 33.2% of our total revenue, respectively. During the Track Record Period, all of our top five customers had continued business relationship with us for periods ranging from seven to twelve years. In addition, except (i) Winning Tower (Macau); and (ii) Super Star Group, none of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five customers during the Track Record Period. Please refer to the section headed “Business — Our Customers” in this prospectus for details relating to our relationship with our customers.

SUMMARY

OUR SUPPLIERS

The raw food materials we procure for our operations are mainly raw poultry, beef, and pork from suppliers. For the years ended 31 December 2016, the purchases of raw food materials from our five largest suppliers accounted for approximately 47.0% and 48.3% of our total purchases, respectively; while the largest supplier accounted for approximately 18.0% and 15.0% of our total purchases, respectively. During the Track Record Period, all of our top five suppliers had continued business relationship with us for the periods ranging from two to twelve years. As at the Latest Practicable Date, except Guangzhou Ge Yun and Super Star Group, none of our Directors, their close associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five suppliers during the Track Record Period. Please refer to the section headed “Business — Our Suppliers” in this prospectus for details of our relationship with our suppliers.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success:

- we have a diversified product portfolio;
- we offer high quality tailor-made products to our customers in a timely manner;
- we have our own established food processing premises comprising our own equipment, machinery and storerooms;
- we have established long-term and stable relationships with our customers;
- we have sources of quality food materials;
- we have our own logistics team and equipped vehicle fleet; and
- we have an experienced and dedicated management team.

For details, please refer to the section headed “Business — Competitive Strengths” in this prospectus.

BUSINESS STRATEGIES

To solidify our position as a well-established food processing company in Hong Kong, we intend to implement the following business strategies:

- continue to maintain our relationship with existing customers while exploring new opportunities;
- expand our processing capacity;
- strengthen our logistics team by expanding vehicle fleet; and
- increase our internal support.

SUMMARY

For details of our business strategies, please refer to the section headed “Business — Business Strategies” in this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the date of this prospectus, our business and revenue model remained unchanged. Our Directors have not noticed any material change, loss or cancellation of our existing sales orders. We have also obtained non-legally binding MOU from some of our existing major customers for the next two years. In early 2017, we have successfully renewed/extended the duration of the following four licences:

- (1) Food Factory Licence for Unit 1105, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories (Duration: 5 February 2017 to 4 February 2018);
- (2) Water Pollution Control licence for Unit 803, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories (Duration: 13 January 2017 to 31 December 2021);
- (3) Food Factory Licence for Unit 1103, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories (Duration: 20 May 2017 to 19 May 2018); and
- (4) Food Factory Licence for Unit 803, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories (Duration: 17 July 2017 to 16 July 2018).

In March 2017, there were allegations of rotten meat being sold with falsified certificates with some of the major Brazilian meat processing companies, in which 21 processing factories in Brazil were being under investigation (the “**Investigated Factories**”) by the Brazilian government. The timeline of this incident is as follow:

- On 21 March 2017, the Centre for Food Safety of the FEHD announced that in view of the fact that the quality of the meat exported from Brazil is in question, for the sake of prudence, it temporarily suspended the import of frozen and chilled meat and poultry meat from Brazil.
- On 24 March 2017, the Hong Kong government recalled all meat processed by the Investigated Factories on market, while the temporary suspension on the import of frozen and chilled meat and poultry meat from Brazil continued.
- On 28 March 2017, the Centre for Food Safety announced lifting the suspension of import of frozen and chilled meat and poultry meat from Brazil except those meat products of the Investigated Factories.
- On 8 April 2017, the Centre for Food Safety announced the recall of meat on the Hong Kong market processed by the Investigated Factories has completed.
- On 10 May 2017, the Centre for Food Safety announced that it had released the Brazilian frozen and chilled meat and poultry recalled from local importers and distributors, following the Brazilian authorities’ confirmation that the health certificates of the frozen and chilled meat and poultry exported to Hong Kong earlier did not involve any irregularities, and the satisfactory inspection and surveillance testing results of the products. In view of the

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information further provided by the Brazilian authorities and its strict implementation of its food safety system at the export level, the Centre for Food Safety narrowed the scope of the import suspension to the 21 plants on March 28, which is still in force. The Centre for Food Safety will continue to maintain liaison with the Brazilian authorities and conduct surveillance on frozen and chilled meat and poultry from Brazil at the import and retail levels. The Centre for Food Safety will adjust its follow-up action in response to the latest development to ensure food safety. To the best of the Directors' knowledge, our Directors confirmed that as at the date of this prospectus, there is no further development on the investigation of the aforementioned allegations.

Our Directors believe that this incident that lasted approximately 1.5 month has only caused short-term disturbance on the Hong Kong's meat supply as a whole, causing temporary fluctuation in the import meat price. Our Group did not use any raw material from these Investigated Factories during the Track Record Period and up to the date of this prospectus. Also, none of our products was being recalled by the Centre for Food Safety in this incident.

Even though our Group does not source raw materials from the supplier(s) in question, our Directors believe that such suspension did reduce the supply of raw materials in the market, which in turn temporarily increased the cost of raw materials. Approximately HK\$51.6 million, HK\$48.9 million and HK\$17.7 million, or approximately 45.8%, 37.6% and 42.8% of our total revenue from selling of food products were attributable to the sales of Brazilian meat products for the years ended 31 December 2015 and 2016 and the period from 1 January 2017 up to the Latest Practicable Date, respectively. Approximately HK\$28.6 million, HK\$28.9 million and HK\$11.1 million, or approximately 34.4%, 32.8% and 31.0% of our purchases were attributable to the Brazilian meat products for the years ended 31 December 2015 and 2016 and the period from 1 January 2017 up to the Latest Practicable Date, respectively. The Group did not import any frozen and chilled meat and poultry meat from Brazil from 21 March 2017 to 28 March 2017, the period when the Hong Kong government imposed the suspension of import. Immediately after the incident, our cost of raw materials had increased by approximately 20% to 30% due to the short-term disturbance on the Hong Kong's meat supply. After negotiation with our major customers, as they were willing to shift for alternative meat origin for a higher purchase price to satisfy their own sales demand, we were able to fully pass the increased cost of raw materials onto our major customers. Therefore, our Directors currently do not foresee any material negative impact on our financial results for the year ending 31 December 2017 by this event.

We currently expect that our financial results for the year ending 31 December 2017 will be negatively impacted by the non-recurring listing expenses, as well as the increase in employee benefit expenses and depreciation to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income. For further details regarding our listing expenses, please refer to the paragraph headed "Listing expenses" in this section and the section headed "Financial Information — Listing expenses" of this prospectus.

Saved as disclosed above and in the paragraph headed "Financial Information — Listing expenses" in this prospectus, our Directors confirmed that subsequent to the Track Record Period and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our

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financial and operating position; (ii) there was no material adverse change in the trading and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountant's Report set out in Appendix I to this prospectus.

LISTING EXPENSES

The total amount of the expenses and commission in connection with the Listing is approximately HK\$23.8 million including the underwriting commission of HK\$5.3 million and other listing expenses and fees (including SFC transaction levy and Stock Exchange trading fee) of approximately HK\$18.5 million (assuming an Offer Price of HK\$0.20, being the mid-point of the indicative Offer Price range between HK\$0.22 and HK\$0.18, and that the Offer Size Adjustment Option is not exercised). The Selling Shareholder shall bear the underwriting commission in the amount of HK\$1.1 million which represents the underwriting commission attributable to the sale of the Sale Shares in the Public Offer. The remaining listing expenses, fees and underwriting commission of approximately HK\$22.7 million will be borne by the Group. Of the aggregate listing expenses borne by our Group of approximately HK\$22.7 million, approximately HK\$7.3 million is directly attributable to the issue of New Shares and will be accounted for as a deduction from equity upon Listing and approximately HK\$15.4 million will be charged to the statement of profit or loss. We have incurred approximately HK\$4.5 million of listing expenses during the Track Record Period. An additional amount of approximately HK\$10.9 million will be charged to the statement of profit or loss for the year ending 31 December 2017. Expenses in relation to the Listing are non-recurring in nature. In addition, the Selling Shareholder agreed to reimburse the Company for the portion of listing expenses of approximately HK\$5.1 million in its capacity as shareholder. Such reimbursement will be accounted for as capital contribution to our Company.

The total estimated listing expenses of HK\$23.8 million is a current estimate for reference only and the final amount is subject to adjustments based on the actual amount incurred or to be incurred. The Director wishes to inform our Shareholders and potential investors that our Group's financial performance and results of operations for the year ending 31 December 2017 will be materially and adversely affected by the estimated expenses in relation to the Listing.

RISK FACTORS

There are risks involved in our Company's operations. Prospective investors should read carefully the section headed "Risk Factors" in this prospectus for details of all the risk factors before making any investment decision in the Share Offer. Some of the major risks are summarised as follows:

- we may not be able to obtain or renew the necessary licenses and permits for our business or maintain our existing standard certifications.
- our business depends significantly on the strength of our brand and reputation. If we fail to maintain and enhance our brand and reputation, customers' recognition of and trust in us and our products may be materially and adversely affected.
- we operate in a highly competitive industry.
- any food safety or health problems or any negative publicity or media reports related to our raw materials, packaging materials, products or the general food industry could adversely affect our reputation and our ability to sell our products.

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- the outbreak of any severe contagious diseases, if uncontrolled, could adversely affect our industry, our business and results of operation.
- Hong Kong's food industry is affected by fluctuations in the domestic and global economy and financial markets.

SUMMARY OF FINANCIAL INFORMATION

Key Financial Information

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Results of operation of our Group		
Revenue	112,865	133,578
Profit before tax	9,787	6,688
Profit for the year	8,311	4,703

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets		
Current assets	41,739	35,704
Current liabilities	42,273	37,225
Net current liabilities	(534)	(1,521)
Net assets	74,534	69,363

Cash Flow

The following table summarises the net cash flow of our activities for the Track Record Period:

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit before changes in working capital	11,368	12,559
Net cash flows generated from operating activities	6,165	10,075
Net cash flows used in investing activities	(7,843)	(203)
Net cash flows generated from/(used in) financing activities	7,333	(5,338)
Net increase in cash and cash equivalents	5,655	4,534
Cash and cash equivalents at the end of the year, represented by bank balances and cash	6,795	11,329

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The operating profit before changes in working capital increased from approximately HK\$11.4 million for the year ended 31 December 2015 to approximately HK\$12.6 million for the year ended 31 December 2016, and the net cash flows generated from operating activities increased from approximately HK\$6.2 million for the year ended 31 December 2015 to approximately HK\$10.1 million for the year ended 31 December 2016. Please refer to the section headed “Financial Information — Cash Flows” of this prospectus for detail discussion.

Our cash and cash equivalents balance was approximately HK\$6.7 million as at 31 December 2015 and increased to approximately HK\$11.3 million as at 31 December 2016, mainly due to decreased in cash flows used in investing activities of approximately HK\$7.6 million during the year ended 31 December 2016 as compared to the year ended 31 December 2015, mainly due to decrease in purchase of items of property, plant and equipment. Please refer to the section headed “Liquidity and capital resources” of this prospectus for detail discussion.

Key Financial Ratios

The following table shows certain key financial ratios as at the dates or for the periods indicated:

	<i>Notes</i>	As at/For the year ended	
		31 December	
		2015	2016
Gross profit ratio	<i>1</i>	26.3%	34.0%
Net profit margin	<i>2</i>	7.4%	3.5%
Current ratio (times)	<i>3</i>	1.0	1.0
Quick ratio (times)	<i>4</i>	0.9	0.9
Gearing ratio (times)	<i>5</i>	0.4	0.4
Net debt to equity (times)	<i>6</i>	0.3	0.3
Return on equity	<i>7</i>	11.2%	6.8%
Return on total assets	<i>8</i>	6.7%	4.2%
Interest coverage ratio (times)	<i>9</i>	10.7	7.0

Notes:

1. Gross profit is calculated based on our revenue for the year minus cost of inventories consumed for the year. Gross profit ratio is calculated based on the gross profit for the year divided by our revenue for the year and multiplied by 100%.
2. Net profit margin equals net profit for the year divided by revenue for the year.
3. Current ratio is calculated by current assets over current liabilities as at the end of the respective year.
4. Quick ratio is calculated by current assets (excluding inventories) over current liabilities as at the end of the respective year.
5. Gearing ratio is calculated by total debt over total equity as at the end of the respective year. Total debt includes all interest-bearing loans, obligations under finance leases amounts and amounts due to related parties.
6. Net debt to equity is calculated by net debt over total equity as at the end of the respective year. Net debt includes all interest-bearing loans, obligations under finance leases and amounts due to related parties, net of cash and cash equivalent.

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7. Return on equity is calculated by profit for the year over total equity as at the end of the respective year.
8. Return on total assets is calculated by profit for the year over total assets at the end of the respective year.
9. Interest coverage ratio is calculated by profit for the year before interest and tax over interest expense for the year.

Our net profit margins were approximately 7.4% and 3.5% for the year ended 31 December 2015 and 2016 respectively. The decrease was primarily attributable to (i) listing expenses for the application of listing of approximately HK\$4.5 million, and (ii) increase in employee benefit expense during the year ended 31 December 2016. And our Group recorded a decrease in return on equity from approximately 11.2% for the year ended 31 December 2015 to 6.8% for the year ended 31 December 2016, which was mainly due to the decrease in profit for the year from approximately HK\$8.3 million for the year ended 31 December 2015 to HK\$4.7 million for the year ended 31 December 2016. The decrease in profit for the year ended 31 December 2016 was mainly attributable to (i) the listing expenses for the application of listing of approximately HK\$4.5 million; and (ii) increase in employee benefit expenses.

For details, please refer to the section headed “Financial Information — Summary of Key Financial Ratios” in this prospectus.

DIVIDEND

For each of the two preceding financial years ended 31 December 2016, our Group declared dividends of approximately HK\$6.7 million and HK\$10.0 million, respectively. The loans to shareholders as at 31 December 2015 of approximately HK\$8.8 million were fully settled by offsetting against the dividends. Our Directors consider that there is no material adverse impact on our Group’s financial and liquidity position arising out of the dividend payments.

We do not have any dividend policy nor any pre-determined dividend payout ratio. Declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, and the payment by our subsidiaries of cash dividends to us; and other factors our Board may deem relevant. Any declaration and payment as well as the amount of the dividend will be subject to our Articles of Association and the Companies Law, including the approval of our Shareholders. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

SHAREHOLDING INFORMATION

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), Keyview Ventures will control 75% of the issued share capital of our Company. Keyview Ventures is an investment holding company owned as to approximately 24.53% by Mr. KW Lai, as to approximately 24.53% by Top Ocean, as to approximately 23.22% by Ms. Ou, as to approximately 19.02% by Mr. Yu, as to approximately 4.75% by Ms. Li, as to approximately 2.87% by Mr. Timothy Ho and as to approximately

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1.08% by Mr. Eldon Lai. Top Ocean is a wholly-owned subsidiary of Kam Lee. For the purpose of the GEM Listing Rules, Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai, Keyview Ventures and Kam Lee are a group of our Controlling Shareholders. For details, please refer to the section headed “Relationship with Our Controlling Shareholders” in this prospectus.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and expect to continue after the Listing, a warehouse tenancy agreement, a food factory tenancy agreement and a master purchase agreement with Yau Heng, which will constitute continuing connected transactions exempt from all reporting, annual review, announcement and independent shareholders’ approval (including independent financial advice) requirements under Chapter 20 of the GEM Listing Rules.

We have also entered into, and expect to continue after the Listing, a master supply agreement with Winning Tower (Macau), a master supply agreement with Yau Heng, a master supply agreement with Winning Star, a master supply agreement with Guangzhou Ge Yun and a master transportation service agreement with Maxford Logistics, which will constitute continuing connected transactions subject to the requirements of reporting, annual review and announcement under Chapter 20 of the GEM Listing Rules but are exempt from compliance with the independent Shareholders’ approval requirements. Our Directors are of the view that strict compliance with the announcement requirement will not be practicable and unnecessary administrative expenses will be incurred by our Company. Therefore, our Company has made an application to the Stock Exchange and has been granted a waiver by the Stock Exchange from strict compliance with the announcement requirement with respect to connected transactions as set out in Chapter 20 of the GEM Listing Rules. For details, please refer to the section headed “Connected Transactions” in this prospectus.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

Our goal is to solidify our position as a well-established food processing company in Hong Kong. The net proceeds of the Share Offer will provide us with the necessary funding to expand our business. Our Directors also believe that listing of the Shares on GEM will allow us to gain access to the capital market for raising funds in the future. More importantly, a public listing status will enhance our corporate profile and recognition, which our Directors believe can strengthen our relationships with our existing suppliers and customers and promote our brand to potential new customers.

The aggregate amount of net proceeds of the Share Offer to be received by us (assuming the Offer Price at HK\$0.20, being the mid-point of the Offer Price range) is estimated to be approximately HK\$38.4 million. Our Directors intend to apply such net proceeds in the following manner:

- (a) approximately HK\$22.0 million or 57.3% will be used for acquiring a new factory premises as our new cold storage warehouses;
- (b) approximately HK\$8.8 million or 22.9% will be used for renovating the new premises as a refrigeration facility;
- (c) approximately HK\$2.4 million or 6.3% will be used for strengthening our logistics team;

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- (d) approximately HK\$0.9 million or 2.3% will be used for setting up a human resources department;
- (e) approximately HK\$0.7 million or 1.8% will be used for upgrading our internal management system;
- (f) approximately HK\$3.6 million or 9.4% will be used for working capital and other corporate development purposes.

We estimate that the Selling Shareholder will receive net proceeds of approximately HK\$9.6 million at the Offer Price of HK\$0.20 (being the mid-point of the indicative range of the Offer Price). We will not receive any of the net proceeds of the Share Offer from the sale of the Sale Shares by the Selling Shareholder.

For details of our use of proceeds and implementation plan, please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

THE SHARE OFFER AND OFFER STATISTICS

The Share Offer comprises the Public Offer of 35,000,000 Shares initially offered in Hong Kong, and the Placing of 315,000,000 Shares comprising 245,000,000 New Shares and 70,000,000 Sale Shares (subject, in each case, to the Offer Size Adjustment Option and reallocation on the basis as described in the section headed “Structure and conditions of the Share Offer” in this prospectus).

	Based on the minimum indicative Offer Price of HK\$0.18 per Share	Based on the maximum indicative Offer Price of HK\$0.22 per Share
Market capitalisation of our Shares	HK\$252 million	HK\$308 million
Unaudited pro forma adjusted combined net tangible assets of our Group per Share (<i>Note</i>)	HK\$0.072	HK\$0.079

Note: The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to the section headed “Appendix II — Unaudited Pro Forma Financial Information” in this prospectus for further details.

DEFINITIONS

In this prospectus, the following terms shall have the meanings set forth below unless the context otherwise requires.

“Accountants’ Report”	the accountants’ report of our Group for the Track Record Period, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s) or, where the context so requires, any of them which is used in relation to the Public Offer
“Articles” or “Articles of Association”	the articles of association of our Company adopted on 5 June 2017 with effect from the Listing Date and as amended from time to time, a summary of which is set forth in the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix IV to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Bliss View”	Bliss View Limited (景佑有限公司), a company incorporated in the BVI with limited liability on 31 October 2016 and a direct wholly-owned subsidiary of our Company
“Board”	the board of Directors
“business day”	any day on which licensed banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday or a day which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 1,119,971,570 Shares to be made upon capitalisation of part of the amount standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further information about our Group — 3. Written resolutions of the Shareholder passed on 5 June 2017” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

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“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individuals or corporation(s)
“CCASS Participants(s)”	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
“CEO” or “Chief Executive Officer”	chief executive officer of our Company, Mr. Eldon Lai
“Chairman”	chairman of the Board, Mr. KW Lai
“CIC”	China Insights Consultancy Limited, an Independent Third Party, being a market research company
“CIC Report” or “Industry Report”	an independent market report commissioned by our Company on the processed meat market in Hong Kong prepared by China Insights Consultancy Limited, an independent market research company, in April 2017
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “CWUMPO”	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
“Companies Registry”	the Companies Registry of Hong Kong
“Company”, “our Company”, “us” or “we”	Winning Tower Group Holdings Limited (運興泰集團控股有限公司), an exempted company incorporated in the Cayman Islands under the Companies Law with limited liability on 3 January 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 3 March 2017
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

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“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company, refers to Keyview Ventures, Kam Lee, Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai or, where the context so requires, any one of them
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	Appendix 15 to the GEM Listing Rules, as amended, supplemented or otherwise modified from time to time
“Deed of Indemnity”	the deed of indemnity dated 5 June 2017 and entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for the benefit of its subsidiaries from time to time), particulars of which paragraph headed “E. Other information — 1. Tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 5 June 2017 and given by our Controlling Shareholders in favour of our Company (for itself and as trustee for the benefit of its subsidiaries from time to time), regarding the non-competition undertakings, particulars of which are set out in the section headed “Relationship with our Controlling Shareholders — Non-competition undertaking and corporate governance measures to manage conflicts of interests” in this prospectus
“Director(s)”	the director(s) of our Company
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“FEHD”	Food and Environmental Hygiene Department of the Government
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Gold Will”	Gold Will Industrial Limited (金志實業有限公司), a company incorporated in Hong Kong with limited liability on 7 February 2013 and a member of the Super Star Group
“Golden Cup”	Golden Cup Industries Limited (金瓶實業有限公司), a company incorporated in Hong Kong with limited liability on 15 November 1988 and a member of the Super Star Group
“Government”	the government of Hong Kong

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“Grand Gold”	Grand Gold Industrial Limited (廣金實業有限公司*), a company incorporated in Hong Kong with limited liability on 4 January 2013 and a direct wholly-owned subsidiary of Kam Lee
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider
“Group”, “our Group”, “we, “us” or “our”	our Company and our subsidiaries or, where the context requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries of our Company at the relevant time
“Guangzhou Ge Yun”	廣州市戈雲貿易有限公司 (Guangzhou City Ge Yun Trading Company Limited*), a limited liability company established in the PRC on 31 December 2001 and owned as to 50% by Mr. Zhong and as to 50% by the sister of Mr. Zhong
“HIBOR”	Hong Kong Interbank Offered Rate
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKASs”	the Hong Kong Accounting Standards
“HK eIPO White Form”	the application of the Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKEx website”	the internet website at www.hkexnews.hk operated by Hong Kong Exchanges and Clearing Limited
“HKFRSs”	the Hong Kong Financial Reporting Standards (including HKASs, amendments and interpretations) issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“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

DEFINITIONS

“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
“IPO”	Initial Public Offering
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executive and substantial shareholders (within the meaning of the GEM Listing Rules) of our Company, its subsidiaries or any of their respective associates
“Jett Foods”	Jett Foods Asia Limited (積喜亞洲食品有限公司), a company incorporated in Hong Kong with limited liability on 15 October 2012 and an indirect wholly-owned subsidiary of our Company
“Kam Lee”	Kam Lee Investment Company Limited (金利潤實業投資有限公司), a company incorporated in Hong Kong with limited liability on 5 October 2015, owned as to 40% by Mr. WN Ho and his spouse, 21% by Mr. WN Ho’s four children aged over 18 (who are Mr. WN Ho’s associates), 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse, and 20% by 11 Independent Third Parties. Kam Lee is the direct holding company of Top Ocean and hence one of our Controlling Shareholders
“Joint Bookrunners”, or “Joint Lead Managers”	Kingsway Financial Services Group Limited and Ping An Securities Limited
“Keyview Ventures” or “Selling Shareholder”	Keyview Ventures Limited (建景創投有限公司), a company incorporated in the BVI with limited liability on 31 October 2016, owned as to approximately 24.53% by Mr. KW Lai, approximately 24.53% by Top Ocean, approximately 23.22% by Ms. Ou, approximately 19.02% by Mr. Yu, approximately 4.75% by Ms. Li, approximately 2.87% by Mr. Timothy Ho and approximately 1.08% by Mr. Eldon Lai, and one of our Controlling Shareholders which is expected to offer to sell the Sale Shares pursuant to the Placing
“Kingsway Capital” or “Sponsor”	Kingsway Capital Limited, being the sponsor to the Listing and a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO

DEFINITIONS

“Kingsway Financial” or “Bookrunner” or “Lead Manager”	Kingsway Financial Services Group Limited, a licensed corporation to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, and has been appointed as one of the bookrunners and lead managers for the Share Offer
“Latest Practicable Date”	12 June 2017, being the latest practicable date prior to the publication of this prospectus for ascertaining certain information contained in this prospectus
“Legal Counsel”	Mr. Chan Chung, barrister-at-law of Hong Kong
“Listing”	the listing of the Shares on the GEM
“Listing Date”	the date, expected to be on or about 30 June 2017, on which dealings in the Shares first commence on GEM
“Macau”	the Macau Special Administrative Region of the PRC
“Mandatory Provident Fund Schemes Ordinance”	Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Maxford Logistics”	Maxford Logistics Limited (萬福物流有限公司), a company incorporated in Hong Kong with limited liability on 17 May 2006 and an indirect non wholly-owned subsidiary of our Company
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 5 June 2017, a summary of which is set out in Appendix IV to this prospectus, and as amended from time to time
“MOU”	memorandum of understanding
“Mr. Eldon Lai”	Mr. Lai Ho Yin Eldon (黎浩然), the son of Mr. KW Lai, our CEO, our executive Director and one of our Controlling Shareholders
“Mr. Kam Dor Dor Francis”	Mr. Kam Dor Dor Francis (甘多多), the spouse of Ms. Li (one of our Controlling Shareholders)
“Mr. KW Lai”	Mr. Lai King Wah (黎景華), our Chairman, executive Director and one of our Controlling Shareholders
“Mr. Timothy Ho”	Mr. Ho Timothy Kin Wah (何健華), our executive Director and one of our Controlling Shareholders

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“Mr. WN Ho”	Mr. Ho Wing Nin (何永年), who controlled and owned, together with his spouse, approximately 13.2% shareholdings of Superstar Group Industries (together being the largest shareholders of Superstar Group Industries) and controlled and owned, together with his spouse controlled and owned 40% shareholdings of Kam Lee
“Mr. Yu”	Mr. Yu Ting Hei (余庭曦), our non-executive Director and one of our Controlling Shareholders
“Mr. Zhong”	Mr. Zhong Yuhua (鍾育華), the spouse of Ms. Ou (one of our Controlling Shareholders)
“Ms. Jeong”	Ms. Jeong Sok Ieng (楊淑英), the mother of Mr. Yu
“Ms. Li”	Ms. Li Sheung Oi (李雙愛), one of our Controlling Shareholders
“Ms. Ou”	Ms. Ou Honglian (歐紅蓮), one of our Controlling Shareholders
“New Shares”	the 280,000,000 new Shares being offered by our Company for subscription under the Share Offer
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.22 per Share and expected to be not less than HK\$0.18 per Share, at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Offer Share(s)”	the Public Offer Shares and the Placing Shares together with, relevant, any additional Shares issued pursuant to the exercise of the Offer Size Adjustment Option
“Offer Size Adjustment Option”	the option to be granted by our Company to the Joint Lead Managers under the Placing Underwriting Agreement to require our Company to issue up to an additional 52,500,000 Shares, representing 15% of the number of the Offer Shares, at the Offer Price, details of which are described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“online food shop”	the online retail sale platform at www.jettfoods.com , which is operated by Jett Foods
“Placing”	conditional placing of the Placing Shares at the Offer Price to selected professional, institutional and other investors as set out in the section headed “Structure and conditions of the Share Offer” in this prospectus

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“Placing Shares”	the 315,000,000 Shares (comprising 245,000,000 New Shares initially offered by our Company for subscription and 70,000,000 Sale Shares being initially offered by the Selling Shareholder for purchase) at the Offer Price under the Placing together with, where relevant, any additional Shares that may be issued pursuant to any exercise of the Offer Size Adjustment Option, as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing
“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into on or about 23 June 2017 by, among others, our Company, the Selling Shareholder and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“PRC”	the People’s Republic of China which, for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before the commencement date of the Companies Ordinance
“Price Determination Agreement”	the agreement to be entered into between our Company (for itself and on behalf of the Selling Shareholder) and the Joint Lead Managers (for themselves and on behalf of the Underwriter) on the Price Determination Date to determine and record the Offer Price
“Price Determination Date”	the date, expected to be on or around 23 June 2017, or such other date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), on which the Offer Price is determined by entering into the Price Determination Agreement and to be fixed for the purposes of the public offering
“Public Offer”	the offer of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms

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“Public Offer Shares”	the 35,000,000 New Shares initially being offered for subscription under the Public Offer, subject to re-allocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 16 June 2017 relating to the Public Offer entered into between our Company, our Controlling Shareholders, our executive Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the paragraph headed “History, Reorganisation and Group Structure — Reorganisation” in this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, further details of which are set out in the paragraph headed “A. Further information about our Group — 3. Written resolutions of the Shareholder passed on 5 June 2017” in Appendix V to this prospectus
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 February 2017 entered into between Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai, as vendors, Bliss View, as purchaser, and our Company regarding the sale and purchase of the entire issued share capital of Winning Tower Group as part of the Reorganisation
“Sale Shares”	the 70,000,000 existing Shares being offered by Keyview Ventures for purchase under the Placing
“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
“Shareholders’ Agreement”	the shareholders’ agreement dated 10 February 2017 entered into between Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai and Keyview Ventures that governs the relationships among the shareholders of Keyview Ventures
“Share(s)”	ordinary share(s) with nominal or par value of HK\$0.01 each in the share capital of our Company

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“Shareholder(s)”	holder(s) of the Share(s) of our Company from time to time
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 5 June 2017, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” in Appendix V to this prospectus
“significant shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of our Company, refers to the entities disclosed in the section headed “Substantial Shareholders and Significant Shareholders” in this prospectus or, where the context so requires, any one of them
“Superstar Group Industries”	Superstar Group Industries Limited (鴻星集團實業有限公司), a company incorporated in Hong Kong with limited liability on 15 March 2016, the ultimate holding company of the Super Star Group and ultimately controlled and owned as to approximately 13.2% by Mr. WN Ho and his spouse (together being the largest shareholders of Superstar Group Industries), approximately 2.6% by Mr. Chow Kuen Chung (our non-executive Director) and as to approximately 84.2% by 17 Independent Third Parties
“Super Star Group”	Super Star Group (鴻星集團), an established restaurant group in Hong Kong with a group of companies comprising, among others, Gold Will, Golden Cup and Superstar Group Industries
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Top Ocean”	Top Ocean Investment Limited (達海投資有限公司), a company incorporated in Hong Kong with limited liability on 27 May 1993, a direct wholly-owned subsidiary of Kam Lee and one of our Controlling Shareholders
“Track Record Period”	the period comprising the two years ended 31 December 2016
“Underwriters”	the Public Offer Underwriter(s) and the Placing Underwriter(s), details of which are set out in the section headed “Underwriting” in this prospectus

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“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.”	the United States of America
“USD” or “US\$” or “US Dollars”	United States dollars, the lawful currency of the United States of America
“ WHITE Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant’s own name
“Winning Star”	Winning Star Foods Limited (星運食品有限公司), a company incorporated in Hong Kong with limited liability on 8 March 2013 and an indirect non wholly-owned subsidiary of our Company
“Winning Tower”	Winning Tower Limited (運興泰有限公司), a company incorporated in Hong Kong with limited liability on 13 February 2004 and an indirect wholly-owned subsidiary of our Company
“Winning Tower (China)”	Winning Tower (China) Trading Limited (運興泰(中國)貿易有限公司) (currently known as Gold Hill (China) Trading Limited (金熙(中國)貿易有限公司)), a company incorporated in Hong Kong with limited liability on 18 February 2011
“Winning Tower Group”	Winning Tower Group Limited (運興泰集團有限公司), a company incorporated in Hong Kong with limited liability on 21 January 2015 and an indirect wholly-owned subsidiary of our Company
“Winning Tower (Macau)”	Winning Tower (Macau) Limited (運興泰(澳門)有限公司), a company incorporated in Macau with limited liability on 2 June 2008 and owned as to 70% by Ms. Jeong and 30% in aggregate by two Independent Third Parties
“Winning Tower (Shenzhen)”	Winning Tower (Shenzhen) Trading Limited, a company incorporated in the PRC with limited liabilities on 8 July 2011 and a direct wholly-owned subsidiary of Winning Tower (China)
“Yau Heng”	友興凍肉食品有限公司 (Yau Heng Frozen Meat & Food Company Limited), a limited liability company established in Macau on 23 June 2003 and owned as to 20% by Mr. Yu (our non-executive Director and one of our Controlling Shareholders), 60% by Ms. Jeong and 20% by Mr. U Kam Loi (the father of Mr. Yu)

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“**YELLOW** Application Form(s)” the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in totals in certain tables may not be arithmetic aggregation of the figures preceding them.

* *For identification purposes only*

GLOSSARY OF TECHNICAL TERMS

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

“CAGR”	compound annual growth rate
“GDP”	Gross Domestic Product
“GMP”	Good Manufacturing Practices, a set of practices required in order to conform to the guidelines which set the minimum requirements that a food product manufacturer must meet to assure that products are consistently produced and controlled according to quality standards and do not pose any risk to the consumer or public
“HACCP”	Hazard Analysis and Critical Control Points, a management system in which food safety is addressed through the identification and analysis and the prevention and control of biological, chemical and physical hazards in production processes to ensure the finished products of an organisation are safe for human consumption
“kg”	kilogram
“sq.ft.”	square feet
“sq.m.”	square metre
“%”	per cent

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our Group's business strategies and plans of operation;
- our Group's capital expenditure plans;
- the amount and nature of, and potential for, future development of our Group's business;
- our Group's operations and business prospects;
- our Group's dividend policy;
- the regulatory environment of our Group's industry in general; and
- future development in our Group's industry.

The words "aim", "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would" and the negative of these words or other similar expressions or statements, as they relate to our Group, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our Group's current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus in the section headed "Risk factors". One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the GEM Listing Rules, our Company does not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, Shareholders should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

In this prospectus, statements of or references to our intentions or that of any of our Directors are made as at the date of the prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

Prospective investors should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Share Offer. Our business, financial conditions, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Share Offer could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We may not be able to obtain or renew the necessary licenses and permits for our business or maintain our existing standard certifications.

During the Track Record Period and as at the Latest Practicable Date, our Group has obtained all necessary licences and certificates for the processing and sales of our Group's present food products. However, there is no assurance that our Group can renew any of the existing licences and certificates required in connection with our Group's processing and sales of its food products upon their expiration. In addition, the eligibility criteria for these licences and certificates may change from time to time and additional licences and certificates may be required as well as more stringent compliance requirements may be imposed and observed. Introduction of any new laws and regulations or amendments to any existing laws and regulation may escalate compliance costs for our Group. Upon occurrence of such events, our Group's operations may have to be restricted and our Group's profitability would be adversely affected.

Our business depends significantly on the strength of our brand and reputation. If we fail to maintain and enhance our brand and reputation, customers' recognition of and trust in us and our products may be materially and adversely affected.

We believe our success depends substantially on the strength of our brand and reputation for quality products. We have invested significant effort in food quality and safety control to sustain our brand and reputation. We believe that our continued success will largely depend on our ability to maintain our quality and enhance the value of our brand. Any food safety related incident may damage our brand and reputation. In addition, as we continue to grow in size and expand our customer base, maintaining quality and consistency may become more difficult and we cannot assure you that we can continue to gain customer confidence in our brand if our product quality is negatively affected. If customers perceive or experience a reduction in food quality, service, or believe in any way that we are failing to deliver a consistently positive experience, our brand value could suffer, which could have a material adverse effect on our business.

In addition, we believe that our intellectual property rights, such as our trade names, and industrial know-how are one of our key abilities to enable us to compete in the industry. We use confidentiality and non-compete agreements with key management and operating personnel to protect our industrial know-how and trade secrets. However, if our efforts to maintain and protect our intellectual property or industrial know-how are inadequate, or if any third party misappropriates, dilutes or infringes on our intellectual property or industrial know-how, the value of our brand may be harmed, which could have a material adverse effect on our business and might prevent our brand from achieving or maintaining market acceptance. We cannot assure you that the measures we have put in place to protect our

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intellectual property rights or industrial know-how will be sufficient. Despite our efforts, we may still not be able to prevent third parties from infringing upon our intellectual property rights or industrial know-how.

Our business and reputation may be affected by product tampering, food safety issues, food-borne illnesses, health threats, product liability claims, litigation, and complains.

Similar to any other food products, our food products involve an inherent risk to consumers if they do not meet the required health and safety standards. These risk may result from tampering by unauthorised third parties or product contamination, including the presence of foreign contaminants, bacteria, chemicals or other agents during slaughtering, transportation and storage. While we are subject to governmental inspections and regulations, in addition to our own quality control, we cannot assure that our food products will always meet the required safety and health standards, the consumption of our products will not cause health-related illnesses in the future, or that we will not be subject to product liability claims or lawsuits relating to such matters.

In March 2017, there were allegations of rotten meat being sold with falsified certificates with some of the major Brazilian meat processing companies. Our Directors believe that this incident that lasted approximately 1.5 months has only caused short-term disturbance on the Hong Kong's meat supply as a whole, causing temporary fluctuation in the import meat price. Please refer to the section under "Summary — Recent Developments and No Material Adverse Change" for further details. Even though our Group does not source raw materials from the supplier(s) in question, our Directors believe that such suspension did reduce the supply of raw materials in the market, which in turn temporarily increased the cost of raw materials.

In the event that the Government imposes import suspension of the raw materials which our suppliers source, it may interrupt the supply of raw materials from our suppliers. Our Group may not be able to deliver goods to our customers on time due to the sudden shortage of raw materials supply, thereby resulting in a loss of customers or sales orders. During the Track Record Period, our Group had not experienced any significant shortage of raw materials supply due to import control on our raw materials. In addition, our cost of raw materials will increase even though the import suspension is not imposed on our suppliers. If we are unable to adjust our price with our customers to fully reflect the increase in our cost of raw materials, our financial position and operation will be adversely affected.

In the event that our food product is found to be contaminated after being delivered to our customers, we will be required to perform an immediate recall of such food product, which could adversely affect the results of our operations. In addition, we cannot assure that the general food processing industry in Hong Kong will not experience problems related to food safety, while these events may not have any direct connection to us, they may negatively influence customers' perception and demand for our food products, which could adversely affect our reputation, business operations, financial position and prospects.

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We rely on independent suppliers for our packaging materials and any safety issues with these packaging materials could adversely affect our reputation, business operations and financial performance.

We use certain packaging materials such as plastic bags and labels procured from independent suppliers. Some of the packaging materials we use may contain harmful chemicals or substances of which we are not aware of and may cause undesirable side effects or injuries to our customers. We cannot assure you that our packaging materials are free from defects or compliant with relevant safety standards for food packaging in every circumstance. Failures by our packaging suppliers to supply quality or food grade plastic packaging materials could result in packaging chemicals leeching onto our food products and our food products becoming harmful or inedible.

We cannot assure you that our quality control measures will be able to detect defects in our packaging materials in every circumstance. Any defect undetected and left in our packaging materials could adversely affect the quality of our food products, which could in turn result in a material and adverse impact on our reputation, business operations, financial position and prospects.

Any negative publicity or media reports related to our raw materials, packaging materials, products or the general food industry could adversely affect our reputation and our ability to sell our products.

Negative publicity relating to our products, raw materials, packaging materials, brand, operations, the general food industry or products similar to ours may adversely affect customers' perceptions of our products and result in decreased demand for our products. In particular, negative media coverage regarding the safety or quality of our food sources or products and the resulting negative publicity could materially and adversely affect customers' recognition of and trust in our brand and products. Adverse publicity concerning any perceived or actual health risks associated with our products may also cause customers to lose confidence in the safety and quality of our products, which could adversely affect our reputation, business, financial condition, results of operations and prospects.

The mere publication of information asserting that our food products contain or have contained any contaminants or have caused personal injuries or illnesses could damage our reputation, which could have a material adverse effect on us, regardless of whether the reports have any factual basis. In addition, adverse publicity about any regulatory or legal action against us could damage our reputation, undermine our customers' confidence in us and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or immaterial to our operations.

Any inadequate handling or storing of our raw materials and products may damage the quality easily.

Our raw materials and products must be stored properly under a specific condition and their quality can be easily affected by many factors including but not limited to poor temperature and humidity control in storage, poor processing techniques, improper handling during transportation and delayed delivery to our customers. Disruptions caused by factors beyond our control may result in significant damage to our raw materials and products which may adversely affect our reputation and operational performances.

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Inadequate or interrupted supply and price fluctuation for our raw materials and packaging materials could adversely affect our profitability.

The availability and prices of our raw materials and packaging materials may fluctuate and are subject to factors beyond our control, including changes in supply and demand conditions, general economic conditions, governmental regulations, government restriction to prevent disease outbreaks, exchange rates and availability, each of which may affect our food costs or even cause a disruption in our supply. Our suppliers may also be affected by higher costs and pass through to us, which could result in higher costs for goods supplied to us. As we have not entered into any long-term purchase contract with our suppliers, any sudden shortage of supply of raw or packaging materials or a sudden surge in the price of raw or packaging materials may adversely affect our Group's operations or result in our Group having to pay a higher cost for production, which may indirectly reduce our revenue.

Historically, the import prices of pork and poultry experienced an upward trend from 2011 to 2015, with a respective CAGR of approximately 4.7% and approximately 8.0%. Although the import prices of beef and lamb during this period only grew at CAGR of approximately 1.6% and 1.3% respectively, all the import prices of pork, poultry, beef and lamb were relatively volatile within this period. For example, both the import prices of pork and beef increased by approximately 16% and 13% respectively. Please refer to the section "Industry Overview — Competitive Landscape and Entry Barriers — Potential challenges" for further details.

In addition, sudden shortage of supply of raw materials or packaging materials may cause our Group being unable to deliver goods to our customers on time, thereby resulting in a loss of customers or sales orders. In the event of any significant increase in the costs of raw or packaging materials and to the extent that we are unable to pass such increase in costs onto our customers on a timely basis or find a cheaper source of supply, our profit margins will be adversely affected. There is no assurance that our Group will not experience any significant price fluctuations or shortage in the supply of raw materials or packaging materials.

We may be unable to effectively manage our future growth and expansion.

In light of the growing demand, we have future plans to expand processing capacity, acquire new vehicles for logistics team and strengthen internal support. Details of our Group's future plans are set out in the sections headed "Business — Business Strategies" and "Future Plans and Use of Proceeds" in this prospectus. Although we have obtained non-legally binding MOU from some of our existing major customers for their expected demand in the next two years, our Group has not entered into any formal or legally binding agreements with any of our customers. In addition, according to the CIC Report, even though the market size of the processed meat market (in terms of sales revenue) is predicted to experience an upward growth trajectory between 2016 and 2021, the industry revenue grow is relatively low, with revenues expected to increase at a CAGR of approximately 5.3% for this period only. There is no assurance that our planned increased production output under our expansion plan will be matched with the purchase orders to be placed by our customers in the future. Any insufficient new orders may adversely affect our financial performance in the future.

In addition, to accommodate our growth, we need to maintain our relationships with our existing suppliers and customers, as well as develop new business opportunities. This will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we

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will be able to manage any future growth effectively and efficiently, and any failure to do so may lead to increased costs and reduced profitability and may materially and adversely affect our business and financial results.

The potential impact of our Group's future plans may adversely affect our financial performance.

In order to expand our processing capacity, we plan to utilise approximately HK\$22.0 million of the proceeds from the Share Offer to acquire the new premises as cold storage rooms and approximately HK\$8.8 million of the proceeds to renovate the new premises into a refrigeration facility. We expect that our costs will increase HK\$202,000 per month in relation to this expansion, including but not limited to:

- Depreciation and amortisation expenses of approximately HK\$151,000 per month; and
- Operational expenses such as utilities of approximately HK\$51,000 per month.

These additional costs may adversely affect our financial performance in the future.

Our net current liabilities position may expose us to liquidity risk.

As at 31 December 2015 and 2016, our current liabilities exceeded our current assets by approximately HK\$0.5 million and approximately HK\$1.5 million, respectively. Our Group's net current liabilities during the Track Record Period were largely due to bank borrowings classified as current liabilities as a result of inclusion of "repayable on demand" clauses in the relevant facility agreements. For details, please refer to the section headed "Financial Information — Liquidity and capital resources" in this prospectus. The net current liabilities position, if recur in the future, would expose us to liquidity risk which could restrict our ability to make necessary capital expenditure or develop business opportunities, and our business, operating results, financial condition could be adversely affected.

Our historical results may not be indicative of our future performance.

During the Track Record Period, our Group's turnover increased by approximately 18.4% or approximately HK\$20.7 million. Our historical results may not be indicative of our future performance. Any unexpected decline in the future sales growth without a corresponding decline in operating cost or any failure to sustain its market share could have a material adverse impact on its business, financial condition and results of operations.

Our operating cost may also increase after the Track Record Period. Upon listing, our Directors expect our staff costs to increase due to the additional salary for the two new staff to set up and oversee our human resources department, the non-executive Directors, three independent non-executive Directors and the company secretary. Please refer to the section headed "Future Plans and Use of Proceeds — Business Objective and Strategies — Enhance our internal support" for details on the human resources department; and the section headed "Directors, Senior Management and Staff" for these non-executive Directors, independent non-executive Directors and the company secretary. Our Directors also intend to improve the remuneration package of the existing staff. In addition, since the licensing arrangement between our Group and Winning Tower (Macau) will cease upon listing, our other income will reduce accordingly as we will no longer receive the licensing fee from Winning Tower (Macau). Please refer to the section headed "Financial Information — Description of Selected Components of Combined

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Statements of Profit or Loss and Other Comprehensive Income — Other income” for details. Based on the above factors, our Directors expect that our staff costs will increase by approximately 10% for the year ending 31 December 2017 against the staff costs for the year ended 31 December 2016. Should we are unable to increase our sales to offset these expenses, our net profit and net profit margin will be decreased significantly.

In addition, our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to food processing in Hong Kong and our ability to control costs and operating expenses. You should not rely on our historical results to predict the future performance of our Shares. For more details, please see the section headed “Financial Information — Key Factors Affecting Our Operating Results and Financial Condition” in this prospectus.

We do not usually enter into long-term arrangements with our suppliers and customers.

In order to retain operational flexibility, we generally do not enter into long-term arrangements with our suppliers or customers. As a result, our suppliers, may at their discretion, reduce or cease supplying raw materials to us or our customers may, at their discretion, reduce or cease purchasing food products from us without any notice, which could adversely affect our business and results of operations. Also, we cannot assure that our current or future contracts can be negotiated on terms and prices equivalent to or better than current terms and prices.

Our operations may be interrupted by production difficulties due to mechanical failures, utility shortages or stoppages, fire, acts of God or other calamities at or near our facilities.

We rely on machinery and equipment to achieve mass processing of our products. Any mechanical failures or breakdowns could materially disrupt our production and cause us to incur additional costs to repair or replace the affected mechanical systems. There can be no assurance that we will not experience problems with our machinery and equipment or that we will be able to address any such problems or obtain replacements in a timely manner. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, our production and operations depend on a continuous and adequate supply of utilities, such as electricity, water and gas. Any disruption in the supply of power, water or gas at our production facilities would disrupt our production, and could cause deterioration or loss of our products, which could adversely affect our ability to fulfil our sales orders and consequently may have an adverse effect on our business and operations.

In addition, explosions, fires, natural disasters or extreme weather, including floods, excessive cold or heat, typhoons or other storms, could cause power outages, gas or water shortages, damage our production and processing facilities and warehouses or disrupt our transportation channels, any one of which could significantly disrupt our operations. Any failure to take adequate steps to mitigate the potential impact of unforeseeable incidents, or to effectively respond to such incidents if they occur, could adversely affect our business, financial condition and results of operations.

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We may not be able to attract and retain our core management team and other key personnel for our operation.

The success of our Group to date has been, and the future success of our Group will be, dependent on the continued services and long-term commitment of our management and key personnel as they are in charge of the overall planning, development and execution of our business and operations. Our Group expects that our management team will continue to play a pivotal role in the future growth and success of our business. However, there is no assurance that our Group will be able to continue to retain the services of any or all of our management team and key personnel. If any of these personnel is unable or unwilling to continue to serve in his/her present position, and our Group is unable to find a suitable replacement in a timely manner, at acceptable cost or at all, the loss of their services may cause disruption to our business and may have an adverse impact on our ability to manage or operate our business effectively. The results of our Group's operations may be adversely affected as a result.

Our performance depends on favourable labour relations with our employees, and any deterioration in labour relations, shortage of labour or material increase in wages may have an adverse effect on our results of operation.

Our success depends in part on our ability to hire, train, retain and motivate our qualified employees. We consider favourable labour relations as a significant factor that can affect our performance, and any deterioration of our labour relations could cause labour disputes, which could result in disruptions to production and operations.

The salary level of employees in Hong Kong has been increasing in recent years. For the two years ended 31 December 2015 and 2016, our staff costs amounted to approximately HK\$9.5 million and approximately HK\$17.9 million, respectively, representing approximately 8.5% and approximately 13.4% of our revenue during the respective periods. Please refer to the section headed "Financial Information — Period to Period Comparison of Results of Operations — Employee benefit expenses" for the reason for the increase in staff costs. We may not be able to increase our prices enough to pass these increased staff costs onto our customers, in which case our business and results of operations would be materially and adversely affected.

Our employees are subject to risks of serious injury caused by the use of production equipment and machinery.

We use machinery and equipment in our production processes such as meat saw, chop cutter and slicer, which are potentially dangerous and may cause industrial accidents and personal injuries to our employees. In addition, our employees may violate safety measures or other related rules and regulations, which may cause industrial accidents. Any significant accident could interrupt production and result in personal injuries, damages to properties, fatal accidents and legal and regulatory liabilities. Furthermore, potential industrial accidents leading to significant property loss or personal injury may subject us to claims and legal proceedings, and we may be liable for medical expenses and other payments to employees and their families as well as fines or penalties. As a result, our reputation, brand, business, results of operations and financial condition may be materially and adversely affected. During the Track Record Period, our Group did not experience any material industrial accidents and personal injuries to our employees.

RISK FACTORS

Our insurance coverage may not be adequate to cover all the risks.

As at the Latest Practicable Date, we had maintained insurance coverage which we consider is adequate and consistent with industry norm in Hong Kong. For details of our insurance coverage, please refer to the section headed “Business — Insurance” in this prospectus. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial performance and position will be materially and adversely affected by costly litigation and adverse publicity.

Failures or security breaches of our information technology systems could disrupt our operations and generate additional maintenance costs.

We use information technology systems to operate our online food shop, process and analyse our financial information for internal reporting purposes, maintain our product price lists and record sales orders. Our information technology systems may be vulnerable to various threats including unauthorised disclosure of information, intentional alteration of data, cyber-attacks, electrical disruptions and system configuration errors. Although we have implemented protection and back-up schemes for our information technology systems, these may not be sufficient. Any serious system failure or system malfunction could negatively affect our operations, financial condition and reputation. Any unauthorized disclosure of information could compromise our trade secrets, confidential information and customer information, which could adversely affect our results of operation, financial condition and reputation.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

We operate in a highly competitive industry.

The processed meat industry in Hong Kong is competitive. According to the CIC Report, the competition in the industry is keen. We may face increasing competition from existing competitors and new market entrants. Competitive factors in the processed meat industry include variety, safety and quality of products, production capability and capacity, customer base, brand recognition and reputation, management, stable supply, customer service and pricing. The existing participants usually compete on price. It will not only intensify the competition of the processed meat industry but also lower the profit of the whole industry, which will further compress the growth of the existing companies. There is no assurance that our Group will be able to remain competitive in all aspects and to compete effectively with our current or potential competitors, and our inability to compete successfully against competitors could result in loss of market share or reduced profit margins, either of which could adversely impact our results of operations.

The outbreak of any severe contagious diseases, if uncontrolled, could adversely affect our industry, our business and results of operation.

Our business could be materially and adversely affected by the outbreaks of contagious diseases such as Severe Acute Respirator Syndrome, influenza A (including H1N1) and avian flu (including H5N1). While we did not suffer any material loss resulting from contagious diseases during the Track Record Period, if an epidemic were to occur, our industry and operations could be materially and adversely affected as a result of loss of personnel, damages to property or decreased demand for our products.

RISK FACTORS

In addition, if any of our employees become infected by any severe communicable diseases, it could adversely affect or disrupt our production at the relevant production facility and adversely affect our operations as we may be required to close our production facilities to prevent the spread of the disease. The spread of any severe communicable disease in Hong Kong may also affect the operations of our suppliers and customers, which could in turn adversely affect our operating results.

Hong Kong’s food industry is affected by fluctuations in the domestic and global economy and financial markets.

Our business operations depend on the conditions of and overall activities in Hong Kong’s food industry, which may be adversely affected by changes in global economic conditions and the domestic economic conditions of the markets in which we operate. Changes may include GDP growth, inflation, interest rates, consumer spending and the effects of governmental initiatives to manage economic conditions. Weak economic conditions could harm our business by contributing to reductions in demand from customers, insolvency of suppliers and customers, and increased challenges in conducting our operations. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, our overall business and results of operations may be materially and adversely affected.

In addition, our major customers are airlines catering, restaurant and general catering and food processing and trading operators. Our continuing growth therefore depends on the abilities of our customers to profitably operate their businesses, which may be significantly affected by general economic conditions such as changes in competitive conditions, consumer tastes and discretionary spending patterns in the markets in which our customers operate. There are also macroeconomic factors affecting the businesses of our customers, including but not limited to recession, increase in unemployment levels, political instability, fall in disposable consumer income and general consumer confidence. All such factors may lead to a reduction in consumer traffic and average spending in the markets operated by our customers, which in turn could adversely affect our business.

Our environmental-related costs may increase if the Hong Kong environmental protection laws become more onerous, and non-compliance with relevant environmental protection laws could lead to imposition of fines and penalties and harm our business.

Our business is subject to extensive and stringent environmental protection laws and regulations of Hong Kong. These laws and regulations require us to adopt measures to effectively control and properly dispose of waste water, noise and other environmental waste materials. Failure to comply with these laws and regulations may result in significant consequences to us, including administrative, civil and criminal penalties, liability for damages and negative publicity. If the breach is serious, the Government may suspend or close any operation failing to comply with such laws or regulations. For further details, please refer to the paragraph headed “Business — Environmental Matters” in this prospectus. In addition, new environmental issues could arise and lead to currently unanticipated investigations, assessments or costs. There is no assurance that the Government will not change existing laws or regulations or impose additional or stricter laws or regulations, compliance with which may require us to incur significant costs and capital expenditures and as a result materially and adversely affect our financial condition and results of operations.

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Changes in food-safety laws may affect our business.

Our operations are subject to the food safety laws and regulations of Hong Kong, which set out hygiene, safety and manufacturing standards with respect to food as well as hygiene, safety, packaging and other requirements for food production, production facilities and equipment used for the transportation and sale of food. Our production facilities and products are subject to periodic inspection by local authorities of Hong Kong. Any failure to comply with the food safety laws or regulations may result in fines, suspension of operations, loss of licences and, in more extreme cases, criminal proceedings may be brought against us and our management. These events will have a material adverse impact on our production, business, results of operations and financial condition.

We cannot assure you that the Government will not change the existing laws or regulations or adopt additional or more stringent laws or regulations applicable to us and our business operations. Such new laws and regulations may require the re-configuration of our methods for sourcing raw materials, production, processing and transportation, including more onerous food safety, labelling and packaging requirements, increases in transportation costs and greater uncertainty in production and sourcing estimate. Our failure to comply with any applicable laws and regulations could subject us to civil liabilities, including fines, injunctions, product recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, results of operations and financial position.

Litigation or legal proceedings could expose us to liability, divert our management's attention and negatively impact our reputation.

During the ordinary course of business, we may be involved in litigation or legal proceedings related to, among other things, product or other types of liability, labour disputes or sales order disputes that could have a material and adverse effect on our financial condition. These actions could also expose us to negative publicity, which might adversely affect our brand, reputation and customer preference for our products. If we become involved in any litigation or other legal proceedings in the future, the outcome of these types of proceedings could be uncertain and could result in settlements or outcomes that adversely affect our financial condition. In addition, any litigation or legal proceedings could incur substantial legal expenses and distract significant time and attention of our management, diverting their attention from our business and operations.

RISKS RELATING TO HONG KONG

Changes in political, social and economic policies in Hong Kong may materially and adversely affect our business, financial condition, results of operations and prospects.

All of our business activities and operations are conducted in Hong Kong. Accordingly, changes in political, social and economic policies in Hong Kong may materially affect our results of operations and business prospects. There is no assurance that our Group's business, earnings, prospects, asset values and the value of our Shares will not be adversely affected by any change in the inflation, interest rates, government policies, food industry laws and regulations, social stability, political, legal and economic environment of Hong Kong.

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RISKS RELATING TO THE SHARES AND THE SHARE OFFER

As there has been no prior public market for our Shares, their market price may be volatile and an active trading market for our Shares may not develop.

Prior to the Share Offer, there has been no public market for our Shares. Upon the completion of the Share Offer, the Stock Exchange will be the only market on which our Shares are publicly traded. There is no assurance that the Share Offer will result in the development of an active and liquid public trading market for our Shares. The pricing and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly in response to factors beyond our control, such as variations in the level of liquidity of our Shares; changes in securities analysts' (if any) estimates of our financial performance; investors' perceptions of our Group and changes in laws, regulations and taxation systems which affect our operations.

In addition to market and industry factors, the price and trading volume for our Shares may also be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing our expansion plans and business strategies; involvement in material litigation as well as recruitment or departure of key personnel, could cause the market price of our Shares to change unexpectedly. Any of these factors may result in large and sudden changes in the price and trading volume of our Shares.

Stock markets and the shares of some listed companies in Hong Kong have experienced significant price and volume fluctuations in recent years, some of which may have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares.

The market price and trading volume of our Shares may be volatile, which may result in substantial losses for investors in our Shares.

The market price and trading volume of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond our control:

- (a) variations in our results of operations, earnings and cash flows, and securities analysts' recommendations, perceptions or estimates of our financial performance;
- (b) success or failure of our management team in implementing stated business and growth strategies;
- (c) gain or loss of an important business relationship(s);
- (d) changes in competitive landscapes of our industries, including strategic alliances, acquisitions or joint ventures by us or our competitors;
- (e) changes in general economic conditions affecting us or our industries;
- (f) regulatory developments, and our inability to obtain or renew necessary licences and permits;
- (g) changes in market valuations and share prices of companies that may be listed in Hong Kong;

RISK FACTORS

- (h) additions or departures of key personnel;
- (i) fluctuations in market prices of our products;
- (j) fluctuations in stock market prices and volume; or
- (k) involvement in litigation.

In addition, shares of other companies listed on GEM have experienced substantial price volatility in the past, and it is likely that from time to time, our Shares will be subject to changes in price that may not be directly related to our financial or business performance.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Share Offer. The market price of the Shares after trading begins could be lower than the Offer Price.

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

Control by our Controlling Shareholders of a substantial percentage of our Company's share capital after the completion of the Share Offer may limit your ability to influence the outcome of decisions requiring the approval of Shareholders and the interests of our Controlling Shareholders may not be aligned with those of our other Shareholders.

Immediately following the completion of the Share Offer, our Controlling Shareholders collectively will beneficially own approximately 75% of the Shares (assuming no exercise of the Offer Size Adjustment Option and taking no account of any Share which may be issued upon the exercise of any option that may be granted under the Share Option Scheme). The interest of our Controlling Shareholders may differ from the interest of other Shareholders.

Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the assets, election of Directors and other significant corporate actions. In cases where their interests are aligned and they vote together, our Controlling Shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us. We cannot assure that our Controlling Shareholders will act entirely in our interest or that conflict of interest will be resolved in our favour. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our Company's business to pursue strategic objectives that conflict with the interests of other Shareholders, our Company or those other Shareholders may be adversely affected as a result.

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Future sales or major divestment of our Shares by any of our Controlling Shareholders could adversely affect the prevailing market price of our Shares.

We cannot assure you that our existing Shareholders will not dispose of our Shares that they own following the expiration of their respective lock-up periods after completion of the Share Offer. We cannot predict the effect, if any, that any future sales of our Shares or the availability of our Shares for sale by our Controlling Shareholders may have on the market price of our Shares. Sales of substantial amounts of our Shares by our Controlling Shareholders or the market perception that such sales may occur, could materially and adversely affect the prevailing market price of our Shares.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise additional funds, for finance acquisitions or other purposes, we may consider issuing and offering additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may:

- (a) further limit our ability or discretion to pay dividends;
- (b) increase our risks in adverse economic conditions;
- (c) adversely affect our cash flows; or
- (d) limit our flexibility in business development and strategic plans.

Purchasers of our Shares will experience immediate and substantial dilution in the book value of your investment as a result of the Share Offer.

The Offer Price of our Shares is higher than our net tangible book value per Share immediately prior to the Share Offer. Therefore, purchasers of our Shares will experience an immediate dilution in unaudited pro forma net tangible book value per Share to approximately HK\$0.072 per Share and approximately HK\$0.079 per Share. Our existing Shareholders will, however, receive an increase in pro forma net tangible book value per Share with respect to their Shares.

There is no assurance that whether and when we will pay dividends. Dividends declared in the past may not be indicative of our dividend policy in the future.

For the two years ended 31 December 2016, our Group declared dividends of approximately HK\$6.7 million and HK\$10.0 million, respectively. However, the dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

Upon the completion of the Share Offer, we may in the future distribute dividends by way of cash or by other means that we consider appropriate. A decision to declare and pay any dividends would require the recommendations of our Board and approval of our Shareholders. The decision to pay

RISK FACTORS

dividends will be reviewed in light of factors such as our results of operations, financial conditions and position, and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. We cannot assure that we will be able to declare or distribute any dividend in the amount we declared or distributed in the past. Our future declarations of dividends will be at the absolute discretion of our Board.

Certain facts, forecasts and other statistics contained in this prospectus are obtained from government sources and other third parties and may not be accurate or reliable.

This prospectus contains certain statistics and facts that are derived from various publicly available official government and other publications and generally believed to be reliable. However, we cannot guarantee the quality and reliability of these publications. Such facts and statistics in this prospectus have not been independently verified by us. Our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, their respective directors and advisers or any other parties involved in the Share Offer do not make any representation as to the accuracy of such facts and statistics, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other reasons, such facts and statistics in this prospectus may be inaccurate or may not be comparable from period to period to facts and statistics produced for other economies and should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors and our Group. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this prospectus.

Our Shareholders may experience difficulties in protecting their interests because we are incorporated in the Cayman Islands, and the law of Cayman Islands is different from that of Hong Kong and other jurisdictions in terms of minority shareholders' protection.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

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Our corporate affairs are governed by our memorandum and articles of association, the Companies Law and the common law of the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For detailed information, please refer to the section headed “Summary of the constitution of the Company and Cayman Islands company law” in Appendix IV to this prospectus.

Investors should read the entire prospectus carefully and should not place any reliance on any information contained in press articles, websites or other media in making your investment decision.

We strongly caution our investors not to rely on any information contained in press articles, websites or other media regarding us and the Share Offer. Prior to the publication of this prospectus, there may be press, website and media coverage regarding the Share Offer and us. Such press, website and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press, websites or media and do not accept any responsibility for any such press, website or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and our investors should not rely on such information.

WAIVER AND EXEMPTION FROM COMPLIANCE WITH THE GEM LISTING RULES

WAIVER IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement for Guangzhou Ge Yun and Master Transportation Service Agreement for our Group (all as defined under the paragraph headed “Connected Transactions — Continuing Connected Transactions subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of approval by the independent Shareholders” in this prospectus), all of which will constitute continuing connected transactions of our Company after the Listing.

By using the proposed annual caps as the numerators for the calculation of percentage ratios, the relevant percentage ratios calculated for the relevant transactions under each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement for Guangzhou Ge Yun and Master Transportation Service Agreement for our Group pursuant to Chapter 20 of the GEM Listing Rules will be less than 25% and the annual consideration is less than HK\$10,000,000. Therefore, according to Rule 20.74(2)(b) of the GEM Listing Rules, the transactions contemplated under each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement for Guangzhou Ge Yun and Master Transportation Service Agreement for our Group are subject to the requirements of reporting, annual review and announcement under Chapter 20 of the GEM Listing Rules but are exempt from compliance with the requirements of approval by the independent Shareholders.

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to the said continuing connected transactions of our Company under Chapter 20 of the GEM Listing Rules. For further details, please see the paragraphs headed “Continuing Connected Transactions subject to the Requirements of Reporting, Annual Review and Announcement but are Exempt from Compliance with the Requirements of Approval by the Independent Shareholders” and “Application for Waiver from Compliance with Chapter 20 of the GEM Listing Rules” in the section headed “Connected Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the CWUMPO, 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 about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer and the listing of the Shares on GEM, which is solely sponsored by the Sponsor and managed by the Joint Lead Managers.

The Offer Shares are offered for subscription solely on the basis of the information contained and 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, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees or any other persons or parties involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" of this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed "How to apply for Public Offer Shares" of this prospectus and in the relevant Application Forms.

APPLICATION FOR LISTING OF OUR SHARES ON GEM

Our Company has applied to 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 and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any option which may be granted under the Share Option Scheme.

No part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

Under section 44B(1) of the CWUMPO, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the Share Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules). A total of 350,000,000 Offer Shares of the enlarged issued share capital of our Company will be in the hands of the public immediately following completion of the Share Offer and the Capitalisation Issue and upon Listing (without taking into account the Shares to be allotted and issued upon the exercise of the Offer Size Adjustment Option or options granted under the Share Option Scheme).

ABOUT THE SHARE OFFER

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Sponsor, the Selling Shareholder, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other persons involved in the Share Offer.

The delivery of this prospectus should not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply the information contained in this prospectus is correct as at the date subsequent to the date of this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for application for Public Offer Shares is set out in the section headed “How to apply for Public Offer Shares” of this prospectus and on the relevant Application Forms.

FULLY UNDERWRITTEN

This prospectus is published in connection with the Share Offer. The Listing is sponsored by the Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company. The Share Offer is managed by the Joint Lead Managers. Further information relating to the Underwriters and the Share Offer and the underwriting arrangements is set out in the section headed “Underwriting” of this prospectus.

If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed “Underwriting” of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Public Offer Shares are offered to the public for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person involved in the Share Offer.

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

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

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. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

HONG KONG REGISTER AND STAMP DUTY

Our principal register of members will be maintained by the principal share registrar in the Cayman Islands. Dealings in the Shares on GEM will be registered on our Hong Kong branch register of members maintained in Hong Kong by Tricor Investor Services Limited.

Only Shares registered on our Hong Kong branch register of members maintained by the Hong Kong Branch Share Registrar in Hong Kong may be traded on GEM. Dealings in our Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealings in our Shares, you should consult your professional advisers. None of our Company, the Selling Shareholder, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors and any other person involved in the Share Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealings in our Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on GEM and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on GEM or, under contingent situation, such other date HKSCC chooses. 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, interest and liabilities.

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 our Shares to be admitted to CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Friday, 30 June 2017.

Our Shares will be traded in board lots of 20,000 Shares each. The stock code for our Shares is 8362. We will not issue temporary documents of title.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
--

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. LAI King Wah (黎景華)	Flat E, 22/F, Tower 2 8 Waterloo Road Yau Ma Tei Kowloon Hong Kong	New Zealand
Mr. LAI Ho Yin Eldon (黎浩然)	Flat E, 22/F, Tower 2 8 Waterloo Road Yau Ma Tei Kowloon Hong Kong	New Zealand
Mr. HO Timothy Kin Wah (何健華)	Flat C, 4/F Yee Lin Mansion 54A-54D Conduit Road Hong Kong	Chinese
<i>Non-executive Directors</i>		
Mr. YU Ting Hei (余庭曦)	Rua Nova Da Areia Preta 627 The Bayview BL 2 27-AND-F Macau	Chinese
Mr. CHOW Kuen Chung (周權忠)	Flat B, 17/F Block 11 The Cairnhill 108 Route Twisk Tsuen Wan New Territories Hong Kong	Chinese
Ms. HO Lai Sze Jacqueline (何麗詩)	Flat D, 24/F 8 Peace Avenue Ho Man Tin Kowloon Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Name	Residential address	Nationality
<i>Independent non-executive Directors</i>		
Mr. CHAU Chun Wai (周振威)	Flat D, 1/F Duke Garden 2 Duke Street Kowloon Tong Kowloon Hong Kong	Chinese
Mr. LO Sun Tong (盧樂棠)	Flat 1, 5/F, Block A Wisdom Court 5 Hatton Road Hong Kong	British
Mr. LAM Lai Kiu Kelvin (林禮喬)	Flat G, 6/F Block 1 The Pinnacle 8 Wan Hang Road Tseung Kwan O New Territories Hong Kong	British

Please refer to the section headed “Directors, senior management and staff” of this prospectus for further information.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED

Sponsor

Kingsway Capital Limited

A corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

7/F, Tower One

Lippo Centre

89 Queensway

Hong Kong

Joint Bookrunners, Joint Lead Managers and Underwriters

Kingsway Financial Services Group Limited

A corporate licensed under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities

7/F, Tower One

Lippo Centre

89 Queensway

Hong Kong

Ping An Securities Limited

A corporate licensed under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities

Unit 02, 2/F

China Merchants Building

152–155 Connaught Road Central

Hong Kong

Legal advisers to our Company

As to Hong Kong law:

David Fong & Co.

Solicitors, Hong Kong

Unit A, 12/F

China Overseas Building

139 Hennessy Road

Wanchai

Hong Kong

As to Cayman Islands law:

Conyers Dill & Pearman

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal adviser to the Sponsor and the Underwriters	<i>As to Hong Kong law:</i> D. S. Cheung & Co. <i>Solicitors, Hong Kong</i> 29/F, Bank of East Asia Harbour View Centre 56 Gloucester Road Wan Chai Hong Kong
Reporting accountants & Auditors	Ernst & Young <i>Certified Public Accountants</i> 22/F CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Internal Control Review Adviser	Baker Tilly Hong Kong Risk Assurance Limited 2nd Floor 625 King's Road North Point Hong Kong
Compliance Adviser	Kingsway Capital Limited <i>A corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities</i> 7/F, Tower One Lippo Centre 89 Queensway Hong Kong
Property valuer	AVISTA Valuation Advisory Limited 23/F Siu On Centre 188 Lockhart Road Wanchai Hong Kong
Industry consultant	China Insights Consultancy Limited 10/F Tomorrow Square 399 West Nanjing Road Huangpu District Shanghai
Compliance Officer	Mr. HO Timothy Kin Wah (何健華)

CORPORATE INFORMATION

Registered Office in the Cayman Islands	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headoffice and principal place of business in Hong Kong (registered under Part 16 of the Companies Ordinance)	Unit 803, 8/F Riley House 88 Lei Muk Road Kwai Chung New Territories Hong Kong
Website of the Company	www.wtgl.hk <i>(the content of this website does not form part of this prospectus)</i>
Company secretary	Mr. TSANG Hing Bun (曾慶贊) <i>Certified Public Accountant</i> Flat G, 23/F Maple Mansion Taikoo Shing Eastern Hong Kong Hong Kong
Authorised representatives	Mr. LAI Ho Yin Eldon (黎浩然) Room E, 22/F, Tower 2 8 Waterloo Road Yau Ma Tei Kowloon Hong Kong Mr. TSANG Hing Bun (曾慶贊) Flat G, 23/F Maple Mansion Taikoo Shing Eastern Hong Kong Hong Kong
Audit committee	Mr. LO Sun Tong (盧樂棠) (<i>Chairperson</i>) Mr. CHAU Chun Wai (周振威) Mr. LAM Lai Kiu Kelvin (林禮喬)
Remuneration committee	Mr. CHAU Chun Wai (周振威) (<i>Chairperson</i>) Mr. LO Sun Tong (盧樂棠) Mr. LAI King Wah (黎景華)

CORPORATE INFORMATION

Nomination committee	Mr. LAI King Wah (黎景華) (<i>Chairperson</i>) Mr. CHAU Chun Wai (周振威) Mr. LO Sun Tong (盧樂棠)
Principal banker	Shanghai Commercial Bank Limited Shanghai Commercial Bank Tower 12 Queen's Road Central Hong Kong
Cayman Islands principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Receiving Bank	Hang Seng Bank Limited 83 Des Voeux Road Central Central Hong Kong

INDUSTRY OVERVIEW

The information and statistics presented in this section, unless otherwise indicated, have been extracted from a market research report prepared by CIC, which was commissioned by us. We believe that the information is derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information and statistics. We have no reason to believe that the information or statistics is false or misleading in any material respect or that any fact has been omitted that would render the information or statistics false or misleading in any material respect. The information and statistics have not been independently verified by us, the Selling Shareholder, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriter or any of our or their respective affiliates, advisers, directors, officers or representatives or any other person involved in the Share Offer. No representation is given as to the accuracy, completeness or fairness of such information. Our Directors confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the CIC Report which may qualify, contradict or have an impact on the information in this section.

SOURCES OF INFORMATION

We have commissioned CIC, an independent market research company, to conduct an analysis of, and to report on, the processed meat market in Hong Kong. A total fee of HK\$600,000 was charged by CIC for the preparation and the use of the CIC Report, which our Directors consider to reflect market rates. The CIC Report was prepared by CIC independent of our Group's influence.

The information contained in the CIC Report is derived by means of data and intelligence which include: (i) primary research, including interviews with key industry experts and leading industry participants; and (ii) secondary research, including analysis on data from various publicly available data sources, such as the International Monetary Fund, the Hong Kong Census and Statistics Department, industry associations, etc.

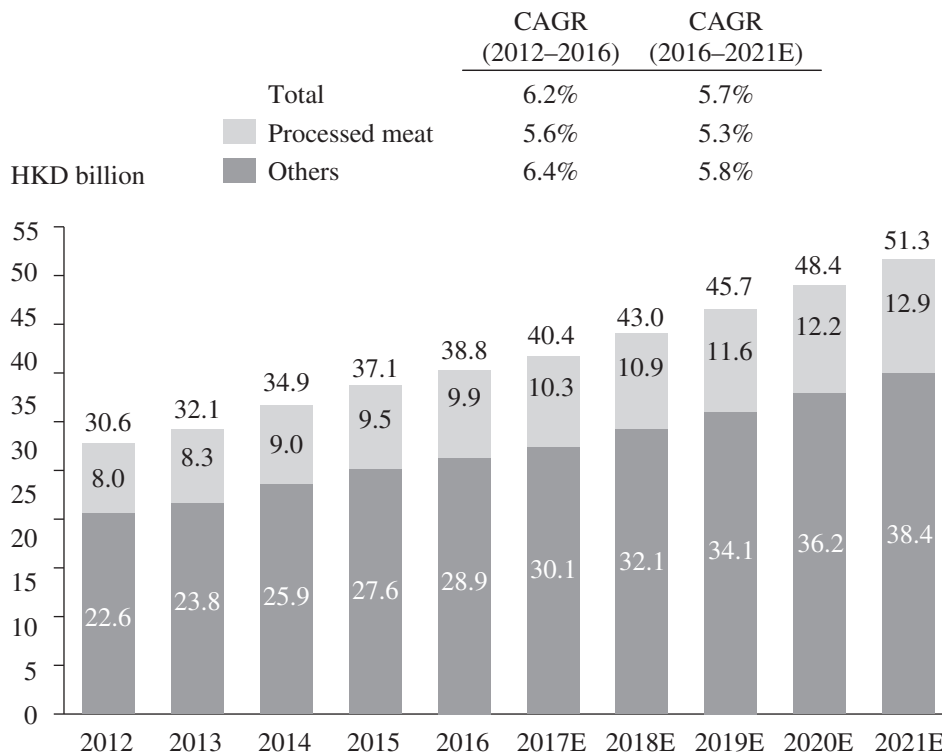
The market projections in the commissioned report are based on the following key assumptions: (i) Hong Kong's economic and industrial development is likely to maintain a steady growth trajectory into the next decade; (ii) related key industry drivers are likely to drive the growth of Hong Kong's processed meat market during the forecasted period, these drivers include Hong Kong's increasing spending on meat products per household, along with increasing demand from downstream market segments, including restaurants, the in-flight catering services market, other catering service providers, and the processed food industry; and (iii) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally.

INDUSTRY OVERVIEW

HONG KONG PROCESSED MEAT MARKET

In 2016, the sales revenue for processed meat products accounted for approximately 25.6% of the total processed food market, having increased from approximately HK\$8.0 billion in 2012 to HK\$9.9 billion in 2016, at a CAGR of approximately 5.6%. The market size of the processed meat market, in terms of sales revenue, is predicted to experience an upward growth trajectory between 2016 and 2021, with revenues expected to increase at a CAGR of approximately 5.3%, rising from approximately HK\$9.9 billion in 2016 to approximately HK\$12.9 billion by 2021.

**Market size of the processed food market in terms of sales revenue,
Hong Kong, 2012–2021E**



Note 1: Market size refers to the total sales revenue of processed food providers.

Note 2: Processed meat products mainly comprise products made from pork, beef, lamb and poultry. Other processed foods include fruit and vegetable products, seafood products, dairy products, grain products, and other products.

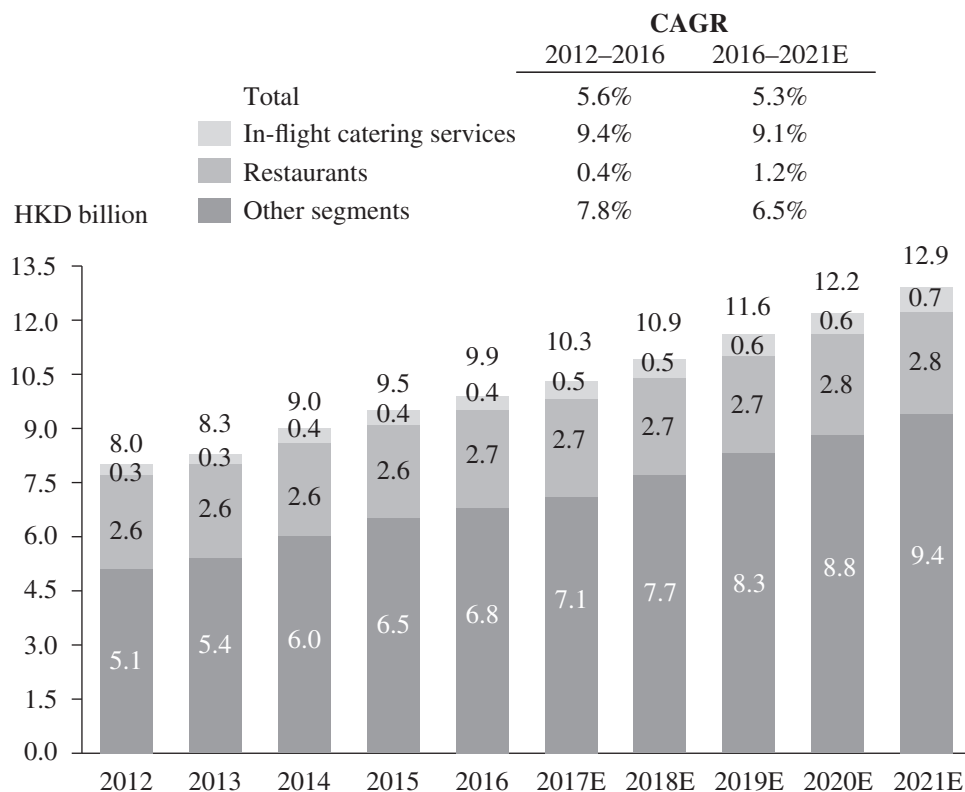
Note 3: The letter “E” denotes estimated figures.

Source: CIC Report

INDUSTRY OVERVIEW

According to the CIC Report, the processed meat market in Hong Kong can be generally categorised into three downstream segments namely (i) in-flight catering services; (ii) restaurants; and (iii) other segments. In-flight catering services refer to services of preparing, cooking, and delivering meals to passengers on board a commercial airliner, while restaurants refer to a business which prepares and serves food and drinks to customers at a dining place, and other segments include convenience stores, supermarkets, and other catering service providers.

Market size of the processed meat market by downstream segments in terms of revenue, Hong Kong, 2012–2021E



Note 1: Other segments include general catering, food processing such as lunch box factory, manufacturer of tinned frozen food and precooked frozen food, supermarkets, convenience store, and other catering service industry.

Note 2: Market size refers to the total revenue of processed meat providers in Hong Kong.

Note 3: The letter “E” denotes estimated figures.

Source: CIC Report

INDUSTRY OVERVIEW

Among the three downstream segments, the in-flight catering service market expanded with the highest growth rate. It increased at a CAGR of approximately 9.4% between 2012 and 2016, expanding from approximately HK\$0.3 billion in 2012 to approximately HK\$0.4 billion in 2016, and it is expected to rise to approximately HK\$0.7 billion by 2021, representing a CAGR of 9.1% between 2016 and 2021. This rapid growth has mainly been fuelled by the increasing number of air passengers in Hong Kong, which can be attributed to the increasing attractiveness of the tourism industry and the development of a prosperous business travel market in the Asia Pacific region.

The restaurant segment increased at a CAGR of approximately 0.4% between 2012 and 2016, expanding slightly from approximately HK\$2.6 billion in 2012 to approximately HK\$2.7 billion in 2016. Given increasing rental costs in Hong Kong, catering service providers now prefer to purchase ready-to-cook or ready-to-eat food products processed by out-sourced factories so as to speed up turnover rate and save space. Hence, the portion of mid-to-small-sized restaurants in the market is expected to grow ever larger, which will significantly aid in the development of the processed meat market in the years ahead. It is forecasted that the restaurant segment will continue growing to reach approximately HK\$2.8 billion by 2021, with a CAGR of approximately 1.2% between 2016 and 2021.

The other segments, which include general catering, food processing such as lunch box factory, manufacturer of tinned frozen food and precooked frozen food, supermarkets, convenience store, and other catering service industry, together contributed to the largest portion of the market size in 2016. These segments when combined grew at a CAGR of approximately 7.8% between 2012 and 2016, expanding from approximately HK\$5.1 billion in 2012 to approximately HK\$6.8 billion in 2016, and it is forecasted to expand to approximately HK\$9.4 billion by 2021, with a CAGR of approximately 6.5% between 2016 and 2021 due to steady increasing household expenditure on food and meat.

MARKET DRIVERS

Increasing number of air passengers at Hong Kong International Airport (“HKIA”)

The total number of air passengers at HKIA increased at a CAGR of approximately 6.6% between 2012 and 2016, rising from approximately 37.7 million in 2012 to approximately 48.6 million in 2016. Along with Hong Kong’s steady economic growth, residents’ disposable incomes have also been increasing, meaning an increasing number of residents can afford outbound trips by air.

The increasing attractiveness of Hong Kong’s tourism industry, and the development of a prosperous market in business travel, will continue to attract an increasing number of visitors to Hong Kong from all over the world. As a result, the total number of air passengers at HKIA is predicted to keep growing in reaching approximately 66.1 million in by 2021, with a CAGR of approximately 6.3% between 2016 and 2021. Given the expansion plan laid out by HKIA, the development of a prosperous market for business travel, and Hong Kong resident’s increased overall spending on outbound travel, an expected increase in the number of air passengers at HKIA is set to stimulates a rising demand for in-flight meals, bolstering the development of the processed meat market in Hong Kong accordingly.

INDUSTRY OVERVIEW

Increasing demand from the restaurant industry

Hong Kong's increasing social and business activities, and increasing dining-out expenditure stimulate the restaurant market. Also, Hong Kong's famous attractions, delicious local snacks, and abundant shopping environment make it a favorable destination for tourists. From 2012 to 2016, the total number of annual visitors arriving in Hong Kong increased from approximately 48.6 million to approximately 56.7 million, with the number expected to exceed approximately 67.0 million by 2021.

The market size of the restaurant industry increased steadily at a CAGR of approximately 3.5% between 2012 and 2016, having risen from approximately HK\$93.7 billion in 2012 to approximately HK\$107.4 billion in 2016. The market size of the restaurant industry is expected to reach approximately HKD133.4 billion by 2021, rising at a CAGR of approximately 4.4% between 2016 and 2021. In order to increase their turnover rates, restaurants are also relying more and more on processed meat products. By outsourcing the processing and preparation of meat products, restaurants can cut down on the costs associated with operations and labour. This trend, in turn, is expected to be beneficial to the development of the processed meat market in Hong Kong.

Increasing consumption of processed meat per household

Per household expenditure on processed meat in Hong Kong increased from approximately HK\$7,300 in 2012 to approximately HK\$8,300 in 2016, with a CAGR of approximately 3.2%. Given residents' increasing disposable income, residents are expected to consume more on high-quality processed meat products. Therefore, along with residents' increasing food expenditure, their expenditure on processed meat will increase steadily in the forthcoming years. It is forecasted that annual household expenditure on processed meat in Hong Kong will reach approximately HK\$9,700 in 2021, representing a GAGR of 3.2% between 2016 and 2021. Household expenditure on processed meat continues to expand in following an upward trend. Thus, processed meat providers will make continued efforts to expand their production capacities and explore new distribution channels in order to promote sales.

Increasing demand from working population

The number of employees in Hong Kong increased from approximately 3.7 million in 2012 to approximately 3.8 million in 2016, with a CAGR of approximately 0.9% between 2012 and 2016. The working population in Hong Kong is known for its highly work-intensive and stressful lifestyle, with the average working time in 2016 amounted to approximately 50.0 hours per week, exceeding most of the world's other major cities. These local residents usually lack the opportunity to enjoy longer cooking times when preparing meals for themselves, and often opt instead for the convenience of processed food products with their simpler cooking requirements. Hence, the demand for these convenient food alternatives has been growing in tandem with increases in Hong Kong residents' disposable incomes, this link having now become one of the key driving forces behind Hong Kong's processed meat market.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE AND ENTRY BARRIERS

The five largest processed meat providers in Hong Kong

According to the CIC Report, the five largest processed meat providers in Hong Kong in terms of market share in the processed meat market in Hong Kong in 2016 and their respective backgrounds are as follows:

Ranking	Company	Main businesses	Market share
1	Company A	Providing frozen seafood, meat, poultry, dried seafood and basic groceries sourced globally.	16.1%
2	Company B	Integrating hog production, hog slaughtering and the processing and distribution of packaged meats and fresh pork.	12.1%
3	Company C	Temperature-tailored cold store catering for a range of product requirements, including deep frozen, chilled, air-conditioned, and dry product. Providing food service sales to different food and beverage outlets, including hotels, restaurants, clubs, airline caterers, institutional catering, and others.	10.1%
4	Company D	Processing and marketing chicken, beef, and pork to retail grocers, broad line foodservice distributors and national fast food and full service restaurant chains.	7.0%
5	Company E	Importing and distributing frozen and chilled wagyu and beef, veal, lamb, pork and poultry.	6.0%
			51.3%

Our Group's market share

The total revenue of the processed meat market in Hong Kong in the calendar year of 2016 is approximately HK\$9.9 billion according to the CIC Report. The total revenue of our Group from the sale of processed meat for the year ended 31 December 2016 was approximately HK\$133.6 million. It is estimated that our Group's market share in the processed meat market in Hong Kong is approximately 1.35%.

Entry barriers of the processed meat market in Hong Kong

1. Licenses for processed meat providers

The Hong Kong Food Safety Ordinance requires any company who is engaged in the food distribution business to register with the Director of Food and Environmental Hygiene as a food distributor. In addition, since most meat products in Hong Kong are imported from other countries, processed meat providers are required to register with the Food and Environmental Hygiene Department in order to obtain the necessary import licenses for frozen meat, chilled meat, frozen poultry, and chilled poultry before engaging in any import business activity. Hence, licenses remain a barrier for new entrants into the market.

2. Large initial capital investment

Large initial capital investment is required before establishing a meat processing plant, which is a large burden for new entrants. Initial expenses include investments in rents, facilities, electrical appliances, personnel recruitment, and so on. If new entrants are not strong financially, they may find it difficult to operate their meat processing business.

3. Management of manpower and associated costs

The management of both manpower and its associated costs is an important factor in running a meat processing factory in Hong Kong. High labour expenses, aging workforce, labour shortage, and the rising costs for raw materials altogether result in high overall operation costs for the meat processing industry, which are entry barrier for new entrants.

Market constraints

1. Low growth in downstream industries

As most of the meat products are sold to restaurants and other downstream industries, such as supermarket, which are relative mature and experiencing low growth. Thus, the slowing down of downstream industry will depress the growth of processed meat market.

2. Unstable material supply

The quality and safety of the raw material directly determines the quality and safety of processed meat. It poses a big challenge for the processed meat providers to efficiently manage the risk of raw material supply. Outbreaks of infectious disease of animal may negatively impact the supply volume of raw materials and quality of processed meat industry.

3. Low profit and fierce competition

Processed meat market is highly competitive. The existed participants usually compete on price. It will not only intensify the competition of the processed meat industry but also lower the profit of the whole industry, which will further compress the growth of existed companies.

Potential challenges

1. *Stricter policies and regulations on food safety and quality*

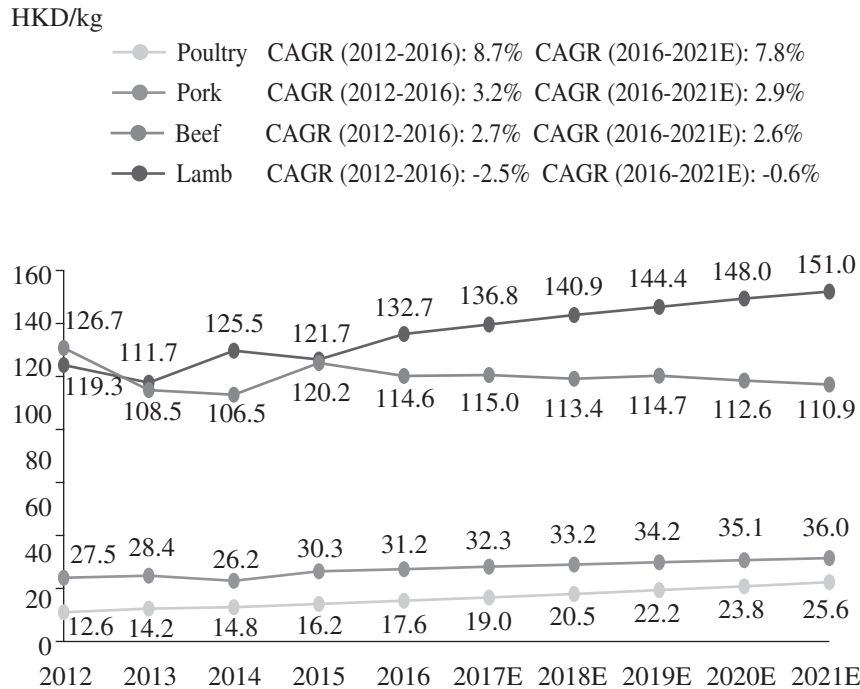
A number of new policies and regulations have been amended and updated by the government of Hong Kong in order to regulate the processed meat market. In addition, these policies and regulations are becoming stricter, which in turn raises the required production standards for processed meat providers. This poses a big challenge for the operations of processed meat providers, having to make further efforts in guaranteeing not only the safety of their meat products, but also increasing their competitiveness in terms of the quality, flavor, and pricing of these processed meat products.

2. *Fluctuation of the prices for raw materials*

Over 90% of food consumed in Hong Kong is imported from other countries, including the PRC, the Philippines, Thailand, and the US, the stability of raw material prices is affected by the supply capacities of external markets. The major raw materials for processed meat products are beef, lamb, pork and poultry. From 2012 to 2016, the import prices of pork, beef and poultry experienced an upward trend, increasing respectively from approximately HKD27.5/kg, HKD119.3/kg, and HKD12.6/kg in 2012 to HKD31.2/kg, HKD132.7/kg, and HKD17.6/kg respectively in 2016, with a respective CAGR of approximately 3.2%, 2.7%, and 8.7%. The import prices of lamb were relatively volatile during this period, decreasing at a respective negative CAGR of approximately 2.5% between 2012 and 2016. Along with the moderate economic growth in mainland China and other food exporting countries to Hong Kong, the import prices of poultry, pork, and beef will continue increasing at a CAGR of 7.8%, 2.9%, and 2.6% , respectively, between 2016 and 2021, while the import price of lamb will decrease at a negative CAGR of 0.6% between 2016 and 2021. With this being the case, processed meat providers must face the direct challenge of price rises for raw materials and absorb any impact from fluctuations in the supply of such materials.

INDUSTRY OVERVIEW

Import prices of major raw materials, Hong Kong, 2012–2021E



Source: CIC Report

3. Risk of food safety during the production process

An increasing number of automated techniques and procedures are now involved in the production process, including cutting, marinating, and cooking. Therefore, certain food safety issues, especially that of metal contamination, should be supervised and prevented throughout the whole production process, which poses an added challenge in the operations and management of processed meat facilities.

FUTURE TREND

Innovations in processing and packaging

Adopting new innovations in processing and packaging will allow processed meat providers to become more flexible and competitive in terms of their production capacity. Furthermore, adopting these innovations will help processed meat providers cut down processing costs and optimize their utilisation rate. Therefore, processed meat providers will endeavor to conduct further research and development on the processing and packaging of processed meat products, so as to increase their overall efficiency and profitability.

Improvement and expansion of production facilities

The downstream customers, such as in-flight caterers, prefer to purchase sufficient amounts of processed meat products from single large-scale processed meat providers, since these providers are able to ensure a stable supply capacity and guarantee food safety and quality. Therefore, processed meat

INDUSTRY OVERVIEW

providers are improving their production facilities and expanding product lines so as to increase their overall production capacity, seeking new opportunities to establish long-term cooperation with downstream customers.

Further consolidation of the market

Higher requirements for food safety, following from recent policies and regulations, have elevated the level of production standards in the processed meat market. In order to meet these strict regulations, processed meat providers must implement a full coverage regime of supervision for food safety. Therefore, it has become much more difficult for small-sized processed meat providers, with their comparatively unsystematic management style, to effectively compete in the industry.

Moreover, downstream customers, such as in-flight catering service providers, prefer to purchase meat products from reliable processed meat providers to ensure the stable quantity and consistence of quality of the meat product. Processed meat providers with high-quality products, excellent business performance, and systematic management remain the most qualified providers for downstream customers. Under this circumstance, the market for processed meat products is expected to become more and more consolidated.

REGULATORY OVERVIEW

This section sets forth a summary of the laws and regulations applicable to our business in Hong Kong. As this is a summary, it does not contain detailed analysis of the Hong Kong laws which are relevant to the business of our Group.

PUBLIC HEALTH AND MUNICIPAL SERVICES ORDINANCE (CHAPTER 132 OF THE LAWS OF HONG KONG) (THE “PUBLIC HEALTH AND MUNICIPAL SERVICES ORDINANCE”)

The legal framework for food safety control in Hong Kong is set out in Part V of the Public Health and Municipal Services Ordinance and the relevant sub-legislations thereunder. The Public Health and Municipal Services Ordinance requires the manufacturers and sellers of food to ensure that their products are fit for human consumption and comply with the requirements in respect of food safety, food standards and labelling.

As our principal business is the food processing and trading in Hong Kong, we are subject to the regulation of the Public Health and Municipal Services Ordinance.

Section 50 of the Public Health and Municipal Services Ordinance prohibits the manufacturing, advertising and sale in Hong Kong of food that is injurious to health. Anyone who fails to comply with this section commits an offence which carries a maximum penalty of HK\$10,000 and three months' imprisonment. Section 52 of the Public Health and Municipal Services Ordinance provides that, subject to the defences in section 53 of the same ordinance, if a seller sells to the prejudice of a purchaser any food which is not of the nature, substance or quality of the food demanded by the purchaser, the seller shall be guilty of an offence which carries a maximum penalty of HK\$10,000 and three months' imprisonment.

According to section 54 of the Public Health and Municipal Services Ordinance, any person who sells or offers for sale any food intended for, but unfit for, human consumption shall be guilty of an offence. The maximum penalty for contravention of section 54 is a fine of HK\$50,000 and six months' imprisonment.

Section 61 of the Public Health and Municipal Services Ordinance provides that it shall be an offence for any person who gives with any food sold by him or displays with any food exposed for sale by him any label which falsely describes the food or is calculated to mislead as to its nature, substance or quality. Further, it shall also be an offence if any person publishes or is a party to the publication of an advertisement falsely describing any food or is likely to mislead as to the nature, substance or quality of any food.

The FEHD is responsible for the enforcement of the relevant laws and regulations. It may take samples of all kinds of food products at their points of entry to Hong Kong and may prohibit or restrict importation of a food product. It also has the power to examine any food which is intended for human consumption, and seize and remove such food or its packaging if it appears that such food is unfit for human consumption.

REGULATORY OVERVIEW

FOOD BUSINESS REGULATION (CHAPTER 132X OF THE LAWS OF HONG KONG) (THE “FOOD BUSINESS REGULATION”)

It is provided under section 31(1) of the Food Business Regulation that no person shall carry on or cause, permit or suffered to be carried on any food factory business except with a food factory licence. The FEHD may grant a provisional food factory licence to a new applicant who has fulfilled the basic requirements in accordance with the Food Business Regulation pending fulfilment of all outstanding requirements for the issue of a full food factory licence.

A provisional food factory licence is valid for a period of six months or a lesser period and a full food factory licence is valid generally for a period of one year, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislation and regulations. A provisional food factory licence is renewable on one occasion and a full food factory licence is renewable annually.

Section 30(1) of the Food Business Regulation provides that any person intends to sell or offer for sale any of the restricted foods specified in schedule 2 of the Food Business Regulation must obtain a permit relevant to the type of the restricted food before commencement of the business.

The permit for online sale of restricted food enables online sale of restricted foods through Internet (such as website or online platform account) by an operator obtaining food from approved suppliers if there is neither handling (such as cutting up, slicing, packing or wrapping, etc.) nor storage of the food for sale at the business premises. The application for permits for online sale of restricted foods was effective from 22 February 2016.

The permits require that the restricted foods must be obtained from lawful sources, that they shall not be tampered with during transportation to prevent cross-contamination and that the food products shall be kept in hygienic condition at a safe and proper temperature at all times. Operators should also provide permit information on their websites such as the permit number, registered address and the restricted foods permitted for sale, for consumers’ reference and verification at the FEHD website.

In addition, the FEHD will also impose new licensing conditions on premises issued with food business licences or restricted food permits, if they operate online sale of endorsed or permitted food at the same time. The new licensing condition will take effect when existing licences or permits are renewed, and applicable to newly issued licences or permits with immediate effect.

Section 35 of the Food Business Regulation provides that any person who is in contravention of sections 30(1) and 31(1) of the Food Business Regulation shall be guilty of an offence. The maximum penalty is a fine of HK\$50,000 (together with a daily fine of HK\$900 where it is a continuing offence) and imprisonment for six months.

REGULATORY OVERVIEW

FOOD AND DRUGS (COMPOSITION AND LABELLING) REGULATIONS (CHAPTER 132W OF THE LAWS OF HONG KONG) (THE “FOOD AND DRUGS (COMPOSITION AND LABELLING) REGULATIONS”)

Food and Drugs (Composition and Labelling) Regulations which are under the Public Health and Municipal Services Ordinance, contains provisions for the advertising and labelling of food.

Regulation 3 of the Food and Drugs (Composition and Labelling) Regulations provides that the manufacturing of foods shall be up to the standards as specified under schedule 1 of the Food and Drugs (Composition and Labelling) Regulations. Any person who advertises for sale, sells or manufactures for sale any food which does not conform to the relevant requirements as to composition prescribed in schedule 1 to the Food and Drugs (Composition and Labelling) Regulations commits an offence and is liable to a fine of HK\$50,000 and to imprisonment for six months.

Regulation 4A of the Food and Drugs (Composition and Labelling) Regulations requires all pre-packaged food (except for those listed in schedule 4 to the Food and Drugs (Composition and Labelling) Regulations) to be marked and labelled in the manner prescribed in schedule 3 to the Food and Drugs (Composition and Labelling) Regulations. Schedule 3 contains labelling requirements in respect of stating the product’s name or designation, ingredients, “best before” or “use by” date, special conditions for storage or instruction for use, manufacturer’s or packer’s name and address, and count, weight or volume. Additionally, the schedule also includes requirements on the appropriate language or languages for marking or labelling pre-packaged food. Contravention of those requirements may result in a conviction carrying a maximum penalty of HK\$50,000 and six months imprisonment.

In accordance with Regulation 4B of the Food and Drugs (Composition and Labelling) Regulations, generally pre-packaged food sold by our Group should be marked or labelled with its energy value and nutrient content in the manner prescribed in part 1 of schedule 5 to the Food and Drugs (Composition and Labelling) Regulations, and nutrition claims, if any, made on the label of the product or in any advertisement for the product should comply with part 2 of schedule 5 to the Food and Drugs (Composition and Labelling) Regulations. Contravention of those requirements may result in a conviction carrying a maximum penalty of HK\$50,000 and six months imprisonment.

FOOD SAFETY ORDINANCE (CHAPTER 612 OF THE LAWS OF HONG KONG) (THE “FOOD SAFETY ORDINANCE”)

The purposes of the Food Safety Ordinance are, amongst other things, to establish a registration scheme for food importers and food distributors; to require the keeping of records by persons who acquire, capture, import or supply food; and to enable food import controls to be imposed.

Food importers and food distributors (persons who, in the course of business, supply food in Hong Kong by wholesale) must register with the FEHD. Sections 4 and 5 of the Food Safety Ordinance provide that contravention of such registration requirement is an offence, with a maximum penalty of up to HK\$50,000 and six months’ imprisonment. Sections 4 and 5 of the Food Safety Ordinance also provide that the holder of food factory licence under the Food Business Regulation shall be exempted from such registration requirement.

REGULATORY OVERVIEW

In considering an application for registration, the FEHD would take into account of factors laid out in the Food Safety Ordinance, such as the applicant's history of any past contravention in the period of 12 months immediately before the application. Moreover, pursuant to the Food Safety Ordinance, the FEHD may revoke a registration if the registered person has repeatedly contravened the Food Safety Ordinance or if the registered person has (in the case of a natural person) died or (in the case of a corporate person) been wound up.

Further, the Food Safety Ordinance imposes the following respective record-keeping obligations on food importers, food distributors and all other persons who acquire food in the course of business to enhance traceability of food in Hong Kong:

- (i) A person who, in the course of business, acquires food in Hong Kong must record the relevant information about the acquisition of the food, including (a) the date when the food was acquired; (b) the name and contact details of the seller; (c) the total quantity of the food; and (d) a description of the food, within 72 hours after the time the food was acquired.
- (ii) A person who, in the course of business, imports food acquired outside Hong Kong must record the relevant information about the acquisition of the food, including (a) the date when the food was acquired; (b) the name and contact details of the seller; (c) the place from where the food was imported; (d) the total quantity of the food; and (e) a description of the food, at or before the time the food is imported.
- (iii) A person who, in the course of business, supplies food in Hong Kong by wholesale must record the relevant information about the supply of the food, including (a) the date the food was supplied; (b) the name and contact details of the buyer; (c) the total quantity of the food; and (d) a description of the food, within 72 hours after the time the supply took place.
- (iv) All records must be kept for three months after the acquisition or supply in respect of food with a shelf-life of three months or less and 24 months after the acquisition or supply in respect of food with a shelf-life of greater than three months.

Pursuant to the Food Safety Ordinance, the FEHD has the power to inspect, use and make public disclosure of the records required to be kept under the Food Safety Ordinance. Moreover, as stipulated by the Food Safety Ordinance, the FEHD also has power to make "food safety orders" against any person including (amongst other things) orders prohibiting the import or supply of any food for a specified period or directing a recall, destruction or disposal of any food, if the FEHD has reasonable grounds to believe that the making of such orders is necessary to prevent or reduce a possibility of danger to public health or to mitigate any adverse consequence of a danger to public health.

Any person who fails to comply with the record-keeping requirement, without reasonable excuse, commits an offence and is liable to a maximum fine of HK\$10,000 and imprisonment for three months.

REGULATORY OVERVIEW

IMPORT AND EXPORT ORDINANCE (CHAPTER 60 OF THE LAWS OF HONG KONG) (THE “IMPORT AND EXPORT ORDINANCE”)

The import of frozen meat, chilled meat, frozen poultry or chilled poultry requires an import licence under the Import and Export Ordinance. The FEHD is the designated authority to issue import licences for these commodities. The meat includes beef, mutton, pork, veal or lamb, and the offal of any animal from which such meat is derived. The poultry includes the carcass of a domestic fowl, duck, goose or turkey or any part of such a carcass, and any part of a bird mentioned above which is edible or used in the preparation of food. Section 6C of the Import and Export Ordinance provides that contravention of such requirement is an offence, with a maximum penalty of up to HK\$500,000 and two years' imprisonment.

Each consignment of the frozen meat, chilled meat, frozen poultry and chilled poultry is to be covered by one import licence. Licence applications must be supported by a valid health certificate issued by the recognised issuing entity of the exporting country covering the consignment or by specific approval from the FEHD.

An import licence is normally valid for one shipment only and for a period of six weeks from the date of issue.

IMPORTED GAME, MEAT, POULTRY AND EGGS REGULATIONS (CHAPTER 132AK OF THE LAWS OF HONG KONG) (THE “IMPORTED GAME, MEAT, POULTRY AND EGGS REGULATIONS”)

Regulation 4(1)(a) of the Imported Game, Meat, Poultry and Eggs Regulations requires meat, poultry or eggs to be imported with a health certificate issued by an issuing entity recognised by the FEHD.

If importers wish to import meat, poultry or eggs from a country/place where the issuing entity responsible for issuing health certificates is yet to be recognised as an issuing entity, they should ask the relevant issuing entity or government to apply to the FEHD in writing and provide the following information related to its country: (a) the animal disease situation; (b) the legislation governing hygienic standards of meat, poultry or eggs; (c) the location of processing plants and facilities for handling, processing, production, storage and transport of meat, poultry or eggs; (d) details of inspection of meat or poultry in the ante and post-mortem process and qualifications of officers responsible for the inspection process; (e) a sample of the official veterinary and health certificate; and (f) the official name of the issuing entity responsible for issuing veterinary and health certificates.

Regulation 4(1)(b) of the Imported Game, Meat, Poultry and Eggs Regulations requires prior approval of the FEHD before the import of each consignment of prohibited meat or game. In making an application for approval, importers should write to the FEHD by providing similar information as set out in items (a) to (f) in the paragraph above but pertaining to prohibited meat or game obtained from the government of the place of origin.

Regulation 4(3) of the Imported Game, Meat, Poultry and Eggs Regulations provides that the FEHD may require the game, meat, poultry and eggs to be imported in Hong Kong subject to inspection or sampling.

REGULATORY OVERVIEW

WATER POLLUTION CONTROL ORDINANCE (CHAPTER 358 OF THE LAWS OF HONG KONG) (THE “WATER POLLUTION CONTROL ORDINANCE”)

In Hong Kong, discharges of trade effluents into specific water control zones are subject to control and the discharger is required to obtain a water pollution control licence granted by the DEP under the WPCO before commencing the discharge.

Under sections 8(1) and 8(2) of the WPCO, a person who discharges (i) any waste or polluting matter into the waters of Hong Kong in a water control zone; or (ii) any matter into any inland waters in a water control zone which tends (either directly or in combination with other matter which has entered those waters) to impede the proper flow of the water in a manner leading or likely to lead to substantial aggravation of pollution, commits an offence and where any such matter is discharged from any premises, the occupier of the premises also commits an offence.

Sections 9(1) and 9(2) of the WPCO provides that generally a person who discharges any matter into a communal sewer or communal drain in a water control zone commits an offence and where any such matter is discharged into a communal sewer or communal drain in a water control zone from any premises, the occupier of the premises also commits an offence.

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

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

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

TRADE DESCRIPTIONS ORDINANCE (CHAPTER 362 OF THE LAWS OF HONG KONG) (THE “TRADE DESCRIPTIONS ORDINANCE”)

Food products sold in Hong Kong are subject to the Trade Descriptions Ordinance. The Trade Descriptions Ordinance has been recently amended in July 2013 to expand certain existing provisions, including the prohibition of false trade description in respect of goods and services in the course of trade, prohibition on certain unfair trade practices and the introduction of a civil, compliance-based enforcement mechanism.

Section 2 of the Trade Descriptions Ordinance provides that a trade description (including fitness for purpose, performance and manufacturing details) which is false to a material degree; or though not false, is misleading, that is to say, likely to be taken for a trade description of a kind that would be false to a material degree, would be regarded as false trade description.

REGULATORY OVERVIEW

Section 7 of the Trade Descriptions Ordinance provides that it is an offence for any person, in the course of his trade or business, to apply a false trade description to any goods; or supply or offer to supply any goods to which a false trade description is applied. It is also an offence for any person to have in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied.

To amount to a false trade description, the falsity of the trade descriptions has to be to a material degree. Trivial errors or discrepancies in trade descriptions would not constitute an offence. What constitutes a material degree will vary with the facts.

Contravention of the prohibitions in the Trade Descriptions Ordinance is an offence, with a maximum penalty of up to HK\$500,000 and five years' imprisonment. However, the Trade Descriptions Ordinance also provides regulators with the ability to accept (and publish) written undertakings from businesses and individuals not to continue, repeat or engage in unfair trade practices in return of which regulator will not commence or continue investigations or proceedings relating to that matter. Regulators will also be empowered to seek an injunction against businesses and persons engaging in unfair trade practices or who have breached an undertaking.

SALE OF GOODS ORDINANCE (CHAPTER 26 OF THE LAWS OF HONG KONG) (THE "SALE OF GOODS ORDINANCE")

The Sale of Goods Ordinance governs, among other things, the scope of certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract for the sale of goods in Hong Kong. Warranties relating to the safety and suitability of goods supplied include that goods for sale must be of merchantable quality and as such are, among other things, free from defects, safe and durable. A breach of warranty by the seller under the Sale of Goods Ordinance may entitle the buyer to reject the goods, set up against the seller a diminution or extinction of the price or maintain an action against the seller for damages.

OCCUPATIONAL SAFETY AND HEALTH ORDINANCE (CHAPTER 509 OF THE LAWS OF HONG KONG) (THE "OCCUPATIONAL SAFETY AND HEALTH ORDINANCE")

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and

REGULATORY OVERVIEW

- providing and maintaining a safe and healthy work environment.

Failure to comply with the above requirements constitutes an offence and the employer is liable on conviction to a fine of HK\$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 HK\$200,000 and to imprisonment for six months.

The Commissioner for Labour may also issue improvement notices against noncompliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

EMPLOYEES' COMPENSATION ORDINANCE (CHAPTER 282 OF THE LAWS OF HONG KONG) (THE "EMPLOYEES' COMPENSATION ORDINANCE")

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, 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.

According to section 15(1A) of the Employees' Compensation Ordinance, employer shall report work injuries of its employee to the Commissioner of Labour not later than 14 days after the accident.

According to section 24 of the Employees' Compensation Ordinance, a main contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractor. The main contractor is, nonetheless, entitled to be indemnified by the subcontractor who would have been liable to pay compensation to the injured employee independently of this section. The employees in question are required to serve a notice in writing on the main contractor before making any claim or application against such main contractor.

According to section 40 of the Employees' Compensation Ordinance, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Where a main contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$100 million per event (where the number of employees in relation to who the policy is in force does not exceed 200) and no less than HK\$200 million per event (where the number of employees in relation to whom the policy is in force exceeds 200) to cover his liability and that of his subcontractor(s) under the Employees' Compensation Ordinance and at common law.

REGULATORY OVERVIEW

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover commits an offence and is liable on conviction upon indictment to a fine of HK\$100,000 and to imprisonment for two years and on a summary conviction to a fine of HK\$100,000 and to imprisonment for one year.

EMPLOYMENT ORDINANCE (CHAPTER 57 OF THE LAWS OF HONG KONG) (THE "EMPLOYMENT ORDINANCE")

A main contractor is subject to the provisions on subcontractor's employees' wages in the Employment Ordinance. Section 43C of the Employment Ordinance provides that if any wages become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance, such wages shall be payable by the main contractor and/or every superior subcontractor jointly and severally. A main contractor's (and/or, where applicable, superior subcontractor's) liability shall be limited (a) to the wages of an employee whose employment relates wholly to the work which the main contractor has contracted to perform and whose place of employment is wholly on the site of the building work; and (b) to the wages due to such an employee for two months (such months shall be the first two months of the period in respect of which the wages are due).

According to section 43D of the Employment Ordinance, an employee who has outstanding wage payments from subcontractor must serve a notice in writing on the main contractor within 60 days after the wage due date. A main contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the main contractor. Upon receipt of such notice from the relevant employee, a main contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware. A main contractor who without reasonable excuse fails to serve notice on the superior subcontractors shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK\$50,000).

According to section 43F of the Employment Ordinance, if a main contractor or superior subcontractor pays to an employee any wages under section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the main contractor or superior subcontractor, as the case may be. The main contractor or superior subcontractor may either (1) claim contribution from every superior subcontractor to the employee's employer or from the main contractor and every other such superior subcontractor as the case may be, or (2) deduct by way of set-off the amount paid by him from any sum due or may become due to the subcontractor in respect of the work that he has subcontracted.

MANDATORY PROVIDENT FUND SCHEMES ORDINANCE (CHAPTER 485 OF THE LAWS OF HONG KONG) (THE "MANDATORY PROVIDENT FUND SCHEMES ORDINANCE")

Under the Mandatory Provident Fund Schemes Ordinance, employers are required to enroll their regular employees (except for certain exempt persons) aged between at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund ("MPF") scheme within the first 60 days of employment.

REGULATORY OVERVIEW

For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$25,000 and HK\$7,100 per month, respectively before 1 June 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250 before 1 June 2014 or HK\$1,500 on or after 1 June 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee's relevant income to the MPF scheme, subject only to the maximum level of income (HK\$25,000 per month before 1 June 2014 or HK\$30,000 on or after 1 June 2014).

MINIMUM WAGE ORDINANCE (CHAPTER 608 OF THE LAWS OF HONG KONG) (THE "MINIMUM WAGE ORDINANCE")

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

COMPETITION ORDINANCE (CHAPTER 619 OF THE LAWS OF HONG KONG) (THE "COMPETITION ORDINANCE")

The Competition Ordinance, which was entered into force on 14 December 2015 (i) prohibits conduct that prevents, restricts or distorts competition in Hong Kong; (ii) prohibits mergers that substantially lessen competition in Hong Kong; and (iii) provides for incidental and connected matters.

The Competition Ordinance includes the First Conduct Rule which provides that an undertaking shall not make or give effect to an agreement, engage in a concerted practice, or, as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong, and the Second Conduct Rule, which prohibits anti-competitive conduct by a party with substantial market power and provides that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction, or distortion of competition in Hong Kong.

The Competition Tribunal may impose pecuniary penalty, director disqualifications, and prohibition, damage and other orders. Pursuant to section 93 of the Competition Ordinance, the Competition Tribunal may award a penalty of up to 10% of the turnover of the undertakings concerned for up to three years in which the contravention occurs.

COMPLIANCE WITH THE RELEVANT REQUIREMENTS

Our Directors confirmed that, so far as the Hong Kong laws are concerned, our Group has obtained all relevant permits, registrations and licences for its existing operations in Hong Kong as at the Latest Practicable Date.

HISTORY, REORGANISATION AND GROUP STRUCTURE

OVERVIEW

We are a food supplier focusing on processed raw and cooked food products in Hong Kong. The history of our Group dates back to 2004 when Mr. KW Lai founded Winning Tower, funded by his personal financial resources, with Ms. Li and two other Independent Third Parties, as strategic investors. Ms. Li, encountered Mr. KW Lai through her husband, Mr. Kam Dor Dor Francis, who joined Winning Tower upon the establishment of Winning Tower and is currently one of the members of our Group's senior management. Through her husband, Ms. Li recognised Mr. KW Lai's trustworthiness and potential growth of our Group and decided to invest in our Group in 2004. Ms. Li confirms that she has not invested in other business relating to food supply or business similar to our Group since the time she invested in our Group. Ms. Li is currently unemployed. Winning Tower carried on the business of processing and trading of raw food products in Hong Kong and we have been operating for over 12 years.

Over the years of operation of Winning Tower, there were numerous investors in and out of Winning Tower, who (save and except our Controlling Shareholders and as disclosed in this section) were all Independent Third Parties.

Top Ocean and Ms. Ou invested in and became shareholders of Winning Tower in mid-2005. Top Ocean was then wholly-owned by Golden Cup, a member of the Super Star Group, which carried on restaurant business in Hong Kong. Mr. WN Ho and his spouse were together the largest shareholders of Golden Cup who together controlled approximately 13.2% shareholdings of Golden Cup. Mr. WN Ho, who is one of the founders and the current chief executive officer of the Super Star Group, has working experience in the food processing and trading industry. His wife and himself, in recognising Mr. KW Lai's trustworthiness and business vision, decided to procure the Super Star Group to invest in Winning Tower through Top Ocean in mid-2005. Save and except the Super Star Group, Mr. WN Ho confirms that he has not invested in other business relating to food supply or business similar to our Group since the time he invested in our Group.

Mr. Zhong, the spouse of Ms. Ou, was operating the business of supply of frozen vegetables in the PRC and Hong Kong through Guangzhou Ge Yun and had been our supplier for over 12 years. It was also one of our top five suppliers during the Track Record Period. Ms. Ou, through her husband, recognised Mr. KW Lai's trustworthiness and the potential growth of our Group and decided to invest in Winning Tower in mid-2005. Ms. Ou confirms that she has not invested in other business relating to food supply or business similar to our Group since the time she invested in our Group. Ms. Ou is currently unemployed. Mr. KW Lai believed that the synergy created between Winning Tower, Top Ocean and Ms. Ou would drive the business growth of Winning Tower.

After the joining of Top Ocean as our strategic investor, we improved our operation by co-operating with Top Ocean to establish Maxford Logistics in August 2006 (which was then owned as to 60% by Top Ocean and as to 40% by Winning Tower) to provide transportation services to Winning Tower and the Super Star Group. Maxford Logistics subsequently became our 60%-owned subsidiary in December 2015.

In June 2008, Winning Tower expanded its business to Macau by co-operating with Ms. Jeong, the mother of Mr. Yu, and the two Independent Third Parties to establish Winning Tower (Macau). Ms. Jeong was operating the business of supply of frozen raw meat in Macau and Hong Kong through Yau Heng and had been our supplier for over seven years. It was also one of our top five suppliers during the

HISTORY, REORGANISATION AND GROUP STRUCTURE

Track Record Period. Winning Tower (Macau) was then owned as to 40% by Winning Tower. Winning Tower (Macau) was subsequently disposed in December 2015 in order to streamline our core business in Hong Kong.

In 2011, Winning Tower expanded its business to the PRC by co-operating with Top Ocean and an Independent Third Party to establish Winning Tower (China) and Winning Tower (Shenzhen). Winning Tower (Shenzhen) was wholly-owned by Winning Tower (China), while Winning Tower (China) was then owned as to 60% by Top Ocean and as to 40% by Winning Tower. Winning Tower (China) and Winning Tower (Shenzhen) were subsequently disposed in December 2015 in order to streamline our core business in Hong Kong.

In October 2012, Mr. Yu invested in and became a shareholder of Winning Tower. In view of the business relationship with Ms. Jeong, the mother of Mr. Yu, and Yau Heng, and Mr. Yu's contribution on the establishment of Jett Foods, Mr. KW Lai believed that the synergy created between Winning Tower and Mr. Yu would drive the business growth of Winning Tower.

In October 2012, we started to promote online sales of food products by co-operating with Mr. Timothy Ho, Mr. Yu, Mr. Eldon Lai (the son of Mr. KW Lai) and an Independent Third Party to establish Jett Foods. Jett Foods was then owned as to 30% by Winning Tower while subsequently became our wholly-owned subsidiary in December 2015.

In March 2013, we expanded our operation to have processing and trading of cooked food products in Hong Kong by co-operating with Grand Gold (which was then wholly-owned by Golden Cup, a member of the Super Star Group, and a fellow subsidiary of Top Ocean) and Jett Foods to establish Winning Star. Winning Star was then owned as to 40% by Winning Tower while subsequently became our 60%-owned subsidiary in December 2015.

In November 2014, Jett Foods co-operated with Golden Cup, a member of the Super Star Group, and an Independent Third Party to engage in restaurant operation in Hong Kong through Gold Will. Gold Will was then owned as to 30% by Jett Foods. Nevertheless, due to loss making, Gold Will was disposed in December 2015.

On 1 December 2015, Golden Cup transferred the entire issued share capital of Top Ocean and Grand Gold to Kam Lee, which was an investment holding company and our Controlling Shareholder, and was owned as to in aggregate 40% by Mr. WN Ho and his spouse, 21% by Mr. WN Ho's four children aged over 18 (who are Mr. WN Ho's associates), as to 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), as to in aggregate 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse and as to in aggregate 20% by 11 Independent Third Parties. Since 1 December 2015, Top Ocean and Grand Gold have ceased to be members of the Super Star Group.

Our Group carried out the Reorganisation in preparation for the Listing and on 10 February 2017, Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai and Keyview Ventures, all our Controlling Shareholders, entered into the Shareholders' Agreement that governs the relationships among them as shareholders of Keyview Ventures.

HISTORY, REORGANISATION AND GROUP STRUCTURE

BUSINESS MILESTONES

The following table outlines the key milestones in the history of our Group:

- | | |
|------|---|
| 2004 | Winning Tower was established by Mr. KW Lai with Ms. Li and others as strategic investors, and commenced the business of processing and trading of raw food products in Hong Kong |
| 2005 | Strategic investment by Top Ocean and Ms. Ou in Winning Tower

Acquisition of Unit 803 on 8/F, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong as our food factory |
| 2006 | Maxford Logistics was established by Winning Tower and Top Ocean to provide transportation services to Winning Tower and the Super Star Group |
| 2007 | Expansion of our food factory by acquiring Unit 808 on 8/F, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong |
| 2012 | Further expansion of our food factory by acquiring Unit 1103 on 11/F, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong

Strategic investment by Mr. Yu in Winning Tower

Jett Foods was established by Winning Tower, Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai to promote online sales of food products |
| 2013 | Winning Star was established by Winning Tower, Jett Foods and Grand Gold to expand our operation to processing and trading of cooked food products in Hong Kong |
| 2015 | Further expansion of our food factory by acquiring Unit 1105 on 11/F, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong |
| 2017 | Jett Foods was awarded with the Caring Company Award for 2016/2017 by the Hong Kong Council of Social Service in recognition of our commitment in caring for the community, employees and the environment |

HISTORY, REORGANISATION AND GROUP STRUCTURE

CORPORATE AND BUSINESS DEVELOPMENT HISTORY

Please refer to the sub-section headed “Our Group Structure” in this section below for the diagram sets forth the corporate structure of our Group as at 1 January 2015, the commencement date of the Track Record Period.

Our Company

Our Company was incorporated on 3 January 2017 in the Cayman Islands as an exempted company with limited liability, with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon completion of the Reorganisation, our Company became the holding company of our Group on 10 February 2017, details of which are set out in the paragraph headed “Reorganisation” in this section.

Our intermediate holding subsidiaries

Winning Tower Group (Hong Kong)

Winning Tower Group was incorporated in Hong Kong with limited liability on 21 January 2015. As at the Latest Practicable Date, Winning Tower Group had 28,429,000 ordinary “A” shares in issue. Winning Tower Group is an investment holding company.

On the date of its incorporation, ordinary “A” shares and ordinary “B” shares in Winning Tower Group were allotted and issued, both at HK\$1.00 each, such that the then shareholding of Winning Tower Group was the same as the then shareholding of Winning Tower as follows:

Name of shareholders	Ordinary “A” shares <small>(Note 1)</small>	Ordinary “B” shares <small>(Note 1)</small>	Approximate percentage of issued share capital
Mr. KW Lai	3,350,000	1,300,000	25.8%
Top Ocean	3,350,000	1,300,000	25.8%
Ms. Ou	1,400,000	3,000,000	24.4%
Mr. Yu	—	3,400,000	18.9%
Ms. Li	900,000	—	5.0%
Total <small>(Note 2)</small> :	9,000,000	9,000,000	100.0%

Notes:

- The rights, privileges and conditions attached to the ordinary “A” shares are the same as those attached to the ordinary “B” shares save and except that the ordinary “B” shares do not carry any right to vote at any general meeting of Winning Tower Group.
- The figures and percentages above may not add up to the total due to rounding.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 6 March 2015, Winning Tower Group allotted and issued 2,325,000, 2,325,000, 2,200,000, 1,700,000 and 450,000 ordinary “B” shares to Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu and Ms. Li, respectively, at the consideration of HK\$1.00 per ordinary “B” share totalling HK\$2,325,000, HK\$2,325,000, HK\$2,200,000, HK\$1,700,000 and HK\$450,000, respectively. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid allotment and issue of ordinary “B” shares, the then shareholding of Winning Tower Group was as follows:

Name of shareholders	Ordinary “A” shares <small>(Note 1)</small>	Ordinary “B” shares <small>(Note 1)</small>	Approximate percentage of issued share capital
Mr. KW Lai	3,350,000	3,625,000	25.8%
Top Ocean	3,350,000	3,625,000	25.8%
Ms. Ou	1,400,000	5,200,000	24.4%
Mr. Yu	—	5,100,000	18.9%
Ms. Li	900,000	450,000	5.0%
Total <small>(Note 2)</small> :	9,000,000	18,000,000	100.0%

Notes:

1. The rights, privileges and conditions attached to the ordinary “A” shares are same as those attached to the ordinary “B” shares save and except that the ordinary “B” shares do not carry any right to vote at any general meeting of Winning Tower Group.
2. The figures and percentages above may not add up to the total due to rounding.

On 16 April 2015:

- (a) Winning Tower Group acquired 3,349,999 “A” class shares and 1,299,999 “B” class shares in Winning Tower from Mr. KW Lai, 3,350,000 “A” class shares and 1,300,000 “B” class shares in Winning Tower from Top Ocean, 1,400,000 “A” class shares and 3,000,000 “B” class shares in Winning Tower from Ms. Ou, 3,400,000 “B” class shares in Winning Tower from Mr. Yu, and 900,000 “A” class shares in Winning Tower from Ms. Li, at a consideration of HK\$1.00 per “A” class share and HK\$1.00 per “B” class share, totalling HK\$4,649,998, HK\$4,650,000, HK\$4,400,000, HK\$3,400,000 and HK\$900,000, respectively. The consideration was determined with reference to the then par value of the shares and was fully settled. On the same date, Mr. KW Lai declared in writing that he held his remaining one “A” class share and one “B” class share in Winning Tower on trust for Winning Tower Group. Immediately after the aforesaid share transfers and declarations of trust, Winning Tower was beneficially wholly-owned by Winning Tower Group;

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (b) Winning Tower transferred its 4,000 ordinary shares in Maxford Logistics to Winning Tower Group, at a consideration of HK\$1.00 per ordinary share totalling HK\$4,000. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid transfer of shares, Maxford Logistics was owned as to 60% by Top Ocean and as to 40% by Winning Tower Group;
- (c) Winning Tower transferred its 1,500,000 ordinary shares in Jett Foods to Winning Tower Group, at a consideration of HK\$1.00 per ordinary share totalling HK\$1,500,000. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid transfer of shares, Jett Foods was owned as to 30% by Winning Tower Group, as to 40% by Mr. Timothy Ho, as to 15% by Mr. Yu and as to 15% by Mr. Eldon Lai; and
- (d) Winning Tower transferred its 3,200,000 ordinary shares in Winning Star to Winning Tower Group, at a consideration of HK\$1.00 per ordinary share totalling HK\$3,200,000. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid transfer of shares, Winning Star was owned as to 40% by Winning Tower Group, as to 40% by Grand Gold and as to 20% by Jett Foods.

On 29 October 2015, Mr. KW Lai transferred his legal interest in his remaining one “A” class share and one “B” class share in Winning Tower to Winning Tower Group at nil consideration.

On 28 December 2015, all the ordinary “B” shares in Winning Tower Group were converted to ordinary “A” shares in Winning Tower Group on the basis of one ordinary “B” share to one ordinary “A” share. Immediately after the aforesaid conversion, the then shareholding of Winning Tower Group was as follows:

Name of shareholders	Ordinary “A” shares <small>(Note 1)</small>	Ordinary “B” shares <small>(Note 1)</small>	Approximate percentage of issued share capital
Mr. KW Lai	6,975,000	—	25.8%
Top Ocean	6,975,000	—	25.8%
Ms. Ou	6,600,000	—	24.4%
Mr. Yu	5,100,000	—	18.9%
Ms. Li	1,350,000	—	5.0%
Total <small>(Note 2)</small> :	27,000,000	—	100.0%

Notes:

1. The rights, privileges and conditions attached to the ordinary “A” shares are the same as those attached to the ordinary “B” shares save and except that the ordinary “B” shares do not carry any right to vote at any general meeting of Winning Tower.
2. The figures and percentages above may not add up to the total due to rounding.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 29 December 2015, Winning Tower Group acquired 2,000,000, 750,000 and 750,000 ordinary shares in Jett Foods from Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively, and allotted and issued 815,000, 307,000 and 307,000 ordinary “A” shares, all credited as fully paid, as consideration to Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively, with reference to the valuation of Winning Tower Group and Jett Foods by an independent valuer. Immediately after the aforesaid transfer of shares, the then shareholding of Winning Tower Group was as follows:

Name of shareholders	Ordinary “A” shares <i>(Note 1)</i>	Ordinary “B” shares <i>(Note 1)</i>	Approximate percentage of issued share capital
Mr. KW Lai	6,975,000	—	24.5%
Top Ocean	6,975,000	—	24.5%
Ms. Ou	6,600,000	—	23.2%
Mr. Yu	5,407,000	—	19.0%
Ms. Li	1,350,000	—	4.8%
Mr. Timothy Ho	815,000	—	2.9%
Mr. Eldon Lai	<u>307,000</u>	<u>—</u>	<u>1.1%</u>
Total <i>(Note 2)</i> :	<u><u>28,429,000</u></u>	<u><u>—</u></u>	<u><u>100.0%</u></u>

Notes:

1. The rights, privileges and conditions attached to the ordinary “A” shares are same as those attached to the ordinary “B” shares save and except that the ordinary “B” shares do not carry any right to vote at any general meeting of Winning Tower Group.
2. The figures and percentages above may not add up to the total due to rounding.

As part of the Reorganisation and pursuant to the Sale and Purchase Agreement dated 10 February 2017, all the then shareholders of Winning Tower Group transferred an aggregate of 28,429,000 ordinary “A” shares in Winning Tower Group (representing the entire issued share capital of Winning Tower Group) to Bliss View, and as consideration thereof, 28,429 Shares in aggregate were allotted and issued, credited as fully paid, to Keyview Ventures. For details, please refer to the paragraph headed “Reorganisation” in this section. Immediately after the aforesaid transfers of shares, Winning Tower Group became an indirect wholly-owned subsidiary of our Company.

Bliss View (BVI)

Bliss View was incorporated in the BVI with limited liability on 31 October 2016 and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. As at the Latest Practicable Date, Bliss View has one share in issue. Bliss View is an investment holding company.

On 4 January 2017, Bliss View allotted and issued one share to our Company at par. Immediately after the aforesaid allotment and issue of share, Bliss View became a direct wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 10 February 2017, as part of the Reorganisation, Bliss View acquired the entire issued share capital of Winning Tower Group from Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai, details of which are set out in the paragraph headed “Reorganisation — Stage (2) — Acquisition of Winning Tower Group by Bliss View from Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai” in this section.

Our operating subsidiaries

Winning Tower (Hong Kong)

Winning Tower was incorporated in Hong Kong with limited liability on 13 February 2004 with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. Winning Tower principally carries on the business of processing and trading of raw food products in Hong Kong.

As at 1 January 2015, being the commencement date of the Track Record Period, Winning Tower had increased its authorised share capital to HK\$18,000,000 divided into 9,000,000 “A” class shares of HK\$1.00 each and 9,000,000 “B” class shares of HK\$1.00 each, the shareholding of which was as follows:

Name of shareholders	“A” class shares <small>(Note 1)</small>	“B” class shares <small>(Note 1)</small>	Approximate percentage of issued share capital
Mr. KW Lai	3,350,000	1,300,000 (1,700,000) <small>(Note 3)</small>	25.8%
Top Ocean	3,350,000	1,300,000	25.8%
Ms. Ou	1,400,000	3,000,000	24.4%
Mr. Yu	—	1,700,000 1,700,000 <small>(Note 3)</small>	18.9%
Ms. Li	<u>900,000</u>	<u>—</u>	<u>5.0%</u>
Total <small>(Note 2)</small> :	<u>9,000,000</u>	<u>9,000,000</u>	<u>100.0%</u>

Notes:

1. The rights, privileges and conditions attached to the “A” class shares are same as those attached to the “B” class shares save and except that the “B” class shares do not carry any right to vote at any general meeting of Winning Tower.
2. The figures and percentages above may not add up to the total due to rounding.
3. As at 1 January 2015, Mr. KW Lai held 1,700,000 out of his 3,000,000 “B” class shares in Winning Tower on trust for Mr. Yu.

On 15 January 2015, Mr. KW Lai transferred his legal interest in his 1,700,000 “B” class shares in Winning Tower to Mr. Yu at nil consideration.

HISTORY, REORGANISATION AND GROUP STRUCTURE

For information about Winning Tower Group's acquisition of Winning Tower, Maxford Logistics, Jett Foods and Winning Star on 16 April 2015, Mr. KW Lai's declaration on 16 April 2015 that he held his remaining one "A" class share and one "B" class share in Winning Tower on trust for Winning Tower Group, and Mr. KW Lai's transfer of his legal interest in Winning Tower to Winning Tower Group on 29 October 2015, please refer to the paragraph headed "Our intermediate holding subsidiaries — Winning Tower Group (*Hong Kong*)" above in this sub-section.

On 28 December 2015, all the "B" class shares in Winning Tower were converted to "A" class shares in Winning Tower on the basis of one "B" class share to one "A" class share. Immediately after the aforesaid conversion, 18,000,000 "A" class shares in Winning Tower (representing the entire issued share capital of Winning Tower) were owned by Winning Tower Group and Winning Tower became a wholly-owned subsidiary of Winning Tower Group.

Maxford Logistics (Hong Kong)

Maxford Logistics was incorporated in Hong Kong with limited liability on 17 May 2006 with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. Maxford Logistics principally carries on the business of providing transportation services to our Group and our customers in Hong Kong.

As at 1 January 2015, being the commencement date of the Track Record Period, the shareholding of Maxford Logistics was as follows:

Name of shareholders	Ordinary shares	Approximate percentage of issued share capital
Top Ocean	6,000	60%
Winning Tower	<u>4,000</u>	<u>40%</u>
Total:	<u><u>10,000</u></u>	<u><u>100%</u></u>

On 16 April 2015, Winning Tower transferred its 4,000 ordinary shares in Maxford Logistics to Winning Tower Group, at a consideration of HK\$1.00 per ordinary share totalling HK\$4,000. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid transfer of shares, Maxford Logistics was owned as to 60% by Top Ocean and as to 40% by Winning Tower Group.

On 18 December 2015, Top Ocean transferred its 2,000 ordinary shares in Maxford Logistics to Winning Tower Group at a consideration of HK\$515,601.67 with reference to the net asset value of Maxford Logistics as at 31 October 2015. Such consideration was fully settled. Immediately after the aforesaid transfer of shares, Maxford Logistics was owned as to 40% by Top Ocean and as to 60% by Winning Tower Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Jett Foods (Hong Kong)

Jett Foods was incorporated in Hong Kong with limited liability on 15 October 2012 with an authorised share capital of HK\$5,000,000 divided into 5,000,000 ordinary shares of HK\$1.00 each. Jett Foods principally carries on the business of retail online food delivery and trading in Hong Kong.

As at 1 January 2015, being the commencement date of the Track Record Period, the shareholding of Jett Foods was as follows:

Name of shareholders	Ordinary shares	Approximate percentage of issued share capital
Winning Tower	1,500,000	30%
Mr. Timothy Ho	2,000,000	40%
Mr. Yu	750,000	15%
Mr. Eldon Lai	750,000	15%
Total:	5,000,000	100%

On 16 April 2015, Winning Tower transferred its 1,500,000 ordinary shares in Jett Foods to Winning Tower Group, at a consideration of HK\$1.00 per ordinary share totalling HK\$1,500,000. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid transfer of shares, Jett Foods was owned as to 30% by Winning Tower Group, as to 40% by Mr. Timothy Ho, as to 15% by Mr. Yu and as to 15% by Mr. Eldon Lai.

On 29 December 2015, Winning Tower Group acquired 2,000,000, 750,000 and 750,000 ordinary shares in Jett Foods from Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively, and allotted and issued 815,000, 307,000 and 307,000 ordinary “A” shares, all credited as fully paid, as consideration to Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively, with reference to the valuation of Winning Tower Group and Jett Foods by an independent valuer. Immediately after the aforesaid transfer of shares, Jett Foods was wholly-owned by Winning Tower Group.

Our Directors confirm that Jett Foods did not have any material non-compliance incidents and food safety incidents in relation to the online food retail business prior to our Group acquired controlling interests during the Track Record Period.

Winning Star (Hong Kong)

Winning Star was incorporated in Hong Kong with limited liability on 8 March 2013 with an authorised share capital of HK\$8,000,000 divided into 8,000,000 ordinary shares of HK\$1.00 each. Winning Star principally carries on the business of processing and trading of cooked food products in Hong Kong.

HISTORY, REORGANISATION AND GROUP STRUCTURE

As at 1 January 2015, being the commencement date of the Track Record Period, the shareholding of Winning Star was as follows:

Name of shareholders	Ordinary shares	Approximate percentage of issued share capital
Winning Tower	3,200,000	40%
Grand Gold ^(Note)	3,200,000	40%
Jett Foods	1,600,000	20%
Total:	8,000,000	100%

Note: Grand Gold was then wholly-owned by Golden Cup, a member of the Super Star Group, and a fellow subsidiary of Top Ocean.

On 16 April 2015, Winning Tower transferred its 3,200,000 ordinary shares in Winning Star to Winning Tower Group, at a consideration of HK\$1.00 per ordinary share totalling HK\$3,200,000. The consideration was determined with reference to the then par value of the shares and was fully settled. Immediately after the aforesaid transfer of shares, Winning Star was owned as to 40% by Winning Tower Group, as to 40% by Grand Gold and as to 20% by Jett Foods.

Our Directors confirm that Winning Star (Hong Kong) did not have any material non-compliance incidents and food safety incidents in relation to the processed cooked food wholesale business prior to our Group acquired controlling interests during the Track Record Period.

Our excluded businesses

Since we decided to streamline our core business, we disposed of Winning Tower (Macau), Winning Tower (China), Winning Tower (Shenzhen) and Gold Will by the end of 2015. Our Directors confirm that to the best of their knowledge, Winning Tower (Macau), Winning Tower (China), Winning Tower (Shenzhen) and Gold Will did not involve in any material non-compliances, litigations or claims, or exposed to any material actual or contingent liabilities during the Track Record Period and up to their respective date of disposal.

In the opinion of our Directors, based on the unaudited management accounts of Winning Tower (Macau), Winning Tower (China), Winning Tower (Shenzhen) and Gold Will, had these four companies not been disposed and its financial information been included in the financial information of our Group, our Group would have recorded unaudited interest in associates of in aggregate approximately HK\$1.1 million and HK\$958,000 as at 31 December 2015 and 2016, respectively; and unaudited share of profit of the associates of in aggregate approximately HK\$611,000 and HK\$931,000 for each of the two years ended 31 December 2016, respectively.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Winning Tower (Macau) (Macau)

Winning Tower (Macau) was incorporated in Macau with limited liability on 2 June 2008 with a share capital of MOP\$60,000. Winning Tower (Macau) principally carries on the business of frozen meat trading and processing in Macau.

As at 1 January 2015, being the commencement date of the Track Record Period, Winning Tower (Macau) had a share capital of MOP\$60,000, and the shareholding of which was as follows:

Name of shareholders	Share capital	Approximate percentage of issued share capital
Winning Tower	MOP\$24,000 <i>(Note 1)</i>	40%
Ms. Jeong <i>(Note 2)</i>	MOP\$18,000	30%
Independent Third Party	MOP\$12,000	20%
Independent Third Party	<u>MOP\$6,000</u>	<u>10%</u>
Total:	<u><u>MOP\$60,000</u></u>	<u><u>100%</u></u>

Notes:

1. As at 1 January 2015, Mr. KW Lai held the share capital of MOP\$24,000 in Winning Tower (Macau) on trust for Winning Tower.
2. Ms. Jeong is a mother of Mr. Yu.

On 16 December 2015, Mr. KW Lai (as trustee for and on behalf of Winning Tower) transferred his share capital of MOP\$24,000 in Winning Tower (Macau) to Ms. Jeong, at a consideration of MOP\$2,000,000, with reference to the net asset value of Winning Tower (Macau) as at 31 October 2015. Such consideration was fully settled. Immediately after the aforesaid transfer of share capital, Winning Tower ceased to own any interest in Winning Tower (Macau).

Since Winning Tower (Macau) principally carries on the business of frozen meat trading and processing in Macau and we decided to streamline our core business of being a food supplier focusing on processed raw and cooked food products in Hong Kong, Winning Tower (Macau) falls outside the business model of our Group and therefore it was disposed by the end of 2015.

Based on the unaudited management accounts of Winning Tower (Macau), for each of the two years ended 31 December 2016, the revenue of Winning Tower (Macau) amounted to approximately MOP\$30.7 million and MOP\$27.7 million, respectively.

Since our disposal of Winning Tower (Macau) on 16 December 2015, we have allowed Winning Tower (Macau) to use our brand name and trademark for it to ensure its on-going smooth operation (especially to allow time for the customers and suppliers of Winning Tower (Macau) to accommodate) and in consideration of the previous business relationship between Winning Tower (Macau) and our

HISTORY, REORGANISATION AND GROUP STRUCTURE

Group. Such arrangement was and is only intended to be transitional in nature. On 13 April 2017, Winning Tower (Macau) submitted the application for change of name to Winning Futures Limited (運泰有限公司) and such application was provisionally approved on 4 May 2017.

Winning Tower (China) (Hong Kong)

Winning Tower (China) was incorporated in Hong Kong with limited liability on 18 February 2011 with an authorised share capital of HK\$1,000,000 divided into 1,000,000 ordinary shares of HK\$1.00 each. Winning Tower (China) is an investment holding company which was the holding company of Winning Tower (Shenzhen).

As at 1 January 2015, being the commencement date of the Track Record Period, the shareholding of Winning Tower (China) was as follows:

Name of shareholders	Ordinary shares	Approximate percentage of issued share capital
Top Ocean	600,000	60%
Winning Tower	400,000	40%
Total:	1,000,000	100%

On 18 December 2015, Winning Tower transferred its 400,000 ordinary shares in Winning Tower (China), together with its shareholder's loan, to Top Ocean, at a total consideration of HK\$440,000, with reference to the amount of Winning Tower's investment in Winning Tower (China) and Winning Tower (Shenzhen), a wholly-owned subsidiary of Winning Tower (China). Such consideration was fully settled. Immediately after the aforesaid transfer of shares, Winning Tower ceased to own any interest in Winning Tower (China) and Winning Tower (Shenzhen), a wholly-owned subsidiary of Winning Tower (China).

Since Winning Tower (Shenzhen), a wholly-owned subsidiary of Winning Tower (China), principally carries on the business of wholesale trading of food products in the PRC and we decided to streamline our core business of being a food supplier focusing on processed raw and cooked food products in Hong Kong, Winning Tower (Shenzhen) falls outside the business model of our Group and therefore Winning Tower (China) and Winning Tower (Shenzhen) were disposed by the end of 2015.

After the disposal of Winning Tower (China) and Winning Tower (Shenzhen), with a view to distinguishing Winning Tower (China) from our Group, Winning Tower (China) changed its company name to Gold Hill (China) Trading Limited on 27 June 2016.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Winning Tower (Shenzhen) (PRC)

Winning Tower (Shenzhen) was established in the PRC with limited liability on 8 July 2011 with registered capital of HK\$1,000,000 contributed by Winning Tower (China). Winning Tower (Shenzhen) principally carries on the business of wholesale trading of food products in the PRC.

As at 1 January 2015, being the commencement date of the Track Record Period, Winning Tower (Shenzhen) had a registered capital of HK\$1,000,000 and was wholly-owned by Winning Tower (China).

For information about Winning Tower's disposal of Winning Tower (China) on 18 December 2015, which indirectly disposed of Winning Tower (Shenzhen), and the reasons of such disposal, please refer to the paragraph headed "Our excluded businesses — Winning Tower (China) (*Hong Kong*)" above in this sub-section.

Gold Will (Hong Kong)

Gold Will was incorporated in Hong Kong with limited liability on 7 February 2013 with an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. Gold Will is principally engaged in restaurant operation in Hong Kong.

As at 1 January 2015, being the commencement date of the Track Record Period, the shareholding of Gold Will was as follows:

Name of shareholders	Ordinary shares	Approximate percentage of issued share capital
Golden Cup ^(Note)	88	55%
Jett Foods	48	30%
Independent Third Party	24	15%
Total:	160	100%

Note: Golden Cup, a member of the Super Star Group, was then the holding company of Top Ocean.

On 17 December 2015, Jett Foods transferred its 48 ordinary shares in Gold Will at a total consideration of HK\$1.00 to Golden Cup on the basis that Gold Will was loss making. Such consideration was fully settled. Immediately after the aforesaid transfer of shares, Jett Foods ceased to own any interest in Gold Will.

Since Gold Will principally carries on the business of restaurant operation in Hong Kong and we decided to streamline our core business of being a food supplier focusing on processed raw and cooked food products in Hong Kong, Gold Will falls outside the business model of our Group and therefore it was disposed by the end of 2015.

HISTORY, REORGANISATION AND GROUP STRUCTURE

REORGANISATION

Our Company completed the Reorganisation on 10 February 2017 in preparation for the Listing, pursuant to which our Company became the holding company of our Group. As confirmed by our Directors, each of the share transfers, made in the Reorganisation was properly and legally completed and settled. No approval is required from relevant regulatory authorities. The Reorganisation involved the following steps:

Stage (1) — Incorporation of Keyview Ventures, our Company and Bliss View

Keyview Ventures was incorporated in the BVI with limited liability on 31 October 2016 and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. On 22 December 2016, Keyview Ventures allotted and issued 6,975, 6,975, 6,600, 5,407, 1,350, 815 and 307 shares to Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai at par, respectively.

For details of the incorporation of our Company and Bliss View, please refer to the paragraph headed “Corporate and Business Development History” in this section.

Stage (2) — Acquisition of Winning Tower Group by Bliss View from Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai and the execution of the Shareholders’ Agreement

As part of the Reorganisation and pursuant to the Sale and Purchase Agreement dated 10 February 2017, Bliss View acquired 6,975,000 ordinary “A” shares, 6,975,000 ordinary “A” shares, 6,600,000 ordinary “A” shares, 5,407,000 ordinary “A” shares, 1,350,000 ordinary “A” shares, 815,000 ordinary “A” shares and 307,000 ordinary “A” shares of Winning Tower Group (in aggregate representing the entire issued share capital of Winner Tower Group) from Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai respectively. In consideration of each of the aforesaid transfers of shares of Winning Tower Group by the seven shareholders, our Company issued and allotted 6,975 Shares, 6,975 Shares, 6,600 Shares, 5,407 Shares, 1,350 Shares, 815 Shares and 307 Shares (in aggregate 28,429 Shares), all credited as fully paid to Keyview Ventures as directed by each of Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai, respectively.

Immediately after the aforesaid transfer of shares, Winning Tower Group became an indirect wholly-owned subsidiary of our Company.

On the same date of the Sale and Purchase Agreement on 10 February 2017, Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai and Keyview Ventures, our Controlling Shareholders, entered into the Shareholders’ Agreement that governs the relationships among them as shareholders of Keyview Ventures.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Under the Shareholders' Agreement:

- reserved matters as stated under the Shareholders' Agreement, including but not limited to:
 - (a) any material change in the nature or scope of our business, including (i) discontinuance of any major operation of our business; and (ii) introduction of any field of activity that is not ancillary to our business or relocation or expansion of our business each involving substantial capital expenses other than pursuant to the business plan approved by our Board after Listing;
 - (b) any amendment to the memorandum or the articles of association or the equivalent constitutional documents; and
 - (c) any appointment, termination, removal or any change in the auditors,shall require prior written consent by the shareholders of Keyview Ventures together holding not less than 70% of the total issued share capital of Keyview Ventures;
- the directors of Keyview Ventures are Mr. KW Lai, Mr. Chow Kuen Chung and Mr. Yu. The maximum number of the directors of Keyview Ventures shall be three (3) and shall be nominated and decided in the following manner:
 - (a) Mr. KW Lai shall have the right to appoint and remove one director of Keyview Ventures and appoint the chairman of the board of directors of Keyview Ventures (who shall have a casting vote in the case of an equality votes);
 - (b) Top Ocean shall have the right to appoint and remove one director of Keyview Ventures; and
 - (c) Mr. Yu shall have the right to appoint and remove one director of Keyview Ventures;

Note: Since Ms. Ou's investment in 2005, she had never been a director of Winning Tower (the major operating subsidiary of our Group) nor Winning Tower Group (the previous holding company of our Group). Further, as informed by Ms. Ou, for personal reason she will leave Hong Kong soon and reside in another country for a substantial period of time. Therefore, in view of the aforesaid historical arrangement among the shareholders and Ms. Ou's personal reason, Ms. Ou had no intention to be a director of Keyview Ventures despite her substantial shareholding in Keyview Ventures.
- Keyview Ventures shall not issue and allot any shares of Keyview Ventures or grant any option or right to acquire additional shares of Keyview Ventures to any third party except:
 - (a) with the prior written consent by the shareholders of Keyview Ventures together holding not less than 70% of the total issued share capital of Keyview Ventures; and
 - (b) first offer such shares to each shareholder of Keyview Ventures in proportion to his/her/its then existing shareholding percentage;

HISTORY, REORGANISATION AND GROUP STRUCTURE

- each of the shareholders of Keyview Ventures shall not do any of the following (except with the prior written consent by the shareholders of Keyview Ventures together holding not less than 70% of the total issued share capital of Keyview Ventures):
 - (a) pledge, mortgage, charge or otherwise encumber any of his/her/its shares of Keyview Ventures or any interest in his/her/its shares of Keyview Ventures;
 - (b) grant an option over any of his/her/its shares of Keyview Ventures or any interest in any of his/her/its share of Keyview Ventures; or
 - (c) enter into any agreement in respect of any votes attached to any of his/her/its share of Keyview Ventures;
- if a shareholder of Keyview Ventures wishes to transfer, indirectly or directly, any or all of his/her/its shares of Keyview Ventures to any third party (provided that the prior written consent by the shareholders of Keyview Ventures together holding not less than 70% of the total issued share capital of Keyview Ventures has been obtained), he/she/it shall offer the sale of such shares to each of the other shareholders on the proposed transfer price;
- if any shareholder of Keyview Ventures intends to transfer all or any part of his/her/its shares of Keyview Ventures to a third party, each of the other shareholders shall be entitled to participate in the sale by selling all (but not part of) his/her/its shares of Keyview Ventures on the same terms and conditions;
- all the new shareholder(s) of Keyview Ventures shall execute deed of adherence such that they will be bound by the Shareholders' Agreement;
- any purported transfer of any portion of a shareholder's direct or indirect beneficial interest in Keyview Ventures, including the shares of Keyview Ventures, in breach of the Shareholders' Agreement shall be void and of no effect; and
- the non-defaulting shareholder of Keyview Ventures has the right to purchase all of the shares of Keyview Ventures of the defaulting shareholder of Keyview Ventures at fair value if the defaulting shareholder of Keyview Ventures, among others:
 - (a) is in material breach of any of his/her/its obligations under the Shareholders' Agreement and, where the breach is capable of remedy, has failed to remedy the breach; or
 - (b) is adjudicated or found bankrupt or insolvent.

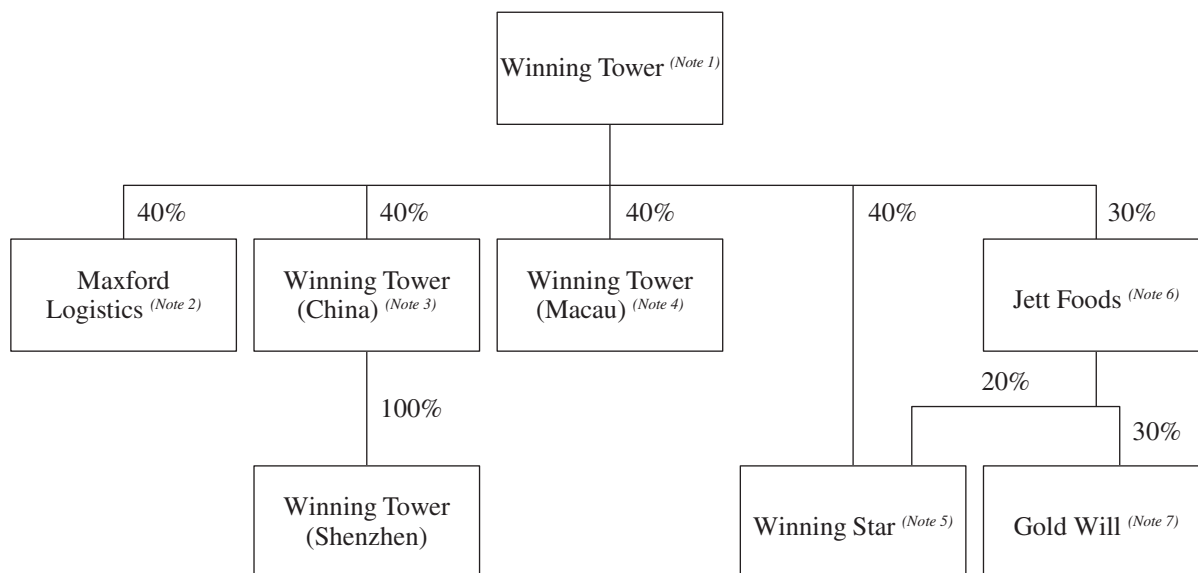
There were no outstanding options, debt securities, warrants and/or convertibles in respect of each member of our Group as at the Latest Practicable Date.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Conditional upon the crediting of our Company's share premium account as a result of the allotment and issue of the New Shares pursuant to the Share Offer, our Directors are authorised to capitalise an amount of HK\$11,199,715.7 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,119,971,570 Shares for allotment and issue to Keyview Ventures.

OUR GROUP STRUCTURE

The following diagram sets forth the corporate structure of our Group as at 1 January 2015, being the commencement date of the Track Record Period:

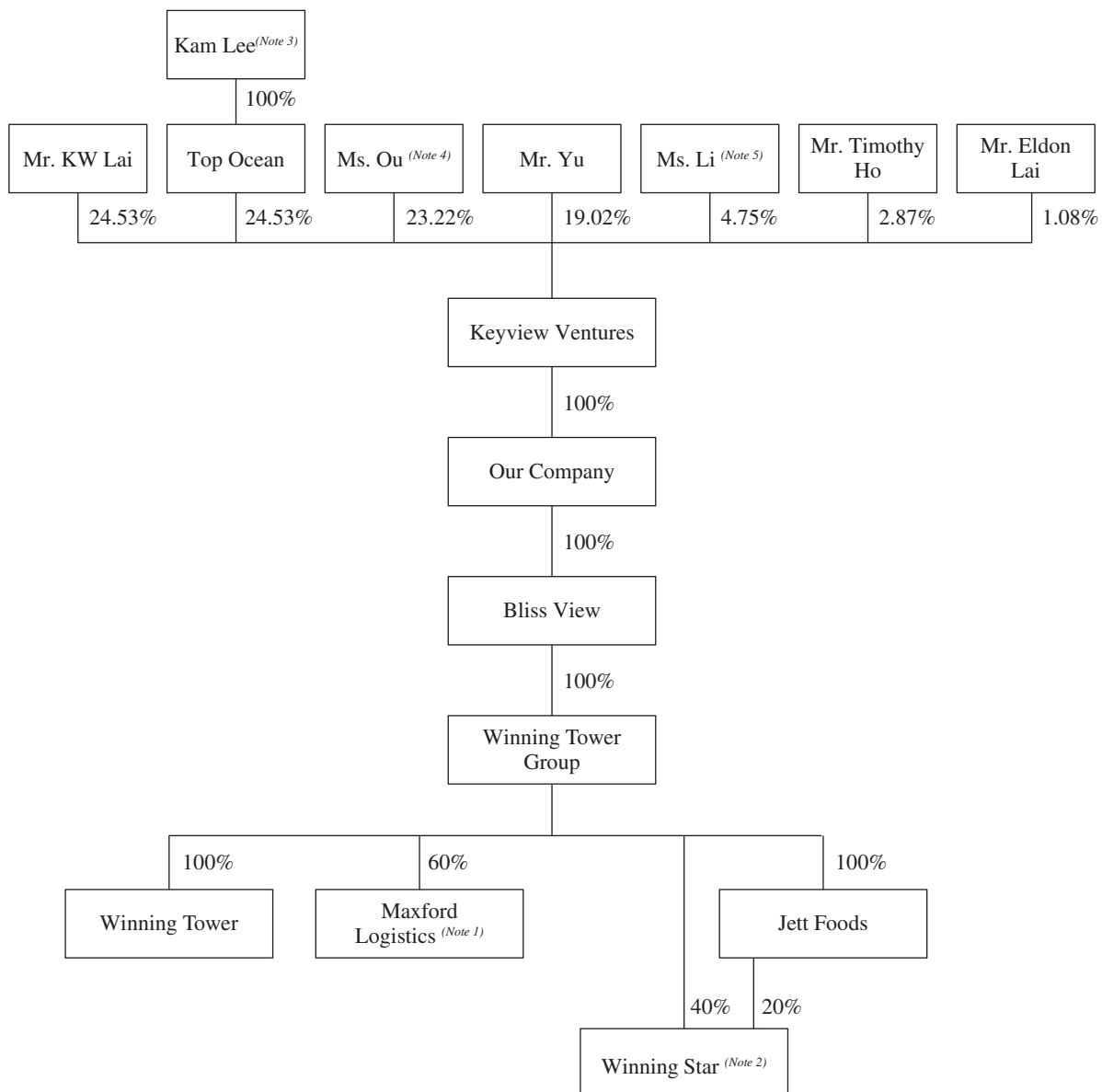


Notes:

1. For information about the shareholding of Winning Tower, please refer to the paragraph headed "Corporate and Business Development History — Our operating subsidiaries — Winning Tower (*Hong Kong*)" above in this section.
2. The remaining 60% shareholding interest in Maxford Logistics was held by Top Ocean.
3. The remaining 60% shareholding interest in Winning Tower (China) was held by Top Ocean.
4. Mr. KW Lai held 40% shareholding interest in Winning Tower (Macau) on trust for Winning Tower and the remaining 30%, 20% and 10% shareholding interests in Winning Tower (Macau) were held by Ms. Jeong, the mother of Mr. Yu, and two Independent Third Parties, respectively.
5. The remaining 40% shareholding interest in Winning Star was held by Grand Gold, which was wholly-owned by Golden Cup, a member of the Super Star Group, and a fellow subsidiary of Top Ocean.
6. The remaining 40%, 15% and 15% shareholding interests in Jett Foods were held by Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively.
7. The remaining 55% and 15% shareholding interest in Gold Will were held by Golden Cup, which was a member of the Super Star Group and the holding company of Top Ocean, and an Independent Third Party respectively.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following diagram sets forth the corporate structure of our Group immediately after completion of the Reorganisation:



Notes:

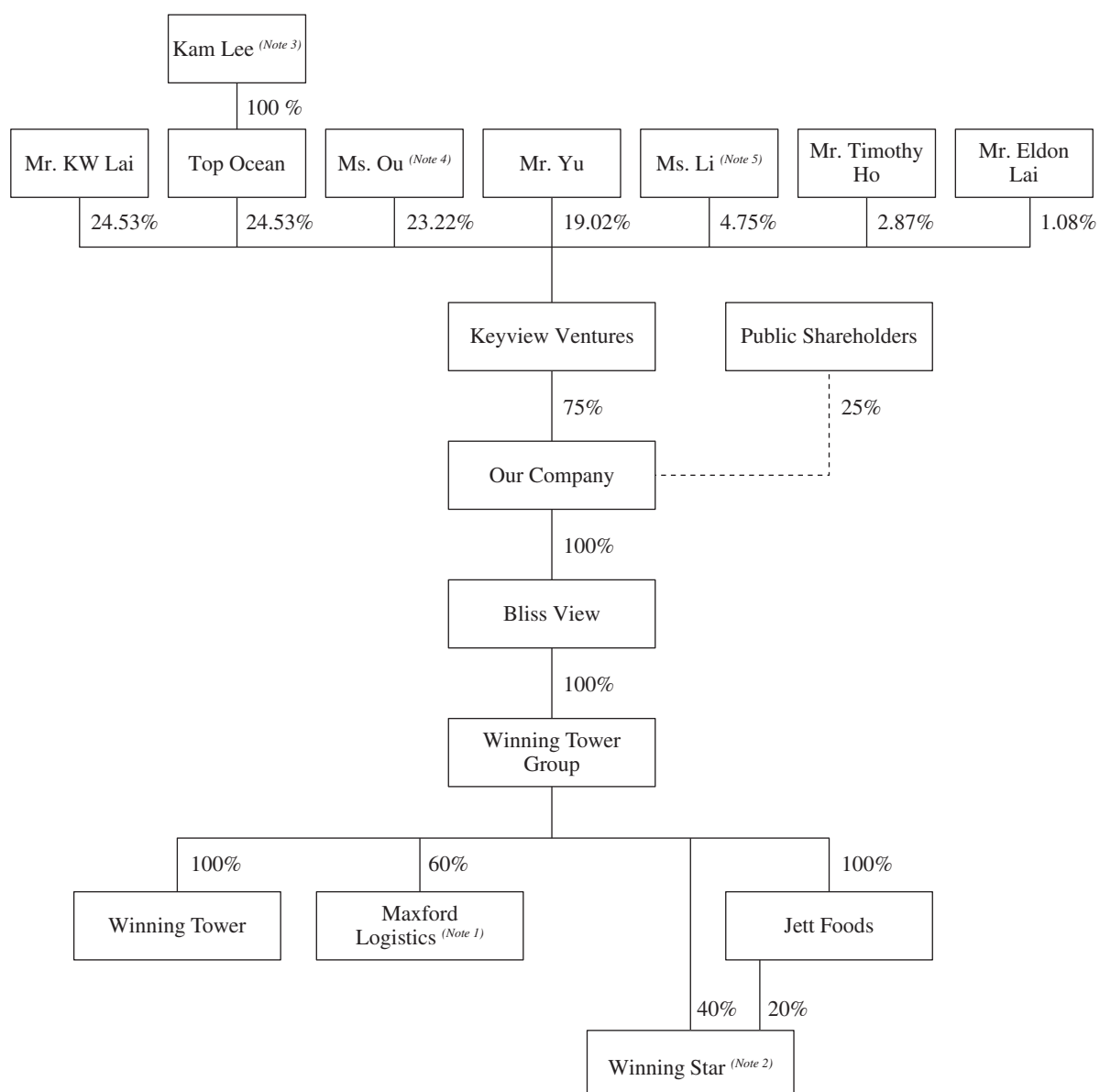
1. The remaining 40% shareholding interest in Maxford Logistics is held by Top Ocean.
2. The remaining 40% shareholding interest in Winning Star is held by Grand Gold, which is wholly-owned by Kam Lee, one of our Controlling Shareholders, and a fellow subsidiary of Top Ocean.
3. Kam Lee is owned as to 40% by Mr. WN Ho and his spouse, 21% by WN Ho's four children aged over 18 (who are Mr. WN Ho's associates), 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse, and 20% by 11 Independent Third Parties. Mr. WN Ho is also one of the founders of the Super Star Group. He and his spouse together control and own as to approximately 13.2% shareholding of Superstar Group Industries (the ultimate holding company of the Super Star Group), being the largest shareholders of Superstar Group Industries. Mr. WN Ho is also the current chief executive officer of the Super Star Group.

HISTORY, REORGANISATION AND GROUP STRUCTURE

4. Ms. Ou is one of our strategic investors and she invested in and became a shareholder of Winning Tower in mid-2005. Guangzhou Ge Yun, being one of our top five suppliers during the Track Record Period, is owned as to 50% by Mr. Zhong, the spouse of Ms. Ou, and 50% by the sister-in-law of Ms. Ou. Ms. Ou is currently unemployed.

5. Ms. Li is one of our strategic investors and she invested in and became a shareholder of Winning Tower in 2004. She is the spouse of Mr. Kam Dor Dor Francis, who is the current deputy general manager of Winning Tower and one of the members of our senior management. Ms. Li is currently unemployed.

The following diagram sets forth the corporate structure of our Group immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme):



HISTORY, REORGANISATION AND GROUP STRUCTURE

Notes:

1. The remaining 40% shareholding interest in Maxford Logistics is held by Top Ocean.
2. The remaining 40% shareholding interest in Winning Star is held by Grand Gold, which is wholly-owned by Kam Lee, one of our Controlling Shareholders, and a fellow subsidiary of Top Ocean.
3. Kam Lee is owned as to 40% by Mr. WN Ho and his spouse, 21% by WN Ho's four children aged over 18 (who are Mr. WN Ho's associates), 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse, and 20% by 11 Independent Third Parties. Mr. WN Ho is also one of the founders of the Super Star Group. He and his spouse together control and own as to approximately 13.2% shareholding of Superstar Group Industries (the ultimate holding company of the Super Star Group), being the largest shareholders of Superstar Group Industries. Mr. WN Ho is also the current chief executive officer of the Super Star Group.
4. Ms. Ou is one of our strategic investors and she invested in and became a shareholder of Winning Tower in mid-2005. Guangzhou Ge Yun, being one of our top five suppliers during the Track Record Period, is owned as to 50% by Mr. Zhong, the spouse of Ms. Ou, and 50% by the sister-in-law of Ms. Ou. Ms. Ou is currently unemployed.
5. Ms. Li is one of our strategic investors and she invested in and became a shareholder of Winning Tower in 2004. She is the spouse of Mr. Kam Dor Dor Francis, who is the current deputy general manager of Winning Tower and one of the members of our senior management. Ms. Li is currently unemployed.

BUSINESS

OVERVIEW

We are a food supplier focusing on processed raw and cooked food products in Hong Kong. Founded in 2004, we have over 12 years of experience in the food processing and trading industry. We have both wholesale and retail operations. All of our wholesale business are conducted in Hong Kong, and our wholesale customers include airline catering, restaurant, general catering and food processing operators. In purchasing processed food from us, our customers can save cost by reducing their kitchen staff and kitchen area. In addition to our wholesale operation, we have also operated an online food shop, namely Jettfoods.com, since 2012, offering a wide variety of food products to our retail customers via our online platform. As at the Latest Practicable Date, we offered over 150 types of processed raw and cooked food products to our customers.

Our factory premises comprise equipment and machinery for food processing, and Winning Tower, our subsidiary focusing on processing and trading of raw food, has obtained HACCP and GMP certifications, which ensures our food processing activities comply with strict food safety policy under the standards of HACCP and GMP. We also have our own vehicle fleet consisting of eight vehicles and our own logistics team consisting of 14 full-time employees, which ensure our products are delivered to customers in a timely manner and of good quality throughout transportation. Apart from delivering our products to our customers, our logistics team also offers logistics solution to external customers which require refrigerated food transportation services.

For the two years ended 31 December 2016, our total revenue amounted to approximately HK\$112.9 million and HK\$133.6 million, respectively. The following table sets forth a breakdown of our sales by products and services during the Track Record Period:

Product or service type	Year ended 31 December 2015		Year ended 31 December 2016	
	HK\$'000	%	HK\$'000	%
Wholesale processed raw food	112,718	99.9	109,802	82.2
Wholesale processed cooked food ^(Note)	—	—	17,527	13.1
Retail online food delivery and trading ^(Note)	—	—	2,823	2.1
Logistics services	147	0.1	3,426	2.6
Total	112,865	100.0	133,578	100.0

Note: Wholesale processed cooked food is operated under Winning Star and retail online food delivery and trading is operated under Jett Foods. Prior to a reorganisation in December 2015, Winning Star and Jett Foods were owned as to 40% and 30% by Winning Tower respectively. Therefore, the revenue from these products and services for the year ended 31 December 2015 were not reflected in the total revenue of our Group for the year ended 31 December 2015. Subsequently in December 2015, Winning Star became our 60% owned subsidiary and Jett Foods became our wholly-owned subsidiary. Therefore, the revenue from these products and services for the year ended 31 December 2016 were reflected in the total revenue of our Group for the year ended 31 December 2016.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success:

We have a diversified product portfolio

We have over 12 years of experience in the food processing and trading industry, and we have built good relationships with our suppliers and have the necessary equipment and techniques in processing food products to meet our customer's needs. As such, we are able to offer more than 150 types of processed raw and cooked food products to our customers, the details of which are set out in the paragraph headed "Our products and services" in this section. Our Directors believe that our ability to offer a wide range of processed food products allows our customers to minimize their effort in procuring and preparing the necessary food materials for their business operations. It also allows us to serve more customers with different preferences, thereby diversifying our Group's sources of revenue and reducing business risks associated with narrow choice of products.

We offer high quality tailor-made products to our customers in a timely manner

We believe our success is built on our ability to deliver food products of consistent high quality to our customers in a timely manner. In order to ensure the quality of our food products, we insist on purchasing quality raw food materials from selected suppliers and complying with strict food safety control under the standards of HACCP and GMP in processing our food products. Furthermore, when we have a new customer or when we have a request for a new product from our existing customer, we tend to conduct detailed discussions with the customer to come up with the product specifications (such as the meat size and processing method) prior to mass production. Our Directors believe that the pre-production interactions allow us to standardise the food products we deliver to our customers, which ensure our food products will satisfy our customers' needs in a timely manner.

We have our own established food processing premises comprising our own equipment, machinery and storerooms

To ensure stable and reliable production of our food products, our Group has invested in acquiring factory premises, equipment and machinery. As at the Latest Practicable Date, we owned four factory premises in Hong Kong, comprising our own equipment, machinery and storerooms that support our entire chain of operations from food processing, packaging to storage. To ensure the quality and food safety of our products, we have stringent quality control measures in place, the details of which are set out in the paragraph headed "Our Operation Workflow" in this section. Further, Winning Tower has obtained the internationally recognised quality control standards of HACCP and GMP. Our Directors believe that with our own food processing premises and related facilities, we are in a better position to monitor and ensure the standards of our food production more closely and to achieve lower production cost that may translate into more competitive product pricing.

BUSINESS

We have established long-term and stable relationships with our customers

Our Group has established and maintained good relationship with our customers. Our business relationships with our top five customers during the Track Record Period ranged from seven to twelve years. Our top five customers include airline catering, restaurant, general catering and food processing operators in Hong Kong and Macau. Our Directors believe that with our dedication to good quality and service, we have earned recognition and goodwill from our major customers, and our stable relationships with our major customers have contributed to the success of our Group with a solid recurrent income base. Our Directors also consider that our Group can leverage on its good relationship with these well-known customers to further enhance our Group's corporate image in the industry.

We have sources of quality food materials

As at the Latest Practicable Date, we source raw food materials from over 50 suppliers and have maintained good business relationships with them. Our business relationships with the majority of our top five suppliers during the Track Record Period ranged from five to twelve years. In addition, we also have a dedicated team of employees in charge of sourcing high quality products from our selected supplier network. We have put in place internal control measures covering selection of suppliers of raw food materials in order to ensure that they meet our specifications. Our Directors believe that our well-established network of suppliers and our relationships with them enable us to efficiently procure the food materials according to our customers' needs and allow us to provide stable services and high quality products to our customers. Furthermore, our extensive network of suppliers also benefits our online food shop by allowing it to source products at a more favourable price, which in turn allows us to price our online retail products at a competitive rate.

We have our own logistics team and equipped vehicle fleet

As at the Latest Practicable Date, we had 14 full-time employees in our logistics team and owned a total of eight vehicles. All our vehicles are equipped with refrigeration facilities, thermometers recording the temperature and temperature log to ensure our food products are transported in a suitable environment and remain in good quality upon delivery to our customers. Our Directors believe that our own logistics team and vehicle fleet allow us to deliver goods to our customers in a timely manner, ensure the quality condition of our food products during transportation, and as a result, provide comprehensive and stable services to our customers.

We have an experienced and dedicated management team

Our Group's business is managed by an experienced and dedicated management team possessing extensive operating experience and industry knowledge. We are led by Mr. KW Lai, our Chairman and executive Director, who has over 40 years of experience in the food processing and trading industry in Hong Kong, and Mr. Kam Dor Dor Francis, our deputy general manager supervising our operation department, who has over 29 years of experience in the food service industry. For detailed information about the industry experience of our Directors and senior management, please refer to the section headed "Directors, Senior Management and Staff" in this prospectus. Our Directors believe that the collective strengths and experience of its management team as well as the Directors' commitment to our Group have contributed to the success of our

BUSINESS

Group's business and will enable our Group to deliver continuous growth and profitability of its business. In addition, our management team's active involvement in the day-to-day operations of our Group's business also enable timely decisions to be made when required.

BUSINESS STRATEGIES

To solidify our position as a well-established food processing company in Hong Kong, we intend to implement the following business strategies:

Continue to maintain our relationship with existing customers while exploring new opportunities

Our Group will continue to strengthen our cooperation with existing customers. We will seek to provide more customised products and services to satisfy their particular needs. In addition, to leverage the good relationship with our well-known customers and our reputation in the industry, we target to expand our customer base to include more restaurants and hotels. Our Directors believe that these will enable us to increase our revenue and further expand our business in various industries.

Expand our processing capacity

As at the Latest Practicable Date, the annual production capacity of our existing processing facilities was approximately 4,500,000 kilograms, which was primarily limited by the storage capacity of our cold storage warehouses. The annual utilisation rate of our cold storage warehouses were approximately 78% and 84% for the two years ended 31 December 2016, respectively.

Given that the bottleneck of our production is the storage capacity of our cold storage warehouses, in anticipation of the growing demand for our products from our customers, we aim to expand our processing capacity by acquiring a new factory premises to be used as our cold storage warehouses. Based on our current expansion plan, our goal is to double the annual processing volume to approximately 9,000,000 kilograms by mid-2018. Please refer to the paragraph headed "Processing capacity" in this section for further details on our expansion plan.

In this connection, we intend to allocate approximately HK\$22.0 million of the proceeds from the Share Offer to acquire the new premises to be used as cold storage warehouses and approximately HK\$8.8 million of the proceeds from the Share Offer to renovate the new premises as a refrigeration facility.

Strengthen our logistics team by expanding vehicle fleet

As at the Latest Practicable Date, we own vehicle fleet consisting of eight vehicles. According to the CIC Report, the market size of the processed meat market, in terms of sales revenue, will grow from approximately HK\$9.9 billion in 2016 to approximately HK\$12.9 billion by 2021, at a CAGR of approximately 5.3%. In anticipation of the growing demand for our products together with the growing demand for logistics services in the industry, we aim to expand our vehicle fleet to eleven vehicles in the next two years.

In this connection, we intend to allocate approximately HK\$2.4 million of the proceeds from the Share Offer to acquire three more vehicles with refrigeration facilities for our logistics team.

BUSINESS

Increase our internal support

In anticipation of our business growth, our Directors foresee that our workload will increase significantly for our support team and we consider it is important to expand our support team to cater for our business growth. Currently, we do not have a separate human resources department. All the human resources related functions (such as payroll and overseeing staff attendance) are handled by our accounting manager. As our Directors foresee that the financial reporting and compliance requirements will increase after the Listing, the workload of our accounting manager will increase significantly and it will not be feasible for him to continue to handle all these human resources related functions. Therefore, our Directors consider that it is beneficial to our Group to set up a human resources department after Listing to handle all the human resources related functions while our accounting manager can focus on accounting and financial reporting related works.

In this connection, we intend to allocate approximately HK\$0.9 million of the proceeds from the Share Offer to setup a human resources department and approximately HK\$0.7 million of the proceeds from the Share Offer to engage external consultant to upgrade our internal management system.

OUR BUSINESS MODEL

We generate our revenue by sourcing, processing and supplying processed raw and cooked food products to wholesale customers in different industries, by retail sales of food products through our online food shop and trading of raw food. We also offer logistics services to external customers.

Our products and services

The products and services that generate our sales revenue are categorised into: (i) wholesale processed raw food; (ii) wholesale processed cooked food; (iii) retail online food delivery and trading; and (iv) logistics services.

During the Track Record Period, our total revenue amounted to approximately HK\$112.9 million and HK\$133.6 million, respectively. The following table sets forth a breakdown of our sales by products and services during the Track Record Period:

Product or service type	Year ended		Year ended	
	31 December 2015		31 December 2016	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Wholesale processed raw food	112,718	99.9	109,802	82.2
Wholesale processed cooked food ^(Note)	—	—	17,527	13.1
Retail online food delivery and trading ^(Note)	—	—	2,823	2.1
Logistics services	147	0.1	3,426	2.6
Total	<u>112,865</u>	<u>100.0</u>	<u>133,578</u>	<u>100.0</u>

BUSINESS

Note: Wholesale processed cooked food is operated under Winning Star and retail online food delivery and trading is operated under Jett Foods. Prior to a reorganisation in December 2015, Winning Star and Jett Foods were owned as to 40% and 30% by Winning Tower respectively. Therefore, the revenue from these products and services for the year ended 31 December 2015 were not reflected in the total revenue of our Group for the year ended 31 December 2015. Subsequently in December 2015, Winning Star became our 60% owned subsidiary and Jett Foods became our wholly-owned subsidiary. Therefore, the revenue from these products and services for the year ended 31 December 2016 were reflected in the total revenue of our Group for the year ended 31 December 2016.

The following table sets forth a breakdown of our wholesale processed raw food during the Track Record Period:

By types of food	Year ended 31 December			
	2015		2016	
	Revenue	Percentage of revenue from wholesale processed raw food	Revenue	Percentage of revenue from wholesale processed raw food
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Poultry	40,125	35.6%	42,126	38.4%
Pork	29,662	26.3%	30,401	27.7%
Beef	31,003	27.5%	26,525	24.1%
Lamb	972	0.9%	670	0.6%
Others	10,956	9.7%	10,080	9.2%
	<u>112,718</u>	<u>100.0%</u>	<u>109,802</u>	<u>100.0%</u>

Wholesale processed raw food

We source raw food materials from suppliers and then process and package the raw food in our factory premises. We mainly focus on processing raw meat as well as trading frozen vegetables. Raw food is processed by different processing specifications including marinating, slicing and cutting raw meat products. The finished products of the processed raw food are to be sold to our customers. As at the Latest Practicable Date, we offered over 100 types of processed raw food products to our customers. The following table sets forth some examples of our key raw food materials we process and the finished products we offer to our customers:

Raw food materials	Finished products
Poultry	<ul style="list-style-type: none"> ● Chicken leg boneless skin-on cubes ● Chicken leg meat boneless skin-on (sliced, marinade, 1.5 x 1.5 inches) ● Chicken mid-joint wings (30–40 grams per piece) ● Duck breast (smoked) ● Duck leg meat (whole, 200–220 grams)

BUSINESS

Raw food materials

Finished products

Beef	<ul style="list-style-type: none">● Beef rib fingers● Beef short plate (sliced)● Beef knuckle (diced mini, marinade)● Beef golden coin muscle
Pork	<ul style="list-style-type: none">● Pork spare rib cubes (1 x 1 inch)● Pork spare ribs (barbeque style)● Pork hind leg meat (sliced mini)● Pork leg meat (minced)● Pork belly slices (7cm x 2mm)
Lamb	<ul style="list-style-type: none">● Lamb leg boneless (sliced, 2 inches)● Lamb leg boneless (diced, 1.5 x 1.5 inches)

Wholesale processed cooked food

We source raw meat from suppliers and then process the raw meat by cooking and roasting. The finished products are processed cooked food sold to our customers, who are mainly restaurants. There are over 50 types of cooked food products we offer, such as barbecued pork, peking duck, suckling pig, and beef brisket. We also prepare our food products to ready-to-cook form based on customers' request. Some restaurant customers purchase our ready-to-cook products and roast at their own kitchens.

Retail online food delivery and trading

Our online food shop, namely Jettfoods.com, provides our retail customers with food products from all over the world including the United States, Australia and New Zealand. We further process and package some of these food products in our own food factories to ensure that we deliver quality food products to our retail customers. Various food products are available on our online food shop, including organic meat products, beef, lamb, pork, poultry, seafood, sausages, patties, fine foods such as Iberico ham and caviar, condiments, and beer. In addition, we also trade raw meat from overseas. During the Track Record Period, we imported beef from Australia and sold to distributors and restaurants in Hong Kong.

BUSINESS

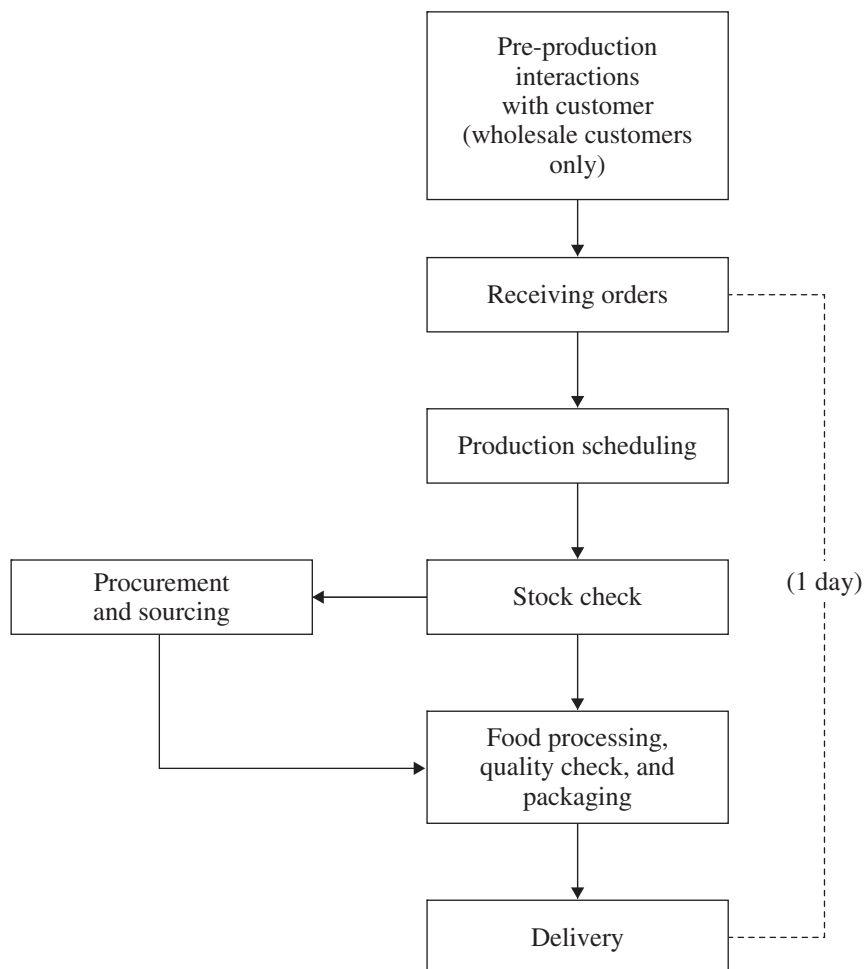
Logistics services

Apart from delivering our products to our customers, our logistics team also offers logistics services to external customers which require refrigerated food transportation in Hong Kong. As at the Latest Practicable Date, we had 14 full-time employees in our logistics team and owned a total of eight vehicles. All our vehicles are equipped with refrigeration facilities, thermometers recording the temperature and temperature log to ensure our food products are transported in a suitable environment and remain in good quality upon delivery to our customers. During the Track Record Period, our key customers were customers and suppliers of our wholesale operation who request us to deliver their food products to the designated destinations.

OUR OPERATION WORKFLOW

Overview of our food processing

Set out below is our standard processing workflow:



BUSINESS

Pre-production interactions with customer (wholesale customers only)

When we have a new wholesale customer or when we have a request for a new product from our existing wholesale customer, we tend to conduct detail discussions with the customer prior to mass production to come up with the product specifications (such as the meat size and processing method). In addition, for some customers, we will enter into agreements to fix the indicative price for each product type for a specific period. In general, the terms of these agreements are usually on a bi-monthly, quarterly, four-monthly, semi-annually or yearly basis, depending on the product type.

Receiving orders

Our staff from the sales department receive purchase orders from our wholesale customers by telephone, fax, or email. The purchase orders are recorded in our trading system which will then issue the corresponding invoices to be followed up in the subsequent process. Each invoice captures the details of the customer order such as descriptions of the food product, size and quantity, price and delivery destination after processing. For retail online customers, their orders are placed through our online system.

Production scheduling

For the confirmed invoices, our manager of the sales department will arrange the production, estimate the expected delivery date, update the factory task schedule accordingly and notify the corresponding production team.

Stock Check

When new order comes in, the corresponding production team leader will conduct a stock check to ensure that there is stock available to complete the order. If the stock is available and sufficient, our food processing department will collect the raw food materials and start the food processing procedures.

Procurement and sourcing

In the event of insufficient stock to complete the order, our purchase department will source and procure the required food materials from our suppliers. For details of our suppliers and supplier selection, please refer to the section headed “Business — Our Suppliers” in this prospectus.

We adopt a centralised purchase system with our dedicated purchase department to approve and monitor all purchase orders, to ensure strict adherence to all our internal control measures in procurement. In general, our head of operation department collects purchase requests from all production teams, consolidates into a single purchase list and proceeds to procure from our suppliers with the assistance of our purchase department. In general, when the goods are ready, our logistics department will dispatch our vehicles to collect the goods from suppliers. We inspect thoroughly the quality and expiry period of the food materials upon collecting our purchase to ensure the raw food materials meet our quality standards.

BUSINESS

Food processing, quality check, packaging

The following table sets forth the manufacturing process for processed raw food products and the corresponding quality control measures:

Process	Quality control measures
Receive, unpack, and keep raw materials in storage (freezers or chillers)	<ul style="list-style-type: none">● Freezers must be maintained at a temperature of -18°C.● Chillers must be maintained at a temperature of between 0°C and 4°C.● On average, raw materials are kept in storage for approximately two hours.
Slice, cut, marinate, weigh, pack, and label	<ul style="list-style-type: none">● Check for any metal contamination.
Finished products are kept in storage and ready for dispatch	<ul style="list-style-type: none">● Freezers must be maintained at a temperature of -18°C.● Chillers must be maintained at a temperature of between 0°C and 4°C.● On average, finished products are kept in storage overnight before delivery on the next day.

The following table sets forth the manufacturing process for processed cooked food and the corresponding quality control measures:

Process	Quality control measures
Receive, unpack, and keep raw materials in storage (freezers or chillers)	<ul style="list-style-type: none">● Freezers must be maintained at a temperature of -18°C.● Chillers must be maintained at a temperature of between 0°C and 4°C.● On average, raw materials are kept in storage for approximately two hours.
Cut, Trim, and marinate	<ul style="list-style-type: none">● Check for any metal contamination.
Cook, cut, weigh and pack	<ul style="list-style-type: none">● Check the internal core temperature of the cooked meat products.

BUSINESS

Process

Cool or freeze the cooked meat products based on customer's specifications

Finished products are kept in storage and ready for dispatch

Quality control measures

- Check the chilling or freezing time taken for the cooked meat products.
- Freezers must be maintained at a temperature of -18°C.
- Chillers must be maintained at a temperature of between 0°C and 4°C.
- On average, finished products are kept in storage overnight before delivery on the next day.

Our packaging must bear specific labelling and other information as may be required by law. In addition, all our finished food products must be kept fresh and require careful protection against physical and biological irritants that may damage our products during storage, transportation and delivery to our customers. As such, we endeavour to carefully and thoroughly package our products to ensure maximum freshness and quality and displaying the correct information for food safety reasons.

Delivery

Our manager of the sales department passes the invoices of customers' purchase orders which are due to be dispatched of the day to our logistics manager daily. As at the Latest Practicable Date, we have one Logistics Manager responsible for the coordination of transportation and delivery services that we provide. Our vehicle fleet consists of eight vehicles and all of which are owned by us. Our food products are prepared for transportation and assigned to vehicles depending on factors such as the storage and handling requirements of the food products. Our operation department is also required to confirm the dispatch of products daily to ensure the right products are delivered to our customers.

Processing factory

As at the Latest Practicable Date, our Group owned four properties in Hong Kong, which are used as processing factory, warehouse and office, covering a total saleable area of approximately 18,148 sq.ft.. For detailed information of our factory premises, please refer to the paragraph headed "Properties" in this section.

BUSINESS

Machinery and equipment

The equipment and machinery used in our food processing are owned by our Group, including different types of cutting machines, mixers and packaging machines. The following table sets forth the principal machinery used in our processing stage, each having an average expected useful life of four to seven years:

Machinery or equipment	Number of machinery or equipment	Use(s)
Meat saw	7	To cut bone-in meat
Chop cutter	3	To chop boneless meat
Slicer	2	To slice meat
Meat mincer	5	To mince meat up
Mixer/Vacuum mixer	6	To marinate meat
Vacuum packer	2	To remove air from plastic food preservation bags
Ice machine	3	To make ice for packaging of our food products to maintain ideal storage conditions
Metal detector	1	To detect foreign metal objects in the food packaging
Strapping machine	4	To package our food products
Oven	11	To roast our food products

Our Group conducts regular maintenance on its machinery and equipment, including checking for normal wear and tear, keeping records on machine configurations, making adjustments on machinery settings and programming and conducting and/or arranging of care for fittings. During the Track Record Period, we were not subject to any major disruption of business operations resulting from insufficient equipment maintenance or breakdown of machinery or equipment.

In addition to machinery and equipment, we also have refrigeration facility in our processing factories, divided into two separate areas for the storage of chilled and frozen food products.

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The table below sets forth the average age of our principal processing machinery as at 31 December 2016 by major types of machines:

	Average age as at 31 December 2016 (years)	Average useful life based on management expectation (years)	Average remaining useful life (years)
Meat saw	3.9	12	8.1
Chop cutter	5.4	10	4.6
Slicer	7.7	12	4.3
Meat mincer	5.5	10	4.5
Mixer/Vacuum mixer	6.4	12	5.6
Vacuum packer	3.7	12	8.3
Ice machine	5.1	8	2.9
Metal detector	7.4	10	2.6
Strapping machine	3.2	8	4.8
Oven	2.9	10	7.1

Note: According to our depreciation policy, our machinery and equipment are depreciated over four to seven years. Despite the average age of our machinery and equipment was approximately or over three years, in view of the current status of the machines, our Directors are of the view that the machines are still in good operating mode.

Processing capacity

The following table shows the estimated processing capacity of our major machineries/equipment and cold storage room for our food processing for the year ended 31 December 2016:

	Estimated processing capacity ('000 kilogram)
Chop cutter (<i>Note 1</i>)	23,841
Meat mincer (<i>Note 1</i>)	20,440
Mixer/Vacuum mixer (<i>Note 1</i>)	10,512
Cold storage room (<i>Note 2</i>)	4,531

Notes:

1. Processing capacity of machinery/equipment is estimated by the minimum processing capacity provided by the manufacturer multiplied by the number of machineries/equipment we own.
2. Processing capacity of cold storage room is estimated by the annual storage capacity. Currently we have refrigeration facility in our processing factories, sectioned into two separate areas for the storage of chilled and frozen food products. All the products are stored in standard storage units which can hold a maximum of 450 kg of food per unit. Our storage area can hold approximately 55 standard storage units. Half of the storage area is designated for raw material and the other half for finished goods. Therefore, we can process approximately 12,375 kg per day.

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As seen from the above table, the estimated processing capacity of cold storage room is much lower than those of other major machineries/equipment, causing significant idle time for these machineries/equipment.

We believe the bottleneck for food processing is the limited storage capacity of our cold storage room. Before processing, all our raw material needs to be kept in storage (freezers or chillers depending on the food nature). After processing, all the finished products must be kept in storage before dispatch (in general overnight). Although our operational cycle is short (approximately one day in general), we must store our raw materials and finished goods in cold storage for hygiene and food safety reasons. Therefore, the size of the storage capacity limits our processing capacity. The processing capacity of the cold storage room and an analysis of the utilisation rate by month during the Track Record Period are set out below:

	For the year ended 31 December 2015			For the year ended 31 December 2016		
	Estimated processing capacity <i>(Note 1)</i> <i>('000 kilogram)</i>	Actual processing volume <i>('000 kilogram)</i>	Utilisation rate <i>(Note 2)</i>	Estimated processing capacity <i>(Note 1)</i> <i>('000 kilogram)</i>	Actual processing volume <i>('000 kilogram)</i>	Utilisation rate <i>(Note 2)</i>
January	384	295	77%	384	360	94%
February	347	279	80%	359	298	83%
March	384	282	73%	384	322	84%
April	371	301	81%	371	338	91%
May	384	339	88%	384	337	88%
June	371	253	68%	371	295	80%
July	384	249	65%	384	267	70%
August	384	245	64%	384	302	79%
September	371	350	94%	371	337	91%
October	384	337	88%	384	313	82%
November	371	310	84%	371	310	84%
December	384	298	78%	384	323	84%
Total	<u>4,519</u>	<u>3,538</u>	<u>78%</u>	<u>4,531</u>	<u>3,802</u>	<u>84%</u>

Notes:

1. Processing capacity is estimated by the daily storage capacity multiplied by the number of days in the month.
2. Utilisation rate is computed by dividing actual processing volume by estimated processing capacity.

Our overall processing facility utilisation rate was higher for the year ended 31 December 2016, as compared to the year ended 31 December 2015. The increase in utilisation rate of our processing lines for the year ended 31 December 2016 was primarily due to increase in actual processing volume of wholesale processed raw and cooked food products, which is in line with our revenue growth for the year ended 31 December 2016.

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We expect to receive more orders from some of our existing major customers for the next two years; therefore, we have entered non-legally binding MOU with them. Since our existing processing capacity has high utilisation rate with some peak months over 90% utilisation, we must expand our capacity to satisfy the strong demand in the future. We plan to acquire a new factory premises with an approximately area of 7,300 sq.ft. and renovate it into a cold storage room. We estimate that the expansion would be completed by mid-2018. Upon completion of the expansion, our annual processing capacity is expected to be doubled to approximately 9,000,000 kg. The estimated utilisation rate of our expanded processing facilities in the first year of operation is expected to be approximately 51%.

As at the Latest Practicable Date, we are in the course of identifying a potential new factory premises. The Directors prefer the new factory premises to be located close to our existing processing facility; therefore, we are seeking a factory premises in Kwai Chung. We intend to allocate approximately HK\$22.0 million of the proceeds from the Share Offer to acquire the new premises as cold storage warehouses and approximately HK\$8.8 million of the proceeds from the Share Offer to renovate the new premises as a refrigeration facility. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in the prospectus.

Our Directors expect that upon completion of the expansion, our revenue will increase as we are no longer restricted by our current limited processing capacity and will be able to accept more orders from our customers. Our gross profit margin will remain the same if all else remain unchanged. Assuming our major customers increase their purchase in 2018 by 20–40% against their original plan after we expand our processing capacity (based on letters of intent received by some of our major customers), our net profit margin should improve given our expected financial impact of expansion (including depreciation and operation costs) will only amount to approximately HK\$202,000 each month since its expected operation commencement in 2018.

According to the estimated investment of the expansion plan, we expect the investment in the new processing facilities will have a breakeven revenue⁽¹⁾ of approximately HK\$4.8 million for the first year of its operation in 2018 (assuming 8 months of operation with the new processing facilities in 2018) and HK\$7.1 million per annum thereafter (assuming our gross margin stays at 34.0%), and a payback period⁽²⁾ of approximately 3.3 years, based on feedback of our major customers after we inform them of our expansion plan and the estimated operating cost of the new processing base. In order to achieve this breakeven revenue of HK\$7.1 million per annum, we expect that only an utilisation rate of approximately 4.4%⁽³⁾ of our expanded processing facilities is required to achieve this breakeven revenue. As long as our actual utilisation rate is equal to or above this breakeven utilization rate, our Group will not incur loss from operating this expanded processing facility. As the estimated utilisation rate of our expanded processing facilities in the first year of operation is already expected to be

Notes:

- (1) Breakeven revenue: the revenue required to generate sufficient gross profit to cover additional operating costs of our new processing facilities. Additional operating costs include additional depreciation costs and utilities (e.g. electricity and water costs). Our Directors expect additional operating costs for our new processing facilities will be approximately HK\$202,000 per month (or HK\$2,424,000 per annum). Assuming our gross margin stays at 34.0%, we have to generate approximately HK\$7.1 million per annum to cover these additional operating costs.
- (2) Payback period: the length of time we expect to recover the investment for the new processing facilities (being approximately HK\$22.0 million to acquire the new premises as cold storage warehouses and approximately HK\$8.8 million to renovate the new premises as a refrigeration facility) from additional gross profit from the new processing facilities.
- (3) Utilisation rate to achieve breakeven revenue: calculated by dividing sales volume to achieve breakeven revenue by the additional processing capacity (being approximately 4,500,000 kg). The sales volume to achieve breakeven revenue is calculated by dividing our expected breakeven revenue (approximately HK\$7.1 million) by our expected average sales price per kg for the forecast year (approximately HK\$36.0 per kg).

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approximately 51%, the Directors are of the view that it is appropriate to double the processing facilities in order to resolve the current capacity bottleneck problem and satisfy the expected forthcoming increase in demand.

Having considered (i) our existing processing capacity are close to full utilisation; (ii) our Directors are of the view that we will be able to achieve a revenue growth for the year ending 31 December 2018, being the first year when the new processing facilities commence operations, higher than the expected breakeven point of the investment of the corresponding year; and (iii) our Directors confirmed that the estimated utilisation rate of our expanded processing facilities in the first year of operation is expected to be approximately 51%, our Directors believe that future demand would justify the need for extra processing capacity.

Based on our estimated processing capacity of our major machineries/equipment, even when we double our cold room capacity to approximately 9,000,000 kg, the current processing capacity of our major machineries/equipment (such as chop cutter, meat mincer and mixer/vacuum mixer) will have sufficient processing capacity to support the expanded cold storage capacity.

OUR CUSTOMERS

During the Track Record Period, we provided processed raw and cooked food products to over 30 customers in Hong Kong. Our customers include airline catering, restaurant, general catering and food processing operators. The following table sets forth a breakdown of our revenue by customer types during the Track Record Period:

	Year ended 31 December			
	2015		2016	
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Airline catering	68,532	60.7	72,511	54.3
Restaurant	14,682	13.0	33,020	24.7
General catering	12,414	11.0	9,212	6.9
Food processing	15,813	14.0	9,634	7.2
Others ^(Note)	1,424	1.3	9,201	6.9
Total	112,865	100.0	133,578	100.0

Note: Others mainly included food trades and online retail.

Major customers

For the two years ended 31 December 2016, our top five customers accounted for approximately 77.6% and 76.6% of our total revenue, respectively; and our largest customer accounted for approximately 37.8% and 33.2% of our total revenue, respectively. During the Track Record Period, all

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of our top five customers had continued business relationship with us for periods ranging from seven to twelve years. Our Directors confirmed that our Group had not experienced any material cancellation of orders by our customers during the Track Record Period and up to the Latest Practicable Date.

The following table sets out the profile of our top five customers based on the aggregation of revenue attributable to them during the Track Record Period:

For the year ended 31 December 2015

Rank	Customer	Description of customer	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue <i>HK\$'000</i>	Percentage of total revenue %
1	Customer A	One of the airline catering services providers in Hong Kong supplying meals to carriers operating out of Hong Kong International Airport. It is a wholly-owned subsidiary of an airline in Hong Kong. With a history dated back to 1967, it has over 49 years of experience in the airline catering industry. According to its website, it supplied over 30 million meals to over 40 scheduled carriers operating out of Hong Kong International Airport, accounting for about 65% of the total market share in airline catering in 2016. Apart from providing catering services, it also provides logistics services in delivering food and beverages and other commissary items onto aircraft.	12 years	42,684	37.8
2	Customer B	Airline catering services providers in Hong Kong under a German airline group supplying meals to carriers operating out of Hong Kong International Airport. It was founded in the early 1990s. Apart from providing catering services to airlines, it also serves other customers with a range of services including retail capabilities, lounge management and all kinds of food solutions, from traditional catering to frozen meals and packaged snacks.	12 years	23,852	21.1

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Rank	Customer	Description of customer	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue <i>HK\$'000</i>	Percentage of total revenue %
3	Customer C	One of the general catering providers in Hong Kong. Founded in 1980, it focuses on providing catering services to restaurants, fast food shops, seafood restaurants and also managing companies' canteens. Since the early 1990s, it specialises in supplying lunch box to secondary and primary schools in Hong Kong. According to its website, it has obtained HACCP and ISO9001 certification in 2004. It is also the first lunch box catering services provider supplying freshly made lunch boxes to obtain ISO22000 certification in Hong Kong.	12 years	8,478	7.5
4	Winning Tower (Macau)	A company carrying on the business of frozen meat trading and processing in Macau	7 years	6,840	6.1
5	Super Star Group	One of the Chinese restaurant groups in Hong Kong operating various brands of restaurant outlets	12 years	5,778	5.1
Total				<u>87,632</u>	<u>77.6</u>

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For the year ended 31 December 2016

Rank	Customer	Description of customer	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue <i>HK\$'000</i>	Percentage of total revenue %
1	Customer A	One of the airline catering services providers in Hong Kong supplying meals to carriers operating out of Hong Kong International Airport. It is a wholly-owned subsidiary of an airline in Hong Kong. With a history dated back to 1967, it has over 49 years of experience in the airline catering industry. According to its website, it supplied over 30 million meals to over 40 scheduled carriers operating out of Hong Kong International Airport, accounting for about 65% of the total market share in airline catering in 2016. Apart from providing catering services, it also provides logistics services in delivering food and beverages and other commissary items onto aircraft.	12 years	44,325	33.2
2	Customer B	Airline catering services providers in Hong Kong under a German airline group supplying meals to carriers operating out of Hong Kong International Airport. It was founded in the early 1990s. Apart from providing catering services to airlines, it also serves other customers with a range of services including retail capabilities, lounge management and all kinds of food solutions, from traditional catering to frozen meals and packaged snacks.	12 years	23,230	17.4
3	Super Star Group	One of the Chinese restaurant groups in Hong Kong operating different brands of restaurant outlets	12 years	22,910	17.2

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Rank	Customer	Description of customer	Approximate years of business relationship with our Group	Approximate aggregate contributed revenue <i>HK\$'000</i>	Percentage of total revenue %
4	Supplier B	A Hong Kong listed conglomerate whose businesses include sales of motor vehicle and related business and services, sales of food and consumer products and provision of logistics services. The group is a listed company in Hong Kong since 2007. It started its business in 1949 in Hong Kong. Currently, it has expanded its business operations to mainland China, Taiwan, Macao, Singapore, Japan, Myanmar, Thailand, Malaysia, Indonesia, the Philippines and Brunei.	12 years	6,201	4.6
5	Winning Tower (Macau)	A company carrying on the business of frozen meat trading and processing in Macau	7 years	5,668	4.2
Total				<u>102,334</u>	<u>76.6</u>

To the best of our Directors' knowledge, having made all reasonable enquiries, except (i) Winning Tower (Macau); (ii) Yau Heng; (iii) Jett Foods and (iv) Winning Star, all of our customers in each of the two years ended 31 December 2015 and 2016 are Independent Third Parties.

To the best of our Directors' knowledge, having made all reasonable enquiries, except (i) Winning Tower (Macau); and (ii) Super Star Group, none of our Directors, their close associates or any Shareholder (who or which, to the best of our Directors' knowledge, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five customers during the Track Record Period.

To the best of our Directors' knowledge, having made all reasonable enquiries, except (i) Yau Heng; (ii) Super Star Group; (iii) Winning Star and (iv) Supplier B, none of our major customers are also suppliers of our Group.

Winning Tower (Macau)

Winning Tower (Macau) is a company principally carrying on the business of frozen meat trading and processing in Macau. Before the reorganisation in December 2015, it was owned as to 40% by our Group and 30% by Ms. Jeong, the mother of Mr. Yu. On 18 December 2015, our Group sold 40% shares to Ms. Jeong and Ms. Jeong became the largest shareholder holding 70% shares of Winning Tower (Macau). As Mr. Yu is one of our Controlling Shareholder, Winning Tower (Macau) is therefore a

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related party for the year ended 31 December 2015, and an associate of Mr. Yu and hence a connected person of our Group for the year ended 31 December 2016 under the GEM Listing Rules. During the Track Record Period, Winning Tower (Macau) had been a customer of our Group. For the two years ended 31 December 2015 and 2016, the total historical amount paid by Winning Tower (Macau) to our Group amounted to approximately HK\$6,840,000 and HK\$5,668,000 respectively, representing approximately 6.1% and 4.6% of our Group's total sales for the corresponding years, respectively.

Jett Foods

Jett Foods is our online food shop in Hong Kong. Before the reorganisation in December 2015, it was owned as to 30% by our Group, 40% by Mr. Timothy Ho, 15% by Mr. Yu and 15% by Mr. Eldon Lai. On 29 December 2015, our Group acquired the shares in Jett Foods from Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, details of which are set out in the section headed "History Reorganisation and Group Structure — Corporate and Business Development History — Jett Foods (*Hong Kong*)" of this prospectus, and became the sole shareholder of Jett Foods. Jett Foods was a customer of our Group before becoming a subsidiary company of our Group on 29 December 2015. For the year ended 31 December 2015, the total historical amount paid by Jett Foods to our Group amounted to approximately HK\$438,606, representing approximately 0.4% of our Group's total sales for the corresponding year.

Major customers who were also our suppliers

For the two years ended 31 December 2016, to the best of our Directors' knowledge and belief, the following major customers were also suppliers of our Group:

Yau Heng

Yau Heng, being one of our top ten suppliers for the Track Record Period, was also one of our top ten customers. The following table sets forth the percentage of our revenue and purchases from Yau Heng and the gross profit during the Track Record Period:

	Year ended 31 December	
	2015	2016
<i>Yau Heng as our customer</i>		
— Our revenue from Yau Heng as percentage of our total revenue during the relevant year	4.0%	2.5%
— Gross profit	HK\$231,000	HK\$186,000
<i>Yau Heng as our supplier</i>		
— Our purchases from Yau Heng as percentage of our total purchases during the relevant year	3.1%	2.9%

As at the Latest Practicable Date, Yau Heng is one of our connected persons as defined under the GEM Listing Rules. Please refer to the section headed "Connected Transactions" of this prospectus for details of the connectedness between us and Yau Heng. We mainly supplied processed raw meat to Yau Heng while we mainly purchased China pork butt from them. We purchased China pork butt from Yau Heng principally because of their business relationship with a China pork butt supplier.

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Super Star Group

Super Star Group, being one of our top five customers for the Track Record Period, was also one of our suppliers. The following table sets forth the percentage of our revenue and purchases from the Super Star Group and the gross profit during the Track Record Period:

	Year ended 31 December	
	2015	2016
<i>Super Star Group as our customer</i>		
— Our revenue from Super Star Group as percentage of our total revenue during the relevant year	5.1%	17.2%
— Gross profit	HK\$1,095,000	HK\$3,761,000
<i>Super Star Group as our supplier</i>		
— Our purchases from Super Star Group as percentage of our total purchases during the relevant year	0.6%	8.0%

We mainly supplied processed raw and cooked food products to Super Star Group while we mainly purchased char siu bao and Jinhua ham from them. We purchase char siu bao and Jinhua ham from Super Star Group principally because airline catering providers may request us to supply these products to them from time to time and we consider that it would be more cost-efficient for us to purchase from Super Star Group rather than producing these products ourselves given that these products are mass-produced by Super Star Group on a daily basis.

Winning Star

Winning Star, being one of our top ten customers for the Track Record Period, was also one of our suppliers. The following table sets forth the percentage of our revenue and purchases from Winning Star and the gross profit during the Track Record Period:

	Year ended 31 December	
	2015	2016
<i>Winning Star as our customer</i>		
— Our revenue from Winning Star as percentage of our total revenue during the relevant year	3.3%	N/A
— Gross profit	HK\$133,000	N/A
<i>Winning Star as our supplier</i>		
— Our purchases from Winning Star as percentage of our total purchases during the relevant year	0.02%	N/A

As at the Latest Practicable Date, Winning Star, our 60% owned subsidiary, is also one of our connected persons as defined under the GEM Listing Rules. Please refer to the section headed “Connected Transactions” of this prospectus for details of the connectedness between us and Winning

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Star. We mainly supplied processed raw meat to Winning Star while we mainly purchased processed cooked food from them. The reason for this arrangement is because Winning Star is specialised in processed cooked food while Winning Tower is specialised in processed raw food.

Our Directors are of the view that the aforementioned transactions were conducted on normal commercial terms or on terms no less favourable than the terms available from/to Independent Third Parties (save and except that the transactions with Winning Star were at cost basis during the Track Record Period), fair and reasonable and in the interest of our Shareholders and our Group as a whole.

During the Track Record Period, our Group had not experienced any major disruption of business due to material delay or default of payment by our customers. Our Directors further confirmed that they were not aware of any material financial difficulties experienced by any of our major customers that may materially affect our Group's business.

Major contract terms in the sales agreements with customers

We do not enter into long-term agreements with our customers. The sales contracts we enter into with our customers on an order-by-order basis generally contain the following terms:

- | | | |
|--------------------------------------|---|--|
| Product type and specifications: | — | Type of products and relevant specifications |
| Quantity: | — | Description explanation of quantity expressed in parameters such as e.g. packs, slices, etc. |
| Price of product: | — | Based on valid quoted prices. Please also refer to the paragraph headed "Sales and Marketing — Pricing policy" of this section for further details |
| Delivery terms: | — | Destinations and dates to be delivered requested by customers |
| Settlement method and credit period: | — | Payment shall be settled via bank transfer or cheque |
| Credit period: | — | In general a credit period ranging from 30 to 60 days from the invoice date was granted during the Track Record Period |
| Packaging: | — | Place of origin and applicable food labeling must be shown on the packaging on each finished product |
| Other terms: | — | Any price changes, extension of time for delivery or other changes shall be agreed with the customer in advance |

OUR SUPPLIERS

The raw food materials we purchase for our operations are mainly raw poultry, beef, and pork. The purchase costs of raw food materials for the two years ended 31 December 2015 and 2016 amounted to approximately HK\$82.1 million and HK\$88.1 million, respectively. We adopt a centralised procurement system for most of our raw food materials, except for our online food shop procurement. Our online food shop runs individual procurement and imports food products from suppliers.

In general, our suppliers bill us monthly and grant us a credit period ranging from 30 days to 60 days. We usually settle our payments by cheque or bank transfer. During the Track Record Period, we procured from our suppliers on a order-by-order basis and did not enter into any long-term supplier agreement.

Supplier selection

We select our suppliers carefully based on a set of selection criteria such as (i) the type and quality of their food products; (ii) their capacity and reputation in the industry; (iii) pricing of their products; (iv) their timeliness on supply of products; (v) past performance; and (vi) compliance with strict food safety and quality standards such as licensing requirements.

Our purchase department is required to make purchases only from suppliers which are included in our list of approved suppliers. Our head of operation department is involved in most of the supplier selection process generally based on the selection criteria set out above. Our head of operation department will review this list of approved suppliers on an annual basis and new supplier may be introduced. Such list of approved suppliers is subject to amendment from time to time with approval of our head of operation department.

Our online sales department is also required to purchase from its own list of approved suppliers. The supplier selection process for our online food shop is generally based on the same selection criteria set out above and subject to the approval of our head of operation department.

During the Track Record Period, we did not experience any material shortage or delay of raw food supply from our suppliers that significantly affected our operations.

Major suppliers

For the two years ended 31 December 2016, the purchases of raw food materials from our five largest suppliers amounted to approximately HK\$38.5 million and HK\$42.5 million, respectively, representing 47.0% and 48.3% of our total purchases, respectively, while the largest supplier accounted for 18.0% and 15.0% of our total purchases, respectively.

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The following table sets out the profile of our five largest suppliers based on the aggregation of total purchases from them during the Track Record Period, all of which are Independent Third Parties:

For the year ended 31 December 2015

Rank	Our supplier	Principal business	Type of products purchased by our Group	Approximate years of business relationship with our Group	Total Purchases <i>HK\$'000</i>	Percentage of our Group's total purchases %
1	Supplier A	A poultry supplier based in Shandong Province, the PRC. According to its website, it was founded in September 2005 and its production facility has a gross floor area of approximately 13,000 sq.m. with over 1,000 staff. It has obtained ISO22000 HACCP certification.	Poultry	2 years	14,785	18.0
2	Supplier B	A Hong Kong listed conglomerate whose businesses include sales of motor vehicle and related business and services, sales of food and consumer products and provision of logistics services. The group is a listed company in Hong Kong since 2007. It started its business in 1949 in Hong Kong. Currently, it has expanded its business operations to mainland China, Taiwan, Macao, Singapore, Japan, Myanmar, Thailand, Malaysia, Indonesia, the Philippines and Brunei.	Imported food such as chicken from Brazil, fish from Vietnam and beef from the United States	12 years	6,728	8.2
3	Supplier C	A meat supplier based in Hong Kong founded in May 1997.	Poultry, beef and pork	10 years	6,072	7.4
4	Guangzhou Ge Yun	A supplier of frozen vegetables based in Guangzhou, the PRC	Frozen vegetables	12 years	5,481	6.7
5	Supplier E	A meat supplier based in Hong Kong founded in April 2011.	Poultry, beef and pork	5 years	5,474	6.7
Total					38,540	47.0

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For the year ended 31 December 2016

Rank	Our supplier	Principal business	Type of products purchased by our Group	Approximate years of business relationship with our Group	Total Purchases HK\$	Percentage of our Group's total purchases %
1	Supplier A	A poultry supplier based in Shandong Province, the PRC. According to its website, it was founded in September 2005 and its production facility has a gross floor area of approximately 13,000 sq.m. with over 1,000 staff. It has obtained ISO22000 HACCP certification.	Poultry	2 years	13,231	15.0
2	Supplier B	A Hong Kong listed conglomerate whose businesses include in sales of motor vehicle and related business and services, sales of food and consumer products and provision of logistics services. The group is a listed company in Hong Kong since 2007. It started its business in 1949 in Hong Kong. Currently, it has expanded its business operations to mainland China, Taiwan, Macao, Singapore, Japan, Myanmar, Thailand, Malaysia, Indonesia, the Philippines and Brunei.	Imported food such as chicken from Brazil, fish from Vietnam and beef from the United States	12 years	9,744	11.1
3	Super Star Group	One of the Chinese restaurant groups in Hong Kong operating various brands of restaurant outlets	Char siu bao and Jinhua ham	12 years	7,034	8.0
4	Supplier E	A meat supplier based in Hong Kong founded in April 2011.	Poultry, beef and pork	5 years	6,454	7.3
5	Million (Far East) Limited	A meat supplier based in Hong Kong	Poultry, beef, pork and lamb	12 years	6,078	6.9
Total					42,541	48.3

To the best of our Directors' knowledge, having made all reasonable enquiries, except (i) Guangzhou Ge Yun and (ii) Super Star Group, none of our Directors, their close associates or any Shareholder (who or which, to the best of our Directors' knowledge, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five suppliers during the Track Record Period.

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Major supplier who were also our customer

For the two years ended 31 December 2016, to the best knowledge and belief of our Directors, the following major supplier was also customer of our Group:

Supplier B

Supplier B, being one of our top five suppliers for the Track Record Period, was also one of our customers. The following table sets forth the percentage of our revenue and purchases from Supplier B and the gross profit during the Track Record Period:

	Year ended 31 December	
	2015	2016
<i>Supplier B as our customer</i>		
— Our revenue from Supplier B as percentage of our total revenue during the relevant year	0.6%	4.6%
— Gross profit	HK\$36,000	HK\$847,000
<i>Supplier B as our supplier</i>		
— Our purchases from Supplier B as percentage of our total purchases during the relevant year	8.2%	11.1%

Supplier B is an Independent Third Party. We mainly supply processed raw meat to Supplier B while we mainly purchased imported food such as chicken from Brazil, fish from Vietnam and beef from the United States from Supplier B. We purchase from Supplier B principally because of its good business relationship with overseas suppliers and hence better terms from them.

Our Directors are of the view that the aforementioned transactions were conducted on normal commercial terms or on terms no less favourable than the terms available from/to Independent Third Parties, fair and reasonable and in the interest of our Shareholders and our Group as a whole.

During the Track Record Period, our Group had not experienced any major disruption of business due to material delay by our suppliers. Our Directors further confirmed that they were not aware of any material financial difficulties experienced by any of our major suppliers that may materially affect our Group's business.

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Major contract terms in the purchase agreements with suppliers

We do not enter into long-term agreements with our suppliers. The purchase contracts we enter into with our supplier on an order-by-order basis generally contain the following terms:

Product type and specifications:	—	Type of products and relevant specifications
Quantity:	—	description/explanation of quantity expressed in parameters such as kg, packs, pieces, etc.
Price of product:	—	Based on valid quoted prices
Delivery terms:	—	Destinations and dates to be delivered requested by us
Settlement method:	—	Payment shall be settled via bank transfer or cheque
Credit period:	—	In general a credit period ranging from 30 to 60 days from the invoice date was granted during the Track Record Period
Packaging:	—	Place of origin and applicable food labeling must be shown on the packaging on each finished product
Other terms:	—	Any price changes, delay on delivery or other changes shall be agreed with the suppliers in advance

INVENTORY MANAGEMENT

Our inventory is mainly comprised of (i) raw materials such as chilled and frozen poultry, beef and pork, (ii) finished products such as processed raw meat products and cooked products, and (iii) food products for our online food shop. We consider the freshness for each type of food materials that will optimise its freshness in ascertaining the inventory we keep. To ensure food quality and safety, in general, all the raw food will be processed and finished food products will be dispatched within 24 hours after they are stored in our cold storage warehouses. In general, the average shelf life of the Group's raw materials and finished products is one day. Since we only produce upon receiving orders from our customers, we do not have any unsold products.

Our purchase department and production team are responsible for managing our stock and monitoring the inventory level on a daily basis. We also carry out physical inventory counts at the end of each month by our respective storage supervisors and administrative personnel. In addition, our Group closely monitors inventory level to ensure inventories with older age will not be unnecessarily accumulated for an extended period of time. During the Track Record Period, our Group made no provision for obsolete inventories.

SALES AND MARKETING

Our sales department sets prices on our products (except the products of the online food shop), takes orders from our customers, tracks the logistics of product delivery and also provides customer services to our customers in case of product return.

Our online sales department oversees all the online sales activities from maintaining the online sales platform, pricing the products, processing online customer orders, and delivering products to customers.

Marketing policy

Our Directors believe that our established reputation and brand in the industry have enabled us to build long-term and continuous business relationship with our existing customers and also attract new customers to approach us from time to time. As such, we do not spend much on marketing and promotion for new opportunities in our wholesale business. For our online food shop, we promote our online shop through a variety of channels such as search engine marketing, social media marketing, newspaper and magazine advertising, and cross-promotions with other shops. We conduct more marketing activities such as giveaway promotions towards the festive seasons. In order to further broaden our online shop awareness, we constantly conduct a referral program to encourage our existing customers to share our online shop with their friends and families by giving discounts to both our customers and their referrals.

Pricing policy

Wholesale processed raw and cooked food products

We maintain designated price lists for specific customers. These price lists are set up and revised periodically and approved by our chief executive officer, general manager, and deputy general manager. The latest price lists are uploaded to our trading system and our sales personnel will be notified of the latest price list update in order to ensure the prices quoted to our customers are accurate and up-to-date. In general, we determine our product prices on a “cost-plus” basis, primarily comprising the material costs and expected labour costs. For our major customers, we may offer specific trading terms that sales rebates may be available if the volume of purchase from us exceeds a certain prescribed amount.

Online retail products

Our online sales department determines the prices of our online retail products also on a “cost-plus” basis, primarily comprising material costs. Our prices may vary for each product and are dependent heavily on its supplier. Our Directors believe that our “cost-plus” pricing strategy, which accounts for the fluctuations in our sales costs, allows us to share part of the increase in purchase costs to our customers.

Credit policy

We usually bill our customers on a monthly basis and grant them a credit period ranging from 30 to 60 days from the invoice date during the Track Record Period. We mainly accept payments from our customers by way of cheque or bank transfer. Our management closely monitors the settlement status of

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our trade receivables and regularly review the credit terms. During the Track Record Period, we did not have any bad debt or provisioning made for our trade receivables. For further details of the actual trade receivables turnover days of our Group during the Track Record Period, please refer to the section headed “Financial Information — Combined Statement of Financial Position — Trade receivables” in this prospectus.

Our online food shop requires our retail customers to settle payments online upon which they checkout their shopping carts. We accept online payments via PayPal.

Product return policy

Wholesale processed raw food and cooked products

We accept product return for any defective food products that our customers identify upon delivery. Our customers can request for product return by not signing the invoice upon receiving the goods. The returned products along with the unsigned invoice are brought back to our headquarters by our logistics personnel. Having approved by our sales department, our accounting personnel will issue product return receipt and cancel the related invoice.

Online retail products

We encourage our customers to check whether the products are satisfactory and complete upon delivery. If our customers find it unsatisfactory, they do not need to sign the invoice copy which our delivery personnel will keep and return to our headquarters. Our online sales personnel will follow unsigned invoices up by contacting our customers to understand the dissatisfaction and arranging refunds or product exchange. In case of our customers discovering any dissatisfaction with the goods after having signed the invoice copy upon delivery, they can contact us by our online sales hotline or email within 7 days of delivery. After assessing the situation and dependent on whether the claim is reasonable to us, we may reimburse our customers, replace the product, or offer our customers cash back on next purchase, whichever method we consider most appropriate.

Handling of returned products which are defective

The returned products which are defective must be stored in area that is separated from any other food products. We will keep accurate records for the amount of recovered product. The returned products will either be rectified (if they only require correction such as change of date code) or destroyed. Our deputy general manager will decide on which action is more appropriate and supervise the action.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return due to product quality defects or damages, nor any liability claims in relation to the same.

Seasonality

Our Directors believe that there is no material seasonal factor affecting the performance of our business. Notwithstanding that sales of our processed food products are usually less during the summer holiday when purchases from school lunch box companies become minimal, it may be offset by the

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increase in sales with our airline customers when more travelling happens during the summer holiday. There may be an increase in sales of processed cooked food during traditional festivals such as Mid-Autumn Festival and Lunar New Year and increase in sales of our online food products during the festive season, but such increase is not significant. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material fluctuations that were directly linked to seasonal factors.

QUALITY CONTROL

Our Group emphasises strongly on quality control. As such, we have implemented stringent quality control procedures which are carried out by our operation department (which is supervised by our deputy general manager, Mr. Kam Dor Dor Francis, who has over 29 years of experience in the food service industry) throughout our processing stage of all processing lines and on delivering of our goods.

Quality control over procurement and sourcing

We adopt a centralised purchase system with a dedicated procurement department at our headquarters to approve and monitor procedures for purchase orders and to ensure our internal control measures are complied with.

Our purchase department is required to procure only from suppliers included in our list of approved suppliers to ensure raw food materials we purchase are obtained from licensed and approved suppliers. Our suppliers must comply with strict food safety and quality standards, such as complying with relevant licensing requirements including business licences and operational licences. For details of the supplier selection criteria, please refer to the section headed “Business — Our Suppliers — Supplier selection” in this prospectus. As at the Latest Practicable Date, as far as our Directors are reasonably aware of, all our approved suppliers have obtained all the necessary licences from the relevant government authorities.

When collecting food materials from our suppliers, we inspect the goods thoroughly (including inspecting the product certificates, which is a prerequisite for all our food materials) to ensure that they are of acceptable freshness and quality in accordance with food safety and quality standards before we acknowledge receipt of goods. Our deputy general manager is responsible for the checking of product quality upon receiving of raw material from our suppliers.

Quality control over the processing stage

We perform quality inspections on works-in-progress that are being manufactured at our processing factory based on acceptable food safety and quality standards during the processing stage. All our products will go through check for any metal contamination during the process. For details of the food safety check we conduct during our food processing, please refer to the section headed “Business — Our Operation Workflow — Overview of our food processing — Food processing, quality check, packaging” in this prospectus. According to the Hygiene Manager and Hygiene Supervisor Scheme introduced by FEHD, we have appointed at least one hygiene manager and one hygiene supervisor to each of our food processing premises. All these hygiene managers and hygiene supervisors have obtained the relevant qualifications. To ensure compliance of food safety standards throughout the processing stage, we also submit samples of our food products to accredited third-party laboratories for microbiological testing every year.

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During the Track Record Period and as at the Latest Practicable Date, there was no excessive microbiological elements found in the food samples tested by our Group's internal testing or the accredited third-party laboratories.

Our frozen or chilled meat products must be stored in refrigeration facilities to ensure that they are kept at appropriate temperature range. Our refrigeration facilities generally operate at the temperatures of 0–4°C for chillers and -18°C for freezers. Our operation personnel routinely conduct checks on them to ensure our food products continue to be of optimal freshness and quality until processing or distribution.

Our operation department conducts preventative checks on the conditions of our refrigeration facilities on a daily basis, ensuring its temperature control system, air filters, condensation drains and other properties are maintained and problems are identified before the food products are damaged. We also engage external independent technician to perform checks on our refrigeration facilities on a monthly basis. In addition, we also check our various types of washing units, cutting machines and packaging machines used in the processing stage on a monthly basis for food safety and technical maintenance purposes.

In implementing our internal food safety management system, our operation department regularly conducts training sessions for proper food safety and industry-related methods to be practiced throughout our operations. Every employee of our Group is required to undergo annual training in personal hygiene, GMP and HACCP principles.

Quality control over finished products and logistics

Upon completion of processing, we check the finished products to see if there are any defects and whether the processing, size, shape and packaging are in line with our customers' orders. We also check the finished products to ensure that the food safety and quality standards of the food products have been maintained from the procurement stage and throughout the processing stage. Before transporting the goods to our customers, the finished products are stored in our refrigeration facilities of which we check and record the temperature twice a day.

We check for any metal contamination again when the goods are about to be dispatched to our customers. Our finished products are delivered to our customers by our logistics department with a vehicle fleet consisting of eight vehicles in service. All our vehicles are equipped with refrigeration facilities, thermometers recording the temperature and temperature log to ensure our food products which require stable and low temperature storage during transportation are transported in a suitable environment. Our logistics personnel conduct daily check on the vehicles and the vehicles are also sent back to the automobile factory for routine check regularly to ensure the temperature control and the vehicles are functioning well.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material product return from our customers nor any material destruction of goods due to malfunction of our refrigeration facilities.

HEALTH AND WORK SAFETY

Our operations are subject to various Hong Kong laws and regulations with respect to employee and safety. Based on these regulations, we have implemented safety guidelines in relation to safety control procedures and standards. We require all our employees to strictly comply with these guidelines. We carry out regular safety checks on our production equipment to ensure that the equipment is thoroughly tested and safe for use. All our employees are provided with regular workplace safety training and health checkups. We also require operators of our production equipment to attend training sessions on the required safety standards prior to operation.

As at the Latest Practicable Date, our Directors are not aware of any requirements relating to health and safety imposed by our Group's customers nor any non-compliance records relating to the health and safety of our Group's products.

ENVIRONMENTAL MATTERS

Our Group's operations are subject to environmental protection laws and regulations promulgated by the Government of Hong Kong. For details, please refer to the section headed "Regulatory Overview" in this prospectus. Further, our Directors believe that we should operate our food processing operations with social responsibility and should consider factors that may affect the environment during our operation. As at the Latest Practicable Date, we had obtained water pollution control licences for all our processing venues notwithstanding our historical failure to obtain the water pollution control licences, details of which are set out in the paragraph headed "Legal Proceedings and Legal Compliance — Legal Compliance" of this section.

During the Track Record Period, our Group only recorded insignificant amount of expenses in compliance with applicable rules and regulations for environmental matters. Further, our Group will devote operating and financial resources to environmental compliance whenever it is required by the Hong Kong laws to do so in the future.

INFORMATION TECHNOLOGY AND RESEARCH AND DEVELOPMENT

We maintain three sets of information technology systems to facilitate our business operations by providing timely and relevant information. Our information technology systems include the following:

- *Trading system.* This system maintains our most up-to-date product price lists for our sales personnel to reference when taking orders from customers and also generates invoices for customer orders.
- *Accounting system.* This system tracks accounting activities of our Group, stores and processes financial and accounting data to assist our Directors and senior management to fully understand and analyse our Group's performance.
- *Online retail system.* This system operates our online food shop.

In regard to research and development, our Directors consider that the nature of our business does not require any research and development activities.

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INTELLECTUAL PROPERTY

We have registered the domains “www.jettfoods.com” and “www.wtghk.com”. We have also registered trademarks for Jettfoods and Winning Tower. For details of our registered intellectual property rights, please refer to the section headed “Statutory and General Information — B. Further information about our business — 2. Intellectual property rights of our Group” in Appendix V to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material claim against our Group for infringement of any intellectual property right nor were we aware of any pending or threatened claims in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us or third parties.

OUR EMPLOYEES

As at the Latest Practicable Date, we had 61 full-time employees in Hong Kong. A breakdown of our employees by function as at the Latest Practicable Date is set forth below:

	As at the Latest Practicable Date
Management	14
Operation and Administration	9
Food Processing	24
Logistics	<u>14</u>
Total	<u><u>61</u></u>

We generally recruit our employees from the open market by placing recruitment advertisements. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our department heads assess the available human resources of their respective departments on a continuous basis and determine whether additional personnel are required to cope with the business development of our Group. During the Track Record Period and up to the Latest Practicable Date, we only hired full-time staff. Our Directors consider that employing only full-time staff allows us to have better control of our food safety and quality.

We entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Hong Kong. The remuneration package offered to our employees generally includes salary and discretionary bonus. Our employees also receive welfare benefits, including medical care and training sponsorship. We provide a defined contribution to the mandatory provident fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our eligible employees. In order to promote overall efficiency, employee loyalty and retention, we provide our employees with technical and operational on-job training and promotion

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prospects. We review the performance of our employees and make reference to such performance reviews in our salary and discretionary bonus review and promotional appraisal in order to attract and retain talented employees on an annual basis.

Our staff costs, including salaries and other employee's benefits, amounted to approximately HK\$9.5 million and HK\$17.9 million for the two years ended 31 December 2016, respectively, which accounted for approximately 8.5% and 13.4%, respectively, of our revenue for the relevant year.

During the Track Record Period and up to the Latest Practicable Date, there had not been any labour strike within our Group nor had we experienced any significant problems with our employees or disruption to our operations due to labour disputes. Our Directors believe that we have maintained a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by our employees.

INSURANCE

For our employees, we maintain employees' compensation insurance in compliance with the Employees' Compensation Ordinance to cover compensation and costs liable by our Group for personal injuries of our employees in the course of employment with us. For our operations, we maintain insurance coverage against, among other things, damages to the properties owned by our Group, liability for third-party bodily injury occurred in our office premises and third-party liability in relation to the use of our vehicles. Our Directors consider that our insurance coverage is adequate and consistent with industry norm in Hong Kong.

For the two years ended 31 December 2016, the total insurance cost paid by our Group amounted to approximately HK\$268,000 and HK\$578,000, respectively. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not made nor been subject of any material insurance claim.

MARKET AND COMPETITION

According to the CIC Report, the sales revenue of the processed meat market in Hong Kong experienced a positive growth from approximately HK\$8.0 billion in 2012 to HK\$9.9 billion in 2016 at a CAGR of approximately 5.6%. Key market drivers for such growth include increasing number of air passengers at Hong Kong International Airport, increasing demand from the restaurant industry, increasing consumption of processed meat per household and increasing demand from working population. The processed meat market of Hong Kong is predicted to sustain the upward growth trajectory between 2016 and 2021 with revenues expected to increase at a CAGR of approximately 5.3%, rising to approximately HK\$12.9 billion by 2021.

The processed meat market in Hong Kong is relatively concentrated with the top five competitors together occupying about 51.3% of the total market share of the overall sales revenue according to the CIC Report. It is estimated that our Group's market share in the processed meat market in Hong Kong is approximately 1.35%. Our Directors believe that there are entry barriers which hinder new players from entering into the industry, such as qualifications of the new comers, large initial capital investment, and management of manpower and associated costs. For further details, please refer to the section headed "Industry Overview" in this prospectus.

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Our Directors believe that our competitive strengths will enable us to maintain our position as one of the active market players in the industry in Hong Kong. For details of our competitive strengths, please refer to the paragraph headed “Competitive Strengths” in this section.

PROPERTIES

As at the Latest Practicable Date, our Group owned four properties in Hong Kong, the details of which are set out below:

Number	Property	Usage	Approximate saleable area (<i>sq.ft.</i>)
1.	Unit 803, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Workshop, warehouse and ancillary office	5,511
2.	Unit 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Workshop and warehouse	3,563
3.	Unit 1103, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Workshop, warehouse and ancillary office	5,511
4.	Unit 1105, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Workshop, warehouse and ancillary office	3,563

For further details of the above four properties, please refer to Appendix III to this prospectus.

Our Directors confirm that except for the property interests in the valuation report as shown in Appendix III to this prospectus, no single property interest that forms part of its non-property activities has a carrying amount of 15% or more of our total assets.

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As at the Latest Practicable Date, our Group leased the following property in Hong Kong from Iao Ip Property, a connected person of our Company for the purposes of the GEM Listing Rules. The details of which are set out below:

Property	Usage	Rental amount	Approximate saleable area (<i>sq.ft.</i>)	Term
Unit 1002, 10/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Warehouse	HK\$50,000 per month (inclusive of property tax but exclusive of management fee, Government rent, rates and utilities charges)	5,511	3 years commencing from 1 October 2015 and ending on 30 September 2018 (both days inclusive)

For further details of the above rental agreement, please refer to the paragraph headed “Connected Transaction — Fully Exempt Continuing Connected Transactions — Warehouse Tenancy Agreement” of this prospectus.

LICENCES, CERTIFICATES AND REGISTRATIONS

The following table sets out the details of our major licences and certificates as at the Latest Practicable Date:

Our premises/entities	Licence, certificate or registration ^(Note)	Issuing body	Duration
Unit 1105, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories	Food Factory Licence	Food and Environmental Hygiene Department	5 February 2017 to 4 February 2018
	Water Pollution Control License	Environmental Protection Department	4 October 2016 to 31 October 2021
Unit 803, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories	Food Factory Licence	Food and Environmental Hygiene Department	17 July 2017 to 16 July 2018
	Water Pollution Control License	Environmental Protection Department	13 January 2017 to 31 December 2021
Unit 808, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories	Food Factory Licence	Food and Environmental Hygiene Department	14 December 2016 to 13 December 2017
	Water Pollution Control License	Environmental Protection Department	3 October 2016 to 31 October 2021

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Our premises/entities	Licence, certificate or registration ^(Note)	Issuing body	Duration
Unit 1103, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories	Food Factory Licence	Food and Environmental Hygiene Department	20 May 2017 to 19 May 2018
	Water Pollution Control License	Environmental Protection Department	3 October 2016 to 31 October 2021
Winning Tower	GMP certification to Winning Tower Limited for the scope of processing and repackaging of frozen meat	Intertek	9 August 2016 to 9 August 2017
	HACCP certification to Winning Tower Limited for processing and repackaging of frozen meats	Intertek	9 August 2016 to 9 August 2017
Jett Foods	Restricted Food Permit	Food and Environmental Hygiene Department	19 August 2016 to 18 August 2017

Note: The food factory licence and restricted food permit both issued by the Food and Environmental Hygiene Department are required to be renewed for every one year, while the water pollution control licence issued by the Environmental Protection Department is required to be renewed for every around four to five years. During the Track Record Period and up to the Latest Practicable Date, we had not been rejected by the relevant authorities and had not been imposed conditions by the relevant authorities due to any non-compliances or irregularities for obtaining and/or renewal of any of the food factory licence, restricted food permit and water pollution control licence.

Our Directors confirm that save as disclosed in the paragraph headed “Legal Proceedings and Legal Compliance — Legal Compliance” of this section below our Group had obtained all necessary licences, certificates, consents and approvals for our business operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that our Group did not experience any material difficulties in obtaining and/or renewing such licences, certificates, consents and approvals. Further, our Directors are not aware of any circumstances that would significantly hinder or delay the renewal of such licences, certificates, consents and approvals. With the support of the view of the Legal Counsel, for the aforesaid food factory licences and restricted food permit to be expired in 2017, our Directors do not consider there is any legal impediment to renew them.

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AWARD AND RECOGNITION

During the Track Record Period, we have received the following awards or recognition in relation to our brand and service standard:

Entity	Award/recognition	Awarding body	Date
Jett Foods	Caring Company Awards (商界展關懷獎狀)	Hong Kong Council of Social Service (香港社會服務聯會)	1 March 2017 to 28 February 2018

RISK MANAGEMENT

During the ordinary course of conducting our business, we are exposed to various types of risks, including business risks, financial risks, compliance risks and operational and other risks, the details of which have been disclosed under the section headed “Risk Factors” in this prospectus.

Our Board is ultimately responsible for the risk management of our Group. This is overseen by our executive Directors and senior management members. The objective of the risk management team is to oversee the implementation and monitoring of our internal control and risk management. For details regarding our measures in respect of control against our operational and quality control risk, please refer to the paragraph headed “Quality Control” in this section.

The risk management process of our Group will involve, among others, (i) preparing a risk management plan and a business impact analysis to identify and assess risks in order to develop strategies to manage the identified risks; (ii) testing, evaluating and updating the risk management plan on quarterly basis for identifying new risks and monitoring the effectiveness of the risk treatment strategies; and (iii) updating the staff handbook, internal control manual and compliance manual when there are changes to business environment or regulatory guidelines.

LEGAL PROCEEDINGS AND LEGAL COMPLIANCE

Our Controlling Shareholders have entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and penalties which may arise as a result of any work injuries (if any), outstanding litigations (including criminal litigations) (if any), claims, and non-compliances of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the paragraph headed “E. Other information — 1. Tax and other indemnities” in Appendix V to this prospectus.

Legal proceedings

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance, and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

Legal compliance

Our Directors confirm that save as disclosed below under this paragraph, we have complied with all applicable laws and regulations in all material respects in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

There were certain non-compliances of our Group with (i) the Predecessor Companies Ordinance and the Companies Ordinance in respect of matters including among others, late filing of statutory forms to the Companies Registry and failing to lay the audited financial statements before its general meetings; (ii) the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) in respect of late filing of Form 56E and Form 56F to the Commissioner of Inland Revenue; (iii) the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) in respect of failure to obtain insurance cover for three employees (and we have taken remedial action by subsequently securing sufficient insurance to cover our employees); (iv) the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) in respect of historical failure to obtain the water pollution control licences (and we have taken remedial action by obtaining water pollution control licences for our processing venues as at the Latest Practicable Date); and (v) the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) in respect of historical failure to obtain the restricted food permits (and we have taken remedial action by obtaining the restricted food permit in August 2016).

With the support of the Legal Counsel, given that the aforesaid non-compliance incidents are either time-barred or of which the chance of prosecution is low, we consider the above non-compliance incidents not disclosed in details are immaterial in nature. Taking into account the above and the fact that any loss, fee, expense and penalty of our Group in relation to non-compliance matters will be fully indemnified by our Controlling Shareholders, our Directors consider, and the Sponsor concurs, that the impact of them would be immaterial upon our Group's operation and financial positions.

Compliance with the Competition Ordinance

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the "**Competition Ordinance**"), entered into force on 14 December 2015, prohibits conduct that prevents, restricts or distorts competition in Hong Kong. For details, please refer to the paragraph headed "Regulatory Overview — Competition Ordinance (Chapter 619 of the Laws of Hong Kong) (the "**Competition Ordinance**")" in this prospectus.

Our Directors are aware of the prohibition under the Competition Ordinance and are of the view that our business operations are not in breach of any of the applicable prohibitions set forth in the Competition Ordinance. We are not aware of any enquiry, investigation, or notification relating to us under the Competition Ordinance.

In particular, our management shall not conduct our business in any way that will constitute an abuse of our market power, if any, by engaging in conduct that has as its object or effect the prevention, restriction, or distortion of competition in Hong Kong.

In respect of the compliance with the Second Conduct Rule, the following factors are taken into consideration based on the Guideline on the Second Conduct Rule (the "**Second Guideline**") published by the Competition Commission.

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Lack of substantial degree of market power

- (i) *Market share and market concentration:* We do not consider that we possess substantial market power, which means the ability profitably to charge prices above competitive levels, or to restrict output or quality below competitive levels, for a sustained period of time according to the Second Guideline. Despite our extensive industry experience, our estimated market share in the processed meat market in Hong Kong was only approximately 1.35% in 2016, as the processed meat market in Hong Kong is highly competitive, according to the CIC Report. Please see the section headed “Industry Overview — Competitive Landscape and Entry Barriers” in this prospectus.
- (ii) *Countervailing buyer power:* According to the Second Guideline, the strength of buyers and the structure of the buyers’ side of the market may prevent a supplier from having a substantial degree of market power; buyer power is not so much a matter of the size of the buyer but more a matter of bargaining strength and whether buyers have a choice between alternative suppliers. The concentration ratio of the processed meat market in Hong Kong is not high and customers generally have wide discretion to choose between alternative processed meat suppliers.

No abuse of substantial market power

- (iii) *No anti-competitive conduct:* Our Directors confirmed that we have not engaged and is not engaging in predatory pricing, anti-competitive tying and bundling, margin squeeze or refusal to deal, which are examples of conduct that may constitute an abuse of substantial market power that has as its object or effect the prevention, restriction or distortion of competition according to the Second Guideline.
- (iv) *Exclusive dealing not abusive:* We have not entered into any exclusive cooperation agreements with our customers.

In light of the prohibitions under the Competition Ordinance, we will from time to time seek compliance advices on our business operations.

As confirmed by our Directors, as at the Latest Practicable Date, save as disclosed above, our Group did not receive any notices for any fines or penalties for any non-compliance that is material and systemic in nature.

INTERNAL CONTROL MEASURES

We have implemented the following internal control measures to prevent the recurrence of non-compliance incidents.

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Internal control measures to prevent the recurrence of non-compliance incidents

In order to continuously improve our Group's corporate governance and to prevent recurrence of the abovementioned non-compliance in the future, our Group has, after taking into account the recommendations made by Baker Tilly Hong Kong Risk Assurance Limited (“**Baker Tilly**”), an independent internal control adviser engaged by us as disclosed in the paragraph headed “Review by Baker Tilly” below, adopted or will adopt the following measures:

Companies Ordinance, Predecessor Companies Ordinance, Inland Revenue Ordinance and Employee's Compensation Ordinance

1. With regard to the non-compliance in relation to the Companies Ordinance, Predecessor Companies Ordinance, Inland Revenue Ordinance and Employees' Compensation Ordinance, our company secretary, Mr. Tsang Hing Bun, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants (for details of his information, please refer to the paragraph headed “Directors, Senior Management and Staff — Company Secretary”), will be responsible for keeping the filing register up to date from time to time and as required by the relevant Hong Kong laws and regulations and we will seek legal advice from external legal advisers to ensure on-going compliance.
2. We have also assigned the company secretary of our Group to carry out procedures of review and double-check on a monthly basis to ensure that the filing register is updated properly and that all notices and returns are properly filed with the Companies Registry in a timely manner, and all shareholders' meetings are properly held with the required documents laid before the meetings.

Historical failure to obtain the water pollution control licences and restricted food permits

1. We have set up a licence register which includes particulars of our licences such as types of licences, licence holders, licence number and expiry date (if applicable), and designated the accounting manager of our Group to update the licence register and the compliance officer to monitor the validity period of our licences.

Post-listing compliance requirements

1. On 10 February 2017, our Directors attended training sessions conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange.
2. We will engage Kingsway Capital Limited as our compliance adviser upon the Listing to advise us on compliance matters under the Listing Rules.
3. Our Company will engage legal advisers to provide regular training to our Directors annually on the relevant regulatory requirements relating to our Group's operations.
4. We will engage Baker Tilly to conduct an internal control review of our Group after the Listing to assess our internal control system, including areas of financial, operational and compliance.

5. We established an audit committee which comprises all independent non-executive Directors, namely Mr. Lo Sun Tong, Mr. Chau Chun Wai and Mr. Lam Lai Kiu Kelvin. The audit committee has adopted its terms of reference which sets out clearly its duties and obligations to, among other things, overseeing the internal control procedures and accounting and financial reporting matter of our Group, and ensuring compliance with the relevant laws and regulations.

Review by Baker Tilly

In preparation for the Listing, we engaged Baker Tilly to perform an internal control review on our Group's internal control system including the areas of financial, operation, compliance and risk management. The review was carried out from 14 November 2016 to 25 November 2016 and the testing period was from 1 October 2015 to 30 September 2016. Following such review and evaluation performed by Baker Tilly, our Group has implemented most of the recommendations given by Baker Tilly on our internal control system.

Baker Tilly performed a follow up review in this connection from 6 February 2017 to 9 February 2017 and the testing period was from 1 December 2016 to 31 January 2017. The result of the follow up review did not note any statement of findings of material weakness or material insufficiency in our Group's internal control system.

Views of our Directors and the Sponsor

As set out in the paragraphs headed "Health and Work Safety", "Environmental Matters", "Internal Control Measures" and "Legal Proceedings and Legal Compliance" in this section, our Group has laid down and implemented detailed internal control and corporate governance measures to monitor ongoing compliance with the relevant laws and regulations to prevent the occurrence of any non-compliance in the future. Our Directors believe that the corporate governance and internal control measures could effectively ensure a proper internal control system and maintain good corporate governance practices of our Group. In view of the measures in place, our Directors are of the view, and the Sponsor concurs, that these systems are sufficient and effective to ensure ongoing compliance with the relevant laws and regulations by our Group.

Our Directors are of the view, and the Sponsor concurs, that the past non-compliance incidents (i) do not involve any dishonesty on the part of our Directors or cast any doubt on their integrity or competence; (ii) do not affect our Directors' suitability to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules; and (iii) do not affect our Company's suitability for listing under Rule 11.06 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme), the following person(s) will individually and/or collectively be entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company:

Name	Number of Shares immediately following completion of the Capitalisation Issue and the Share Offer	Shareholding percentage in our Company immediately following completion of the Capitalisation Issue and the Share Offer
Keyview Ventures ^(Note 1)	1,050,000,000	75%
Kam Lee ^(Notes 1, 2 and 3)	1,050,000,000	75%
Mr. KW Lai ^(Note 1)	1,050,000,000	75%
Top Ocean ^(Notes 1, 2 and 3)	1,050,000,000	75%
Ms. Ou ^(Note 1)	1,050,000,000	75%
Mr. Yu ^(Note 1)	1,050,000,000	75%
Ms. Li ^(Note 1)	1,050,000,000	75%
Mr. Timothy Ho ^(Note 1)	1,050,000,000	75%
Mr. Eldon Lai ^(Note 1)	1,050,000,000	75%

Notes:

1. Keyview Ventures is owned as to approximately 24.53% by Mr. KW Lai, approximately 24.53% by Top Ocean, approximately 23.22% by Ms. Ou, approximately 19.02% by Mr. Yu, approximately 4.75% by Ms. Li, approximately 2.87% by Mr. Timothy Ho and approximately 1.08% by Mr. Eldon Lai.
2. Top Ocean is a wholly-owned subsidiary of Kam Lee.
3. Kam Lee is owned as to 40% by Mr. WN Ho and his spouse, 21% by WN Ho's four children aged over 18 (who are Mr. WN Ho's associates), 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse, and 20% by 11 Independent Third Parties.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders comprise of Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai, Kam Lee and Keyview Ventures.

Before the Reorganisation, Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai were the then only seven (7) shareholders of Winning Tower Group, the then investment holding company of our Group. The seven (7) shareholders intend to maintain the same shareholding syndicate among themselves after the Reorganisation and Listing by replacing their investment holding company holding their collective interests of our Group from Winning Tower Group to Keyview Ventures. They also entered into the Shareholders' Agreement with a view to regulating their relationships and the management of Keyview Ventures. For details, please refer to the paragraph headed "History, Reorganisation and Group Structure — Reorganisation" in this prospectus.

Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders immediately following the Listing, save and except the continuing connected transactions between our Group and Controlling Shareholders and/or his/her/its associates which are set out in the section headed "Connected Transactions" in this prospectus.

Having taken into consideration the following factors, our Directors are of the view that we are capable of carrying on our business independently from, and do not place undue reliance on our Controlling Shareholders and his/her/its respective close associates after the Listing:

Management independence

Board

Our Board consists of nine Directors, among which three are independent non-executive Directors.

Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and not to allow any conflict between the interests of our Company and his/her personal interests. In the event that a potential conflict of interests arises out of any transaction to be entered into between us and our Directors or their respective close associates, the interested Director(s) is/are to abstain from voting at the relevant Board meetings in respect of such transactions and not to be counted in the quorum.

Committees

We have established an audit committee, a remuneration committee and a nomination committee. Each committee consists of a majority of independent non-executive Directors.

The audit committee is responsible for reviewing and supervising our financial reporting process and internal control system whereas the remuneration committee's role is to ensure that our Directors are properly remunerated without being influenced by our Controlling Shareholders. The nomination committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Our Directors are of the view that we are capable of managing our business independently of our Controlling Shareholders after the Listing.

Operational independence

Our operations are independent from and not connected with our Controlling Shareholders.

Our Group does not rely on our Controlling Shareholders for our operating licences, and has sufficient capital, equipment and employees we require to operate the business independently from our Controlling Shareholders. Our Board is responsible for determining the strategic development and management of our Group. Reporting to our Board is a management team employed by us who is responsible for all essential operational functions, including business development, sales and marketing and sourcing and who makes operational decisions within the authorisation and parameters set by our Board only. Our Company has also established a set of internal controls to facilitate the effective operation of our business.

Financial independence

Our Company will be financially independent from our Controlling Shareholders upon the Listing. All outstanding loans and non-trade payables owed to and from our Controlling Shareholders and his/her/its respective close associates, if any, will be settled before the Listing.

The banking facilities granted to our Group with personal guarantees will be released and replaced by corporate guarantees to be issued by our Company before Listing. Our Directors are of the view that our Group will be able to obtain further financing such as bank loans, if necessary, upon market terms and conditions without relying on financial assistance from our Controlling Shareholders and his/her/its respective close associates after the Listing.

UNDERTAKINGS

Our Controlling Shareholders have jointly and severally given certain undertakings in respect of our Shares (including those as set out in Rules 13.16A(1) and 13.19 of the GEM Listing Rules) to our Company, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters, details of which are set out in the section headed “Underwriting — Undertakings to the Stock Exchange” in this prospectus.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INTERESTS OF OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE CLOSE ASSOCIATES IN THE PROCESSED FOOD BUSINESS

Besides our Group's business, our Controlling Shareholders and/or their respective close associates have also engaged in the food business as follows:

Name of Controlling Shareholder	Name of company	Relationship	Business nature
Keyview Ventures	N/A	N/A	N/A
Kam Lee <i>(Note 1)</i>	N/A	N/A	N/A
Mr. KW Lai	N/A	N/A	N/A
Top Ocean <i>(Note 1)</i>	Winning Tower (Shenzhen)	Winning Tower (Shenzhen) is wholly-owned by Top Ocean through Winning Tower (China)	Wholesale trading of food products in the PRC
Ms. Ou	Guangzhou Ge Yun	Guangzhou Ge Yun is owned as to 50% by Mr. Zhong, the spouse of Ms. Ou, and 50% by the sister-in-law of Ms. Ou	A supplier of frozen vegetables based in Guangzhou
Mr. Yu <i>(Note 2)</i>	Yau Heng	Yau Heng is owned as to 20% by Mr. Yu, 60% by Ms. Jeong (the mother of Mr. Yu) and 20% by Mr. U Kam Loi (the father of Mr. Yu)	Supply of frozen raw meat in Macau and Hong Kong
Ms. Li <i>(Note 3)</i>	N/A	N/A	N/A
Mr. Timothy Ho	N/A	N/A	N/A
Mr. Eldon Lai	N/A	N/A	N/A

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Notes:

1. Since 1 December 2015, Top Ocean and Grand Gold have ceased to be members of the Super Star Group, an established restaurant group in Hong Kong. Top Ocean and Grand Gold are currently wholly-owned by Kam Lee, which is an investment holding company, our Controlling Shareholder and owned as to 40% by Mr. WN Ho and his spouse, 21% by Mr. WN Ho's four children aged over 18 (who are Mr. WN Ho's associates), 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse and 20% by 11 Independent Third Parties.
2. Yau Heng, which is principally engaged in frozen raw meat in Macau, is owned as to 20% by Mr. Yu, 60% by Ms. Ieong (the mother of Mr. Yu) and 20% by Mr. U Kam Loi (the father of Mr. Yu).
3. Mr. Kam Dor Dor Francis, the spouse of Ms. Li, is currently a deputy general manager of Winning Tower.

Mr. WN Ho and Mr. Chow Kuen Chung are the directors of Top Ocean, Grand Gold and Superstar Group Industries (the current ultimate holding company of the Super Star Group). Mr. WN Ho, Mr. Chow Kuen Chung and Ms. Ho Lai Sze Jacqueline are the directors of Kam Lee.

The meat supplied by Yau Heng in Hong Kong is frozen raw and unprocessed meat. Yau Heng has never engaged in food processing in Hong Kong and has never possessed any food factory licence issued by the Food and Environmental Hygiene Department. Further, Yau Heng has never engaged in supply of cooked food products in Hong Kong. On the other hand, all of our wholesale business are conducted in Hong Kong and we did not have any branch office in Macau.

As confirmed by Mr. Yu, save and except our Group, Yau Heng had no other Hong Kong customers during the Track Record Period and up to the Latest Practicable Date. For each of the two years ended 31 December 2016, the revenue of Yau Heng attributable to its sales in Hong Kong, all of which were attributable to the sales to our Group, amounted to approximately HK\$2.6 million and HK\$2.5 million, which represented approximately 1.6% and 1.5% of its total revenue for the same periods, respectively.

In view of the aforesaid, our Directors consider that during the Track Record Period and up to the Latest Practicable Date, there had been no competition between the business of Yau Heng and the business of our Group. Given that Yau Heng continues its current business model, Yau Heng will be able to comply with the non-competition undertakings given to our Group. To the best knowledge of our Directors, Yau Heng has no intention to revise its current business model. For detail of the non-competition undertakings, please refer to the paragraph headed "Non-competition undertakings and corporate governance measures to manage conflicts of interests — Undertakings" in this section.

DISCLOSURE PURSUANT TO RULE 11.04 OF THE GEM LISTING RULES

Save as disclosed above, none of our Controlling Shareholders and his/her/its respective close associates engages in the business of a food supplier focusing on processed raw and cooked food products in Hong Kong that competes or may compete with the business of our Group which shall be disclosed in this prospectus pursuant to Rule 11.04 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

NON-COMPETITION UNDERTAKING AND CORPORATE GOVERNANCE MEASURES TO MANAGE CONFLICTS OF INTERESTS

Undertakings

In order to maintain a clear delineation of the businesses between us and our Controlling Shareholders, our Controlling Shareholders, (together the “**Covenantors**”) have entered into the Deed of Non-competition in favour of our Company (for itself and as trustee for each of our subsidiaries from time to time).

Each of the Covenantors has undertaken to our Company that each of the Covenantors will not and will procure that neither the Covenantors nor his/her/its close associates (other than members of our Group) will on its own account or with each other or in conjunction with or on behalf of any person, firm or company:

- (i) carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of members of our Group or their associated companies), director, employee, partner, agent or otherwise any business that compete or may compete, directly or indirectly or through nominee, joint venture, alliance, cooperation, partnership or otherwise with the business of our Group from time to time (currently being a food supplier focusing on processed raw and cooked food products in Hong Kong) (the “**Restricted Activity**”) in territories in which any member of our Group carries on or is engaged or invests in the Restricted Activity from time to time (the “**Restricted Territories**”), nor provide support in any form to persons other than our Group to engage in business that constitute or may constitute direct or indirect competition with the businesses that our Group is currently and from time to time carrying on in the Restricted Territories unless the prior written consent of our Company has been obtained (based on an affirmative vote of a majority of the independent non-executive Directors, who do not have, and are not deemed to have, a material interest in the relevant matter);
- (ii) solicit or procure any of the suppliers and/or the customers of our Group from time to time to terminate their business relationships or otherwise reduce the amount of business with our Group;
- (iii) solicit or procure any of the directors, senior management or other employees of our Group from time to time to resign or otherwise cease providing services to our Group;
- (iv) take any action that may be harmful to the reputation of any member of our Group or which may lead any person to reduce their level of business with any member of our Group; and
- (v) make use of any confidential information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her/its capacity as a shareholder of our Company or director of any member of our Group for the purpose of competing with the business of our Group.

Each of the Covenantors has undertaken to our Company that in the event the Covenantors or any of their close associates (other than members of our Group) are given any business opportunity that is or may involve direct or indirect competition with the Restricted Activity in any of the Restricted

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Territories (the “**Business Opportunity**”), the Covenantors shall, and shall procure their close associates (other than members of our Group) to, refer the Business Opportunity to our Group and to assist our Group in obtaining such Business Opportunity on terms no less favourable than those offered to the relevant Covenantors or their close associates (the “**First Right of Refusal**”), and that none of the Covenantors and their respective close associates will pursue the Restricted Activity and/or the Business Opportunity until our Company decides not to pursue the Restricted Business and/or the Business Opportunity and provides such decision in writing to the Covenantors. Any decision of our Company in respect of the First Right of Refusal will have to be approved by the independent non-executive Directors taking into consideration, inter alia, our Group’s prevailing business and financial resources.

Both undertakings above do not apply to the following situations:

- (i) the holding by the Covenantors and their close associates of interests in shares or other securities that represents (or upon conversion will represent) less than 10% voting rights in any company the shares of which are listed on a recognised stock exchange and which conducts or is engaged in any Restricted Activity;
- (ii) the holding by the Covenantors and their close associates of interests in shares or other securities that represents (or upon conversion will represent) less than 5% voting rights in any non-listed company which conducts or is engaged in any Restricted Activity; or
- (iii) the interests of our Controlling Shareholders as disclosed in the paragraph headed “Interests of our Controlling Shareholders and their respective close associates in the processed food business” in this section,

provided that the Covenantors and/or their close associates are not entitled to appoint a majority of the directors or management of that company.

The above undertakings are conditional upon our Shares being listed and quoted on GEM; and the Covenantors’ obligations under the Deed of Non-competition will remain in effect until:

- (i) the date upon which our Shares cease to be listed on the Stock Exchange; or
- (ii) the date upon which the Covenantors and their close associates, individually or collectively, cease to own 30% or more of the then issued share capital of our Company directly or indirectly, or otherwise cease to be regarded as controlling shareholder(s) under the GEM Listing Rules,

whichever occurs first.

Pursuant to the Deed of Non-Competition, each of our Covenantors has severally undertaken:

- (i) to provide our Company (including our independent non-executive Directors) with all information necessary for their annual review and the enforcement of all undertakings, representations and warranties contained in the Deed of Non-Competition;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (ii) to make an annual declaration of compliance with such undertakings, representations and warranties for disclosure in our Company's annual reports; and
- (iii) to abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests.

The declaration and disclosure regarding compliance with and enforcement of the Deed of Non-Competition shall be consistent with the principles of making voluntary disclosures in the Corporate Governance Report of our Company to be issued in accordance with Appendix 15 to the GEM Listing Rules.

Governance to manage conflict of interests

We will adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

- (i) our independent non-executive Directors will review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-Competition by our Covenantors;
- (ii) our Company will disclose decisions with basis on matters reviewed by the independent non-executive Directors relating to non-compliance and enforcement of the Deed of Non-Competition (including why business opportunities referred to it by our Controlling Shareholder(s) were not taken up) either through annual report, or by way of announcement and/or other documents issued or published by our Company as required under the GEM Listing Rules;
- (iii) our Controlling Shareholder(s) have undertaken to provide all information necessary to our Company for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition. For continuing connected transactions with Winning Star and Maxford Logistics, 40% interests of both of which are indirectly held by Kam Lee (our Controlling Shareholder), we will obtain at least two quotations from Independent Third Parties for comparison before we enter into any transactions with Winning Star and Maxford Logistics after the Listing to make sure the terms are in normal commercial or better to our Group. Such comparison will be documented. We have also assigned our accounting manager, Mr. Wan Kim Hang, to carry out procedures of review and double-check such comparison record on a monthly basis. Further, such comparison record will be made available for annual review by our audit committee upon their request;
- (iv) we will disclose in the corporate governance report of our annual report whether the terms of the Deed of Non-Competition have been complied with and enforced;
- (v) in addition to each Director being aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests, our Articles of Association require each Director to declare to our Board any potential conflict of interest with our Group at Board meetings. Our

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Articles of Association provide that a Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless otherwise permitted by the Articles. Our Board (including our independent non-executive Directors) will monitor the potential conflict of interest of Directors and our Directors have to submit confirmations to the Board disclosing details of any interests in competing businesses in any interim or annual reports to be issued by our Company. If potential conflict of interest arises, the interested Director(s) will bring the matter to our independent non-executive Directors and shall abstain from voting on such proposed resolution;

- (vi) the only two directors of both Maxford Logistics and Winning Star are Mr. KW Lai and Mr. Chow Kuen Chung. Mr. KW Lai is our Chairman, executive Director and one of our Controlling Shareholders. Mr. Chow Kuen Chung is our non-executive Director, and owns (together with his spouse) 13% shareholding interest of Kam Lee and owns approximately 2.6% of Superstar Group Industries. Both Mr. KW Lai and Mr. Chow Kuen Chung are our Directors and shall act for the benefit of our Group and Shareholders as a whole. In stating so, since Mr. Chow Kuen Chung is also one of the directors of both Kam Lee and Top Ocean, he will also represent Kam Lee and Top Ocean in the board of Maxford Logistics and Winning Star. Given this situation, Mr. Chow Kuen Chung is aware of his fiduciary duties as a director of, on one hand, Maxford Logistics and Winning Star, and on the other hand, Kam Lee and Top Ocean, which require, among other things, that he acts for the benefit of these companies and the shareholders of these companies as a whole and does not allow any conflict of interests between his duties as a director of, on one hand, Maxford Logistics and Winning Star, and on the other hand, Kam Lee and Top Ocean. He shall also declare in the relevant board meetings of Maxford Logistics, Winning Star, Kam Lee and Top Ocean if there is any potential conflict of interest. He shall not vote (nor be counted in the quorum) on any board resolution approving any contract or arrangement or other proposal in which he is materially interested or if there is any conflict of interest. We will monitor the potential conflict of interest of our directors at subsidiary level of our Group;
- (vii) our Company has engaged Kingsway Capital Limited as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the GEM Listing Rules and any other applicable laws and regulations; and
- (viii) our independent non-executive Directors may engage independent professional advisers in appropriate circumstances at our Company's costs.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Covenantors and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.

CONNECTED TRANSACTIONS

Following the Listing, the following transactions between our Group and the relevant connected person(s) (as defined in the GEM Listing Rules) will continue, and will constitute continuing connected transactions under the GEM Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 20 of the GEM Listing Rules, the continuing connected transactions of our Group as set out below are exempt from compliance with the requirements of reporting, annual review, announcement and approval by the independent Shareholders under Chapter 20 of the GEM Listing Rules.

Warehouse Tenancy Agreement

Winning Tower (as tenant) entered into a tenancy agreement (the “**Warehouse Tenancy Agreement**”) dated 30 September 2015 with Iao Ip Property Investment Company Limited (“**Iao Ip Property**”) (as landlord), pursuant to which Iao Ip Property agreed to lease Unit 1002, 10/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong to Winning Tower for a term of three years commencing from 1 October 2015 and ending on 30 September 2018 (both days inclusive) at the monthly rent of HK\$50,000 (inclusive of property tax but exclusive of management fee, government rent, rates and water, gas and electricity charges), which was agreed after arm’s length negotiations between the parties with regard to the market rent of similar properties in similar locations as the property leased under the Warehouse Tenancy Agreement, and the terms of the Warehouse Tenancy Agreement were no less favourable to Winning Tower than terms available from Independent Third Parties.

The rent (together with the management fee, government rent and rates) paid by us under the Warehouse Tenancy Agreement for each of the two years ended 31 December 2016 amounted to approximately HK\$0.2 million and HK\$0.6 million, respectively. It is expected that the annual rent (together with the management fee, government rent and rates) payable by us under the Warehouse Tenancy Agreement for each of the two years ending 31 December 2018 amounts to approximately HK\$0.7 million and HK\$0.7 million respectively.

By using the above expected annual rent (together with the management fee, government rent and rates) as the numerators for the calculation of percentage ratios, all the relevant percentage ratios calculated for the relevant transactions under the Warehouse Tenancy Agreement pursuant to Chapter 20 of the GEM Listing Rules will be less than 5% and the annual consideration will be less than HK\$3,000,000.

Iao Ip Property is a company incorporated in Hong Kong which is owned as to 20% by Mr. Yu, our non-executive Director and Controlling Shareholder, and as to 80% in aggregate by three associates of Mr. Yu. As such, Iao Ip Property is an associate of Mr. Yu and hence a connected person of our Company for the purposes of the GEM Listing Rules and the transactions under the Warehouse Tenancy Agreement will constitute exempt continuing connected transactions for our Group after the Listing.

CONNECTED TRANSACTIONS

Food Factory Tenancy Agreement

Winning Star (as tenant) entered into a tenancy agreement (the “**Food Factory Tenancy Agreement**”) dated 1 January 2017 with Winning Tower Group (as landlord), pursuant to which Winning Tower Group agreed to lease Unit 1105, 11/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong to Winning Star for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive) at the monthly rent of HK\$61,000 (inclusive of property tax, management fee, government rent and rates but exclusive of water, gas and electricity charges), which was agreed after arm’s length negotiations between the parties with regard to the market rent of similar properties in similar locations as the property leased under the Food Factory Tenancy Agreement, and the terms of the Food Factory Tenancy Agreement were no less favourable to Winning Tower Group than terms available from Independent Third Parties.

The rent paid by Winning Star for the relevant premises for each of the two years ended 31 December 2016 amounted to approximately HK\$0.3 million and HK\$0.7 million, respectively. It is expected that the annual rent payable by Winning Star under the Food Factory Tenancy Agreement for each of the three years ending 31 December 2019 amounts to approximately HK\$0.7 million, HK\$0.7 million and HK\$0.7 million respectively.

By using the above expected annual rent as the numerators for the calculation of percentage ratios, all the relevant percentage ratios calculated for the relevant transactions under the Food Factory Tenancy Agreement pursuant to Chapter 20 of the GEM Listing Rules will be less than 5% and the annual consideration will be less than HK\$3,000,000.

Winning Star is a limited company incorporated in Hong Kong and is owned and controlled as to 60% by our Company and as to 40% by Grand Gold, which is a fellow subsidiary of Top Ocean, our Controlling Shareholder. As such, Winning Star is a connected subsidiary and hence a connected person of our Company for the purposes of the GEM Listing Rules and the transactions under the Food Factory Tenancy Agreement will constitute exempt continuing connected transaction for the Group after the Listing.

Master Purchase Agreement of Yau Heng

Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) (as purchaser) entered into a master purchase agreement (the “**Master Purchase Agreement of Yau Heng**”) dated 23 May 2017 with Yau Heng (as supplier) for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive), pursuant to which Yau Heng agreed to supply certain frozen raw and unprocessed meat products to Winning Tower Group and its subsidiaries on the basis of individual purchase order placed by any of them at the price to be determined after arm’s length negotiations between the parties from time to time with reference to the then prevailing market price of similar products in the market (which is ascertained by, among others, obtaining quotations from two other suppliers who are Independent Third Parties).

For each of the two years ended 31 December 2016, our total purchases attributable to the purchase of the aforesaid products from Yau Heng was approximately HK\$2.6 million and HK\$2.5 million, respectively. Our Directors confirm that Yau Heng had transactions with parties other than our Group and our total purchases attributable to the purchase of the aforesaid products from Yau Heng accounted for less than 2% of Yau Heng’s sales for each of the Track Record Period. Based on our

CONNECTED TRANSACTIONS

purchases attributable to the purchase of the aforesaid products from Yau Heng during the Track Record Period, it is expected that the relevant percentage ratios calculated for the aggregate annual transaction amounts under the Master Purchase Agreement of Yau Heng for each of the three years ending 31 December 2019 will not exceed 5% and the annual consideration will be less than HK\$3,000,000.

Yau Heng is a limited company incorporated in Macau and is owned and controlled as to 20% by Mr. Yu, our non-executive Director and Controlling Shareholder, as to 60% by Ms. Jeong (the mother of Mr. Yu) and as to 20% by Mr. U Kam Loi (the father of Mr. Yu). As such, Yau Heng is an associate of Mr. Yu and hence a connected person of our Company for the purposes of the GEM Listing Rules and the transactions under the Master Purchase Agreement of Yau Heng will constitute exempt continuing connected transactions for our Group after the Listing.

CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REQUIREMENTS OF REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT BUT ARE EXEMPT FROM COMPLIANCE WITH THE REQUIREMENTS OF APPROVAL BY THE INDEPENDENT SHAREHOLDERS

Pursuant to Chapter 20 of the GEM Listing Rules, the continuing connected transactions of our Group as set out below are subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of approval by the independent Shareholders under Chapter 20 of the GEM Listing Rules.

Master Supply Agreement for Winning Tower (Macau) and Yau Heng

Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) (as supplier) entered into a master supply agreement (the “**Master Supply Agreement for Winning Tower (Macau) and Yau Heng**”) dated 23 May 2017 with Winning Tower (Macau) and Yau Heng (as purchasers) for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive), pursuant to which Winning Tower Group and its subsidiaries agreed to supply certain frozen raw and processed meat products to Winning Tower (Macau) and Yau Heng on the basis of individual purchase order placed by Winning Tower (Macau) and Yau Heng at the price to be determined after arm’s length negotiations between the parties from time to time with reference to the then price we sell the aforesaid products to our customers who are Independent Third Parties. Taking into account that the sales price to Winning Tower (Macau) and Yau Heng is no less favourable than the price at which we sell to our customers who are Independent Third Parties and the established business relationship between us, Wining Tower (Macau) and Yau Heng, we will continue to supply the aforesaid products to Winning Tower (Macau) and Yau Heng.

For each of the two years ended 31 December 2016, our total revenue attributable to the sales of the aforesaid products to Winning Tower (Macau) and Yau Heng in aggregate was approximately HK\$11.4 million and HK\$8.8 million, respectively, or represents approximately 10.1% and 6.6% of our Group’s total revenue respectively. Our Directors confirm that both Winning Tower (Macau) and Yau Heng had transactions with parties other than our Group and our total revenue attributable to the sales of the aforesaid products to Winning Tower (Macau) and Yau Heng accounted for approximately 30% and less than 3% of Winning Tower (Macau)’s and Yau Heng’s purchases respectively for each of the Track Record Period. Based on our revenue attributable to the sales of the aforesaid products to Winning Tower (Macau) and Yau Heng during the Track Record Period, it is expected that the aggregate annual transaction amounts under the Master Supply Agreement for Winning Tower (Macau) and Yau Heng for

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each of the three years ending 31 December 2019 will not exceed HK\$9.3 million, HK\$9.7 million and HK\$10.0 million respectively and in any event the threshold of being the de minimis transaction under Rule 20.74(2)(b) of the GEM Listing Rules.

The basis of the annual cap for the Master Supply Agreement for Winning Tower (Macau) and Yau Heng is determined with the consideration of (i) the historical transaction amounts; (ii) the estimated business growth of our Group after the Listing, which we believe will be a breakthrough in promoting us to the general public; and (iii) the estimated future growth of the Hong Kong processed meat market as supported by the CIC Report.

Winning Tower (Macau) is a limited company incorporated in Macau and is owned and controlled as to 70% by Ms. Jeong, the mother of Mr. Yu (our non-executive Director and Controlling Shareholder), and as to 30% in aggregate by two Independent Third Parties as at the Latest Practicable Date. As such, Winning Tower (Macau) is an associate of Mr. Yu and hence a connected person of our Company for the purposes of the GEM Listing Rules. As disclosed above, Yau Heng is a limited company incorporated in Macau and is owned and controlled as to 20% by Mr. Yu, our non-executive Director and Controlling Shareholder, as to 60% by Ms. Jeong (the mother of Mr. Yu) and as to 20% by Mr. U Kam Loi (the father of Mr. Yu). As such, Yau Heng is an associate of Mr. Yu and hence a connected person of our Company for the purposes of the GEM Listing Rules. Therefore, the transactions under the Master Supply Agreement for Winning Tower (Macau) and Yau Heng will constitute continuing connected transactions for our Group under Rule 20.74(2)(b) of the GEM Listing Rules after the Listing.

Master Supply Agreement for Winning Star

Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) (as supplier) entered into a master supply agreement (the “**Master Supply Agreement for Winning Star**”) dated 23 May 2017 with Winning Star (as purchaser) for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive), pursuant to which Winning Tower Group and its subsidiaries agreed to supply certain frozen raw and processed meat products to Winning Star on the basis of individual purchase order placed by Winning Star at the price to be determined after arm’s length negotiations between the parties from time to time with reference to the then price we sell the aforesaid products to our customers who are Independent Third Parties. Taking into account that the sales price to Winning Star is no less favourable than the price at which we sell to our customers who are Independent Third Parties and Winning Star is our subsidiary, we will continue to supply the aforesaid products to Winning Star.

For each of the two years ended 31 December 2016, our total transaction amounts attributable to the sales of the aforesaid products to Winning Star was approximately HK\$3.7 million and HK\$3.4 million, respectively, or represents approximately 3.3% and 2.5% of our Group’s total revenue respectively. Our Directors confirm that Winning Star had transactions with parties other than our Group and our total sales of the aforesaid products to Winning Star accounted for approximately 33% of Winning Star’s purchases in the year ended 31 December 2015 (Subsequently in December 2015, Winning Star became our 60% owned subsidiary). Based on our transaction amounts attributable to the sales of the aforesaid products to Winning Star during the Track Record Period, it is expected that the aggregate annual transaction amounts under the Master Supply Agreement for Winning Star for each of

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the three years ending 31 December 2019 will not exceed HK\$3.6 million, HK\$3.8 million and HK\$4.0 million respectively and in any event the threshold of being the de minimis transaction under Rule 20.74(2)(b) of the GEM Listing Rules.

The basis of the annual cap for the Master Supply Agreement for Winning Star is determined with the consideration of (i) the historical transaction amounts; (ii) the estimated business growth of our Group after the Listing, which we believe will be a breakthrough in promoting us to the general public; and (iii) the estimated future growth of the Hong Kong processed meat market as supported by the CIC Report.

Winning Star is a limited company incorporated in Hong Kong and is owned and controlled as to 60% by our Company and as to 40% by Grand Gold, which is a fellow subsidiary of Top Ocean, our Controlling Shareholder. As such, Winning Star is a connected subsidiary and hence a connected person of our Company for the purposes of the GEM Listing Rules and the transactions under the Master Supply Agreement for Winning Star will constitute continuing connected transactions for our Group under Rule 20.74(2)(b) of the GEM Listing Rule after the Listing.

Master Purchase Agreement of Guangzhou Ge Yun

Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) (as purchaser) entered into a master purchase agreement (the “**Master Purchase Agreement of Guangzhou Ge Yun**”) dated 23 May 2017 with Guangzhou Ge Yun (as supplier) for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive), pursuant to which Guangzhou Ge Yun agreed to supply certain frozen vegetable products to Winning Tower Group and its subsidiaries on the basis of individual purchase order placed by any of them at the price to be determined after arm’s length negotiations between the parties from time to time with reference to the then prevailing market price of similar products in the market (which is ascertained by, among others, obtaining quotations from two other suppliers who are Independent Third Parties). Taking into account that the sales price offered by Guangzhou Ge Yun to us is no less favourable than the price at which we purchase from our suppliers who are Independent Third Parties and the established business relationship between us and Guangzhou Ge Yun, we will continue to purchase the aforesaid products from Guangzhou Ge Yun.

For each of the two years ended 31 December 2016, our total purchases attributable to the purchase of the aforesaid products from Guangzhou Ge Yun was approximately HK\$5.5 million and HK\$4.8 million, respectively. Our Directors confirm that Guangzhou Ge Yun had transactions with parties other than our Group and our total purchases attributable to the purchase of the aforesaid products from Guangzhou Ge Yun accounted for approximately 7% and 4% of Guangzhou Ge Yun’s sales for each of the Track Record Period. Based on our purchases attributable to the purchase of the aforesaid products from Guangzhou Ge Yun during the Track Record Period, it is expected that the aggregate annual transaction amounts under the Master Purchase Agreement of Guangzhou Ge Yun for each of the three years ending 31 December 2019 will not exceed HK\$5.0 million, HK\$5.3 million and HK\$5.6 million respectively and in any event the threshold of being the de minimis transaction under Rule 20.74(2)(b) of the GEM Listing Rules.

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The basis of the annual cap for the Master Purchase Agreement of Guangzhou Ge Yun is determined with the consideration of (i) the historical transaction amounts; (ii) the estimated business growth of our Group after the Listing, which we believe will be a breakthrough in promoting us to the general public; and (iii) the estimated future growth of the Hong Kong processed meat market as supported by the CIC Report.

Guangzhou Ge Yun is a limited company incorporated in the PRC and is owned and controlled as to 50% by Mr. Zhong, the spouse of Ms. Ou (our Controlling Shareholder), and as to 50% by the sister-in-law of Ms. Ou. As such, Guangzhou Ge Yun is an associate of Ms. Ou and hence a connected person of our Company for the purposes of the GEM Listing Rules and the transactions under the Master Purchase Agreement of Guangzhou Ge Yun will constitute continuing connected transactions for our Group under Rule 20.74(2)(b) of the GEM Listing Rules after the Listing.

Master Transportation Service Agreement for our Group

Maxford Logistics entered into a master transportation service agreement (the “**Master Transportation Service Agreement for our Group**”) dated 23 May 2017 with Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) for a term of three years commencing from 1 January 2017 and ending on 31 December 2019 (both days inclusive), pursuant to which Maxford Logistics agreed to provide transportation services to Winning Tower Group and its subsidiaries on the basis of individual purchase order placed by any of them at the price to be determined after arm’s length negotiations between the parties from time to time with reference to the then prevailing market price of similar transportation services in the market (which is ascertained by, among others, obtaining quotations from two other transportation service providers who are Independent Third Parties). Taking into account that the transportation fee offered by Maxford Logistics to us is no less favourable than the transportation fee at which we are offered by other transportation service providers who are Independent Third Parties and Maxford Logistics is our subsidiary, we will continue to engage Maxford Logistics for its transportation services.

For each of the two years ended 31 December 2016, the total transaction amounts attributable to the provision of the aforesaid transportation services from Maxford Logistics to Winning Tower Group and its subsidiaries (in particular, Winning Tower and Winning Star) was approximately HK\$2.5 million and HK\$3.1 million, respectively. Our Directors confirm that Maxford Logistics had transactions with parties other than our Group and our transaction amount attributable to the provision of the aforesaid transportation services from Maxford Logistics accounted for approximately 40% of Maxford Logistics’ revenue for the year ended 31 December 2015 (Subsequently in December 2015, Maxford Logistics became our 60% owned subsidiary). Based on the transaction amounts attributable to the provision of the aforesaid transportation services from Maxford Logistics to Winning Tower Group and its subsidiaries during the Track Record Period, it is expected that the aggregate annual transaction amounts under the Master Transportation Service Agreement for our Group for each of the three years ending 31 December 2019 will not exceed HK\$3.3 million, HK\$3.4 million and HK\$3.6 million respectively and in any event the threshold of being the de minimis transaction under Rule 20.74(2)(b) of the GEM Listing Rules.

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The basis of the annual cap for the Master Transportation Service Agreement for our Group is determined with the consideration of (i) the historical transaction amounts; (ii) the estimated business growth of our Group after the Listing, which we believe will be a breakthrough in promoting us to the general public; and (iii) the estimated future growth of the Hong Kong processed meat market as supported by the CIC Report.

Maxford Logistics is a limited company incorporated in Hong Kong and is owned and controlled as to 60% by Winning Tower Group and as to 40% by Top Ocean, our Controlling Shareholder. As such, Maxford Logistics is a connected subsidiary and hence a connected person of our Company for the purposes of the GEM Listing Rules and the transactions under the Master Transportation Service Agreement for our Group will constitute continuing connected transactions for our Group under Rule 20.74(2)(b) of the GEM Listing Rules after the Listing.

APPLICATION FOR WAIVER FROM COMPLIANCE WITH CHAPTER 20 OF THE GEM LISTING RULES

By using the above proposed annual caps as the numerators for the calculation of percentage ratios, the relevant percentage ratios calculated for the relevant transactions under each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement of Guangzhou Ge Yun and Master Transportation Service Agreement for our Group pursuant to Chapter 20 of the GEM Listing Rules will be less than 25% and the annual consideration is less than HK\$10,000,000. Therefore, according to Rule 20.74(2)(b) of the GEM Listing Rules, the transactions contemplated under each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement of Guangzhou Ge Yun and Master Transportation Service Agreement for our Group are subject to the requirements of reporting, annual review and announcement under Chapter 20 of the GEM Listing Rules but are exempt from compliance with the requirements of approval by the independent Shareholders.

Since the above non-exempt continuing connected transactions will be carried out frequently, our Directors are of the view that strict compliance with the announcement requirement will not be practicable and unnecessary administrative expenses will be incurred by our Company. Therefore, our Company has made an application to the Stock Exchange and has been granted a waiver by the Stock Exchange from strict compliance with the announcement requirement with respect to continuing connected transactions as set out in Chapter 20 of the GEM Listing Rules, on the following conditions:

- (a) the annual cap amount for the continuing connected transactions under each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement of Guangzhou Ge Yun and Master Transportation Service Agreement for our Group for each of the three financial years ending 31 December 2019 as stated above will not be exceeded; and
- (b) our Company shall comply/continue to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, including the proposed annual caps set out above in relation to the continuing connected transactions under each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement of Guangzhou Ge Yun and Master Transportation Service Agreement for our Group.

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If any terms of each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement of Guangzhou Ge Yun and Master Transportation Service Agreement for our Group are altered or if our Group enters into any new agreements with any connected persons in the future, our Group will fully comply with the relevant requirements under Chapter 20 of the GEM Listing Rules unless our Group applies for and obtains a separate waiver from the Stock Exchange.

CONFIRMATION FROM OUR DIRECTORS AND SPONSOR

Our Directors (including our independent non-executive Directors) confirm, as concurred by the Sponsor, that each of the Master Supply Agreement for Winning Tower (Macau) and Yau Heng, Master Supply Agreement for Winning Star, Master Purchase Agreement of Guangzhou Ge Yun and Master Transportation Service Agreement for our Group has been and shall be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better that are fair and reasonable and in the interests of the company and our Shareholders as a whole; and the proposed annual cap amounts set out above are fair and reasonable and in the interests of the company and our Shareholders as a whole.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVE AND STRATEGIES

Our goal is to solidify our position as a well-established food processing company in Hong Kong and further expand our business operations with a view to creating long-term Shareholders' value. We intend to achieve our goal by implementing the following future plans and business strategies:

Continue to maintain our relationship with our existing customers while exploring new business opportunities

Our Group will continue to maintain and strengthen our relationship with our existing customers. We will seek to offer more tailor-made products and services to satisfy our customers' designated needs. Despite utilising our relationship with our renowned customers and our reputation in the industry, we also target to broaden our customer base into more restaurants and hotels.

Expand our processing capacity

As at the Latest Practicable Date, the annual processing capacity of our existing facilities was approximately 4,500,000 kilograms, which was primarily limited by the storage capacity of our cold storage rooms. The annual utilisation rate of our cold rooms was approximately 78% and 84% for the two years ended 31 December 2016, respectively.

In order to overcome our production bottleneck, we intend to expand our processing capacity by acquiring a new factory premises and renovate it as a refrigeration facilities. Based on our current expansion plan, we aim to double the annual processing volume to approximately 9,000,000 kilograms by mid of 2018.

The Directors consider that it is reasonable to double its cold storage/processing capacity due to the following reasons:

- Our Directors prefer the new factory premises to be located close to the existing processing facility for operation efficiency, hygiene and food safety reasons. As at the Latest Practicable Date, as far as our Directors are aware, the minimum size of potential new factory premises with close proximity to the existing processing facility available for cold storage/processing capacity set up in the market is approximately 7,000 sq.ft.;
- Given that our expected breakeven utilisation rate will only be approximately 4.4% of our expanded processing facilities after we double our cold storage, as long as our actual utilisation rate is equal to or above the breakeven utilization rate, our Group will not incur loss from operating this expanded processing facility.
- The Group's revenue was approximately HK\$133.6 million for the year ended 31 December 2016, or 1.35% market share in 2016. Assuming the market will increase at a CAGR of approximately 5.3% based on CIC Report, the market will reach approximately HK\$10.9 billion in 2018E. Even if our processing capacity is doubled and assume we can fully utilise the increased capacity, we will double our revenue and our market share will only increase to approximately 2.45%. Two years later, the market is expected to grow to HK\$12.2 billion in 2021E based on CIC Report. By that time, even if our Group can fully utilise the increased

FUTURE PLANS AND USE OF PROCEEDS

capacity, our market share will be approximately 2.19%. We consider that this market share is reasonably achievable with the following business strategy to expand our sales and market share:

Our business strategy to expand our sales and market share in light of our planned increase in cold storage capacity

(i) Promotion of our planned increase in cold storage capacity to existing customers

During Track Record Period, we have turned down new sales order from existing customers due to the capacity restriction. Therefore, our Directors believe that our current processing capacity is unable to satisfy all the needs for our existing customers. In order to accommodate these unsatisfied needs, we have already informed our major customers of our proposed doubling of production capacity in 2018. Some of these major customers have already expressed their intention by letter of intent to increase their purchase by 20–40% against their previous intention of purchase in 2018 if our production capacity stays the same.

(ii) Obtain new customers for our whole processed raw and cooked food operation

We intend to further promote our wholesale processed cooked food operation to new customers. As at the Latest Practicable Date, apart from airline and general catering customers, we are only selling our processed cooked food to one major Chinese chained restaurant group in Hong Kong. We will actively promote our wholesale processed cooked food service to other Chinese chained restaurants and hotels. We are in negotiation with another major chained restaurant group in Hong Kong for the supply of both raw and cooked food products. This major chained restaurant group in Hong Kong has already performed site visit on our factory premises. If everything goes to plan, we expect to commence initial pilot sales in second half of 2017 and commence mass supply to this new customer after our expanded processing capacity is ready for operation by mid of 2018.

(iii) Explore new business from existing customers for our whole processed raw and cooked food operation

We intend to explore new business from existing customers. For example, as at the Latest Practicable Date, we only supply raw food products to one of our airline catering customers. We are in negotiation with this airline catering customer to supply them with processed cooked food products. If everything goes to plan, we expect to commence initial pilot sales in second half of 2017 and commence mass supply of processed cooked food products to this existing customer after our expanded processing capacity is ready for operation by mid of 2018.

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(iv) Further promote our online retail sales operation

We intend to expand our online retail sales operation by conducting various promotions and marketing events online from time to time. We will place advertisements on traditional media (such as newspaper and magazines) as well as other media (such as our own website, Internet and Facebook) in order to increase brand awareness and attract new and returning customers.

Our Directors believe that our existing machinery and human resources are adequate to support the expanded cold storage capacity. Please refer to the section headed “Business — Processing capacity” in this prospectus for further details.

In light of this, we intend to utilise approximately HK\$22.0 million of the proceeds from the Share Offer to acquire the new premises as cold storage rooms and approximately HK\$8.8 million of the proceeds to renovate the new premises into a refrigeration facility.

Increase transportation capacity by expanding vehicle fleet

As at the Latest Practicable Date, we own a vehicle fleet which consists of eight vehicles. As many of our customers are catering services providers and restaurants operators who require us to deliver the food products in a timely manner to their locations, hence an efficient logistic arrangement is vital to our operations. In anticipation of the growing demand, increase the reliability and flexibility of our services, our Directors are of the view that there is a practical need to expand our own vehicle fleet to 11 vehicles in the next two years to assist in the transportation and delivery of our products. Consequently, we intend to allocate approximately HK\$2.4 million of the proceeds from the Share Offer to acquire three more vehicles equipped with refrigeration facilities before the end of 2018.

Enhance our internal support

To adapt the growth of our business, our Directors intend to hire two new staff, in particular, a human resources manager and an administrative assistant, to set up and oversee our human resources department with the function of continuing to increase the sufficiency of our labour resources having to our business development. The human resources manager and administrative assistant in our new human resources department will be responsible for, among others, managing our hiring process as well as reviewing and updating our recruitment policies. We expect our human resources personnel to be degree holders in human resources management or business administration with the manager possessing at least ten years of working experience in human resources management. As regards the costs of our human resources department, we expect the human resources manager and administrative assistant to cost us approximately HK\$485,000 and HK\$163,000 respectively per year.

Currently, we do not have a separate human resources department. All the human resources related functions (such as payroll and overseeing staff attendance) are handled by our accounting manager. As our Directors foresee that the financial reporting and compliance requirements will increase after the Listing, the workload of our accounting manager will increase significantly and it will not be feasible for him to continue to handle all these human resources related functions. Therefore, our Directors consider that it is beneficial to our Group to set up a human resources department after Listing to handle all the human resources related functions while our accounting manager can focus on accounting and financial reporting related works.

FUTURE PLANS AND USE OF PROCEEDS

Please refer to the paragraph headed “Business — Business strategies” in this prospectus for a description of our future plans.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

The net proceeds of the Share Offer will provide us with the necessary funding to expand our business. Our Directors also believe that listing of the Shares on GEM will allow us to gain access to the capital market for raising funds in the future. More importantly, a public listing status will enhance our corporate profile and recognition, which our Directors believe can strengthen our relationships with our existing suppliers and customers and promote our brand to potential new customers.

As at 31 December 2016, our Group’s cash and bank balances was approximately HK\$11.3 million and the borrowings were approximately HK\$28.3 million. Our Directors consider that although the current cash balance can support our existing operations, we must raise additional funding to expand our processing capacity to meet our future demand.

Assuming that the Offer Price is determined at HK\$0.20 (being the mid-point of the Offer Price range) and that the Offer Price Adjustment Option is not exercised, the aggregate amount of net proceeds of the Share Offer to be received by our Company after deducting the underwriting commission and estimated expenses payable by our Company is estimated to be approximately HK\$38.4 million. Our Directors currently intend to apply such net proceeds in the following manner:

- (a) approximately HK\$22.0 million or 57.3% will be used for acquiring a new factory premises as our new cold storage warehouses;
- (b) approximately HK\$8.8 million or 22.9% will be used for renovating the new premises as a refrigeration facility;
- (c) approximately HK\$2.4 million or 6.3% will be used for strengthening our logistics team;
- (d) approximately HK\$0.9 million or 2.3% will be used for setting up a human resources department;
- (e) approximately HK\$0.7 million or 1.8% will be used for upgrading our internal management system;
- (f) approximately HK\$3.6 million or 9.4% will be used for working capital and other corporate development purposes.

The above allocation of the net proceeds of the Share Offer will be adjusted on a pro rata basis in the event that the Offer Price is determined at a higher or lower level compared to the mid-point of the Offer Price range.

Assuming that the Offer Price is determined at HK\$0.22 (being the high-end of the Offer Price range) and that the Offer Price Adjustment Option is not exercised, our Company will receive additional net proceeds of approximately HK\$5.3 million. We currently intend to apply such additional net proceeds to the above usage items on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

Assuming that the Offer Price is determined at HK\$0.18 (being the low-end of the Offer Price range) and that the Offer Price Adjustment Option is not exercised, the net proceeds our Company receives will be reduced by approximately HK\$5.3 million. We currently intend to reduce the net proceeds to the above proposed usage items on a pro rata basis.

To the extent that the net proceeds of the Share Offer are not immediately required for the above purposes, our Directors currently intend that such proceeds will be placed on short-term deposits with licensed banks and/or financial institutions.

We estimate that the Selling Shareholder will receive net proceeds of approximately HK\$9.6 million at the Offer Price of HK\$0.20 (being the mid-point of the indicative range of the Offer Price). We will not receive any of the net proceeds of the Share Offer from the sale of the Sale Shares by the Selling Shareholder.

Our Directors consider that the net proceeds from the Share Offer together with our internal resources will be sufficient to finance the implementation of our business plans as set forth in the paragraph under in this section. Investors should be aware that any part of our business plans may not proceed according to the time frame as described above due to various factors. Under such circumstances, our Directors will evaluate carefully the situation and will hold the funds as short-term deposits until the relevant business plan(s) materialise.

IMPLEMENTATION PLAN

In light of the business objectives of our Group, we will seek to attain the milestones contained in this paragraph from the Latest Practicable Date to 31 December 2018. Prospective investors should note that the milestones and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. Our 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 our Group will materialise in accordance with the expected timeframe or that the objectives of our Group will be accomplished at all. Based on the current status of the industry, our Directors intend to carry out the following implementation plans:

(a) For the period from the 1 July 2017 to 31 December 2017

		<i>HK\$ million</i>
Acquiring a new factory premises as our new cold storage warehouses	Identify the suitable factory premises and complete the acquisition	22.0
Setup a human resources department	Hire two staff	0.3

FUTURE PLANS AND USE OF PROCEEDS

(b) For the period from the 1 January 2018 to 30 June 2018

		<i>HK\$ million</i>
Renovating the new premises as a refrigeration facility	Commence renovating the premises by sectioning it into two separate areas for the storage of chilled and frozen food products.	8.8
Setup a human resources department	Maintain the cost of the two staff	0.3
Upgrade our internal management system	Engage external consultant to upgrade our internal management system	0.7

(c) For the period from the 1 July 2018 to 31 December 2018

		<i>HK\$ million</i>
Strengthen our logistics team	Purchase three more vehicles with refrigeration facilities for our logistics team	2.4
Setup a human resources department	Maintain the cost of the two staff	0.3

(d) For the period from the 1 January 2019 to 30 June 2019

HK\$ million

— (Note)

(e) For the period from the 1 July 2019 to 31 December 2019

HK\$ million

— (Note)

Note: We intend to expend our net proceeds and complete the implementation of our business plans by the end of 31 December 2018. Therefore, there are no implementation plans laid out for this period.

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- (a) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- (b) there will be no material changes in existing laws, rules and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- (c) there will be no change in the funding requirement for each of the near term business objectives described in this prospectus from the amount as estimated by our Directors;
- (d) there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- (e) there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group;
- (f) there will be no change in the effectiveness of the qualifications and licences obtained by our Group; and
- (g) we will not be materially affected by the risk factors as set out in the section headed “Risk Factors” in this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

BOARD OF DIRECTORS

Our Board consists of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The table below sets forth the information regarding our Board:

Name	Age	Position	Responsibilities in our Group	Date of joining our Group	Date of appointment as Director	Relationship with other Directors, members of our senior management and Substantial Shareholders
Mr. LAI King Wah (黎景華)	65	Executive Director and Chairman	Overall strategic planning and management of our Group's business development and operations	19 April 2004	3 January 2017	Father of Mr. Eldon Lai
Mr. LAI Ho Yin Eldon (黎浩然)	38	Executive Director and Chief Executive Officer	Overseeing daily management of our Group's business development and operations	1 March 2012	3 January 2017	Son of Mr. KW Lai
Mr. HO Timothy Kin Wah (何健華)	30	Executive Director	Overseeing daily management of our Group's business operations	15 October 2012	3 January 2017	N/A
Mr. YU Ting Hei (余庭曦)	32	Non-executive Director	Providing strategic advice to our Group	1 December 2015	3 January 2017	N/A
Mr. CHOW Kuen Chung (周權忠)	53	Non-executive Director	Providing strategic advice to our Group	15 June 2005	3 January 2017	N/A
Ms. HO Lai Sze Jacqueline (何麗詩)	43	Non-executive Director	Providing strategic advice to our Group	3 January 2017	3 January 2017	Niece of Mr. WN Ho
Mr. CHAU Chun Wai (周振威)	65	Independent non-executive Director	Supervising and providing independent judgement to our Board, our remuneration committee, audit committee and nomination committee	5 June 2017	5 June 2017	N/A
Mr. LO Sun Tong (盧榮棠)	65	Independent non-executive Director	Supervising and providing independent judgement to our Board, our audit committee, remuneration committee and nomination committee	5 June 2017	5 June 2017	N/A
Mr. LAM Lai Kiu Kelvin (林禮喬)	58	Independent non-executive Director	Supervising and providing independent judgement to our Board and our audit committee	5 June 2017	5 June 2017	N/A

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Executive Directors

Mr. LAI King Wah (黎景華), aged 65, has founded the business of our Group. He is our Chairman, our executive Director, one of our Controlling Shareholders, chairman of our nomination committee and member of our remuneration committee. He is also a director of all the operating subsidiaries of our Group.

He has more than 40 years of experience in the food processing and trading industry in Hong Kong. Prior to founding our Group, he worked for The Peninsula Group from September 1976 to May 1988 with his last position as an assistant group controller, Hyatt Auckland from August 1988 to June 1992 with his last position as a materials manager, The Hongkong Refrigerating Company Limited from July 1992 to January 1996 with his last position as a general manager, Dah Chong Hong, Limited as a deputy general manager (provisions department for hotel & air catering business) from July 1996 to March 1997, Ramada Hotel since April 1997 as an assistant financial controller and was then transferred to and worked for Tinian Dynasty Hotel & Casino from September 1997 to June 1998 with his last position as an internal auditor, and Dah Chong Hong, Limited again as an assistant general sales manager (food service department, provisions division) from February 1999 to April 2004.

Mr. KW Lai successfully completed three sessions, namely food and beverage control, wine and spirit management, and meat science and management, and a two-week session of hospitality financial management, both at the Center for Professional Development of the School of Hotel Administration at the Cornell University, New York in July 1982 and in July 1987, respectively. Mr. KW Lai is primarily responsible for overall strategic planning and management of our Group's business development and operations. He is the father of Mr. Eldon Lai.

Mr. LAI Ho Yin Eldon (黎浩然), aged 38, is our Chief Executive Officer, our executive Director and one of our Controlling Shareholders.

Mr. Eldon Lai has more than four years of experience in the food processing and trading industry in Hong Kong. Since March 2012, he joined our Group and worked for Winning Tower as a business development manager. In January 2016, he was transferred to Winning Tower Group and has been serving as a general manager until now. He contributed to the establishment of Jett Foods in October 2012 and is one of the directors of Jett Foods. During these years, Mr. Eldon Lai was responsible for, among others, overall expansion strategy of our Group, management of the construction and renovation of our workshop, warehouse and ancillary office, administrative and operational management, communicating and liaising with suppliers and customers, and monitoring the financial situation.

Mr. Eldon Lai obtained a bachelor degree of arts and a diploma in teaching (primary) from The University of Auckland, New Zealand in September 2002 and May 2004 respectively. After graduation in 2004 and before joining our Group in 2012, Mr. Eldon Lai worked as a teacher in an intermediate school in Auckland, New Zealand. Mr. Eldon Lai is primarily responsible for overseeing daily management of our Group's business development and operations. He is the son of Mr. KW Lai.

Mr. HO Timothy Kin Wah (何健華), aged 30, is our executive Director and one of our Controlling Shareholders. He was admitted a lawyer of the Supreme Court of New South Wales in August 2011 and a member of The Hong Kong Institute of Directors in August 2016.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Timothy Ho has more than four years of experience in the food processing and trading industry in Hong Kong. He contributed to the establishment of Jett Foods in October 2012 and is one of the directors of Jett Foods. During these years, Mr. Timothy Ho was responsible for, among others, administrative and operational management, communicating and liaising with suppliers and customers, managing inventory level, devising marketing strategy, business development opportunities and monitoring the financial situation.

Mr. Timothy Ho obtained a double bachelor degree of laws and science from The University of New South Wales, Australia in August 2010 and a diploma in innovation management from The University of New South Wales, Australia in August 2012. Mr. Timothy Ho is primarily responsible for overseeing daily management of our Group's business operations.

Mr. Timothy Ho was a director of the following company, which was dissolved, with details as follows:

Name of company	Place of incorporation	Date of dissolution	Nature of Proceeding ^(Note)	Nature of business before dissolution
Umora International Limited	Hong Kong	17 February 2017	Deregistration	Jewellery trading

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree 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.

Non-executive Directors

Mr. YU Ting Hei (余庭曦), aged 32, is our non-executive Director and one of our Controlling Shareholders.

Mr. Yu has more than eight years of experience in the food processing and trading industry in Hong Kong and Macau. He joined our Group and worked for Winning Tower from September 2008 to June 2012 with his last position as a manager. He has been working for Yau Heng since September 2012, and is currently serving as an operation director. He contributed to the establishment of Jett Foods in October 2012 and is one of the directors of Jett Foods. During these years, Mr. Yu was responsible for, among others, handling customers' relationships and sales, development of business opportunities, logistics management, production planning and quality assurance.

Mr. Yu obtained a bachelor degree of science in business administration from the University of Bath, United Kingdom in June 2008. Mr. Yu is primarily responsible for providing strategic advice to our Group.

Mr. CHOW Kuen Chung (周權忠), aged 53, is our non-executive Director. He is a director of Winning Tower Group, Winning Tower, Maxford Logistics and Winning Star. He was awarded a diploma of membership of Les Amis d' Escoffier Society, Inc in June 2006.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Chow has more than 35 years of experience in the food and beverage industry in Hong Kong. Prior to joining our Group, he worked for Yung Kee Restaurant from August 1980 to September 1982 with his last position as an assistant chef. He served as a chef of East Ocean Seafood Restaurant from 16 December 1983 to 28 February 1987 and Treasure Pot Seafood Restaurant from 1 March 1987 to 28 February 1989. He joined as a chef in one of the restaurants operated by the Super Star Group in February 1989 and he is currently serving as a vice president. Mr. Chow is primarily responsible for providing strategic advice to our Group.

Mr. Chow was a director of the following company, which was dissolved, with details as follows:

Name of company	Place of incorporation	Date of dissolution	Nature of Proceeding ^(Note)	Nature of business before dissolution
Daily Go Investment Limited (日幹投資有限公司)	Hong Kong	18 October 2013	Deregistration	Trading

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree 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.

Ms. HO Lai Sze Jacqueline (何麗詩), aged 43, is our non-executive Director.

Ms. Ho has more than nine years of experience in business development and operations in the food and beverage industry in Hong Kong. In July 2000, she joined the Super Star Group and is currently serving as the business development and operations director. She was also the deputy principal of an internal training school of the Super Star Group, with the name of “Super Star University”, which was established in 2007, with an aim to provide professional training to internal staff and to promote the corporate image of the Super Star Group.

Ms. Ho obtained a bachelor degree of social science from The Chinese University of Hong Kong in December 1996. After graduation in 1996 and before joining the Super Star Group in 2000, Ms. Ho worked in The Hongkong and Shanghai Banking Corporation Limited in Hong Kong as a counter service officer trainee from March 1997 to April 1997 and a counter service officer from April 1997 to December 1998. Ms. Ho was then a customer service officer from December 1998 to March 2000. Ms. Ho is primarily responsible for providing strategic advice to our Group. She is the niece of Mr. WN Ho.

Ms. Ho was a director of the following company, which was dissolved, with details as follows:

Name of company	Place of incorporation	Date of dissolution	Nature of Proceeding ^(Note)	Nature of business before dissolution
Capital Success Enterprises Limited (嘉星企業有限公司)	Hong Kong	3 June 2005	Deregistration	Trading

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree 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.

Independent non-executive Directors

Mr. CHAU Chun Wai (周振威), aged 65, is our independent non-executive Director, chairman of our remuneration committee, member of our audit committee and nomination committee. He became an associate member of the Hong Kong Institute of Personnel Management and an associate member of the Institute of Training and Development in May 1991 and March 1993 respectively.

Mr. Chau has more than 37 years of experience in the catering services industry. He worked for Cathay Pacific Airways Limited as a traffic officer from May 1973 to March 1976, Swire Air Caterers Limited from March 1976 to July 1995 with his last position as a deputy general manager, operations, Cathay Pacific Catering Services (H.K.) Limited from August 1995 to June 2002 with his last position as a general manager, John Swire & Sons (H.K.) Limited (secondment to Cathay Pacific Catering Services (H.K.) Limited) from July 2002 to June 2010 with his last position as a chief executive officer, and John Swire & Sons (H.K.) Limited (secondment to Hong Kong Airport Services Limited) as a managing director from July 2010 until his retirement in January 2014.

Mr. Chau obtained a diploma of management for executive development from The Chinese University of Hong Kong in September 1987 and a foundation diploma in management from The University of Hong Kong in June 1995. He is responsible for supervising and providing independent judgment to our Board, our remuneration committee, audit committee and nomination committee.

Mr. Chau was a director of the following companies, which were dissolved, with details as follows:

Name of company	Place of incorporation	Date of dissolution	Nature of Proceeding ^(Note)	Nature of business before dissolution
Deli Delight Limited	Hong Kong	27 August 2004	Deregistration	Retail of processed food products
Hong Kong International Airport Services Limited	Hong Kong	23 April 2013	Deregistration	Customer service, check-in service for the Hong Kong International Airport

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all members of such company agree 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.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. LO Sun Tong (盧樂棠), aged 65, is our independent non-executive Director, chairman of our audit committee, member of our remuneration committee and nomination committee. He became a fellow of The Association of Certified Accountants in May 1982, and a fellow of the Hong Kong Society of Accountants in October 1985. He is also a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. Lo has more than 44 years of experience in the accounting and finance industry. He worked for KPMG from September 1972 to July 1978 with his last position as a senior assistant, John Swire & Sons (H.K.) Limited from July 1978 to April 1979 with his last position as an assistant to group accountant, Swire Pacific Limited from May 1979 to December 1985 with his last position as an accountant, Hana Technologies Limited (previously known as Swire Technologies Limited) from April 1986 to May 1999, and ASAT Limited as vice president and general manager from May 1999 to March 2002. From March 2002 up to now he has been serving as a partner of John Lo & Co.

Mr. Lo is responsible for supervising and providing independent judgment to our Board, our audit committee, remuneration committee and nomination committee.

Mr. LAM Lai Kiu Kelvin (林禮喬), aged 58, is our independent non-executive Director and member of our audit committee. He was admitted to practise law as a solicitor in Hong Kong in December 1999.

Mr. Lam has over 10 years of experience as a partner in a solicitor firm. He joined William K. W. Leung & Co. as an assistant solicitor in February 2000. From June 2002 to October 2002, he worked as an assistant solicitor at Jack Fong & Co. He became a consultant of Yu & Associates, Solicitors in October 2002 and subsequently a partner of it in November 2006. He obtained a bachelor's degree in law from the University of London by distance learning in August 1996 and a postgraduate certificate in laws from The University of Hong Kong in June 1997.

Mr. Lam is responsible for supervising and providing independent judgment to our Board and audit committee.

Other disclosure pursuant to Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above and elsewhere in this prospectus (if any), each of our Directors confirmed with respect to himself or herself that: (i) he or she is independent from and had no other relationships with any Directors, members of our senior management, Substantial Shareholders or Controlling Shareholders as at the Latest Practicable Date; (ii) apart from our Company, in the last three years leading up to and as at the Latest Practicable Date, he or she is not holding, nor had he or she held directorships in any other public company the securities of which are listed on any securities market in Hong Kong and/or overseas; (iii) he or she did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (iv) he or she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraph headed "C. Further information about Substantial Shareholders, Directors and experts — 1. Disclosure of interests — (a) Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations" in Appendix V to this prospectus; (v) he or she does not have any interests in any business which competes or may compete, directly or indirectly, with us, which is disclosable under the GEM Listing Rules, save as disclosed in the section headed "Relationship with our Controlling Shareholders" of this prospectus; and (vi) to the best of the knowledge, information and

DIRECTORS, SENIOR MANAGEMENT AND STAFF

belief of our Directors having made all reasonable enquiries, there is no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matters with respect to their appointments that need to be brought to the attention of our Shareholders as at the Latest Practicable Date.

SENIOR MANAGEMENT

The table below sets forth information regarding our senior management:

Name	Age	Position	Responsibilities in our Group	Date of joining our Group	Relationship with other Directors, members of our senior management and Substantial Shareholders
Mr. KAM Dor Dor Francis (甘多多)	59	Deputy general manager	Overseeing the daily operation and coordination of our Group	2 May 2004	Spouse of Ms. Li
Mr. WAN Kim Hang (温劍恒)	37	Accounting manager	Overseeing the accounting activities and administration of our Group	19 December 2005	N/A
Mr. TSANG Hing Bun (曾慶賢)	37	Company secretary	Overseeing the secretarial matters of our Group	5 June 2017	N/A

Mr. KAM Dor Dor Francis (甘多多), aged 59, is our deputy general manager. Prior to joining our Group, he worked for Sims Trading Company Limited (Dairy Farm) as an assistant business manager since July 1987 and was then transferred to and worked for Dah Chong Hong, Limited as an assistant business manager of provisions division from October 2001 to April 2004. He joined our Group in May 2004 as a deputy general manager of Winning Tower. He is primarily responsible for overseeing the daily operation and coordination of our Group.

Mr. WAN Kim Hang (温劍恒), aged 37, is our accounting manager. He became a Hong Kong accounting technician in The Hong Kong Association of Accounting Technicians in June 2003. He joined our Group in December 2005 as an accounting clerk of Winning Tower. He was promoted to the position of accounting officer in 2010 and to his current position as an accounting manager in 2015. He obtained a professional diploma in financial planning and an advanced professional diploma in financial planning from The University of Hong Kong School of Professional and Continuing Education in September 2010 and September 2011 respectively. He is primarily responsible for overseeing the accounting activities and administration of our Group.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. TSANG Hing Bun (曾慶贊), aged 37, is our company secretary. He became a certified public accountant of the Hong Kong Institute of Certified Public Accountants in April 2005; a financial risk manager of the Global Association of Risk Professionals in April 2010; an associate of The Hong Kong Institute of Chartered Secretaries and an associate of The Institute of Chartered Secretaries and Administrators in June 2010.

Mr. Tsang has more than seven years of experience in the accounting and financial field. He worked for Ernst & Young Transactions Limited as a staff accountant from September 2001 to September 2004, Asia Satellite Telecommunications Company Limited from July 2006 to December 2006 with his last position as a contract consultant, Ruifeng Petroleum Chemical Holdings Limited from January 2011 to July 2011 with his last position as company secretary and senior investment manager; Joinbo Holdings Limited as a chief financial officer from July 2011 to November 2012 and China Financial Leasing Group (Stock code: 2312), the shares of which are listed on the Main Board of the Stock Exchange, as chief financial officer from December 2012 to September 2015, as joint company secretary from December 2012 to January 2013 and as company secretary from January 2013 to October 2015. Since September 2015, he was appointed as an executive director of Cinderella Media Group Limited (Stock code: 550), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Tsang obtained a bachelor degree of social science from The Chinese University of Hong Kong in November 2001 and a master degree of science in finance from the City University of Hong Kong in November 2006. He is responsible for overseeing the secretarial matters of our Group.

Save as disclosed above and elsewhere in this prospectus (if any), each of the members of our senior management confirmed with respect to himself and herself that: (i) as at the Latest Practicable Date, he or she had no interests in our Shares within the meaning of Part XV of the SFO; (ii) he or she did not have any relationships with any Directors, members of our senior management, Substantial Shareholders or Controlling Shareholders as at the Latest Practicable Date; and (iii) he or she did not hold any directorships in any other public company the securities of which were listed on any securities market in Hong Kong and/or overseas in the last three years prior to the Latest Practicable Date.

COMPANY SECRETARY

Mr. TSANG Hing Bun (曾慶贊), aged 37, is our company secretary. Details of his qualifications and experience are set out in the paragraph headed “Directors, senior management and staff — Senior management” in this prospectus.

COMPLIANCE OFFICER

Mr. HO Timothy Kin Wah (何健華) was appointed as the compliance officer of our Company. Details of his qualifications and experience are set out in the paragraph headed “Directors, senior management and staff — Executive Directors” in this prospectus.

AUTHORISED REPRESENTATIVES

Mr. Eldon Lai and Mr. Tsang Hing Bun are our authorised representatives under Rule 5.24 of the GEM Listing Rules.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Kingsway Capital to be our compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, our compliance adviser will advise us in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results of operations deviate from any information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares or any other matters under Rule 17.11 of the GEM Listing Rules.

The term of the engagement will commence on the Listing Date and end on the date on which we distribute our annual report as required under Rule 18.03 of the GEM Listing Rules for the second full financial year commencing after the Listing Date, or when the appointment of Kingsway Capital is terminated, whichever is earlier. Such appointment may be subject to extension by mutual agreement.

BOARD PRACTICES

In the absence of extraordinary events, it is the practice of our Board to meet at least four times a year. At such meetings, our Directors conduct, among other things, an operational review of our business.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee on 5 June 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraph C.3 of the Corporate Governance Code. The members of the audit committee comprise Mr. Lo Sun Tong, Mr. Chau Chun Wai and Mr. Lam Lai Kiu Kelvin. The chairperson of the audit committee is Mr. Lo Sun Tong. The primary duties of the audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of our Group.

Remuneration Committee

Our Company established a remuneration committee on 5 June 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules, and paragraph B.1 of the Corporate Governance Code. The members of the remuneration committee comprise Mr. Chau Chun Wai, Mr. Lo Sun Tong and Mr. KW Lai. The chairperson of the remuneration committee is Mr. Chau Chun Wai. The

DIRECTORS, SENIOR MANAGEMENT AND STAFF

primary duties of the remuneration committee are mainly to make recommendations to our Board on the overall remuneration policy and structure relating to our Directors and senior management of our Group, review and evaluate performance in order to make recommendations on the remuneration package of each of our Directors and senior management personnel as well as other employee benefit arrangements.

Nomination Committee

Our Company established a nomination committee on 5 June 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The members of the nomination committee comprise Mr. KW Lai, Mr. Chau Chun Wai and Mr. Lo Sun Tong. The chairperson of the nomination committee is Mr. KW Lai. The nomination committee is mainly responsible for making recommendations to our Board on the appointment of Directors and the management of our Board succession.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Service contract/Letter of appointment with Directors

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from 5 June 2017 (subject to termination in certain circumstances as stipulated in the relevant service contract). Each of our executive Directors is entitled to their respective basic salaries set out below and may be entitled to a discretionary bonus. The basic annual salaries of our executive Directors for their respective executive and management roles in our Group in respect of the year ending 31 December 2016 are as follows:

Name	Approximate annual salary (HK\$)
Mr. KW Lai	1,440,000
Mr. Eldon Lai	1,404,000
Mr. Timothy Ho	600,000

Each of our non-executive Director and independent non-executive Directors has entered into a letter of appointment with our Company for a period of three years commencing from 5 June 2017 (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors and removal and retirement by rotation of Directors. For the remuneration of each of the non-executive Directors and independent non-executive Directors, please refer to the paragraph headed “3. Remuneration of Directors” in Appendix V to this prospectus. Save for the directors’ fee, none of our non-executive Directors or independent non-executive Directors is expected to receive any other remuneration for holding their office as a non-executive Director or an independent non-executive Director and a member of any board committees of our Company.

Save as disclosed above, no Director has entered into any service agreement with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Emoluments paid during the Track Record Period

For each of the two years ended 31 December 2016, the aggregate amount of remuneration (including salaries, allowances and benefits in kind, performance related bonuses, and pension scheme contributions) paid by our Group to our Directors amounted to approximately HK\$3.2 million and HK\$4.1 million respectively. Under the arrangement currently in force, it is estimated that an aggregate remuneration (excluding any commission or discretionary bonus) of approximately HK\$4.1 million is payable by our Group to our Directors in respect of the year ending 31 December 2017.

For each of the two years ended 31 December 2016, the aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonuses, and pension scheme contributions) paid by our Group to the five highest paid individuals, excluding the Directors, were approximately HK\$1.4 million and HK\$1.6 million, respectively. For details of the emoluments of our Directors and the five highest paid individuals of our Group during the Track Record Period, please refer to Note 10 of Appendix I to this prospectus.

During the Track Record Period, no emoluments were paid by our Group to any of the aforementioned five highest paid individuals and any of the Directors as an inducement to join or upon joining our Group as a compensation for loss of office. There was no arrangement under which any of our Directors waived or agreed to waive any remuneration during the Track Record Period. Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors in respect of each of the two years ended 31 December 2016.

Subject to the review by and the recommendations of our remuneration committee, the remuneration policy we intend to adopt after the Listing for our Directors and senior management members will be based on comparable market levels and their performance and qualifications.

EMPLOYEES

As at the Latest Practicable Date, our Group had 61 full-time employees who were directly employed by us in Hong Kong. For details about our employees and staff policy, please refer to the paragraph headed “Business — Our employees” in this prospectus.

Our total staff cost (including salaries and other employees benefits) for each of the two years ended 31 December 2016 amounted to approximately HK\$9.5 million and HK\$17.9 million respectively.

In Hong Kong, we operate a defined contribution retirement benefits scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Scheme Ordinance (Chapter 485) of the Laws of Hong Kong for all of our employees in Hong Kong who joined us after the commencement of this ordinance. Contributions are made based on a percentage of the employees’ basic salaries. We contribute the lower of HK\$1,500 or 5% of the relevant monthly salary to the MPF Scheme, a contribution to be matched by our employees.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme on 5 June 2017 under which certain selected classes of participants (including, among others, full-time employees and Directors) may be granted options to subscribe for our Shares. The principal terms of the Share Option Scheme are summarised in the paragraph headed “D. Share Option Scheme” in Appendix V to this prospectus.

SHARE CAPITAL

SHARE CAPITAL OF OUR COMPANY

The authorised and issued share capital of our Company are as follows:

Number of Shares comprised in the authorised share capital immediately after the Capitalisation Issue and the Share Offer:

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares of par value of HK\$0.01 each	<u>100,000,000</u>

Assuming the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme are not exercised, the share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

<i>Shares issued and to be issued, fully paid or credited as fully paid, upon completion of the Capitalisation Issue and the Share Offer:</i>		<i>HK\$</i>
28,430	Share in issue as at the date of this prospectus	284.3
1,119,971,570	Shares to be issued pursuant to the Capitalisation Issue	11,199,715.7
<u>280,000,000</u>	Shares to be issued pursuant to the Share Offer ^(Note)	<u>2,800,000</u>
<u>1,400,000,000</u>	Shares in total	<u>14,000,000</u>

Note: The issued share capital of our Company will be enlarged by an additional maximum number of 52,500,000 Shares in the event that the Offer Size Adjustment Option is exercised in full.

ASSUMPTIONS

The above tables assume that the Share Offer becomes unconditional and does not take into account any Shares to be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any options to be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issue Mandate and Repurchase Mandate as described below or otherwise.

RANKING

The Offer Shares, including our Shares which will be issued pursuant to the exercise of the Offer Size Adjustment Option or any options to be granted under the Share Option Scheme, will rank *pari passu* in all respects with all other Shares in issue or to be issued as mentioned in this prospectus, and in particular, will rank in full for all dividends and other distributions declared, paid or made on our Shares in respect of a record date which falls after the date of this prospectus save for any entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” in Appendix V to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares not exceeding the sum of:

- (i) 20% of the aggregate number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer; and
- (ii) the aggregate number of Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

Our Directors may, in addition to our Shares which they are authorised to issue under this mandate, allot, issue and deal with our Shares pursuant to (a) a rights issue; (b) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by our Company or any securities which are exchangeable into Shares; (c) the exercise of the subscription rights under options granted under the Share Option Scheme or any other similar arrangement of our Company from time to time adopted for the grant or issue to officers and/or employees and/or consultants and/or advisers of our Company and/or any of its subsidiaries and/or other persons of Shares or rights to acquire Shares; or (d) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association.

The Issue Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- upon the expiration of the period within which our Company is required by applicable laws or the Articles or the Companies Law to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For details of the Issue Mandate, please see the paragraph headed “A. Further information about our Group — 3. Written resolutions of the Shareholder passed on 5 June 2017” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer, exclusive of any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme.

SHARE CAPITAL

The Repurchase Mandate relates only to repurchases made on GEM and/or on any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “A. Further information about our Group — 6. Repurchase of our Shares by our Company” in Appendix V to this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- upon the expiration of the period within which our Company is required by applicable laws or the Articles or the Companies Law to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

For further information about the Repurchase Mandate, please refer to the paragraph headed “A. Further information about our Group — 3. Written resolutions of the Shareholder passed on 5 June 2017” in Appendix V to this prospectus.

CIRCUMSTANCES WHERE MEETINGS ARE REQUIRED

Our Company has only a single class of Shares, namely ordinary Shares, with each Share ranking *pari passu* with the other shares.

Our Company may from time to time by ordinary shareholders’ resolutions (i) increase our share capital; (ii) consolidate and divide our share capital into Shares of larger or smaller amount than the existing Shares; (iii) divide our unissued Shares into classes; (iv) subdivide our Shares into Shares of smaller amount than is fixed by the Memorandum; and (v) cancel any Shares which have not been taken. Our Company may by shareholders’ special resolution reduce our share capital; and 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 vary or abrogate all or any of the special rights attached to that class of Shares.

For further details, please refer to the section headed “Summary of the constitution of the Company and Cayman Islands company law — 2. Articles of Association — Variation of rights of existing shares or classes of shares” and “Alteration of capital” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS AND SIGNIFICANT SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS AND SIGNIFICANT SHAREHOLDERS

Our Substantial Shareholders and Significant Shareholders for the purposes of the GEM Listing Rules are set forth below:

Interests in our Company

Name	Number of Shares immediately following completion of the Capitalisation Issue and the Share Offer	Shareholding percentage in our Company immediately following completion of the Capitalisation Issue and the Share Offer
Keyview Ventures ^(Note 1)	1,050,000,000	75%
Kam Lee ^(Notes 1 and 2)	1,050,000,000	75%
Mr. KW Lai ^(Note 1)	1,050,000,000	75%
Top Ocean ^(Notes 1 and 2)	1,050,000,000	75%
Ms. Ou ^(Note 1)	1,050,000,000	75%
Mr. Yu ^(Note 1)	1,050,000,000	75%
Ms. Li ^(Note 1)	1,050,000,000	75%
Mr. Timothy Ho ^(Note 1)	1,050,000,000	75%
Mr. Eldon Lai ^(Note 1)	1,050,000,000	75%

Notes:

- Keyview Ventures is owned as to approximately 24.53% by Mr. KW Lai, as to approximately 24.53% by Top Ocean, as to approximately 23.22% by Ms. Ou, as to approximately 19.02% by Mr. Yu, as to approximately 4.75% by Ms. Li, as to approximately 2.87% by Mr. Timothy Ho and as to approximately 1.08% by Mr. Eldon Lai.
- Top Ocean is a wholly-owned subsidiary of Kam Lee.

Interests in our Group members other than our Company

Name	Name of Group member	Number of shares	Shareholding percentage in the relevant Group members
Top Ocean ^(Notes 1 and 3)	Maxford Logistics	4,000	40%
Grand Gold ^(Notes 2 and 3)	Winning Star	3,200,000	40%

Notes:

- Top Ocean is wholly-owned by Kam Lee and is a fellow subsidiary of Grand Gold.
- Grand Gold is wholly-owned by Kam Lee and is a fellow subsidiary of Top Ocean.
- Kam Lee is owned as to in aggregate 40% by Mr. WN Ho and his spouse, 21% by Mr. WN Ho's four children aged over 18 (who are Mr. WN Ho's associates), as to 6% by Ms. Ho Lai Sze Jacqueline (our non-executive Director and the niece of Mr. WN Ho), as to in aggregate 13% by Mr. Chow Kuen Chung (our non-executive Director) and his spouse and as to in aggregate 20% by 11 Independent Third Parties.

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You should read the following discussion and analysis in conjunction with our combined financial information and notes thereto set forth in the Accountant's Report included as Appendix I and our selected historical combined financial information and operating data included elsewhere in this prospectus. Our combined financial information has been prepared in accordance with HKFRSs. Potential investors should read the whole of the accountants' report set out in Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk Factors" and "Forward-Looking Statements" for discussions of those risks and uncertainties.

Unless the context otherwise requires, financial information described in this section is described on a combined basis.

OVERVIEW

We are a food supplier focusing on processed raw and cooked food products in Hong Kong. Founded in 2004, we have over 12 years of experience in the food processing and trading industry. We have both wholesale and retail operations. All of our wholesale business is conducted in Hong Kong and our wholesale customers include airline catering, restaurant, general catering and food processing operators. In addition to our wholesale operation, we have operated an online food shop, namely Jettfoods.com, since 2012, offering a wide variety of quality premium food products to our retail customers via our online platform. As at the Latest Practicable Date, we offered over 150 types of processed raw and cooked food products to our customers.

We generate our revenue by sourcing, processing and supplying processed raw and cooked food products to customers in different industries and by retail sales of food products through our online food shop and trading of raw food. We also offer logistics solution to external customers. We place strong emphasis on quality control and have implemented stringent quality control procedures throughout our processing stage and on all processing lines. We also have our own vehicle fleet and our own logistics team to ensure our products is delivered to customers in a timely manner and of good quality throughout transportation.

We have generated revenue of approximately HK\$112.9 million and HK\$133.6 million, respectively, of which approximately HK\$112.7 million and HK\$109.8 million, representing approximately 99.9% and 82.2% of our total revenue were generated from the wholesale processed raw food to our customers for the years ended 31 December 2015 and 2016. Wholesale processed cooked food is operated under Winning Star and retail online food delivery and trading is operated under Jett Foods. Prior to a reorganisation in December 2015, Winning Star and Jett Foods were owned as to 40% and 30% by Winning Tower, respectively. Therefore, the revenue from these products for the year ended 31 December 2015 was not reflected in the total revenue of our Group for the year ended 31 December

FINANCIAL INFORMATION

2015. Subsequently in December 2015, Winning Star became our 60%-owned subsidiary and Jett Foods became our wholly-owned subsidiary. Therefore the revenue from these products for the year ended 31 December 2016 would be reflected in the total revenue of our Group for the year ended 31 December 2016. Approximately HK\$17.5 million, representing approximately 13.1% of our total revenue, were generated from sales of wholesale processed cooked food, and approximately HK\$6.3 million, representing approximately 4.7% of our total revenue, were generated from retail online food delivery and trading and logistics services for the year ended 31 December 2016.

BASIS OF PRESENTATION

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries are principally engaged in the processing and sales of raw, frozen and cooked food products and provision of transportation services.

The Company and its subsidiaries now comprising the Group underwent the reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on our management's best knowledge and judgment of current facts and circumstances, actual results may differ from those estimates. The areas involve a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 3 to the Accountants' Report.

Further details on the basis of presentation are set out in the Note 2.1 to the Accountants' Report.

KEY FACTORS AFFECTING OUR OPERATING RESULTS AND FINANCIAL CONDITION

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section "Risk Factors":

Inadequate or interrupted supply and price fluctuation for our raw materials and packaging materials could adversely affect our profitability.

The availability and prices of our raw materials and packaging materials may fluctuate and are subject to factors beyond our control, including changes in supply and demand conditions, general economic conditions, governmental regulations, government restriction to prevent disease outbreaks, exchange rates and availability, each of which may affect our food costs or even cause a disruption in our supply. Our suppliers may also be affected by higher costs and pass through to us, which could result in higher costs for goods supplied to us. As we have not entered into any long-term purchase contract with our suppliers, any sudden shortage of supply of raw or packaging materials or a sudden surge in the price of raw or packaging materials may adversely affect our Group's operations or result in our Group having to pay a higher cost for production, which may indirectly reduce our revenue.

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In addition, sudden shortage of supply of raw materials or packaging materials may cause our Group being unable to deliver goods to our customers on time, thereby resulting in a loss of customers or sales orders. In the event of any significant increase in the costs of raw or packaging materials and to the extent that we are unable to pass such increase in costs onto our customers on a timely basis or find a cheaper source of supply, our profit margins will be adversely affected. There is no assurance that our Group will not experience any significant price fluctuations or shortage in the supply of raw materials or packaging materials.

Our net current liabilities position may expose us to liquidity risk.

As at 31 December 2015 and 2016, our current liabilities exceeded our current assets by approximately HK\$0.5 million and approximately HK\$1.5 million, respectively. Our Group's net current liabilities during the Track Record Period were largely due to bank borrowings classified as current liabilities as a result of inclusion of "repayable on demand" clauses in the relevant facility agreements. For details, please refer to the section headed "Financial information — Liquidity and capital resources" in this prospectus. The net current liabilities position, if recur in the future, would expose us to liquidity risk which could restrict our ability to make necessary capital expenditure or develop business opportunities, and our business, operating results, financial condition could be adversely affected.

CRITICAL ACCOUNTING POLICIES & ESTIMATES

The financial statements of our Group was prepared in accordance with all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, which requires our Group to adopt accounting policies and make estimates and assumptions that the management believes are appropriate in the circumstances for purpose of giving a true and fair view of the results and financial condition of our Group. However, different policies, estimates and assumptions in critical areas could lead to materially different results. Our Directors have continually assessed these estimates based on their experience and knowledge of current business, the expectations based on available information and other reasonable assumptions, which together form our basis for making judgments about matters that are not apparent from other sources. Since the use of estimates is an integral component of financial reporting progress, the actual result could differ from those estimates. Our Directors believe the following accounting policies involve the most significant judgments and estimates used in the preparation of the financial statements.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services, when the relevant services have been rendered;

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- (c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the reporting periods.

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An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Estimation of fair value of leasehold land and buildings

In the absence of current prices in an active market for similar properties, our Group considers information from a variety of sources, including:

- (a) by reference to independent valuation;
- (b) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- (c) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. Management reassesses these estimates at each of the reporting date.

Impairment of loans and receivables

Our Group assesses at the end of each of the reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, our Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

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COMBINED RESULTS OF OPERATION

The table below set out the combined statements of profit or loss and other comprehensive income of our Group for the Track Record Period extracted from the Accountants' Report set out in Appendix I to this prospectus:

	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	112,865	133,578
Cost of inventories consumed	(83,140)	(88,175)
Other income	2,240	1,624
Employee benefit expenses	(9,544)	(17,903)
Depreciation	(2,729)	(4,667)
Transportation and storage fee	(4,275)	(3,297)
Utilities and consumables	(1,807)	(3,000)
Rental and related expenses	(1,042)	(1,223)
Listing expenses	—	(4,502)
Other operating expenses	<u>(3,929)</u>	<u>(4,635)</u>
Profit before tax from operations	8,639	7,800
Finance costs	(1,014)	(1,112)
Gain on disposal of associates, net	1,202	—
Share of profits and losses of associates	<u>960</u>	<u>—</u>
Profit before tax	9,787	6,688
Income tax expense	<u>(1,476)</u>	<u>(1,985)</u>
Profit for the year	<u>8,311</u>	<u>4,703</u>
Attributable to:		
Owners of the Company	8,364	4,633
Non-controlling interests	<u>(53)</u>	<u>70</u>
	<u>8,311</u>	<u>4,703</u>

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	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	8,311	4,703
Other comprehensive income		
Other comprehensive expense to be reclassified to the profit or loss in subsequent periods:		
Release of exchange reserve upon disposal of associates	(16)	—
Other comprehensive income/(expense) not to be reclassified to the profit or loss in subsequent periods:		
Revaluation surplus	8,556	150
Deferred tax debited to asset revaluation reserve	<u>(1,412)</u>	<u>(24)</u>
Other comprehensive income for the year, net of tax	<u>7,128</u>	<u>126</u>
Total comprehensive income for the year	<u><u>15,439</u></u>	<u><u>4,829</u></u>
Attributable to:		
Owners of the Company	15,492	4,759
Non-controlling interests	<u>(53)</u>	<u>70</u>
	<u><u>15,439</u></u>	<u><u>4,829</u></u>

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DESCRIPTION OF SELECTED COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We generate revenue primarily from processed raw and cooked food products to food suppliers in Hong Kong. The table below sets out our revenue by product category for the Track Record Period:

Product or service type	Year ended 31 December			
	2015		2016	
	Revenue <i>HK\$'000</i>	Percentage of total revenue %	Revenue <i>HK\$'000</i>	Percentage of total revenue %
Wholesale processed raw food	112,718	99.9	109,802	82.2
Wholesale processed cooked food <i>(Note)</i>	—	—	17,527	13.1
Retail online food delivery and trading <i>(Note)</i>	—	—	2,823	2.1
Logistics services	147	0.1	3,426	2.6
Total	<u>112,865</u>	<u>100.0</u>	<u>133,578</u>	<u>100.0</u>

Note: Wholesale processed cooked food is operated under Winning Star and retail online food delivery and trading is operated under Jett Foods. Prior to a reorganisation in December 2015, Winning Star and Jett Foods were owned as to 40% and 30% by Winning Tower, respectively. Therefore, the revenue from these products and services for the year ended 31 December 2015 were not reflected in the total revenue of our Group for the year ended 31 December 2015. Subsequently in December 2015, Winning Star became our 60% owned subsidiary and Jett Foods became our wholly-owned subsidiary. Therefore, the revenue from these products and services for the year ended 31 December 2016 were reflected in the total revenue of our Group for the year ended 31 December 2016.

Wholesale processed raw food contributed the largest share of our revenue, which accounted for 99.9% and 82.2% for the years ended 31 December 2015 and 2016, respectively. Wholesale processed cooked food made up nil and 13.1% of our revenue for the years ended 31 December 2015 and 2016, respectively.

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The following table sets forth a breakdown of our wholesale processed raw food during the Track Record Period:

By types of food	Year ended 31 December			
	2015		2016	
	Revenue	Percentage	Revenue	Percentage
	HK\$'000	of revenue	HK\$'000	of revenue
		from		from
		wholesale		wholesale
		processed		processed
		raw food		raw food
		%		%
Poultry	40,125	35.6%	42,126	38.4%
Pork	29,662	26.3%	30,401	27.7%
Beef	31,003	27.5%	26,525	24.1%
Lamb	972	0.9%	670	0.6%
Others	10,956	9.7%	10,080	9.2%
	<u>112,718</u>	<u>100.0%</u>	<u>109,802</u>	<u>100.0%</u>

The table below sets forth our revenue by customer types for the Track Record Period:

	Year ended 31 December			
	2015		2016	
	Revenue	Percentage	Revenue	Percentage
	HK\$'000	of total	HK\$'000	of total
		revenue		revenue
		%		%
Airline catering	68,532	60.7	72,511	54.3
Restaurant	14,682	13.0	33,020	24.7
General catering	12,414	11.0	9,212	6.9
Food processing	15,813	14.0	9,634	7.2
Others <i>(Note)</i>	1,424	1.3	9,201	6.9
Total	<u>112,865</u>	<u>100.0</u>	<u>133,578</u>	<u>100.0</u>

Note: Others mainly included food trades and online retail.

During the years ended 31 December 2015 and 2016, we generated approximately HK\$68.5 million and HK\$72.5 million, representing 60.7% and 54.3% of our revenue, from Airline catering service providers.

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Cost of inventories consumed

Our cost of inventories consumed mainly consists of the cost of raw food materials. During the Track Record Period, our cost of inventories consumed amounted to HK\$83.1 million and HK\$88.2 million for the years ended 31 December 2015 and 2016, respectively. For the years ended 31 December 2015 and 2016, the total cost of inventories consumed accounted for approximately 73.7% and 66.0% of the revenue of our Group, respectively.

The table below sets forth our cost of inventories consumed by product categories for the periods indicated, both in actual term and as a percentage of total cost of inventories consumed:

	Year ended 31 December			
	2015		2016	
	Cost of inventories consumed	Percentage of cost of inventories consumed	Cost of inventories consumed	Percentage of cost of inventories consumed
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Wholesale processed raw food	83,140	100.0	78,254	88.7
Wholesale processed cooked food	—	—	8,096	9.2
Retail online food delivery and trading	—	—	1,825	2.1
Logistics services ^(Note)	—	—	—	—
Total	<u>83,140</u>	<u>100.0</u>	<u>88,175</u>	<u>100.0</u>

Note: Logistics services is principally engaged in providing transportation services to our Group and our customers. Cost of inventories consumed is not applicable for this product type.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of inventories consumed on the profit before tax for the years ended 31 December 2015 and 2016. Fluctuations are assumed to be 10.0%, 20.0% and 40.0% for the years ended 31 December 2015 and 2016, based on the historical fluctuations of the total cost of inventories consumed during the Track Record Period.

Change in cost of inventories consumed	40%	20%	10%	-10%	-20%	-40%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Impact on profit before tax for the year ended 31 December 2015	(33,256)	(16,628)	(8,314)	8,314	16,628	33,256
Impact on profit before tax for the year ended 31 December 2016	(35,270)	(17,635)	(8,818)	8,818	17,635	35,270

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Gross profit and gross profit ratio

Gross profit is calculated based on our revenue for the year minus cost of inventories consumed for the year. Gross profit ratio is calculated based on the gross profit for the year divided by our revenue for the year and multiplied by 100%.

The following table sets forth our gross profit and gross profit ratio by each of our product categories for the Track Record Period:

	Year ended 31 December			
	2015		2016	
	Gross profit	Gross profit	Gross profit	Gross profit
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Wholesale processed raw food	29,578	26.2	31,548	28.7
Wholesale processed cooked food	—	—	9,431	53.8
Retail online food delivery and trading	—	—	998	35.4
Logistics <i>(Note)</i>	<u>147</u>	<u>100.0</u>	<u>3,426</u>	<u>100.0</u>
Total	<u>29,725</u>	<u>26.3</u>	<u>45,403</u>	<u>34.0</u>

Note: As cost of inventories consumed is not applicable for this product type, the gross profit ratio of this product type is 100%.

Over 99.5% and approximately 69.5% of our gross profit is contributed by our wholesale processed raw food for the years ended 31 December 2015 and 2016. Our gross profit for the years ended 31 December 2015 and 2016 amounted to approximately HK\$29.7 million and HK\$45.4 million respectively, representing gross profit ratio of 26.3% and 34.0% respectively. Such increase was mainly due to the significant increase in the sale on wholesale processed cooked food and retail online food delivery and trading, as Winning Star and Jett foods became our subsidiaries of our Group.

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Other income

Other income primarily consists of bank interest income, management service and rental income, storage and handling income and others. Management service income represents income from allowing Winning Tower (Macau) to use our brand name and trademark namely permitting Winning Tower (Macau) to present our brand name on their logistic vehicle and using our trademark during their business operation. Winning Tower (Macau) will stop using the Group's brand name and trademark after the cessation of the licensing arrangement upon listing. Our Group would charge yearly service fee calculated based on a certain percentage of the total profit of Winning Tower (Macau), our Group have completely ceased this arrangement upon listing. Storage and handling income represents income from our customers utilising our storage facilities and the appropriate manpower to manage their inventory during festive period and income from leasing storage facilities to our customers. Others mainly include bank interest income. The following table sets forth the breakdown of our other income during the Track Record Period:

	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank interest income	—	31
Management service and rental income	717	336
Storage and handling income	1,467	1,242
Others	<u>56</u>	<u>15</u>
Total	<u><u>2,240</u></u>	<u><u>1,624</u></u>

Employee benefit expenses

Our staff benefits comprise salaries and benefits, including wages, salaries, bonuses, retirement benefit costs and other allowances to all our employees and staff. Our staff benefits amounted to HK\$9.5 million and HK\$17.9 million for the years ended 31 December 2015 and 2016, respectively. For the two years ended 31 December 2015 and 2016, the total employee benefit expenses accounted for approximately 8.5% and 13.4% of the revenue of our Group, respectively. The table below sets forth the staff costs by category during the Track Record Period:

	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' emoluments	3,185	4,108
Salaries, wages and other benefits	6,102	13,212
Retirement benefit scheme contributions	<u>257</u>	<u>583</u>
Total	<u><u>9,544</u></u>	<u><u>17,903</u></u>

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The following sensitivity analysis illustrates the impact of hypothetical fluctuations in employee benefit expenses on the profit before tax for the two years ended 31 December 2015 and 2016. Fluctuations are assumed to be 10.0%, 20.0% and 40.0% for the two years ended 31 December 2015 and 2016, based on the historical fluctuations of the employee benefit expenses during the Track Record Period.

Change in employee benefit expenses	40%	20%	10%	-10%	-20%	-40%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Impact on profit before tax for the year ended 31 December 2015	(3,817)	(1,909)	(954)	954	1,909	3,817
Impact on profit before tax for the year ended 31 December 2016	(7,161)	(3,581)	(1,790)	1,790	3,581	7,161

Depreciation

Our Group recorded depreciation of approximately HK\$2.7 million and HK\$4.7 million for the years ended 31 December 2015 and 2016, respectively, for our leasehold land and buildings, furniture and fixtures, other equipment and motor vehicles.

Transportation and storage fee

Our transportations and storage fee comprise logistics expenses, parking fee, gasoline expenses, and cold storage warehouse rental fee. Our transportation and storage fee amounted to HK\$4.3 million and HK\$3.3 million for the years ended 31 December 2015 and 2016, respectively. For the two years ended 31 December 2015 and 2016, the transportation and storage fee accounted for approximately 3.8% and 2.5% of the revenue of our Group, respectively.

Utilities and consumables

Utilities and consumables primarily consist of fuel expenses, electricity expenses and water supplies of our Group. For the years ended 31 December 2015 and 2016, the total utilities and consumables expenses amounted to HK\$1.8 million and HK\$3.0 million for the years ended 31 December 2015 and 2016, respectively. For the years ended 31 December 2015 and 2016, the utilities and consumable accounted for approximately 1.6% and 2.2% of the revenue of our Group, respectively.

Rental and related expenses

Our property rental and related expenses consist of operating leases payments, property management fee and government rate for warehouse at unit 1002 on 10 Floor, Riley House, No.88 Lei Muk Road, Kwai Chung, New Territories. For the years ended 31 December 2015 and 2016, rental and related expenses amounted to HK\$1.0 million, and HK\$1.2 million, respectively. For the years ended 31 December 2015 and 2016, the rental and related expenses accounted for approximately 0.9% and 0.9% of the revenue of our Group, respectively.

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Listing expenses

The listing expenses for the amount of approximately HK\$4.5 million have been charged to profit or loss of our Group. No listing expense was charged to profit or loss of our Group for the year ended 31 December 2015.

Other operating expenses

For the years ended 31 December 2015 and 2016, our other operating expenses amounted to HK\$3.9 million and HK\$4.6 million, respectively. Other operating expenses primarily consist of audit fee, insurance, entertainment, repair and maintenance, legal and professional fees, cleaning expenses, tools and stationery, consultancy fee for internal control and advisory service, licenses fees and stamp duty. The following table sets forth a breakdown of our other operating expenses during the Track Record Period:

	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Audit fee	417	460
Insurance	268	578
Entertainment	460	492
Consultancy fee	—	487
Repair and maintenance	498	736
Cleaning expenses	173	291
Legal and professional fee	454	239
Advertising and promotions	130	136
Tools and stationery	91	139
License fees	41	75
Travelling expenses	115	261
Bank and credit card handling charges	56	103
Stamp Duty	993	10
Other	233	628
Total	3,929	4,635

Finance costs

Finance costs consist of interest expenses on bank borrowings and finance leases.

Gain on disposal of associates, net

For the year ended 31 December 2015, upon the completion of the acquisition of Maxford, Jett Foods, and Winning Star, our Group recorded a gain on disposal of associates of approximately HK\$1.2 million. Detail information was disclosed in the Accountants' Report in Appendix I Note 30 to this prospectus.

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Income tax expenses

Income tax expenses primarily consist of provision for current income tax expenses incurred in Hong Kong. During the Track Record Period, all of our Group's revenue was derived from Hong Kong and our Group was subject to profits tax in Hong Kong. During the years ended 31 December 2015 and 2016, the effective tax rate of our Group was approximately 15.1% and 29.7%, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2015 compared to the year ended 31 December 2016

Revenue

Our revenue increased by approximately HK\$20.7 million or 18.4% to approximately HK\$133.6 million for the year ended 31 December 2016, primarily attributable to the increased in sales on wholesale processed cooked food, retail online food delivery and trading and logistics services, which is driven by (i) Winning Star and Jett Foods became our subsidiaries of our Group and the revenue from wholesale processed raw food and cooked food were reflected in the total revenue of our Group for the year ended 31 December 2016, and (ii) Maxford became a subsidiary of our Group on 18 December 2015, the revenue from logistics services was reflected for the year ended 31 December 2016.

Cost of inventories consumed

The cost of inventories sold for the year ended 31 December 2016 amounted to approximately HK\$88.2 million, representing an increase of approximately 6.1% as compared with that of the year ended 31 December 2015. Such increase was mainly in line with the increase in the revenue of our Group in wholesale processed cooked food and retail online food delivery and trading for the year ended 31 December 2016.

Gross profit and gross profit ratio

Our gross profit increased by approximately HK\$15.7 million or 52.7% from approximately HK\$29.7 million for the year ended 31 December 2015 to approximately HK\$45.4 million for the year ended 31 December 2016 and our gross profit ratio also increased from approximately 26.3% for the year ended 31 December 2015 to approximately 34.0% for the year ended 31 December 2016. Such increase was mainly due to (i) the gross profit contributed by increase in the sale on wholesale processed cooked food and retail online food delivery and trading, as Winning Star and Jett foods became our subsidiaries of our Group. Thus, the revenue from high gross profit products were reflected for the year ended 31 December 2016; and (ii) the revenue from logistics services was reflected for the year ended 31 December 2016.

Wholesale processed raw food

Our gross profit from wholesale processed raw food increased by approximately HK\$2.0 million or approximately 6.7% from approximately HK\$29.6 million for the year ended December 2015 to approximately HK\$31.5 million for the year ended December 2016. Our gross profit ratio of our wholesale raw food increased from approximately 26.2% for the year ended 31 December 2015 to

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approximately 28.7% for the year ended 31 December 2016. The gross profit increased slightly as a result of the decrease in the cost of raw materials for our wholesale processed raw food, which outpaced the decrease in our average selling price of wholesale processed raw food.

Wholesale processed cooked food

Wholesale processed cooked food is operated under Winning Star. Subsequently in December 2015, Winning star became our 60% owned subsidiary. Prior to reorganisation in December 2015, Winning Star was owned as to 40% by Winning Tower. Therefore, the gross profit was not reflected for the year ended 31 December 2015. Our gross profit for the year ended 31 December 2016 amounted to approximately HK\$9.4 million, representing high gross profit ratio of 53.8%. Comparing our product types, our wholesale processed cooked food include roasted cooked and ready-to-cook products upon customers' request. Our processed cooked food are sold to our customers after series of input, such as cooking, roasting and further processing, a higher markup is generally charged for wholesale processed cooked food and a higher gross profit is resulted.

Retail online food delivery and trading

Retail online food delivery and trading is operated under Jett Foods. Subsequently in December 2015, Jett Foods became our wholly-owned subsidiary. Prior to reorganisation in December 2015, Jett Foods was owned as at 30% by Winning Tower respectively. Therefore, the gross profit was not reflected for the year ended 31 December 2015. Our gross profit for the year ended 31 December 2016 amounted to approximately HK\$1.0 million, representing gross profit ratio of 35.4%. Our retail online food delivery is trading food products from over the world including the United States, Australia and New Zealand. Our products types include organic meat products, fine foods such as Iberico ham and caviar, condiments, and beer etc. Our customers are generally willing to pay a higher price for these food products and a higher gross margin is resulted.

Other income

The other income decreased from approximately HK\$2.2 million for the year ended 31 December 2015 to approximately HK\$1.6 million for the year ended 31 December 2016, representing an decrease of approximately 27.5%. Such decrease was mainly due to the decrease in the management service and rental income and storage and handling income.

Employee benefit expenses

During the Track Record Period, the employee benefit expenses increased from approximately HK\$9.5 million for the year ended 31 December 2015 to approximately HK\$17.9 million for the year ended 31 December 2016. Such increase of approximately HK\$8.4 million was primarily attributable to the increment in salaries level and the increase in average number of staff due to the increase in sale volume. Prior to the acquisition, we have approximately 30 full-time employees on average during the year ended 31 December 2015 and after such acquisition, the number of full-time employees has increased to 58 on average during the year ended 31 December 2016. As a result, our salaries, wages and other benefits, being one of the factor contributing to the employee benefit expenses, has increased by approximately HK\$7.1 million or 116.5% to approximately HK\$13.2 million.

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Depreciation

The depreciation for the year ended 31 December 2016 amounted to approximately HK\$4.7 million, representing an increase of approximately 71.0% as compared with the year ended 31 December 2015. Such increase was mainly due to the full year effect of depreciation after the acquisition of Winning Star and Maxford for the year ended 31 December 2016.

Transportation and storage fee

The transportation and storage fee for the year ended 31 December 2016 amounted to approximately HK\$3.3 million, representing the decrease of approximately 22.9% as compared with that of the year ended 31 December 2015. Maxford Logistics principally engages in the business of providing transportation services to our Group and our customers in Hong Kong. Maxford Logistics was owned as to 40% by Winning Tower Group before 18 December 2015, which was our group's associate. The transaction with Maxford was reflected at the year ended 31 December 2015. On 18 December 2015, Maxford became our subsidiary of our Group. The intercompany transaction with Maxford was then eliminated at the year ended 31 December 2016. Thus, after reclassifying such cost onto employee benefit expenses, it led to the decrease of approximately 22.9% of transportation and storage fee.

Utilities and consumables

Utilities and consumables increased by approximately HK\$1.2 million, or 66.0%, from approximately HK\$1.8 million for the year ended 31 December 2015 to approximately HK\$3.0 million for the year ended 31 December 2016. The increase was mainly due to the acquisition of Winning Star. The utilities and consumables from Winning Star were reflected for the year ended 31 December 2016.

Rental and related expenses

Rental and related expenses increased by approximately HK\$0.2 million, or 17.4%, from approximately HK\$1.0 million for the year ended 31 December 2015 to approximately HK\$1.2 million for the year ended 31 December 2016, primarily resulting from (i) the effect of rent free period incurred for the year ended 31 December 2015; (ii) increase in the rates and management fee of warehouse for the year ended 31 December 2016.

Other operating expenses

Our other operating expenses increased by approximately HK\$0.7 million, or 18.0%, from approximately HK\$3.9 million for the year ended 31 December 2015 to approximately HK\$4.6 million for the year ended 31 December 2016. The main reason for the increase was due to (i) increase in consultancy fee by approximately HK\$0.5 million, and (ii) increase in repair and maintenance by approximately HK\$0.2 million, (iii) increase in tools and stationery by approximately HK\$0.1 million, (iv) increase in travelling expenses by approximately HK\$0.1 million, and (v) net of decrease in legal and professional by approximately HK\$0.2 million and stamp duty by approximately HK\$0.9 million.

Finance costs

Our Group incurred finance costs of approximately HK\$1.1 million for the year ended 31 December 2016 or representing an increase of approximately 9.7% from approximately HK\$1.0 million for the year ended 31 December 2015. The increase in finance costs was mainly attributable to increase in average bank borrowings balance during the year ended 31 December 2016.

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Income tax expenses

Our income tax expense increased by approximately HK\$0.5 million or 34.5% from approximately HK\$1.5 million for the year ended 31 December 2015 to approximately HK\$2.0 million for the year ended 31 December 2016. Our effective tax rate increased from 15.1% for the year ended 31 December 2015 to 29.7% for the year ended 31 December 2016. The increase in effective tax rate was mainly attributable to certain listing expenses incurred not being tax deductible.

Net profit and net profit margin

Our profit decreased by approximately 43.4% from approximately HK\$8.3 million for the year ended 31 December 2015 to approximately HK\$4.7 million for the year ended 31 December 2016 and our net profit margin decreased from approximately 7.4% for the year ended 31 December 2015 to approximately 3.5% for the year ended 31 December 2016. The decrease in profit for the year was mainly attributable to the listing expenses for the application of listing, and the increase in employee benefit expenses.

COMBINED STATEMENTS OF FINANCIAL POSITION

The following set forth the selected financial information of our combined statements of financial position as at 31 December 2015 and 2016, which are extracted from the Accountants' Report included in Appendix I of this prospectus:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	79,596	75,190
Goodwill	2,302	2,302
Due from a related party	100	100
Total non-current assets	81,998	77,592
Current assets		
Inventories	3,842	3,743
Trade receivables	19,285	17,920
Prepayments, deposits and other receivables	2,323	2,482
Loans to shareholders	8,800	—
Due from related parties	694	207
Tax recoverable	—	23
Cash and cash equivalents	6,795	11,329
Total current assets	41,739	35,704

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	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities		
Trade and bills payables	6,128	5,793
Other payables and accruals	2,710	2,741
Due to related parties	346	213
Interest-bearing bank borrowings	31,070	28,294
Obligations under finance leases	250	—
Tax payable	<u>1,769</u>	<u>184</u>
Total current liabilities	<u>42,273</u>	<u>37,225</u>
Net current liabilities	<u>(534)</u>	<u>(1,521)</u>
Total assets less current liabilities	<u>81,464</u>	<u>76,071</u>
Non-current liabilities		
Deferred tax liabilities	<u>6,930</u>	<u>6,708</u>
Net assets	<u><u>74,534</u></u>	<u><u>69,363</u></u>
Equity		
Equity attributable to owners of the Company		
Share capital	32,230	32,230
Reserves	<u>38,129</u>	<u>32,888</u>
	70,359	65,118
Non-controlling interests	<u>4,175</u>	<u>4,245</u>
Total equity	<u><u>74,534</u></u>	<u><u>69,363</u></u>

Property, plant and equipment

Our Group's property, plant and equipment mainly comprised leasehold land and buildings, leasehold improvements, furniture and fixtures, machinery and equipment, and motor vehicles. The carrying amount of property, plant and equipment decreased from approximately HK\$79.6 million at 31 December 2015 to approximately HK\$75.2 million 31 December 2016, which was mainly due to the effect of depreciation for the 31 December 2016 of approximately HK\$4.7 million.

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Goodwill

Goodwill acquired through business combinations had been allocated to the Maxford (“Transportation services cash-generating unit”) at HK\$185,000 and Jett Foods and Winning Star (“Internet sales and trading of food products cash-generating unit”) at HK\$2,117,000.

	Transportation services cash- generating unit	Internet sales and trading of food products cash-generating unit	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2015	—	—	—
Acquisition of subsidiaries	185	2,117	2,302
At 31 December 2015, 1 January 2016 and 31 December 2016	185	2,117	2,302

Further details on our goodwill are set out in Note 15 to the historical financial information in the Accountants’ Report.

Inventories

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Food products for trading and processing business	3,842	3,743

Our inventories decreased from approximately HK\$3.8 million as at 31 December 2015 to approximately HK\$3.7 million as at 31 December 2016. During the Track Record Period, our inventories balance maintained at a stable level.

The following table sets forth our average inventories turnover days for the periods indicated:

	Year ended 31 December	
	2015	2016
	<i>days</i>	<i>days</i>
Inventory turnover days ^(Note)	17	16

Note: Our inventory turnover days, calculated as the average of inventory at the beginning of the period and inventory at the end of the period divided by the cost of inventories consumed for the same period and multiplied by 365 days for each of the years ended 31 December 2015 and 2016.

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Our inventory turnover days remain stable for the years ended 31 December 2015 and 2016. During the Track Record Period, we did not make any provision to the value of our inventories.

As at the Latest Practicable Date, subsequent usage of inventories amounted to 100% of the inventory balance as at 31 December 2016.

Trade receivables

The followings set forth our Group's trade receivables as at the dates indicated:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivable from:		
Third party customers	13,228	12,658
Related companies	6,057	5,262
	19,285	17,920

Our trade receivables decreased from approximately HK\$19.3 million as at 31 December 2015 to approximately HK\$17.9 million as at 31 December 2016. The decrease in trade receivables was primarily due to our Group's stringent credit policy as we closely monitored and followed up for overdue balance. Our Group's trading terms with our customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to two months for major customers. Each customer has a maximum credit limit. Our Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. Our Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	17,278	16,053
Less than 1 month past due	1,953	1,698
1 to 3 months past due	54	169
	19,285	17,920

Receivables that were neither past due nor impaired relate to a large number of numbers for whom there was no recent history of default.

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Receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The following table sets forth our average trade receivables turnover days for the periods indicated:

	Year ended 31 December	
	2015	2016
	<i>days</i>	<i>days</i>
Trade receivables turnover days <i>(Note)</i>	55	51

Note: Our average trade receivables turnover days, calculated as the average trade receivables at the beginning and end of the period divided by revenue of the period and multiplied by 365 days for each of the years ended 31 December 2015 and 2016.

Our trade receivables turnover days were 55 days for the year ended 31 December 2015 and 51 days for the year ended 31 December 2016. There was no material changes in our trade receivables turnover days during the Track Record Period.

Our average trade receivables turnover days as calculated were within our credit terms generally offered to our customers.

As at the Latest Practicable Date, 100.0% of our trade receivables as at 31 December 2016 had been settled. Of the trade receivables that had been outstanding for over 90 days, 100.0% of them had been settled as at Latest Practicable Date.

Prepayments, deposits and other receivables

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,955	2,065
Deposits	362	402
Other receivables	6	15
	2,323	2,482

Our Group recorded prepayments, deposits and other receivables of approximately HK\$2.3 million and HK\$2.5 million as at 31 December 2015 and 2016 respectively. Prepayments, deposits and other receivables as at 31 December 2016 mainly comprised prepayments for suppliers of approximately HK\$0.2 million, prepayments of other operating expenses of approximately HK\$0.7 million, prepayments of professional fees for the application of listing of approximately HK\$1.2 million, utility and rental deposits of approximately HK\$0.4 million. The increase in prepayments, deposits and other receivables was mainly due to an increase in prepayments for suppliers which was partially offset by the decrease in other receivables from insurance claim as at 31 December 2016.

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Balances with related parties and loans to shareholders

During the Track Record Period, we entered into various transactions with our shareholders and related parties. The following table sets forth a breakdown of our amounts due from/to related parties as of the dates indicated:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		
Due from a related party	100	100
Current assets		
Loans to shareholders	8,800	—
Due from related parties	694	207
Current liabilities		
Due to related parties	(346)	(213)

The balance with shareholders and related companies are non-trade in nature, unsecured, interest-free and repayable on demand, and will be subsequently fully settled upon Listing. Details of these balances with shareholders and related companies, see Note 20 to the accountants' report included in Appendix I of this prospectus.

Trade and bills payables

The followings set forth our Group's trade and bills payables as at the dates indicated:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bills payables to:		
Third party suppliers	4,775	4,486
Related companies	1,353	1,307
	6,128	5,793

Our trade and bills payables are primarily from payables related to purchases of materials, including raw poultry, beef, and pork. The average credit period granted to us by our major suppliers ranged from 30 days to 60 days. Our trade payables were amounted to approximately HK\$6.1 million and approximately HK\$5.8 million as at 31 December 2015 and 2016, respectively. The decrease in trade and bills payables balance was primarily due to accelerated settlement of trade payable during the period.

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As at the Latest Practicable Date, 100.0% of our trade and bills payables as at 31 December 2016 had been settled. Of the trade and bills payables that had been outstanding for over 90 days, 100.0% of them had been settled as at Latest Practicable Date.

As at 31 December 2015 and 2016, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	5,765	5,793
1 to 2 months	332	—
2 to 3 months	<u>31</u>	<u>—</u>
	<u><u>6,128</u></u>	<u><u>5,793</u></u>

The following table sets forth our average trade and bills payables turnover days for the periods indicated:

	Year ended 31 December	
	2015	2016
	<i>days</i>	<i>days</i>
Trade payables turnover days <i>(Note)</i>	<u><u>27</u></u>	<u><u>25</u></u>

Note: Our trade payables turnover days, calculated as the average of trade and bills payables at the beginning of the year and trade and bills payables at the end of the year divided by purchase for the same period and multiplied by 365 days for each of the years ended 31 December 2015 and 2016.

Our trade payables turnover days were 27 days for the year ended 31 December 2015 and 25 days for the year ended 31 December 2016. Our trade payable turnover days decreased to approximately 25 days as at 31 December 2016, primarily due to accelerated settlement of trade payable during the period.

Other payables and accruals

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Receipts in advance	5	—
Other payables	189	154
Accrued expenses	<u>2,516</u>	<u>2,587</u>
	<u><u>2,710</u></u>	<u><u>2,741</u></u>

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Our Group recorded other payables and accruals of approximately HK\$2.7 million and HK\$2.7 million as at 31 December 2015 and 2016 respectively. Our other payables and accruals mainly comprised accruals for staff related costs and utilities. Other payables and accruals mainly comprised accruals for staff related costs of approximately HK\$1.3 million as at 31 December 2015 and HK\$1.7 million as at 31 December 2016.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth the breakdown of our Group's current assets and current liabilities as of the dates indicated below:

	As at 31 December		As at
	2015	2016	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Current assets			
Inventories	3,842	3,743	4,585
Trade receivables	19,285	17,920	17,910
Prepayments, deposits and other receivables	2,323	2,482	2,917
Loans to shareholders	8,800	—	—
Due from related parties	694	207	342
Tax recoverable	—	23	23
Cash and cash equivalents	<u>6,795</u>	<u>11,329</u>	<u>5,744</u>
	<u>41,739</u>	<u>35,704</u>	<u>31,521</u>
Current liabilities			
Trade and bills payables	6,128	5,793	4,940
Other payables and accruals	2,710	2,741	1,938
Due to related parties	346	213	—
Interest-bearing bank borrowing	31,070	28,294	27,342
Obligations under finance leases	250	—	—
Tax payable	<u>1,769</u>	<u>184</u>	<u>161</u>
	<u>42,273</u>	<u>37,225</u>	<u>34,381</u>
Net current liabilities	<u>(534)</u>	<u>(1,521)</u>	<u>(2,860)</u>

Our current assets mainly included inventories, trade receivables, prepayments, deposits and other receivables, loans to shareholders, due from a director, due from related parties, tax recoverable, cash and cash equivalents. Our current liabilities mainly included trade and bills payables, other payables and accruals, due to related parties, tax payable, obligations under finance leases and bank borrowings.

As at 31 December 2015 and 2016, our Group recorded net current liabilities amounted to approximately HK\$0.5 million and approximately HK\$1.5 million.

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Our Group's net current liabilities during the Track Record Period were due to bank borrowings classified as current liabilities due to repayable on demand clauses in the relevant facility agreements. The loans mainly included mortgage loans for our Group's land and buildings, and revolving loans for business use. If our Group's bank borrowings which were not scheduled to be repaid within a year were excluded from the aforementioned net current liabilities figures, our Group's adjusted net current assets position would be as follows: net current assets of approximately HK\$27.8 million and HK\$23.9 million as at 31 December 2015 and 2016, respectively.

Our net current liabilities increased by approximately HK\$1.0 million or approximately 184.8% to approximately HK\$1.5 million as at 31 December 2016 from approximately HK\$0.5 million. Such increase was mainly attributable to the combined effect of (i) decrease in trade receivable of approximately HK\$1.4 million; (ii) and decrease in loan to shareholders of approximately HK\$8.8 million; which was partly offset by the increase in cash and cash equivalents of approximately HK\$4.5 million; decrease in interest-bearing bank borrowing of approximately HK\$2.8 million; and decrease in tax payable of approximately HK\$1.6 million.

Our net current liabilities increased by approximately HK\$1.4 million or approximately 88.0% to approximately HK\$2.9 million as at 30 April 2017 from approximately HK\$1.5 million. Such increase was mainly attributable to the combined effect of decrease in cash and cash equivalents of approximately HK\$5.6 million; which was partly offset by the decrease in trade and bills payables of approximately HK\$0.9 million and increase in prepayments, deposits and other receivables of approximately HK\$0.4 million.

CASH FLOWS

The following table summarises selected cash flows data from our combined statements of cash flows for the Track Record Period:

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and cash equivalents at beginning of year	1,140	6,795
Net cash flows from operating activities	6,165	10,075
Net cash flows used in investing activities	(7,843)	(203)
Net cash flows from/(used in) financing activities	7,333	(5,338)
Cash and cash equivalent at the end of year, represented by bank balances and cash	6,795	11,329

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Net cash flows from operating activities

Net cash flows from operating activities primarily consisted of profit before taxation adjusted for non-cash item, such as, depreciation, finance cost, gain on disposal of associates, share of profits and losses of associates. We primarily derive our cash inflows from the receipt of payments from customers. Our cash used in operations principally comprises of purchases of materials and staff costs.

For the year ended 31 December 2015, our net cash flows from operating activities was approximately HK\$6.2 million, primarily as a result of the combined effects of (i) approximately HK\$11.4 million operating cash flows before movements in working capital; (ii) the decrease in inventories of approximately HK\$1.0 million; (iii) the decrease in deposits, prepayments and other receivables of approximately HK\$11.9 million; (iv) the decrease in a loan to an associate of approximately of HK\$0.4 million. This was partially offset by (i) the increase in loans to shareholders of approximately HK\$8.8 million; (ii) the decrease in trade and bills payables of approximately HK\$1.1 million; (iii) the decrease in a loan from a related company of approximately HK\$3.2 million; (iv) the decrease in a loan from an associate of approximately HK\$3.5 million and (v) the income tax paid of approximately HK\$0.8 million.

For the year ended 31 December 2016, our net cash flows from operating activities was approximately HK\$10.0 million, primarily as a result of the combined effects of (i) approximately HK\$12.6 million operating cash flows before movements in working capital; (ii) the decrease in trade receivable of approximately HK\$1.4 million; (iii) the decrease in amounts due from related parties of approximately HK\$0.5 million. This was partially offset by (i) the decrease in trade and bills payables of approximately HK\$0.3 million; (iii) the decrease in amount due to related parties of approximately HK\$0.1 million; (iv) the income tax paid of approximately HK\$3.8 million.

Net cash flows used in investing activities

For the year ended 31 December 2015, our net cash used in investing activities was approximately HK\$7.8 million. The net cash flows used was mainly attributable cash outflow for (i) the purchases of items of property, plant and equipment of approximately HK\$13.4 million. This was partially offset by (i) the acquisition of subsidiaries of approximately HK\$3.5 million, and (ii) the proceeds from disposal of associates of approximately HK\$2.0 million.

For the year ended 31 December 2016, our net cash flows used in investing activities was approximately HK\$0.2 million. The net cash used was mainly attributable cash outflow for (i) the purchases of items of property, plant and equipment of approximately HK\$0.3 million. This was partially offset by proceeds from disposal of item of property, plant and equipment approximately HK\$0.1 million.

Net cash flows from financing activities

For the year ended 31 December 2015, our net cash flows from financing activities was approximately HK\$7.3 million, mainly attributable to (i) proceeds from issue of shares of approximately HK\$9.0 million, (ii) the new bank loans granted of approximately HK\$8.5 million. This was partially offset by (i) the repayment of bank borrowings of approximately HK\$2.5 million; (ii) dividend paid of approximately HK\$6.7 million and (iii) the interest payment of approximately HK\$1.0 million.

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For the year ended 31 December 2016, our net cash flows used in financing activities was approximately HK\$5.3 million, mainly attributable to (i) repayment of bank loans of approximately HK\$2.8 million, (ii) dividend paid of approximately HK\$1.2 million; and (iii) interest paid of approximately HK\$1.1 million.

INDEBTEDNESS

The following table sets out the amounts of our indebtedness as at the dates indicated:

	As at 31 December		As at 30 April
	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Current liabilities			
Due to related parties	346	213	—
Interest-bearing bank borrowings	31,070	28,294	27,342
Obligations under finance leases	250	—	—
	31,666	28,507	27,342

As at 30 April 2017 for the purpose of this indebtedness statement, our Group's indebtedness consisted of bank borrowings of approximately HK\$27.3 million. There are no material covenants relating to our Group's outstanding debts. As at 31 December 2015 and 2016, our Group total borrowings amounted (comprising bank borrowings, obligation under finance leases and amounts due to related parties) of approximately HK\$31.7 million and HK\$28.5 million, respectively. The decrease in total indebtedness as at 31 December 2016 as compared with 31 December 2015 was mainly due to the repayment of bank borrowings and obligations under finance leases.

As at 30 April 2017, our Group had total available banking facilities including mortgage loans of approximately HK\$38.9 million, of which approximately HK\$27.3 million was utilised and approximately HK\$11.6 million was unrestricted and unutilised. We have not experienced any difficulty in obtaining bank borrowings to finance our operations during the Track Record Period. Our Directors confirmed we had not materially defaulted or delayed in payments of trade and non-trade payables and borrowings, and/or breaches of finance covenants during the Track Record Period and up the Latest Practicable Date.

FINANCIAL INFORMATION

Bank borrowings

Bank borrowings of our Group contain a repayment on demand clause. Accordingly, all borrowings are classified as current liabilities in the combined statements of financial position. The following table sets out borrowings based on scheduled repayment dates:

	As at 31 December		As at
	2015	2016	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Within one year	2,779	2,886	2,923
In the second year	2,886	2,997	3,035
In the third and fifth years, inclusive	9,228	8,596	8,312
Over five years	16,177	13,815	13,072
	31,070	28,294	27,342

Our Group had bank borrowings of approximately HK\$31.1 million, HK\$28.3 million and HK\$27.3 million as at 31 December 2015 and 2016 and 30 April 2017 which were used for overall expansion of our business.

All of our Group's bank borrowings are denominated in Hong Kong dollar and the effective interest rates were as follows:

	As at 31 December		As at
	2015	2016	30 April
	%	%	2017 (unaudited)
Effective interest rate: variable-rate bank loans	1.25 to 1.75 below prime rate	1.25 to 1.75 below prime rate	1.25 to 1.75 below prime rate

As at 31 December 2015 and 2016, our Group's banking facilities are secured by:

- (i) personal guarantees provided by an executive Director, namely Mr. KW Lai;
- (ii) leasehold land and buildings of our Group with aggregate net carrying amount of approximately HK\$67.5 million, and HK\$65.8 million as at 31 December 2015 and 2016, respectively.

The corresponding banks with banking facilities granted to our Group as at the date of the prospectus have agreed in principle that the above personal guarantees will be released and replaced by corporate guarantees to be issued by the Company. Thus, our Group's banking facilities will be secured by corporate guarantees and leasehold land and buildings of our Group upon listing.

FINANCIAL INFORMATION

Obligations under finance leases

Our Group leases certain of its motor vehicles and these leases are classified as finance leases. The lease obligations are secured by the leased assets.

The future lease payments under the finance leases are due as follows:

	As at 31 December		As at
	2015	2016	30 April
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)
Minimum lease payment payable:			
Amounts due for settlement within 12 months	254	—	—
Future finance charges on finance leases	(4)	—	—
Present value of finance lease liabilities	250	—	—

The amount of obligations under finance leases was approximately HK\$0.3 million and nil as at 31 December 2015 and 31 December 2016, respectively. The Group's finance lease liabilities are subject to personal guarantees provided by Mr. KW Lai, an executive Director, and Mr. Chow Kuen Chung, a non-executive Director. All outstanding finance lease liabilities were fully settled during the year ended 31 December 2016.

CONTINGENT LIABILITIES

At the end of each of the Track Record Period, our Group did not have any significant contingent liabilities.

SUMMARY OF KEY FINANCIAL RATIOS

		As at/For the year ended	
	<i>Notes</i>	31 December	
		2015	2016
Gross profit ratio	1	26.3%	34.0%
Net profit margin	2	7.4%	3.5%
Current ratio (times)	3	1.0	1.0
Quick ratio (times)	4	0.9	0.9
Gearing ratio (times)	5	0.4	0.4
Net debt to equity (times)	6	0.3	0.3
Return on equity	7	11.2%	6.8%
Return on total assets	8	6.7%	4.2%
Interest coverage ratio (times)	9	10.7	7.0

FINANCIAL INFORMATION

Notes:

1. Gross profit is calculated based on our revenue for the year minus cost of inventories consumed for the year. Gross profit ratio is calculated based on the gross profit for the year divided by our revenue for the year and multiplied by 100%.
2. Net profit margin equals net profit for the year divided by revenue for the year.
3. Current ratio is calculated by current assets over current liabilities as at the end of the respective year.
4. Quick ratio is calculated by current assets (excluding inventories) over current liabilities as at the end of the respective year.
5. Gearing ratio is calculated by total debt over total equity as at the end of the respective year. Total debt includes all interest-bearing loans, obligations under finance leases and amounts due to related parties.
6. Net debt to equity is calculated by net debt over total equity as at the end of the respective year. Net debt includes all interest-bearing loans, obligations under finance leases and amounts due to related parties, net of cash and cash equivalent.
7. Return on equity is calculated by profit for the year over total equity as at the end of the respective year.
8. Return on total assets is calculated by profit for the year over total assets at the end of the respective year.
9. Interest coverage ratio is calculated by profit for the year before interest and tax over interest expense for the year.

Gross profit ratio

Our gross profit ratio were approximately 26.3% and 34.0% for the year ended 31 December 2015 and 2016. For further information in relation to our gross profit ratio, please refer to the paragraph headed “Description of selected components of combined statements of profit or loss and other comprehensive income — Gross profit and gross profit ratio” in this section.

Net profit margin

Our net profit margin were approximately 7.4% and 3.5% for the year ended 31 December 2015 and 2016 respectively. The decrease was primarily attributable to (i) listing expenses for the application of listing of approximately HK\$4.5 million, and (ii) increase in employee benefit expense during the year ended 31 December 2016.

Current ratio

Our current ratio maintained at a relatively stable level at 1.0 times as at 31 December 2015 and 2016.

Quick ratio

Our quick ratio maintained at a relatively stable level at 0.9 times as at 31 December 2015 and 2016.

FINANCIAL INFORMATION

Gearing ratio

The gearing ratio recorded 0.4 times as at 31 December 2015 and 2016. The gearing ratio remained relatively stable during the Track Record Period.

Net debt to equity

The net debt to equity maintained at a relatively stable level of 0.3 times for the year ended 31 December 2015 and 2016.

Return on equity

Our Group recorded a decrease in return on equity from approximately 11.2% for the year ended 31 December 2015 to 6.8% for the year ended 31 December 2016, which was mainly due to the decrease in profit for the year from approximately HK\$8.3 million for the year ended 31 December 2015 to HK\$4.7 million for the year ended 31 December 2016. The decrease in profit for the year ended 31 December 2016 was mainly attributable to (i) the listing expenses for the application of listing of approximately HK\$4.5 million; and (ii) increase in employee benefit expenses.

Return on total assets

Our return on total assets ratio decreased approximately 4.2% for the year ended 31 December 2016 from approximately 6.7% for the year ended 31 December 2015, which was mainly due to the decrease in profit for the year ended 31 December 2016. The decrease in profit for the year ended 31 December 2016 was mainly attributable to the listing expenses for the application of listing of approximately HK\$4.5 million.

Interest coverage ratio

The interest coverage ratio was approximately 10.7 times for the year ended 31 December 2015, 3.7 times upper than interest coverage ratio for the year ended 31 December 2016. Such decrease was mainly due to the decrease in our profit before interest and tax from operations of approximately HK\$3.0 million for the year ended 31 December 2016. The decrease in profit for the year ended 31 December 2016 was mainly attributable to the listing expenses for the application of listing of approximately HK\$4.5 million.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Our Group's capital expenditures primarily consisted of additions to property, plant and equipment. The following table sets forth details of our capital expenditures during the Track Record Period:

	For the year ended	
	31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold land and buildings	13,168	—
Motor vehicles	3,045	—
Leasehold improvements	2,772	44
Machinery and equipment	1,214	206
Furniture and fixtures	148	84

During the Track Record Period, our Group incurred capital expenditures of approximately HK\$20.3 million and approximately HK\$0.3 million for the years ended 31 December 2015 and 2016, respectively. Majority of the capital expenditures was used to acquire leasehold land and buildings and machinery and equipment to support the expansion of the Group's business.

We expect to meet future capital expenditure requirements through our available bank balances and cash, cash generated from our expanding operations and bank borrowings, as well as net proceeds from the Share Offer.

COMMITMENTS

Operating lease commitments

During the Track Record Period, our Group leases a warehouse under an operating lease arrangement. Leases are negotiated for a term of 3 years. Our Group had total future minimum lease payments under non-cancellable operating leases falling due as follow:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	600	600
In the second to fifth years, inclusive	1,050	450
	1,650	1,050

Capital Commitments

Our Group did not have significant capital commitments as at 31 December 2015 and 2016.

FINANCIAL INFORMATION

OFF-BALANCE-SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, our Group had not entered into any material off-balance-sheet commitments and arrangements.

SUFFICIENCY OF WORKING CAPITAL

Taking into account the estimated net proceeds from the Share Offer of New Shares, cash flows from our operations and existing indebtedness, our Directors are of the view, and the Sponsor concurs, that working capital available to our Group is sufficient for our present requirements for at least the next 12 months commencing from the date of this prospectus.

We expect to finance our working capital requirement for the 12 months following the date of this prospectus with the following sources of funding:

- cash inflows generated from our operating activities;
- proceeds from bank loans, including short-term and long-term bank loans;
- the cash and cash equivalent available; and
- proceeds to be received by our Group from the Share Offer.

CAPITAL MANAGEMENT

Our Group actively and regularly reviews and manages our capital structure in order to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. Our Group monitors our capital structure on the basis of the gearing ratio.

FINANCIAL RISK MANAGEMENT

Our Group is exposed to liquidity risk in the normal course of business. Further details on our financial risk management policies and practices are set out in Note 35 to the financial information in the Accountants' Report.

LISTING EXPENSES

The total amount of the expenses and commission in connection with the Listing is approximately HK\$23.8 million including the underwriting commission of HK\$5.3 million and other listing expenses and fees (including SFC transaction levy and Stock Exchange trading fee) of approximately HK\$18.5 million (assuming an Offer Price of HK\$0.20, being the mid-point of the indicative Offer Price range between HK\$0.22 and HK\$0.18, and that the Offer Size Adjustment Option is not exercised). The Selling Shareholder shall bear the underwriting commission in the amount of HK\$1.1 million which represents the underwriting commission attributable to the sale of the Sale Shares in the Public Offer. The remaining listing expenses, fees and underwriting commission of approximately HK\$22.7 million will be borne by the Group. Of the aggregate listing expenses borne by our Group of approximately HK\$22.7 million, approximately HK\$7.3 million is directly attributable to the issue of New Shares and

FINANCIAL INFORMATION

will be accounted for as a deduction from equity upon Listing and approximately HK\$15.4 million will be charged to the statement of profit or loss. We have incurred approximately HK\$4.5 million of listing expenses during the Track Record Period. An additional amount of approximately HK\$10.9 million will be charged to the statement of profit or loss for the year ending 31 December 2017. Expenses in relation to the Listing are non-recurring in nature. In addition, the Selling Shareholder agreed to reimburse the Company for the portion of listing expenses of approximately HK\$5.1 million in its capacity as shareholder. Such reimbursement will be accounted for as capital contribution to our Company.

The total estimated listing expenses of HK\$23.8 million is a current estimate for reference only and the final amount is subject to adjustments based on the actual amount incurred or to be incurred. The Director wishes to inform our Shareholders and potential investors that our Group's financial performance and results of operations for the year ending 31 December 2017 will be materially and adversely affected by the estimated expenses in relation to the Listing.

SUBSEQUENT EVENTS

For significant events that took place subsequent to 31 December 2016, please refer to Note 37 to the Accountants' Report.

DIVIDEND AND DIVIDEND POLICY

For each of the two preceding financial years ended 31 December 2016, our Group declared dividends of approximately HK\$6.7 million and HK\$10.0 million, respectively. The loans to shareholders as at 31 December 2015 of approximately HK\$8.8 million were fully settled by offsetting against the dividends. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payments.

We do not have any dividend policy nor any pre-determined dividend payout ratio. Declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, and the payment by our subsidiaries of cash dividends to us; and other factors our Board may deem relevant. Any declaration and payment as well as the amount of the dividend will be subject to our Articles of Association and the Companies Law, including the approval of our Shareholders. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

PROPERTY INTERESTS AND PROPERTY VALUATION

A valuation on the Group's property interests in the owned properties of the Unit 803, Unit 808, Unit 1103 and Unit 1105 on 8th Floor and 11th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories as at 30 April 2017 has been conducted by AVISTA Valuation Advisory Limited. Valuation certificate issued by AVISTA Valuation Advisory Limited is included in the section headed "Appendix III -Valuation report" in this prospectus.

FINANCIAL INFORMATION

The table below sets forth the reconciliation of the aggregate amount of net book value of our property interests from our combined financial information as at 31 December 2016 with the valuation of property interests as at 30 April 2017:

	<i>HK\$'000</i>
Net book value of leasehold land and buildings of the property interests as at 31 December 2016 (audited)	65,800
Movement from 31 December 2016 to 30 April 2017 (unaudited)	
Depreciation	<u>(696)</u>
Net book value of leasehold land and buildings of the property interests as at 30 April 2017 (unaudited)	65,104
Valuation surplus as at 30 April 2017	<u>2,736</u>
Valuation of leasehold land and buildings of the property interests as at 30 April 2017 as set out in the Property Valuation Report in Appendix III ^{Note}	<u><u>67,840</u></u>

Note: The valuation of the property interests as at 30 April 2017 of HKD67,840,000 as set out in the Property Valuation Report in Appendix III.

DISTRIBUTABLE RESERVES

Our Company was incorporated on Cayman Islands and is an investment holding company. There were no reserves available for distribution to the Shareholders as of the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible of our Group has been prepared, for the purpose of illustrating the effect of the Share Offer as if it had taken place on 31 December 2016. Please see the section headed “Unaudited pro forma financial information” for details.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions set out in Note 33 of the Accountants’ Report, our Directors believe that such transactions were conducted on normal commercial terms and such terms were no less favorable to our Group than terms available to Independent Third Parties and were fair and reasonable and in the interests of our Shareholders as a whole.

MATERIAL ADVERSE CHANGE

Our Directors have confirmed that they have performed sufficient due diligence to ensure that as at the date of prospectus, saved as disclosed above, there has been no material adverse change in the financial and trading position or prospects of our Group since 31 December 2016, being the date to which the latest audited financial statements of our Group were made up. Our Directors consider that all information necessary for the investing public to make an informed judgment as to the business activities and financial position of our Group has been included in this prospectus.

FINANCIAL INFORMATION

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Joint Bookrunners

Kingsway Financial Services Group Limited

Ping An Securities Limited

Joint Lead Managers

Kingsway Financial Services Group Limited

Ping An Securities Limited

Public Offer Underwriters

Kingsway Financial Services Group Limited

Ping An Securities Limited

UNDERWRITING ARRANGEMENT AND EXPENSES

The Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, we are offering 35,000,000 Public Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Stock Exchange granting listing of, and permission to deal in, the Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue and the exercise of the Offer Size Adjustment Option); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Public Offer Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional.

UNDERWRITING

Grounds for termination

The Joint Bookrunners shall be entitled to terminate their obligations under the Public Offer Underwriting Agreement upon the occurrence of any of the following events by notice in writing to our Company (for themselves and on behalf of the Selling Shareholder) given by the Joint Bookrunners at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “Termination Time”) if prior to the Termination Time, there comes to the notice of the Joint Bookrunners or any of the Public Offer Underwriters:

- (i) that any breach of any of the warranties, obligations or undertakings imposed upon any party thereto (other than the Joint Bookrunners, the Joint Lead Managers or any of the Public Offer Underwriters) to the Public Offer Underwriting Agreement is considered, in the sole and absolute opinion of the Joint Bookrunners, to be material;
- (ii) that any statement contained in any of this prospectus and the Application Forms, the formal notice in the agreed form required to be published by our Company in connection with the Public Offer under Chapter 16 of the GEM Listing Rules and any announcements issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading, or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the formal notice in the agreed form required to be published by our Company in connection with the Public Offer under Chapter 16 of the GEM Listing Rules and/or any announcements issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) are not fair and honest and based on reasonable assumptions, in each case when taken as a whole; or
- (iii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and having not been disclosed in this prospectus, constitute an omission therefrom that is considered by the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) in their sole and absolute discretion to be material in the context of the Share Offer; or
- (iv) that approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of approval of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (v) that our Company withdraws this prospectus (and any other documents used in connection with the contemplated subscription and/or purchase of the Offer Shares) or the Share Offer; or
- (vi) that a petition is presented or an order is made for the winding up or liquidation of any member of our Group or the Selling Shareholder or any member of our Group or the Selling Shareholder makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or the Selling Shareholder or a provisional liquidator, receiver or manager is appointed over all

UNDERWRITING

or part of the assets or undertaking of any member of our Group or the Selling Shareholder or anything analogous thereto occurs in respect of any material member of our Group or the Selling Shareholder; or

- (vii) that any person (other than the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus and the Application Forms or to the issue of this prospectus and the Application Forms.

Placing Underwriting Agreement

In connection with the Placing, it is expected that we will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 315,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company, the Selling Shareholder and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-paragraphs headed “Undertakings by our Company” and “Undertakings by our Controlling Shareholders” below in this section.

Our Company is expected to grant to the Placing Underwriters the Offer Size Adjustment Option exercisable by the Joint Lead Managers or their respective agents, on behalf of the Placing Underwriters, at any time during the period from the date of the Placing Underwriting Agreement to the Business Day immediately before the date of announcement of results of allocations and the basis of allocation of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 52,500,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under Placing, solely to cover excess demand, if any, in the Placing.

UNDERWRITING

UNDERTAKINGS TO THE STOCK EXCHANGE

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save as pursuant to the Share Offer (including the Offer Size Adjustment Option and grant and exercise of the options under the Share Option Scheme) no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1)(a) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to our Company and the Stock Exchange that, except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) shall not during the period from the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date falling 6 months from the Listing Date (the “**Six-month Period**”) dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s).

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders further has undertaken to our Company and the Stock Exchange that, except pursuant to the Share Offer (including the offer for sale of the Sale Shares by the Selling Shareholder), he/it shall, and shall procure that the relevant registered holder(s) shall,

- (a) in the event that he/it pledges or charges any direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the Six-month Period, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in the Shares under (a) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company shall, upon being informed of any matter under (a) or (b) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

UNDERWRITING

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertakings by our Company

Our Company has undertaken to and covenanted with each of the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that we shall not, unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of Shares under the Share Offer, the Capitalisation Issue, the exercise of the Offer Size Adjustment Option, the grant of any option under the Share Option Scheme or the issue of Shares upon exercise of any option granted under the Share Option Scheme, at any time during the period from the date of this prospectus and ending on the date which is six months from the Listing Date (the “**Lock-Up Period**”):

- (a) 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 other securities of our Company, 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 deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts;
- (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 any Shares or other securities of our Company, 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);
- (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 other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the Lock-Up Period).

UNDERWRITING

Undertakings by our Controlling Shareholders

Undertakings by our Controlling Shareholders to the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters

Each of the Controlling Shareholders has jointly and severally undertaken to and covenanted with each of the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that, unless in compliance with the GEM Listing Rules, he/it shall, and shall procure that his/its associates or the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for him/it or the companies controlled by him/it, without the prior written consent of the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters:

- (a) at any time during the period commencing on the date of this prospectus and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), not to:
 - (i) 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 any encumbrances over, or agree to transfer or dispose of or create an encumbrances over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company (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) in respect of which he/it is shown by this prospectus to be the beneficial owner (whether direct or indirect) (the “**Lock-Up Securities**”) or any interest therein;
 - (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 the Lock-Up Securities or any interest therein;
 - (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (a)(ii) above; or
 - (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph(a)(i), (a)(ii) or (a)(iii) above,in each case, whether any of the transactions specified in paragraph (a) (i), (a)(ii) or (a)(iii) above is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period);
- (b) at any time during the six month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”), not to enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any such sale, transfer or disposal or

UNDERWRITING

upon the exercise or enforcement of any such options, rights, interests or encumbrances pursuant to such transaction, they will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company; and

- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offers to or agrees to or announces any intention to effect any such transaction, take all steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of our Company.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriters will receive an underwriting commission of 7.5% of the aggregate Offer Price of all Offer Shares, out of which they will pay any sub-underwriting commissions. The Sponsor will receive financial advisory and documentation fees.

In connection with the Listing and the Share Offer, the total expenses (assuming the Offer Price of HK\$0.20 (being the mid-point of the stated range of the Offer Price) including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sponsorship and documentation fee, the listing fees and legal and other professional fees, printing and other expenses are approximately HK\$23.8 million (assuming the Offer Size Adjustment Option is not exercised) and of which approximately HK\$17.6 million shall be borne by our Company and approximately HK\$1.1 million shall be borne by the Selling Shareholder and approximately HK\$5.1 million will be reimbursed by the Selling Shareholder in its capacity as shareholder will be accounted for as capital contribution to our Company.

Sponsor and Underwriters' interest in our Company

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

Following the completion of the Share Offer, the Underwriters and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Save for their interests and obligations under the Underwriting Agreements, the sponsorship and documentation fee payable to the Sponsor in connection with the Listing, and the fee payable to the Sponsor for its acting as our compliance adviser, none of the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters is interested, beneficially or otherwise, in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 350,000,000 Offer Shares will be made available under the Share Offer, of which 315,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 35,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” of this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 315,000,000 Shares comprising 245,000,000 New Shares and 70,000,000 Sale Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters (subject to satisfaction or waiver of the other conditions provided in the Placing Underwriting Agreement).

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares 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 acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Selling Shareholder, the Sponsor, the Joint Lead Managers and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Placing is expected to be subject to the conditions as stated in the paragraph headed “Conditions of the Share Offer” in this section.

The Public Offer

Our Company is initially offering 35,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters (subject to satisfaction or waiver of the other conditions provided in the Public Offer Underwriting Agreement). Applicants for the Public Offer Shares are required on application to pay the Offer Price of HK\$0.22 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 35,000,000 Public Offer Shares) are liable to be rejected.

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. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares 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.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 3 times or more but less than 5 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 105,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;
- (b) if the number of Shares validly applied for under the Public Offer represents 5 times or more but less than 10 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 175,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer; and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (c) if the number of Shares validly applied for under the Public Offer represents 10 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 350,000,000 Shares, representing 100% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Lead Managers.

OFFER SIZE ADJUSTMENT OPTION

Our Company has granted the Offer Size Adjustment Option, exercisable by the Joint Lead Managers or its agents on behalf of the Placing Underwriters at any time during the period from the date of the Placing Underwriting Agreement to the Business Day immediately before the date of the announcement of the results of allocations and the basis of allocation of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 52,500,000 additional Shares, representing 15% of the number of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer. The Offer Size Adjustment Option will not be used for price stabilisation purposes in the secondary market after listing of the Shares on the Stock Exchange and is not subject to the Securities and Futures (Price Stabilizing) Rules of the SFO. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, the Joint Lead Managers in their absolute discretion may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional 52,500,000 Shares and the Offer Shares will represent approximately 3.61% and 27.71% respectively of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. In the event that the Offer Size Adjustment Option has not been exercised by the Joint Lead Managers on behalf of the Placing Underwriters, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

OFFER PRICE

The Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or around Friday, 23 June 2017. If the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price by Friday, 23 June 2017, the Share Offer will not become unconditional and will not proceed. The Joint Lead Managers (for themselves and on behalf of the other Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wtgl.hk an announcement of

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

such change on or before the Price Determination Date. Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Offer Price will not be more than HK\$0.22 per Offer Share and is expected to be not less than HK\$0.18 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced.

If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wtgl.hk a notice of the change and if applicable the revised date. Assuming that the Offer Size Adjustment Option is not exercised at all, the net proceeds from the Share Offer based on the Offer Price of HK\$0.2 per Share (being the mid-point of the stated range of the Offer Price) are estimated to be approximately HK\$38.4 million, after deduction of the underwriting commission and other expenses relating to the Share Offer and the Listing payable by our Company.

ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, together with the level of indication of interests 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 our Company's website at www.wtgl.hk on Thursday, 29 June 2017.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.22 per Offer Share and is expected to be not less than HK\$0.18 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.22 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$4,444.34 per board lot of 20,000 Offer Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.22 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.

Further details are set out in the section headed "How to apply for Public Offer Shares" of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional upon, among others:

- (i) 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 on GEM and such grant and permission not subsequently being revoked prior to the Listing Date;
- (ii) the Price Determination Agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) being entered into on or before the Price Determination Date and such agreement not having been subsequently terminated; and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Joint Bookrunners (for themselves and on behalf of the other Underwriters) and the Underwriting Agreements not being terminated in accordance with the terms of that agreement or otherwise).

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If such conditions have not been fulfilled or waived by the Joint Bookrunners (for themselves and on behalf of the other Underwriters) 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 our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.wtgl.hk on the next Business Day following such lapse.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting 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 activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 30 June 2017. Shares will be traded in board lots of 20,000 Shares each and are freely transferable.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners and the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Joint Bookrunners 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 and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 19 June 2017 to 12:00 noon on Thursday, 22 June 2017 from:

- (i) any of the following offices of the Public Offer Underwriters:

Kingsway Financial Services Group Limited

7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

Ping An Securities Limited

Unit 02, 2/F
China Merchants Building
152–155 Connaught Road Central
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) any of the following branches of Hang Seng Bank Limited:

District	Branch	Address
Hong Kong	Head Office	83 Des Voeux Road Central
	North Point Branch	335 King's Road
Kowloon	Tsimshatsui Branch	18 Carnarvon Road
	Yaumatei Branch	363 Nathan Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 19 June 2017 until 12:00 noon on Thursday, 22 June 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Hang Seng (Nominee) Limited — Winning Tower Group Holdings Limited 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:

Monday, 19 June 2017	—	9:00 a.m. to 5:00 p.m.
Tuesday, 20 June 2017	—	9:00 a.m. to 5:00 p.m.
Wednesday, 21 June 2017	—	9:00 a.m. to 5:00 p.m.
Thursday, 22 June 2017	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 22 June 2017, the last application day or such later time as described in the paragraph headed "10. 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, (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 of whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners, the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) agree to comply with the Companies Law, the CWUMPO, the Companies 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 our Company, the Joint Bookrunners, 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 Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners, 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 our Company, the Joint Bookrunners, 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;
- (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 our Company, the Directors, the Joint Bookrunners 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 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 or to the **HK eIPO White Form** Service Provider 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 or to the **HK eIPO White Form** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in the paragraph headed "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise

HOW TO APPLY FOR PUBLIC OFFER SHARES

the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form

You may submit your application online to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 19 June 2017 until 11:30 a.m. on Thursday, 22 June 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 22 June 2017 or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No multiple applications

If you apply by means of **HK eIPO White Form service**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 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).

HOW TO APPLY FOR PUBLIC OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place,
Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners, 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 Placing 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- confirm that you understand that our Company, our Directors, the Joint Bookrunners 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 our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Bookrunners, 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 our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its 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 our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the CWUMPO gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the CWUMPO, the Companies Ordinance and the Memorandum and Articles of Association of our 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 our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 20,000 Public Offer Shares. Instructions for more than 20,000 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:

9:00 a.m. to 8:30 p.m., Monday, 19 June 2017⁽¹⁾
8:00 a.m. to 8:30 p.m., Tuesday, 20 June 2017⁽¹⁾
8:00 a.m. to 8:30 p.m., Wednesday, 21 June 2017⁽¹⁾
8:00 a.m. to 12:00 noon, Thursday, 22 June 2017⁽¹⁾

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 Monday, 19 June 2017 until 12:00 noon on Thursday, 22 June 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 22 June 2017, the last application day or such later time as described in the paragraph headed “10. 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 CWUMPO

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the CWUMPO (as applied by Section 342E of the CWUMPO).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the 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.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through **HK eIPO White Form** service is also only a facility provided by **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Joint Bookrunners, the Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCAS 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 Thursday, 22 June 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR PUBLIC OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through **HK eIPO White Form** service in respect of a minimum of 20,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 20,000 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, see the section headed “Structure and conditions of the Share Offer — Offer Price” of this prospectus.

HOW TO APPLY FOR PUBLIC OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 22 June 2017.

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 Thursday, 22 June 2017 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 the section headed “Expected timetable” of this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 29 June 2017 on our Company’s website at www.wtgl.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 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.wtgl.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 29 June 2017;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 29 June 2017 to 12:00 midnight on Wednesday, 5 July 2017;
- by telephone enquiry line by calling +852 3691-8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 29 June 2017 to Tuesday, 4 July 2017 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 29 June 2017 to Monday, 3 July 2017 at the designated receiving bank branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Share Offer”.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED 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 or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the CWUMPO (as applied by Section 342E of the CWUMPO) 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 our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(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

HOW TO APPLY FOR PUBLIC OFFER SHARES

- within a longer period of up to six weeks if the Listing Division of the Stock Exchange notifies our 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 **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners or the Joint Lead Managers believes 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 50% of the Public Offer Shares initially offered under the Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.22 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" of 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 Thursday, 29 June 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 29 June 2017. 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 Friday, 30 June 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” of 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, Tricor Investor Services Limited, Level

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22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 29 June 2017 or such other date as notified by the Company on the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.wtgl.hk.

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 Thursday, 29 June 2017, 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 for collection of refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 29 June 2017, 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 Thursday, 29 June 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 29 June 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

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(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 29 June 2017, or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 29 June 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) 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 Thursday, 29 June 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the sub-paragraph headed "11. Publication of results" above in this section on Thursday, 29 June 2017.

HOW TO APPLY FOR PUBLIC OFFER SHARES

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 29 June 2017 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 Thursday, 29 June 2017. 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 Thursday, 29 June 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional 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 received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Winning Tower Group Holdings Limited
Kingsway Capital Limited

Dear Sirs,

We report on the historical financial information of Winning Tower Group Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-52, which comprises the combined statements of profit or loss, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the two years ended 31 December 2015 and 2016 (the “**Track Record Period**”), and the combined statements of financial position of the Group as at 31 December 2015 and 2016, 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-3 to I-52 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 19 June 2017 (the “**Prospectus**”) in connection with the initial listing of the shares of the Company on the Growth Enterprise Market (the “**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 the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in note 2.1 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, 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 purpose of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2015 and 2016 and of the financial performance and cash flows of the Group for each of the Track Record Period in accordance with the basis of presentation and the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE GROWTH ENTERPRISE MARKET 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-3 have been made.

DIVIDENDS

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

NO HISTORICAL FINANCIAL STATEMENTS OF THE COMPANY

As at the date of this report, no statutory financial statements have been prepared for the Company.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
19 June 2017

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period on which the Historical Financial Information is based, were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial statements").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December	
		2015	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	5	112,865	133,578
Cost of inventories consumed		(83,140)	(88,175)
Other income	6	2,240	1,624
Employee benefit expenses		(9,544)	(17,903)
Depreciation		(2,729)	(4,667)
Transportation and storage fee		(4,275)	(3,297)
Utilities and consumables		(1,807)	(3,000)
Rental and related expenses		(1,042)	(1,223)
Listing expenses		—	(4,502)
Other operating expenses		<u>(3,929)</u>	<u>(4,635)</u>
PROFIT BEFORE TAX FROM OPERATIONS		8,639	7,800
Finance costs	7	(1,014)	(1,112)
Gain on disposal of associates, net		1,202	—
Share of profits and losses of associates		<u>960</u>	<u>—</u>
PROFIT BEFORE TAX	8	9,787	6,688
Income tax expense	11	<u>(1,476)</u>	<u>(1,985)</u>
PROFIT FOR THE YEAR		<u>8,311</u>	<u>4,703</u>
Attributable to:			
Owners of the Company		8,364	4,633
Non-controlling interests		<u>(53)</u>	<u>70</u>
		<u>8,311</u>	<u>4,703</u>

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2016
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	<u>8,311</u>	<u>4,703</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive expense to be reclassified to the profit or loss in subsequent periods:		
Release of exchange reserve upon disposal of associates	(16)	—
Other comprehensive income/(expense) not to be reclassified to the profit or loss in subsequent periods:		
Revaluation surplus	<i>14</i> 8,556	150
Deferred tax debited to asset revaluation reserve	<i>26</i> <u>(1,412)</u>	<u>(24)</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>7,128</u>	<u>126</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>15,439</u></u>	<u><u>4,829</u></u>
Attributable to:		
Owners of the Company	15,492	4,759
Non-controlling interests	<u>(53)</u>	<u>70</u>
	<u><u>15,439</u></u>	<u><u>4,829</u></u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2015	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	14	79,596	75,190
Goodwill	15	2,302	2,302
Due from a related party	20	<u>100</u>	<u>100</u>
Total non-current assets		<u>81,998</u>	<u>77,592</u>
CURRENT ASSETS			
Inventories	17	3,842	3,743
Trade receivables	18	19,285	17,920
Prepayments, deposits and other receivables	19	2,323	2,482
Loans to shareholders	20	8,800	—
Due from related parties	20	694	207
Tax recoverable		—	23
Cash and cash equivalents	21	<u>6,795</u>	<u>11,329</u>
Total current assets		<u>41,739</u>	<u>35,704</u>
CURRENT LIABILITIES			
Trade and bills payables	22	6,128	5,793
Other payables and accruals	23	2,710	2,741
Due to related parties	20	346	213
Interest-bearing bank borrowings	24	31,070	28,294
Obligations under finance leases	25	250	—
Tax payable		<u>1,769</u>	<u>184</u>
Total current liabilities		<u>42,273</u>	<u>37,225</u>
NET CURRENT LIABILITIES		<u>(534)</u>	<u>(1,521)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>81,464</u>	<u>76,071</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	26	<u>6,930</u>	<u>6,708</u>
Net assets		<u><u>74,534</u></u>	<u><u>69,363</u></u>

		As at 31 December	
		2015	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	32,230	32,230
Reserves	28	<u>38,129</u>	<u>32,888</u>
		70,359	65,118
Non-controlling interests		<u>4,175</u>	<u>4,245</u>
Total equity		<u><u>74,534</u></u>	<u><u>69,363</u></u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
		Share capital HK\$'000	Asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000			
At 1 January 2015		18,000	24,995	16	4,286	47,297	—	47,297
Profit/(loss) for the year		—	—	—	8,364	8,364	(53)	8,311
Other comprehensive income/ (expense) for the year:								
Release of exchange reserve upon disposal of associates		—	—	(16)	—	(16)	—	(16)
Revaluation surplus	14	—	8,556	—	—	8,556	—	8,556
Deferred tax debited to asset revaluation reserve	26	—	(1,412)	—	—	(1,412)	—	(1,412)
Total comprehensive income/ (expense) for the year		—	7,144	(16)	8,364	15,492	(53)	15,439
Issue of shares	27	14,230	—	—	—	14,230	—	14,230
Acquisition of subsidiaries	30	—	—	—	—	—	4,228	4,228
Dividends declared	12	—	—	—	(6,660)	(6,660)	—	(6,660)
At 31 December 2015 and 1 January 2016		32,230	32,139*	—*	5,990*	70,359	4,175	74,534
Profit for the year		—	—	—	4,633	4,633	70	4,703
Other comprehensive income/ (expense) for the year:								
Revaluation surplus	14	—	150	—	—	150	—	150
Deferred tax debited to asset revaluation reserve	26	—	(24)	—	—	(24)	—	(24)
Total comprehensive income for the year		—	126	—	4,633	4,759	70	4,829
Dividends declared	12	—	—	—	(10,000)	(10,000)	—	(10,000)
At 31 December 2016		<u>32,230</u>	<u>32,265*</u>	<u>—*</u>	<u>623*</u>	<u>65,118</u>	<u>4,245</u>	<u>69,363</u>

* These reserve accounts comprise the combined reserves of HK\$38,129,000 and HK\$32,888,000 in the combined statements of financial position as at 31 December 2015 and 2016, respectively.

COMBINED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December	
		2015	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,787	6,688
Adjustments for:			
Bank interest income	6	—	(31)
Finance costs	7	1,014	1,112
Depreciation	8	2,729	4,667
Gain on disposal of associates, net	8	(1,202)	—
Write-off of items of property, plant and equipment	8	—	23
Loss on disposal of items of property, plant and equipment	8	—	100
Share of profits and losses of associates		(960)	—
		11,368	12,559
Decrease in inventories		1,010	99
Decrease in trade receivables		155	1,365
Decrease/(increase) in prepayments, deposits and other receivables		11,935	(159)
Decrease in a loan to an associate		400	—
Decrease in an amount due from an associate		6	—
Increase in loans to shareholders		(8,800)	—
Decrease/(increase) in amounts due from related parties		(794)	487
Decrease in trade and bills payables		(1,108)	(335)
Increase/(decrease) in other payables and accruals		(857)	31
Increase/(decrease) in amounts due to related parties		346	(133)
Decrease in a loan from a related company		(3,245)	—
Decrease in a loan from an associate		(3,500)	—
Cash generated from operations		6,916	13,914
Hong Kong profits tax paid		(751)	(3,839)
Net cash flows from operating activities		6,165	10,075

		Year ended 31 December	
		2015	2016
	Notes	HK\$'000	HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		—	31
Purchases of items of property, plant and equipment	14	(13,371)	(334)
Proceeds from disposal of items of property, plant and equipment		—	100
Acquisition of subsidiaries	30	3,546	—
Proceeds from disposal of associates		<u>1,982</u>	<u>—</u>
Net cash flows used in investing activities		<u>(7,843)</u>	<u>(203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	27	9,000	—
New bank loans		8,500	—
Repayment of bank loans		(2,478)	(2,776)
Dividends paid	12, 36	(6,660)	(1,200)
Interest paid		(1,014)	(1,108)
Interest element of finance lease rental payments		—	(4)
Capital element of finance lease rental payments		<u>(15)</u>	<u>(250)</u>
Net cash flows from/(used in) financing activities		<u>7,333</u>	<u>(5,338)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,655	4,534
Cash and cash equivalents at beginning of year		<u>1,140</u>	<u>6,795</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>6,795</u></u>	<u><u>11,329</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	6,795	6,323
Non-pledged time deposits with original maturity of less than three months when acquired	21	<u>—</u>	<u>5,006</u>
Cash and cash equivalents as stated in the combined statements of cash flows		<u><u>6,795</u></u>	<u><u>11,329</u></u>

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Flat 3, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries were principally engaged in the processing and trading of raw, frozen and cooked food products and provision of transportation services.

The Company and its subsidiaries now comprising the Group underwent the reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the Prospectus ("Reorganisation"). Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation and place of business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bliss View Limited [^] (景佑有限公司) ("Bliss View")	British Virgin Islands 31 October 2016	US\$1	100%	—	Investment holding
Winning Tower Group Limited [#] (運興泰集團有限公司) ("Winning Tower Group")	Hong Kong 21 January 2015	HK\$32,230,000	—	100%	Investment holding
Winning Tower Limited* (運興泰有限公司) ("Winning Tower")	Hong Kong 13 February 2004	HK\$18,000,000	—	100%	Processing and trading of raw and frozen food products
Winning Star Foods Limited* (星運食品有限公司) ("Winning Star")	Hong Kong 8 March 2013	HK\$8,000,000	—	60%	Processing and trading of cooked food products
Jett Foods Asia Limited* (積喜亞洲食品有限公司) ("Jett Foods")	Hong Kong 15 October 2012	HK\$5,000,000	—	100%	Internet sales and trading of food products
Maxford Logistics Limited* (萬福物流有限公司) ("Maxford")	Hong Kong 17 May 2006	HK\$10,000	—	60%	Provision of transportation services

[^] No statutory financial statements have been prepared for Bliss View since its date of incorporation, as it was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

- # The statutory financial statements of this entity for the year ended 31 December 2015 prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA were audited by Ernst & Young, Hong Kong.
- * The statutory financial statements of these entities for the year ended 31 December 2015 prepared in accordance with HKFRSs were audited by Derek Ng & Company, certified public accountants registered in Hong Kong.

2.1 REORGANISATION AND BASIS OF PRESENTATION AND BASIS OF PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

Reorganisation and basis of presentation

Pursuant to the Reorganisation completed on 10 February 2017, as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Reorganisation and Group Structure” in the Prospectus, the Company became the direct/indirect holding company of the subsidiaries now comprising the Group. As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the Historical Financial Information for the Track Record Period has been presented as a continuation of the existing company using the pooling of interest method.

Accordingly, the combined statements of profit and loss, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period, except that certain acquisitions were made during the year ended 31 December 2015 as further set out in note 30 to the Historical Financial Information. The combined statements of financial position as at 31 December 2015 and 2016 present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

All significant intragroup transactions and balances have been eliminated on combination.

Basis of preparation

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2016, together with relevant transition provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention, except for leasehold land and buildings held for the Group’s own use classified as property, plant and equipment, which have been measured at fair value.

As at 31 December 2015 and 2016, the Group’s current liabilities exceeded its current assets by HK\$534,000 and HK\$1,521,000, respectively. The liquidity shortfall arose as bank borrowings amounting to HK\$28,291,000 and HK\$25,408,000 as at 31 December 2015 and 2016, respectively, which were contractually due for repayment after one year but subject to a repayment on demand clause, were classified as current liabilities in accordance with Hong Kong Interpretation 5 “*Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*”.

The management closely monitors the Group’s financial performance and liquidity position. In preparing the Group’s Historical Financial Information for the years ended 31 December 2015 and 2016, the management has taken into account all information that could reasonably be expected to be available. In particular, the management has prepared cash flow projection of the Group covering a period of not less than twelve months from 31 December 2016 on the basis that (i) the Group will continue to generate positive cash flow from operations, (ii) the Group will have continuous financial support from its banks in the coming twelve months from 31 December 2016; and (iii) the banks will not exercise their discretion to demand immediate repayment of the Group’s borrowings in the coming twelve months from 31 December 2016. The directors of the Company hence believe that the bank borrowings will be repaid in accordance with the scheduled dates set out in the relevant loan agreements and that the banking

facilities with the principal banks will be renewed when their current terms expire given the good track records and relationship the Group has with the banks. The directors of the Company, after considering the cash flow projection and after taking into account the possible changes in the operational performance and the continuous availability of the banking facilities, are of the opinion that the Group will have adequate financial resources to support its operations and will be able to meet its liabilities as and when they fall due within the next twelve months from 1 January 2017. Accordingly, the directors have prepared the Historical Financial Information on a going concern basis.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are combined from the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ²
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ²
HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
Amendments to HKAS 7	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i> ¹
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ²
Amendments to HKFRS 12 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i> ¹
Amendments to HKFRS 1 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ²
Amendments to HKAS 28 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Investments in Associates and Joint Ventures</i> ²
HK(IFRIC) 22	<i>Foreign Currency Transactions and Advance Consideration</i> ²

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

⁴ No mandatory effective date yet determined but available for adoption

Other than explained below regarding the impact of HKFRS 9 and HKFRS 15, the Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in accounting policies and are unlikely to have a significant impact on the Group's results of operations and financial position.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During the Track Record Period, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

The expected impacts on impairment arising from the adoption of HKFRS 9 are summarised as follows:

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade receivables upon the adoption of HKFRS 9. A reasonable estimate will be available once a detailed review has been completed. The adoption of HKFRS 9 might have an impact on the Group's financial performance and financial position, including the measurement of financial assets and disclosures. In particular, the adoption of an expected credit losses impairment model may result in earlier recognition of credit losses of the Group's trade receivables.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018. Based on the current business model, the directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's financial statements in the future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the combined statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the combined statements of profit or loss and the combined statements of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the combined statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Business combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value, which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or a liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its land and buildings at fair value at the end of each of the reporting periods. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | | |
|---------|---|---|
| Level 1 | — | based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — | based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the reporting periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each of the reporting periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	Over the shorter of lease terms or useful lives
Leasehold improvements	14% to 25%
Furniture and fixtures	14% to 25%
Machinery and equipment	14% to 25%
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the reporting periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a finance nature are accounted for as finance leases, but are depreciated over their estimated useful life.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the reporting periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating expenses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each of the reporting periods; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the reporting periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the reporting periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the reporting periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the reporting periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the reporting periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the reporting periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services, when the relevant services have been rendered;
- (c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of these employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain associates are currencies other than the Hong Kong dollar. As at the end of the reporting periods, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting periods and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of leasehold land and buildings

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) reference to independent valuation;
- (b) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and
- (c) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices.

Further details, including the key assumptions used for fair value measurement, are given in note 14 to the Historical Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15 to the Historical Financial Information.

Impairment of non-financial assets

The Group has to exercise judgement in determining whether an asset is impaired or the event previously causing the asset impairment no longer exists, particularly in assessing: (a) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (b) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (c) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projection could materially affect the net present value used in the impairment test.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 26 to the Historical Financial Information.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. Management reassesses these estimates at each of the reporting date.

Impairment of loans and receivables

The Group assesses at the end of each of the reporting periods whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

4. SEGMENT INFORMATION

The Group is principally engaged in processing and trading of raw, frozen and cooked food products and provision of transportation services. For management purpose, the Group operates in one business unit based on its products and the nature of production, sales and distribution processes, and has one reportable operating segment which is processing and trading of food products.

Since all of the Group's revenue from external customers are conducted and non-current assets are located in Hong Kong, no further analysis on the geographical information thereof is presented.

Information about major customers

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Customer A #	42,684	44,325
Customer B #	23,852	23,230
Customer C #	N/A*	22,910

Included sales to a group of entities which are known to be under common control with that customer

* Sales to Customer C during the year ended 31 December 2015 amounted to less than 10% of the total revenue of the Group during that year. Accordingly, no disclosure was presented in the above.

5. REVENUE

Revenue represents the invoiced value of goods sold, after allowances for returns and trade discounts to customers, and income from provision of transportation services.

An analysis of revenue is as follows:

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Wholesale of processed raw food	112,718	109,802
Wholesale of processed cooked food	—	17,527
Internet sales and trading of food products	—	2,823
Income from provision of transportation services	147	3,426
	<u>112,865</u>	<u>133,578</u>

6. OTHER INCOME

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Bank interest income	—	31
Management service and rental income	717	336
Storage and handling income	1,467	1,242
Sub-contracting income	29	13
Others	27	2
	<u>2,240</u>	<u>1,624</u>

7. FINANCE COSTS

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Interest on bank loans and overdraft	1,014	1,108
Interest on finance leases	—	4
	<u>1,014</u>	<u>1,112</u>

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Cost of inventories consumed	83,140	88,175
Depreciation	2,729	4,667
Minimum lease payments under operating leases	617	600
Other related expenses	<u>425</u>	<u>623</u>
Rental and related expenses	<u>1,042</u>	<u>1,223</u>
Directors' remuneration (<i>note 9</i>)	3,185	4,108
Employee benefit expenses (excluding directors' remuneration (<i>note 9</i>)): <ul style="list-style-type: none"> Salaries, wages and other benefits Retirement scheme contribution 	6,102	13,212
	<u>257</u>	<u>583</u>
Total employee benefit expenses	<u>9,544</u>	<u>17,903</u>
Listing expenses	—	4,502
Auditor's remuneration	417	460
Write-off of items of property, plant and equipment	—	23
Loss on disposal of items of property, plant and equipment	—	100
Gain on disposal of associates, net (<i>note 16</i>)	(1,202)	—
Bank interest income	<u>—</u>	<u>(31)</u>

9. DIRECTORS' REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors at any time during the Track Record Period since the Company was only incorporated subsequent to the end of the Track Record Period on 3 January 2017.

Subsequent to the end of the Track Record Period, Mr. Lai King Wah and Mr. Ho Timothy Kin Wah were appointed as executive directors of the Company on 3 January 2017. Mr. Lai Ho Yin Eldon was appointed as an executive director and the chief executive officer of the Company on 3 January 2017. Mr. Yu Ting Hei and Mr. Chow Kuen Chung were appointed as non-executive directors of the Company on 3 January 2017. Ms. Ho Lai Sze Jacqueline joined the Group and was appointed as a non-executive director of the Company on 3 January 2017. Mr. Chau Chun Wai, Mr. Lo Sun Tong and Mr. Lam Lai Kiu Kelvin were appointed as independent non-executive directors of the Company on 5 June 2017, 5 June 2017 and 5 June 2017, respectively.

The remuneration of each of the directors of the Company received from the companies now comprising the Group during each of the Track Record Period is set out below:

	Year ended 31 December	
	2015 HK\$'000	2016 HK\$'000
Fees	410	609
Other emoluments:		
Salaries, allowances and benefits in kind	2,661	3,326
Performance related bonuses	60	123
Pension scheme contributions	54	50
	<u>2,775</u>	<u>3,499</u>
Total	<u><u>3,185</u></u>	<u><u>4,108</u></u>

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total HK\$'000
		HK\$'000	HK\$'000	HK\$'000	
Year ended 31 December 2015					
Executive directors					
Mr. Lai King Wah	200	1,143	—	18	1,361
Mr. Lai Ho Yin Eldon	—	930	60	18	1,008
Mr. Ho Timothy Kin Wah	—	388	—	18	406
	<u>200</u>	<u>2,461</u>	<u>60</u>	<u>54</u>	<u>2,775</u>
Non-executive directors					
Mr. Chow Kuen Chung	200	200	—	—	400
Mr. Yu Ting Hei	10	—	—	—	10
	<u>210</u>	<u>200</u>	<u>—</u>	<u>—</u>	<u>410</u>
	<u><u>410</u></u>	<u><u>2,661</u></u>	<u><u>60</u></u>	<u><u>54</u></u>	<u><u>3,185</u></u>
Year ended 31 December 2016					
Executive directors					
Mr. Lai King Wah	250	1,127	—	13	1,390
Mr. Lai Ho Yin Eldon	—	1,284	123	18	1,425
Mr. Ho Timothy Kin Wah	59	480	—	19	558
	<u>309</u>	<u>2,891</u>	<u>123</u>	<u>50</u>	<u>3,373</u>
Non-executive directors					
Mr. Chow Kuen Chung	250	435	—	—	685
Mr. Yu Ting Hei	50	—	—	—	50
	<u>300</u>	<u>435</u>	<u>—</u>	<u>—</u>	<u>735</u>
	<u><u>609</u></u>	<u><u>3,326</u></u>	<u><u>123</u></u>	<u><u>50</u></u>	<u><u>4,108</u></u>

There were no emoluments payable to the independent non-executive directors during the Track Record Period.

There were no arrangements under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

During the Track Record Period, no remuneration was paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2015 and 2016 included 3 and 3 directors, respectively, and details of whose remuneration are set out in note 9 above.

Details of the remuneration of the remaining 2 and 2 highest paid employees who are neither a director nor chief executive during the years ended 31 December 2015 and 2016, respectively, are as follows:

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,273	1,411
Performance related bonuses	81	104
Pension scheme contributions	36	36
	<u>1,390</u>	<u>1,551</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December	
	2015	2016
Nil to HK\$1,000,000	<u>2</u>	<u>2</u>

During the Track Record Period, no remuneration was paid by the Group to any of the non-directors or highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during each of the Track Record Period.

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the year	2,330	2,421
Overprovision in prior years	(20)	(190)
Deferred (<i>note 26</i>)	<u>(834)</u>	<u>(246)</u>
Total tax charge for the year	<u>1,476</u>	<u>1,985</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Profit before tax	<u>9,787</u>	<u>6,688</u>
Tax at the statutory tax rate	1,615	1,104
Adjustments in respect of current tax of prior years	(20)	(190)
Profit and losses attributable to associates	(158)	—
Income not subject to tax	(198)	(22)
Expenses not deductible for tax	155	1,197
Tax losses utilised from prior years	—	(213)
Tax losses not recognised	39	35
Others	<u>43</u>	<u>74</u>
Tax charge at the Group's effective rate	<u>1,476</u>	<u>1,985</u>

The share of tax attributable to associates amounting to HK\$33,000 was included in "Share of profits and losses of associates" in the combined statement of profit or loss for the year ended 31 December 2015.

12. DIVIDENDS

No dividends have been paid or declared by the Company during the Track Record Period since the Company was only incorporated subsequent to the end of the Track Record Period on 3 January 2017.

During the Track Record Period, dividends paid by certain subsidiaries to the shareholders of the Group prior to the Reorganisation are as follows:

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Dividends declared	<u>6,660</u>	<u>10,000</u>

The rate of dividend and number of shares ranking for dividend are not presented as such information is not considered meaningful having regard to the purpose of this report.

13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful because the number of shares as at the end of each of the Track Record Period will be different from the number of shares immediately after the completion of the Reorganisation as disclosed in note 2.1 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2015						
Cost or valuation:						
At 1 January 2015	47,100	9,320	315	2,831	—	59,566
Additions	13,168	—	115	88	—	13,371
Acquisition of subsidiaries (note 30)	—	2,772	33	1,126	3,045	6,976
Surplus on revaluation	8,556	—	—	—	—	8,556
Write-back on revaluation	(1,357)	—	—	—	—	(1,357)
At 31 December 2015	<u>67,467</u>	<u>12,092</u>	<u>463</u>	<u>4,045</u>	<u>3,045</u>	<u>87,112</u>
Accumulated depreciation:						
At 1 January 2015	—	3,987	187	1,970	—	6,144
Charge for the year	1,357	1,043	44	269	16	2,729
Write-back on revaluation	(1,357)	—	—	—	—	(1,357)
At 31 December 2015	<u>—</u>	<u>5,030</u>	<u>231</u>	<u>2,239</u>	<u>16</u>	<u>7,516</u>
Net book value:						
At 31 December 2015	<u>67,467</u>	<u>7,062</u>	<u>232</u>	<u>1,806</u>	<u>3,029</u>	<u>79,596</u>
31 December 2016						
Cost or valuation:						
At 1 January 2016	67,467	12,092	463	4,045	3,045	87,112
Additions	—	44	84	206	—	334
Disposal	—	—	—	—	(249)	(249)
Write-off	—	—	—	(44)	—	(44)
Surplus on revaluation	150	—	—	—	—	150
Write-back on revaluation	(1,817)	—	—	—	—	(1,817)
At 31 December 2016	<u>65,800</u>	<u>12,136</u>	<u>547</u>	<u>4,207</u>	<u>2,796</u>	<u>85,486</u>
Accumulated depreciation:						
At 1 January 2016	—	5,030	231	2,239	16	7,516
Charge for the year	1,817	1,639	59	406	746	4,667
Disposal	—	—	—	—	(49)	(49)
Write-off	—	—	—	(21)	—	(21)
Write-back on revaluation	(1,817)	—	—	—	—	(1,817)
At 31 December 2016	<u>—</u>	<u>6,669</u>	<u>290</u>	<u>2,624</u>	<u>713</u>	<u>10,296</u>
Net book value:						
At 31 December 2016	<u>65,800</u>	<u>5,467</u>	<u>257</u>	<u>1,583</u>	<u>2,083</u>	<u>75,190</u>

At 31 December 2015 and 2016, the Group's land and buildings in Hong Kong were revalued based on valuations performed by AVISTA Valuation Advisory Limited, independent professionally qualified valuers, at HK\$67,467,000 and HK\$65,800,000, respectively. Revaluation surpluses of HK\$8,556,000 and HK\$150,000 resulting from the above revaluation were credited to the asset revaluation reserve during the years ended 31 December 2015 and 2016, respectively.

Had such leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts would have been approximately HK\$29,073,000 (2015: HK\$30,026,000).

Each year, the Group appoints an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group discusses with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

There has been no change from the valuation technique used during the Track Record Period. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair values of the Group's land and buildings at 31 December 2015 and 2016 are estimated by using significant unobservable inputs and the fair value measurement is categorised under Level 3.

During the Track Record Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Year ended 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount:		
At 1 January	47,100	67,467
Additions	13,168	—
Depreciation	(1,357)	(1,817)
Surplus on revaluation	8,556	150
At 31 December	67,467	65,800

Below is a summary of the valuation technique used and the key input to the valuation of properties:

Class of properties	Valuation technique	Significant unobservable input	Range of unobservable input	
			2015	2016
Hong Kong	Market comparable	Saleable unit rate per	HK\$3,655 to	HK\$3,598 to
— Land and buildings	method	square foot*	HK\$3,786	HK\$3,653
— Industrial				
— Level 3				

* The higher the saleable unit rate per square foot, the higher the value.

At 31 December 2015 and 2016, the Group's leasehold land and buildings held for own use with a net carrying amount of approximately HK\$67,467,000 and HK\$65,800,000, respectively, were pledged to secure banking facilities granted to the Group (note 24).

The net carrying amounts of the Group's motor vehicles held under finance leases included in the total amount of motor vehicles as at 31 December 2015 amounted to HK\$827,000 (note 25).

15. GOODWILL

Goodwill acquired through business combinations had been allocated to the transportation services cash-generating unit (“**Transportation services CGU**”) at HK\$185,000 and internet sales and trading of food products cash-generating unit (“**Internet sales and trading of food products CGU**”) at HK\$2,117,000.

	Transportation services CGU	Internet sales and trading of food products CGU	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2015	—	—	—
Acquisition of subsidiaries (<i>note 30</i>)	<u>185</u>	<u>2,117</u>	<u>2,302</u>
At 31 December 2015, 1 January 2016 and 31 December 2016	<u><u>185</u></u>	<u><u>2,117</u></u>	<u><u>2,302</u></u>

Impairment testing of goodwill

The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period with growth rates approved by senior management, which is based on the management’s expectation for market development.

The discount rates for the following cash-generating units applied to the cash flow projections are as follows:

	Year ended 31 December	
	2015	2016
Transportation services CGU	12.1%	12.1%
Internet sales and trading of food products CGU	<u>16.1%–24%</u>	<u>15%–20.2%</u>

Key assumptions were used in the value in use calculation of the cash-generating units for the years ended 31 December 2015 and 2016. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budget gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the markets, adjusted for expected efficiency improvement, and expected market development.

Discount rates — The discount rates used are before tax.

The values assigned to key assumptions are consistent with external information sources.

The directors of the Company have considered the impact of the possible changes in key assumptions (budget gross margins and discount rates) used, and conducted sensitivity analysis on the cash generating unit’s carrying value for impairment testing during the Track Record Period. In the opinion of the directors of the Company, any reasonably possible changes in the key assumptions on which the recoverable amount is based would not cause the cash generating unit’s carrying amount to exceed its recoverable amount.

16. INVESTMENTS IN ASSOCIATES

Particulars of the material associates as at 1 January 2015 are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of ownership attributable to the Group	Principal activities
Winning Tower (Macau) Limited (“ Winning Tower Macau ”)	Macau	MOP60,000	40%	Processing and trading of frozen foods
Jett Foods	Hong Kong	HK\$5,000,000	30%	Internet sales and trading of food products
Winning Star*	Hong Kong	HK\$8,000,000	46%	Processing and trading of cooked food products

* 20% equity interest in Winning Star was directly held by Jett Foods and 40% equity interest in Winning Star was directly held by the Company.

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

As a result of the business combinations as disclosed in note 30 to the Historical Financial Information during the year ended 31 December 2015, Maxford, Jett Foods and Winning Star became subsidiaries of the Group, resulting in gain on disposal of (i) Maxford of HK\$955,000 and (ii) Jett Foods and Winning Star of HK\$344,000.

Disposal of associates

On 16 December 2015, the Group disposed of its entire equity interest in Winning Tower Macau to Ms. Jeong Sok Ieng (“**Ms. Jeong**”), a related party of the Group (note 33(a)), for a cash consideration of MOP2,000,000 (approximately HK\$1,942,000).

On 18 December 2015, the Group disposed of its entire equity interest in Winning Tower (China) Trading Limited (“**Winning Tower China**”) together with a shareholder loan of HK\$400,000 to Top Ocean Investment Limited (“**Top Ocean**”), a shareholder of the Company, for a cash consideration of HK\$440,000.

Since then, Winning Tower China and Winning Tower Macau ceased to be associates of the Group. The Group had derecognised the carrying amounts of its equity interests in these companies, resulting in aggregate loss on disposal of associates of HK\$97,000.

The net gain on disposal of associates of HK\$1,202,000 (note 8) was included in the combined statement of profit or loss for the year ended 31 December 2015.

17. INVENTORIES

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Food products for trading and processing business	3,842	3,743

18. TRADE RECEIVABLES

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Trade receivables from:		
Third party customers	13,228	12,658
Related companies	6,057	5,262
	<u>19,285</u>	<u>17,920</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to two months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

At 31 December 2015 and 2016, the Group had certain concentration of credit risk that might arise from the exposure to the Group's total trade receivables as follows:

	As at 31 December	
	2015	2016
Three largest customers	74%	71%
Largest customer	<u>29%</u>	<u>30%</u>

An aged analysis of the trade receivables as at the end of each of the Track Record Period, based on invoice date, is as follows:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Within 1 month	11,314	10,693
1 to 2 months	5,967	7,000
2 to 3 months	1,944	225
Over 3 months	60	2
	<u>19,285</u>	<u>17,920</u>

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Neither past due nor impaired	17,278	16,053
Less than 1 month past due	1,953	1,698
1 to 3 months past due	54	169
	<u>19,285</u>	<u>17,920</u>

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Particulars of the amounts due from related companies included in trade receivables are as follows:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Golden Cup Industries Limited (“Golden Cup”)	5,030	4,096
Yau Heng Frozen Meat & Food Company Limited (“Yau Heng”)	499	578
Winning Tower Macau	528	588
	<u>6,057</u>	<u>5,262</u>

The details of the above related companies are set out in note 33(a) to the Historical Financial Information.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Prepayments	1,955	2,065
Deposits	362	402
Other receivables	6	15
	<u>2,323</u>	<u>2,482</u>

None of the financial assets included in the above balances is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

20. BALANCES WITH RELATED PARTIES AND LOANS TO SHAREHOLDERS

Particulars of balances with a director, a shareholder and related companies, and loans from shareholders are disclosed as follows:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Due from a director		
Mr. Lai King Wah (<i>note</i>) ^	4	—
Due from a shareholder		
Top Ocean	440	—
Due from related companies		
Golden Cup	97	105
Yau Heng	5	19
Winning Tower Macau	40	69
Winning Tower China	93	—
Guangzhou City Ge Yun		
Trading Company Limited (“Guangzhou Ge Yun”)	15	14
Iao Ip Property Investment Company Limited (“Iao Ip”)	100	100
	794	307
Less: Non-current portion	(100)	(100)
	<u>694</u>	<u>207</u>

Note: The maximum amount due from Mr. Lai King Wah, a director and a shareholder of the Company, during the years ended 31 December 2015 and 2016 were HK\$567,000 and HK\$4,000, respectively.

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Due to related companies		
Golden Cup	270	191
Yau Heng	71	8
Winning Tower Macau	5	14
	<u>346</u>	<u>213</u>

The details of the above related companies are set out in note 33(a) to the Historical Financial Information.

	At 1 January 2015 <i>HK\$'000</i>	Maximum amount outstanding during the year <i>HK\$'000</i>	At 31 December 2015 and 1 January 2016 <i>HK\$'000</i>	Maximum amount outstanding during the year <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Loans to shareholders					
Top Ocean	—	N/A	2,273	N/A	—
Mr. Lai King Wah ^	—	2,273	2,273	2,273	—
Mr. Yu Ting Hei ^	—	1,663	1,663	1,663	—
Ms. Ou Hong Lian	—	N/A	2,151	N/A	—
Ms. Li Sheung Oi	—	N/A	440	N/A	—
	<u>—</u>		<u>8,800</u>		<u>—</u>

^ Maximum amounts outstanding were disclosed for the amounts due from directors of the Company and their controlled body corporates pursuant to Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

Balances with a director, a shareholder and related companies are non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount due from Iao Ip which is repayable more than twelve months from the end of each of the Track Record Period.

Loans to shareholders are unsecured, interest-free and repayable on demand.

21. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cash and bank balances	6,795	6,323
Time deposits	—	5,006
	<u>6,795</u>	<u>11,329</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE AND BILLS PAYABLES

	As at 31 December	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and bills payables to:		
Third party suppliers	4,775	4,486
Related companies		
— Golden Cup	811	819
— Yau Heng	321	316
— Guangzhou Ge Yun	221	172
	<u>6,128</u>	<u>5,793</u>

An aged analysis of the trade and bills payables as at the end of each of the Track Record Period, based on invoice date, is as follows:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Within 1 month	5,765	5,793
1 to 2 months	332	—
2 to 3 months	31	—
	<u>6,128</u>	<u>5,793</u>

The trade and bills payables are non-interest-bearing and are normally settled on 30 to 60 days terms.

The details of the above related companies are set out in note 33(a) to the Historical Financial Information.

23. OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Receipts in advance	5	—
Other payables	189	154
Accrued expenses	2,516	2,587
	<u>2,710</u>	<u>2,741</u>

Other payables are non-interest bearing and have an average term of two months.

24. INTEREST-BEARING BANK BORROWINGS

	As at 31 December					
	2015			2016		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans — secured	1.25 to 1.75	On demand	31,070	1.25 to 1.75	On demand	28,294
	below prime rate		<u>31,070</u>	below prime rate		<u>28,294</u>
				2015		2016
				HK\$'000		HK\$'000

Analysed into:

Bank loans repayable:

Within one year or on demand	<u>31,070</u>	<u>28,294</u>
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The Group's bank loans are denominated in Hong Kong Dollars and are secured by the mortgages over the Group's land and buildings, which had an aggregate carrying value at 31 December 2015 and 2016 of HK\$67,467,000 and HK\$65,800,000, respectively.

In addition, Mr. Lai King Wah, a director and a shareholder of the Company, provided personal guarantees for the Group's bank loans and facilities up to HK\$45,580,000 and HK\$46,080,000 as at 31 December 2015 and 2016, respectively (note 33(d)). The personal guarantees existed at the date of this report will be released and replaced by corporate guarantees to be issued by the Company.

The maturity of bank borrowings in accordance with maturity term set out in the loan agreements is analysed as follows:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Within one year	2,779	2,886
In the second year	2,886	2,997
In the third and fifth years, inclusive	9,228	8,596
Over five years	<u>16,177</u>	<u>13,815</u>
	<u>31,070</u>	<u>28,294</u>

25. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2015, the Group leased certain of its motor vehicles for its operation. The leases were classified as finance leases and had remaining lease term of one year. The total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable:				
Within one year	<u>254</u>	<u>—</u>	<u>250</u>	<u>—</u>
Total minimum finance lease payments	254	—	<u>250</u>	<u>—</u>
Future finance charges	<u>(4)</u>	<u>—</u>		
Total net finance lease payables	250	—		
Portion classified as current liabilities	<u>(250)</u>	<u>—</u>		
Non-current portion	<u>—</u>	<u>—</u>		

The above finance leases were denominated in Hong Kong dollars, interest-bearing at a rate of 0.5% below prime rate per annum as at 31 December 2015.

As at 31 December 2015, Mr. Lai King Wah, a director and a shareholder of the Company, and Mr. Chow Kuen Chung, a director of the Company, provided personal guarantees to a bank in respect of the hire purchase agreement entered into by the Group for securing the obligation under finance leases of HK\$250,000 (note 33(e)).

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Track Record Period are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits HK\$'000
At 1 January 2015	—
Acquisition of subsidiaries (<i>note 30</i>)	202
Deferred tax credited to the statement of profit or loss during the year (<i>note 11</i>)	<u>11</u>
At 31 December 2015 and 1 January 2016	213
Deferred tax debited to the statement of profit or loss during the year (<i>note 11</i>)	<u>(213)</u>
At 31 December 2016	<u>—</u>

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Total HK\$'000
At 1 January 2015	—	931	4,939	5,870
Acquisition of subsidiaries (<i>note 30</i>)	406	278	—	684
Deferred tax credited to the statement of profit or loss during the year (<i>note 11</i>)	—	(823)	—	(823)
Deferred tax debited to the equity during the year	<u>—</u>	<u>—</u>	<u>1,412</u>	<u>1,412</u>
At 31 December 2015 and 1 January 2016	406	386	6,351	7,143
Deferred tax credited to the statement of profit or loss during the year (<i>note 11</i>)	(132)	(327)	—	(459)
Deferred tax debited to the equity during the year	<u>—</u>	<u>—</u>	<u>24</u>	<u>24</u>
At 31 December 2016	<u>274</u>	<u>59</u>	<u>6,375</u>	<u>6,708</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the combined statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purpose:

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Net deferred tax liabilities recognised in the combined statement of financial position	6,930	6,708

As at 31 December 2015 and 2016, the Group had tax losses arising in Hong Kong of approximately HK\$1,528,000 and HK\$451,000, respectively, that are available indefinitely for offsetting against its future taxable profits. Deferred tax assets in respect of tax losses arising in Hong Kong of approximately HK\$239,000 and HK\$451,000 have not been recognised as it is not considered probable that taxable profits will be available against which the tax losses can be utilised as at 31 December 2015 and 2016, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

27. SHARE CAPITAL

The Company was incorporated and registered in the Cayman Islands on 3 January 2017 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of a nominal value of HK\$0.01 each. Upon incorporation of the Company, 1 share of HK\$0.01 was issued at par value to the initial subscriber. Further details of the changes in the Company's share capital are set out in the section headed "Share Capital" in the Prospectus.

The share capital as at 1 January 2015 represented the issued share capital of Winning Tower. The share capital as at 31 December 2015, 1 January 2016 and 31 December 2016 represented the issued share capital of Winning Tower Group. Pursuant to the Reorganisation, the Company become the holding company of Winning Tower Group on 10 February 2017.

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Issued and fully paid:		
28,429,000 (2015: 28,429,000) ordinary shares	32,230	32,230

A summary of movements in the Winning Tower Group's share capital is as follows:

	Number of shares in issue			Share capital HK\$'000
	Class A (note (a))	Class B (note (a))	Total	
At 1 January 2015	9,000,000	9,000,000	18,000,000	18,000
Issue of new shares (note (b))	—	9,000,000	9,000,000	9,000
Conversion of Class B to Class A (note (c))	18,000,000	(18,000,000)	—	—
Acquisition of subsidiaries (note 30)	1,429,000	—	1,429,000	5,230
At 31 December 2015, 1 January 2016 and 31 December 2016	28,429,000	—	28,429,000	32,230

Notes:

- (a) According to the articles of association of the Winning Tower and Winning Tower Group, the Class A ordinary shareholders have voting right, while the Class B ordinary shareholders have no voting right.

- (b) On 6 March 2015, 9,000,000 of Class B ordinary shares of Winning Tower Group were issued, which resulted in cash proceeds of HK\$9,000,000.
- (c) On 28 December 2015, the shareholders of Class A and Class B ordinary shares of Winning Tower Group entered into a deed of conversion, pursuant to which these shareholders agreed to convert all Class B ordinary shares to Class A ordinary shares, on the basis of one Class B ordinary share to one Class A ordinary share.

28. RESERVES

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the combined statement of changes in equity of the Historical Financial Information.

Asset revaluation reserve comprises the changes in the values of assets arising from revaluation.

Exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that have material non-controlling interests are set out below:

	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Percentage of equity interest held by non-controlling interests:		
Winning Star	<u>40%</u>	<u>40%</u>
Profit for the year allocated to non-controlling interests:		
Winning Star	<u>—</u>	<u>195</u>
Accumulated balances of non-controlling interests at the reporting dates:		
Winning Star	<u>3,299</u>	<u>3,494</u>

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	Winning Star	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	16,397	17,527
Total expense	(16,126)	(17,041)
Profit for the year	271	486
Total comprehensive income for the year	<u>271</u>	<u>486</u>
Current assets	5,322	7,379
Non-current assets	3,870	3,140
Current liabilities	(891)	(1,716)
Non-current liabilities	<u>(52)</u>	<u>(68)</u>
Net cash flows from/(used in) operating activities	2,622	(1,138)
Net cash flows used in investing activities	(4)	(122)
Net cash flows used in financing activities	<u>(1,646)</u>	<u>—</u>
Net increase/(decrease) in cash and cash equivalents	<u>972</u>	<u>(1,260)</u>

30. BUSINESS COMBINATION

Acquisition of Maxford

Maxford is engaged in the provision of transportation services. The Group held a 40% equity interest in Maxford which was accounted for as an associate of the Group prior to its acquisition of a further 20% equity interest therein on 18 December 2015 at a cash consideration of HK\$516,000 paid upon the completion of acquisition. The acquisition was made as part of the Group's strategy to improve the logistic services of the Group. As a result, the Group's equity interest in Maxford increased to 60% and Maxford became a subsidiary of the Group after the acquisition.

A gain on disposal of an associate amounting to HK\$955,000 (note 16), being the difference between the fair value of the Group's 40% equity interest in Maxford immediately as at the acquisition date of HK\$1,062,000 and the then carrying value immediately before the acquisition date was recognised in the Group's combined statement of profit or loss in accordance with HKFRS 3 *Business Combinations*.

The Group has elected to measure the non-controlling interests in Maxford at the non-controlling interest's proportionate share of Maxford's identifiable net assets.

The fair values of the identifiable assets and liabilities of Maxford as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition <i>HK\$ '000</i>
Property, plant and equipment	<i>14</i>	3,094
Trade receivables		103
Prepayments, deposits and other receivables		178
Cash and bank balances		324
Other payables and accruals		(684)
Obligations under finance leases		(265)
Deferred tax liabilities	<i>26</i>	<u>(428)</u>
Total identifiable net assets at fair values		2,322
Non-controlling interests		<u>(929)</u>
		1,393
Goodwill on acquisition	<i>15</i>	<u>185</u>
		<u>1,578</u>
Satisfied by:		
Cash		516
Acquisition date fair value of 40% equity interest in Maxford		<u>1,062</u>
		<u>1,578</u>

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$103,000 and HK\$7,000, respectively, which are the same as their respective gross contractual amounts.

An analysis of the cash flows in respect of the acquisition of Maxford is as follows:

	<i>HK\$'000</i>
Cash consideration	516
Cash and bank balances acquired	<u>(324)</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>192</u></u>

Since the acquisition, Maxford contributed HK\$147,000 to the Group's revenue and caused a loss of HK\$133,000 to the combined profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year ended 31 December 2015, the revenue of the Group and the profit of the Group for the year ended 31 December 2015 would have been HK\$116,450,000 and HK\$7,518,000, respectively.

Acquisition of Jett Foods

Jett Foods is engaged in the internet sales and trading of food products while Winning Star is engaged in the processing and trading of cooked food products. The Group held a 30% equity interest and a 46% effective equity interest respectively in Jett Foods and Winning Star which were accounted for as associates of the Group prior to the acquisition of a further 70% equity interest in Jett Foods from Mr. Ho Timothy Kin Wah, Mr. Yu Ting Hei and Mr. Lai Ho Yin Eldon, the directors and shareholders of the Company, who are also the then shareholders of Jett Foods, on 29 December 2015. The purchase consideration was in the form of shares issue of 1,429,000 Class A ordinary shares of the Winning Tower Group ("New Shares") during the year ended 31 December 2015. The acquisition was made as part of the Group's strategy to increase its presence in internet sales and food processing market in Hong Kong. After the acquisition, the Group's equity interest in Jett Foods increased to 100% and Jett Foods became a wholly-owned subsidiary of the Group. As Jett Foods also held a 20% equity interest in Winning Star, the Group's effective equity interests in Winning Star increased to 60% after the acquisition and Winning Star also became a subsidiary of the Group.

A gain on disposal of associates amounting to HK\$344,000 (note 16), being the difference between the aggregate fair values of 30% and 46% equity interests in Jett Foods and Winning Star as at the acquisition date of HK\$5,125,000 and the then aggregate carrying amounts of the Group's interests in Jett Foods and Winning Star immediately before the acquisition date was recognised in the combined statement of profit or loss in accordance with HKFRS 3 *Business Combinations*.

The Group has elected to measure the non-controlling interests in Winning Star at the non-controlling interest's proportionate share of Winning Star's identifiable net assets.

The fair value of the identifiable assets and liabilities of Jett Foods and Winning Star as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	14	3,882
Inventories		990
Trade receivables		4,783
Prepayments, deposits and other receivables		244
Cash and bank balances		3,738
Trade payables		(1,380)
Other payables and accruals		(635)
Tax payable		(31)
Deferred tax liabilities	26	<u>(54)</u>
Total identifiable net assets at fair value		11,537
Non-controlling interests		<u>(3,299)</u>
		8,238
Goodwill on acquisition	15	<u>2,117</u>
		<u>10,355</u>
Satisfied by:		
Issue of New Shares	27	5,230
Acquisition date fair value of the then interests in Jett Foods and Winning Star		<u>5,125</u>
		<u>10,355</u>

The fair value of the New Shares is measured by reference to a valuation performed by AVISTA Valuation Advisory Limited, independent professionally qualified valuers, using the discounted cash flow method.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$4,783,000 and HK\$116,000, respectively, which were the same as their respective gross contractual amounts.

An analysis of the cash flows in respect of the acquisition of Jett Foods and Winning Star is as follows:

	<i>HK\$'000</i>
Cash and bank balances acquired and inflow of cash and cash equivalents included in cash flows from investing activities	<u>3,738</u>

Since the acquisition, Jett Foods and Winning Star had no material contribution to the Group's revenue and the combined profit for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year ended 31 December 2015, the revenue of the Group and the profit of the Group for the year ended 31 December 2015 would have been HK\$127,423,000 and HK\$8,226,000, respectively.

The Group incurred an aggregate transaction costs of HK\$203,000 for the acquisitions of Maxford and Jett Foods. These transaction costs have been expensed and are included in administrative expenses in the combined statement of profit or loss.

31. OPERATING LEASE ARRANGEMENTS**As lessee**

The Group leases a warehouse under an operating lease arrangement. Lease is negotiated for a term of 3 years.

At the end of each of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	600	600
In the second to fifth years, inclusive	<u>1,050</u>	<u>450</u>
	<u><u>1,650</u></u>	<u><u>1,050</u></u>

32. COMMITMENTS

In addition to the operating lease commitments detailed in note 31 above, the Group had the following capital commitments at the end of each of the Track Record Period:

	As at 31 December	
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but provided for:		
Acquisition of items of plant and equipment	<u>—</u>	<u>742</u>

33. RELATED PARTY TRANSACTIONS

- (a) The directors are of the view that the following persons and entities were related parties that had material transactions or balances with the Group during the years ended 31 December 2015 and 2016:

Name of the related party	Relationship with the Group
Ms. Jeong	Mother of Mr. Yu Ting Hei (“ Mr. Yu ”). Mr. Yu is a director and a shareholder of the Company.
Yau Heng	Mr. Yu, a director and a shareholder of the Company, and his family members including Ms. Jeong, are beneficial shareholders of Yau Heng.
Winning Tower Macau	Ms. Jeong, mother of Mr. Yu, is a beneficial shareholder of Winning Tower Macau.
Iao Ip	Mr. Yu and his family members are beneficial shareholders of Iao Ip.
Winning Tower China	Top Ocean, a shareholder of the Company, is a beneficial shareholder of Winning Tower China.
Guangzhou Ge Yun	The spouse of Ms. Ou Hong Lian (“ Ms. Ou ”) and her family member are beneficial shareholders of Guangzhou Ge Yun. Ms. Ou is a shareholder of the Company.
Golden Cup	Mr. Ho Wing Nin, a director and a beneficial shareholder of Top Ocean, is also a director and a shareholder of Golden Cup. Golden Cup is a wholly-owned subsidiary of Superstar Group Industries Limited (“ Super Star Group ”).
Kam Tin Investments Limited (“ Kam Tin ”)	Kam Tin is a wholly-owned subsidiary of Super Star Group and Golden Cup.

- (b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Track Record Period:

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Golden Cup		
Sales of goods	5,648	19,597
Purchase of goods	472	7,034
Storage, handling and sub-contracting income	1,493	1,221
Transportation service income	131	3,312
Advertising and promotion expenses	130	80
Entertainment, consumable stores, licence fee and staff messing expenses	132	174
Packing and sundry expenses	18	62
Electricity expenses	1	—
Parking expenses	1	36
	<u>1</u>	<u>36</u>
Yau Heng ^		
Sales of goods	4,565	3,240
Purchases of goods	2,573	2,547
Transportation service income	2	49
	<u>2</u>	<u>49</u>

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Guangzhou Ge Yun ^		
Purchase of goods	5,481	4,758
Consumable expenses	118	112
Storage income	—	2
	<u>5,600</u>	<u>4,872</u>
Iao Ip ^		
Rental expense	150	600
	<u>150</u>	<u>600</u>
Kam Tin		
Rental expense	467	—
Purchase of leasehold land and buildings	13,168	—
	<u>13,635</u>	<u>—</u>
Winning Tower Macau ^		
Sales of goods	114	5,603
Transportation service income	2	65
Management service income	15	336
	<u>131</u>	<u>6,004</u>
Associates of the Group		
Sales of goods	10,815	—
Purchases of goods	128	—
Transportation service income	13	—
Management service and rental income	702	—
Sub-contracting income	1	—
Storage and transportation expenses	3,312	—
Entertainment expenses	2	—
Sundry expenses	21	—
	<u>15,694</u>	<u>—</u>

The transactions with related companies and associates were conducted on terms and conditions mutually agreed between the relevant parties.

^ These related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and further details of which are set out in the section headed "Connected Transactions" in the Prospectus.

(c) Compensation of key management personnel of the Group

	Year ended 31 December	
	2015	2016
	HK\$'000	HK\$'000
Short term employee benefits	4,075	4,838
Post-employment benefits	90	86
	<u>4,165</u>	<u>4,924</u>
Total compensation paid to key management personnel	<u>4,165</u>	<u>4,924</u>

Further details of directors' remuneration are included in note 9 to the Historical Financial Information.

(d) Mr. Lai King Wah, a director and a shareholder of the Company, provided personal guarantees for the Group's bank loans and facilities up to HK\$45,580,000 and HK\$46,080,000 as at 31 December 2015 and 2016, respectively.

(e) As at 31 December 2015, Mr. Lai King Wah, a director and a shareholder of the Company, and Mr. Chow Kuen Chung, a director of the Company, provided personal guarantees to a bank in respect of the hire purchase agreement entered into by the Group for securing the obligations under finance leases of HK\$250,000.

(f) Commitments with related parties:

During the years ended 31 December 2015 and 2016, a subsidiary of the Group, as the lessee, entered into a tenancy agreement with Iao Ip, a related company of the Group, for leasing an office property for a term of three years. As disclosed in note 31 to the Historical Financial Information, the total operating lease commitments due within one year, and two to five years were HK\$600,000 and HK\$1,050,000, respectively, as at 31 December 2015 and HK\$600,000 and HK\$450,000, respectively, as at 31 December 2016.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

Financial assets

Loans and receivables

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Trade receivables	19,285	17,920
Financial assets included in prepayments, deposits and other receivables	368	417
Loans to shareholders	8,800	—
Due from related parties	694	207
Cash and cash equivalents	6,795	11,329
	<u>35,942</u>	<u>29,873</u>

Financial liabilities

Financial liabilities at amortised cost

	As at 31 December	
	2015	2016
	HK\$'000	HK\$'000
Trade and bills payables	6,128	5,793
Financial liabilities included in other payables and accruals	1,386	1,042
Due to related parties	346	213
Interest-bearing bank borrowings	31,070	28,294
Obligations under finance leases	250	—
	<u>39,180</u>	<u>35,342</u>

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise cash and cash equivalents and interest-bearing bank borrowings. The Group has various other financial assets and liabilities such as trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and balances with shareholders, a director, related companies and associates which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate. In order to manage the cash flow interest rate risk, the Group will repay the corresponding borrowings when it has surplus funds.

At 31 December 2015 and 2016, if the interest rates on bank borrowings had been 100 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit before tax for the year would have been decreased/increased by approximately HK\$311,000 and HK\$282,000, respectively, as a result of higher/lower interest expenses on bank borrowings.

Credit risk

Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Details in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, amounts due from related parties and loans to shareholders, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

In order to manage 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 fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Track Record Period, based on the contractual undiscounted payments, is as follows:

	Within 1 year or on demand	
	2015 HK\$'000	2016 HK\$'000
Trade and bills payables	6,128	5,793
Financial liabilities included in other payables and accruals	1,386	1,042
Due to related parties	346	213
Interest-bearing bank borrowings*	38,169	34,292
Obligations under finance leases (note 25)	254	—
	46,283	41,340

- * Included in interest-bearing bank borrowings as at 31 December 2015 and 2016 are bank loans of HK\$31,070,000 and HK\$28,294,000, respectively, containing a repayment on demand clause giving the lender the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, these amounts are classified as "on demand".

Notwithstanding the above repayment on demand clause, the directors do not believe that the bank loans will be called in their entirety within 12 months, and they consider that the bank loans will be repaid in accordance with the maturity dates as set out in the respective agreements. This evaluation was made considering: the financial position of the Group at the approval of the Historical Financial Information; the Group's compliance with the loan covenants; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on times.

The maturity profile of the Group's financial liabilities at the end of each of the Track Record Period, based on the contractual undiscounted payments, is as follows:

	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	3,881	3,881
In the second year	3,881	3,881
In the third to fifth years	11,527	10,556
Over five years	<u>18,880</u>	<u>15,974</u>
	<u>38,169</u>	<u>34,292</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, return capital to the shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a gearing ratio, which is interest-bearing debts divided by capital. Debts include interest-bearing bank borrowings and obligations under finance leases. Capital represents total equity of the Group. The gearing ratios as at the end of each of the Track Record Period were as follows:

	As at 31 December	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest-bearing bank borrowings	31,070	28,294
Obligations under finance leases	<u>250</u>	<u>—</u>
Total debts	<u>31,320</u>	<u>28,294</u>
Total equity	<u>74,534</u>	<u>69,363</u>
Total debts to total equity ratio	<u>42%</u>	<u>41%</u>

36. MAJOR NON CASH TRANSACTION

During the year ended 31 December 2016, the loans to shareholders of HK\$8,800,000 were fully settled by offsetting with the dividend of HK\$8,800,000 declared to the shareholders of the Company.

37. SIGNIFICANT EVENTS AFTER THE TRACK RECORD PERIOD

On 10 February 2017, the Reorganisation as detailed in the section headed "History, Reorganisation and Group Structure" in the Prospectus was duly completed.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2016.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION
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The following information sets out in this appendix does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purpose 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. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2016 as if the Share Offer had taken place on 31 December 2016.

The unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Share Offer been completed as at 31 December 2016 or any future dates.

	Combined tangible net assets attributable to owners of the Company as at 31 December 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted combined net tangible assets per share
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
Based on Offer Price of HK\$0.18 per share	62,816	37,722	100,538	0.072
Based on Offer Price of HK\$0.22 per share	62,816	48,082	110,898	0.079

Notes:

- The combined net tangible assets attributable to the owners of the Company as at 31 December 2016 is arrived at after deducting goodwill of HK\$2,302,000 from the audited combined net assets of the Group attributable to the owners of the Company of approximately HK\$65,118,000 as at 31 December 2016, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

2. The estimated net proceeds from the Share Offer are based on 280,000,000 New Shares to be issued under the Share Offer and the indicative Offer Price of HK\$0.18 and HK\$0.22 per Share, being the lower end to higher end of the indicative range of the Offer Price as stated in the prospectus, after deduction of the estimated underwriting fees and other related expenses expected to be borne by the Group subsequent to 31 December 2016 in connection with the Share Offer and the amount that the shareholders agreed to reimburse in its capacity as shareholders, when received by the Company upon Listing, that will be accounted for as a capital contribution to the Company.
3. The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company per share is arrived at after the adjustment referred to note (2) above and based on the 1,400,000,000 Shares assumed to be in issue immediately upon the completion of the Share Offer and the Capitalisation Issue, but without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option, or any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.
4. No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2016.

The following is the text of a letter received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in respect of the Group's pro forma financial information.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Winning Tower Group Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Winning Tower Group Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 31 December 2016 and related notes as set out on pages II-1 to II-2 of the prospectus dated 19 June 2017 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of public offer and placing of shares of the Company on the Group’s financial position as at 31 December 2016 as if the transaction had taken place at 31 December 2016. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 December 2016, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* 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*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the 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 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 Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of public offer and placing of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
19 June 2017

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuation of the property interests as at 30 April 2017.



23rd Floor, Siu On Centre, No. 188 Lockhart Road,
Wan Chai, Hong Kong

TEL : (852) 3702 7338 FAX : (852) 3914 6388
info@avaval.com
www.avaval.com

19 June 2017

The Board of Directors
Winning Tower Group Holdings Limited
Unit 803 on 8th Floor,
Riley House, No. 88 Lei Muk Road,
Kwai Chung, New Territories

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions for us to value the property interests held by Winning Tower Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 April 2017 (the “**Valuation Date**”).

PREMISES OF VALUE

The valuation is our opinion of market value which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

BASIS OF VALUATION

In valuing the property interests, we have complied with all the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”), the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

Our valuation exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

CATEGORISATION OF PROPERTY INTERESTS

In the course of our valuation, the appraised property interests have been categorized according firstly to type of interests held by the Group, which in turn being classified into the following groups:

Group I — Property interests held by the Group in Hong Kong; and

Group II — Property interests rented and occupied by the Group in Hong Kong

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the property in their designated uses with the understanding that the property will be used as such (hereafter referred to as “continued uses”).

In valuing the properties in Group I, we have valued such properties by the market approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

We have attributed no commercial value to the property in Group II which is rented by the Group, due to inclusion of non-alienation clause or otherwise due to the lack of substantial profit rents and short-term nature.

TITLE INVESTIGATION

In preparing our valuation, we have carried out land searches at the Land Registry of Hong Kong. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We are not aware of any title defects, easements or right of way affecting the property and our valuation assume that none exists, except only where otherwise stated.

SITE INVESTIGATION

We have inspected the exterior and, where possible, the accessible portions of the interior of the property being appraised. The inspection was carried out by Oswald Au (Director) and Ivan Mak (Senior Analyst), during the date 26 January 2017. However, we have not been commissioned to carry out structural survey nor to arrange for an inspection of the services. We are, therefore, not able to report whether the property is free of rot, infestation or any other structural defects. We formulate our view as to the overall conditions of the property taking into account the general appearance, the apparent standard and age of fixtures and fittings and the existence of utility services. Hence it must be stressed that we have had regard to you with a view as to whether the buildings are free from defects or as to the possibility of latent defects which might affect our valuation. In the course of our inspection, we did not note any serious defects. No tests were carried out on any of the services. We have assumed that utility services, such as electricity, telephone, water, etc., are available and free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement concrete or calcium chloride additive or pulverized fly ash, or any other deleterious material has been used in the construction of the property. We are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that deleterious material has not been used in the construction of the property.

We have not been commissioned to carry out detailed site measurements to verify the correctness of the land or building areas in respect of the property but have assumed that the areas provided to us are correct. Based on our experience of valuation of similar property, we consider the assumptions so made to be reasonable.

Moreover, we have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the property interests. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the property or on adjoining or neighbouring land or that the property had been or are being put to contaminated use, we reserve right to revise our opinion of value.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approval, zoning, easements, tenure, completion date of building, development proposal, identification of property, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore approximations and for reference only. We have not searched original plans, developer brochures and the like to verify them.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

VALUATION ASSUMPTIONS

For the property which is held under long term land use rights, we have assumed that transferable land use rights in respect of the property interests at nominal land use fees has been granted and that any premium payable has already been fully settled. Unless stated as otherwise, we have assumed that the respective title owner of the properties have an enforceable title of the property interests and have free and uninterrupted rights to occupy, use, sell, lease, charge, mortgage or otherwise dispose of the properties without the need of seeking further approval from and paying additional premium to the Government for the unexpired land use term as granted. Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the property is/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the property will be used for the purposes for which the property is designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the property described and that no encroachment or trespass exists, unless noted in the report.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

We have further assumed that the property was not transferred or involved in any contentious or non-contentious dispute as at the Valuation Date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the Valuation Date.

CURRENCY

Unless otherwise stated, all amounts are denominated in Hong Kong Dollar (HKD). We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Director

Note: Mr. Oswald W Y Au holds a Master's Degree of Science in Real Estate from the University of Hong Kong. He is also a member of Hong Kong Institute of Surveyors (General Practice) and Associate Member of Australian Property Institute. In addition, he is a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years of property valuation experience in Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

SUMMARY OF VALUES

Group I — Property interests held by the Group in Hong Kong

No.	Property	Market value in existing state as at 30 April 2017 (HKD)
1.	Unit 803 on 8th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	20,750,000
2.	Unit 808 on 8th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	13,420,000
3.	Unit 1103 on 11th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	20,450,000
4.	Unit 1105 on 11th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	13,220,000
Sub-total:		<u>67,840,000</u>

Group II — Property interests rented and occupied by the Group in Hong Kong

No.	Property	Market value in existing state as at 30 April 2017 (HKD)
5.	Unit 1002 on 10th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	No commercial value
Sub-total:		<u>No commercial value</u>
Grand Total:		<u>67,840,000</u>

VALUATION CERTIFICATE

Group I — Property interest held by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 HKD
1.	Unit 803 on 8th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	<p>The property comprises a workshop on the 8th floor of a 25-storey industrial building completed in about 1992.</p> <p>The property has a gross floor area of approximately 7,275 sq.ft. (675.86 sq.m.) and a saleable area of approximately 5,511 sq.ft. (511.98 sq.m.).</p> <p>The property is subject to New Grant No. 4185 for a term of 99 years commencing from 1 July 1898.</p> <p>Under the New Territories Lease (Extension) Ordinance 1988 (Cap 150), the lease had already been extended to 30 June 2047 at a Government rent of 3 per cent per annum of the rateable value of the property for the time being.</p>	The property was occupied by the Group for workshop, warehouse and ancillary office purposes.	20,750,000

Notes:

1. The registered owner of the property is Winning Tower Group Limited, an indirect wholly-owned subsidiary of the Company, registered via Memorial No. 15091501740024 dated 21 August 2015 for a consideration of HKD18,200,000.
2. A mortgage in favour of Shanghai Commercial Bank Limited, registered via Memorial No. 15091501740031 dated 21 August 2015.
3. The property lies within an area zoned "Other Specified Uses (Business)" under Kwai Chung Outline Zoning Plan No. S/KC/28.
4. In our valuation, we have made reference to the transaction records of some industrial properties comparable to the property. We have adopted the range of unit rates of between HKD3,690 — HKD3,840 per sq.ft. of the saleable area. The unit rates assumed by us are consistent with the said transaction record. Due adjustments to the unit rates of those transaction record have been made to reflect factors including but not limited to time, floor and size in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 HKD
2.	Unit 808 on 8th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories 3644/944862 nd shares of Lot No. 937 in D.D. 450	<p>The property comprises a workshop on the 8th floor of a 25-storey industrial building completed in about 1992.</p> <p>The property has a gross floor area of approximately 4,703 sq.ft. (436.92 sq.m.) and a saleable area of approximately 3,563 sq.ft. (331.01 sq.m.).</p> <p>The property is subject to New Grant No. 4185 for a term of 99 years commencing from 1 July 1898.</p> <p>Under the New Territories Lease (Extension) Ordinance 1988 (Cap 150), the lease had already been extended to 30 June 2047 at a Government rent of 3 per cent per annum of the rateable value of the property for the time being.</p>	The property was occupied by the Group for workshop and warehouse purposes.	13,420,000

Notes:

1. The registered owner of the property is Winning Tower Group Limited, an indirect wholly-owned subsidiary of the Company, registered via Memorial No. 15091501740051 dated 21 August 2015 for a consideration of HKD11,800,000.
2. A mortgage in favour of Shanghai Commercial Bank Limited, registered via Memorial No. 15091501740065 dated 21 August 2015.
3. The property lies within an area zoned "Other Specified Uses (Business)" under Kwai Chung Outline Zoning Plan No. S/KC/28.
4. In our valuation, we have made reference to the transaction records of some industrial properties comparable to the property. We have adopted the range of unit rates of between HKD3,690–HKD3,840 per sq.ft. of the saleable area. The unit rates assumed by us are consistent with the said transaction record. Due adjustments to the unit rates of those transaction record have been made to reflect factors including but not limited to time, floor and size in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 HKD
3.	Unit 1103 on 11th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories 5108/944862 nd shares of Lot No. 937 in D.D. 450	<p>The property comprises a workshop on the 11th floor of a 25-storey industrial building completed in about 1992.</p> <p>The property has a gross floor area of approximately 7,275 sq.ft. (675.86 sq.m.) and a saleable area of approximately 5,511 sq.ft. (511.98 sq.m.).</p> <p>The property is subject to New Grant No. 4185 for a term of 99 years commencing from 1 July 1898.</p> <p>Under the New Territories Lease (Extension) Ordinance 1988 (Cap 150), the lease had already been extended to 30 June 2047 at a Government rent of 3 per cent per annum of the rateable value of the property for the time being.</p>	The property was occupied by the Group for workshop, warehouse and ancillary office purposes.	20,450,000

Notes:

1. The registered owner of the property is Winning Tower Group Limited, an indirect wholly-owned subsidiary of the Company, registered via Memorial No. 15091501740081 dated 21 August 2015 for a consideration of HKD18,200,000.
2. A mortgage in favour of Shanghai Commercial Bank Limited, registered via Memorial No. 15091501740097 dated 21 August 2015.
3. The property lies within an area zoned "Other Specified Uses (Business)" under Kwai Chung Outline Zoning Plan No. S/KC/28.
4. In our valuation, we have made reference to the transaction records of some industrial properties comparable to the property. We have adopted the range of unit rates of between HKD3,640 — HKD3,780 per sq.ft. of the saleable area. The unit rates assumed by us are consistent with the said transaction record. Due adjustments to the unit rates of those transaction record have been made to reflect factors including but not limited to time, floor and size in arriving at the key assumptions.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 HKD
4.	Unit 1105 on 11th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories 3546/944862 nd shares of Lot No. 937 in D.D. 450	<p>The property comprises a workshop on the 11th floor of a 25-storey industrial building completed in about 1992.</p> <p>The property has a gross floor area of approximately 4,703 sq.ft. (436.92 sq.m.) and a saleable area of approximately 3,563 sq.ft. (331.01 sq.m.).</p> <p>The property is subject to New Grant No. 4185 for a term of 99 years commencing from 1 July 1898.</p> <p>Under the New Territories Lease (Extension) Ordinance 1988 (Cap 150), the lease had already been extended to 30 June 2047 at a Government rent of 3 per cent per annum of the rateable value of the property for the time being.</p>	The property was occupied by the Group for workshop, warehouse and ancillary office purposes.	13,220,000

Notes:

1. The registered owner of the property is Winning Tower Group Limited, an indirect wholly-owned subsidiary of the Company, registered via Memorial No. 15100200340053 dated 15 September 2015 for a consideration of HKD13,168,000.
2. A mortgage in favour of Shanghai Commercial Bank Limited, registered via Memorial No. 15100200340060 dated 15 September 2015.
3. Pursuant to a tenancy agreement, the property is leased to Winning Star Foods Limited, an indirect non wholly-owned subsidiary of the Company, for a terms commencing from 1 January 2017 to 31 December 2019 at a monthly rent of HKD61,000 inclusive of management fee, government rent and rates.
4. The property lies within an area zoned "Other Specified Uses (Business)" under Kwai Chung Outline Zoning Plan No. S/KC/28.
5. In our valuation, we have made reference to the transaction records of some industrial properties comparable to the property. We have adopted the range of unit rates of between HKD3,640 — HKD3,780 per sq.ft. of the saleable area. The unit rates assumed by us are consistent with the said transaction record. Due adjustments to the unit rates of those transaction record have been made to reflect factors including but not limited to time, floor and size in arriving at the key assumptions.

VALUATION CERTIFICATE

Group II — Property interests rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2017 HKD
5.	Unit 1002 on 10th Floor, Riley House, No. 88 Lei Muk Road, Kwai Chung, New Territories	The property comprises a workshop on the 10th floor of a 25-storey industrial building completed in about 1992. The property has a gross floor area of approximately 7,275 sq.ft. (675.86 sq.m.) and a saleable area of approximately 5,511 sq.ft. (511.98 sq.m.). The property is leased to the Group for a terms commencing from 1 October 2015 to 30 September 2018 at a monthly rent of HKD50,000 exclusive of management fee, government rent and rates.	The property was occupied by the Group for warehouse purpose.	No commercial value
	5144/944862 nd shares of Lot No. 937 in D.D. 450			

Notes:

1. The registered owner of the property is Iao IP Property Investment Company Limited, a connected person of the Company, registered via Memorial No. 15101900330044 dated 30 September 2015 for a consideration of HKD19,980,000.
2. Pursuant to a tenancy agreement, the property is leased to Winning Tower Limited, an indirect wholly-owned subsidiary of the Company, for a terms commencing from 1 October 2015 to 30 September 2018 at a monthly rent of HKD50,000 exclusive of management fee, government rent and rates.

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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 January, 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its Memorandum of Association (the “**Memorandum**”) and its Articles of Association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 5 June 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with

regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in

proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic

form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the

directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his

duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 24 January, 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the

opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearnan, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 January 2017. Our Company has established a principal place of business at Flat 3, 8/F, Riley House, 88 Lei Muk Road, Kwai Chung, New Territories, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 3 March 2017. We have appointed Mr. Eldon Lai and Mr. Tsang Hing Bun as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and the relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same day, one Share was issued, allotted and credited as fully paid to our Company's initial subscriber, which was subsequently transferred to Keyview Ventures.
- (b) On 10 February 2017, as part of the Reorganisation, our Company allotted and issued in aggregate 28,429 Shares credited as fully paid to Keyview Ventures in consideration of Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai transferring in aggregate 28,429,000 ordinary "A" shares in Winning Tower Group (representing the entire issued share capital of Winning Tower Group) to Bliss View.
- (c) On 5 June 2017, Keyview Ventures resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 Shares, each carrying the same rights as the Shares then in issue in all respects.
- (d) Immediately following completion of the Capitalisation Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised), and taking no account of any Share which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, 1,400,000,000 Shares will be issued fully paid or credited as fully paid, and 8,600,000,000 Shares will remain unissued.
- (e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "A. Further information about our Group — 3. Written resolutions of the Shareholder passed on 5 June 2017" in this appendix, the Share Option Scheme and the Offer Size Adjustment Option, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, we will not issue any Shares which would effectively alter the control of our Company.

- (f) Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Written resolutions of the Shareholder passed on 5 June 2017

Pursuant to the written resolution passed by the sole Shareholder on 5 June 2017 pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum of Association with immediate effect and conditionally approved and adopted the Articles of Association with effect from the Listing;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of additional 9,962,000,000 new Shares which shall, when issued and paid, rank pari passu in all respects with the existing issued Shares;
- (c) conditional upon the conditions stated in the paragraph headed "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus being fulfilled or waived (as the case may be):
- (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer on and subject to the terms stated in this prospectus;
- (ii) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares under the Share Offer, up to HK\$11,199,715.70 standing to the credit of the share premium account of our Company shall be capitalised and applied to pay up in full at par the allotment and issue of an additional 1,119,971,570 Shares to our Shareholders whose names appear on the register of members of our Company on 5 June 2017, each ranking pari passu in all respects with the then existing issued Shares (the "**Capitalisation Issue**") in proportion as nearly as may be to their respective shareholding in our Company without involving fractions were approved;
- (iii) the rules of the Share Option Scheme (the principal terms of which are set out in the sub-section headed "D. — Share Option Scheme" of this Appendix V to this prospectus, which are subject to such amendments as may be approved by our Directors or any committee thereof) were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to do such acts and things as it may consider necessary or expedient to give effect to the transactions contemplated under and to implement the Share Option Scheme;
- (iv) a general unconditional mandate (the "**Issue Mandate**") was given to our Directors to allot, issue and deal with, whether pursuant to an option or otherwise, additional Shares, including the power to make or grant offers, agreements and options which would or

might require the exercise of such power, (otherwise than pursuant to (1) a rights issue; (2) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by our Company or any securities which are exchangeable into Shares; (3) the exercise of the subscription rights under options granted under the Share Option Scheme or any other similar arrangement of our Company from time to time adopted for the grant or issue to officers and/or employees and/or consultants and/or advisers of our Company and/or any of its subsidiaries and/or other persons of Shares or rights to acquire Shares; or (4) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles) unissued Shares and securities carrying rights to subscribe for, exchange or convert into Shares (whether the exercise of such rights may take place during or after the period which such mandate remains in effect) with an aggregate nominal amount of not exceeding the sum of 20% of the aggregate number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer, but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, and such mandate to remain in effect from the date of Listing until whichever is the earliest of: (I) the conclusion of the next annual general meeting of our Company; (II) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or (III) the date of the passing of an ordinary resolution of the Shareholders in general meeting revoking or varying such mandate;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers for and on our behalf to repurchase Shares on GEM or other stock exchange on which Shares may be listed and recognized by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules or of any other stock exchange as amended from time to time, such number of Shares not exceeding 10% of the aggregate number of issued Shares of our Company immediately following the completion of the Share Offer (excluding any Shares which may be issued (i) pursuant to the exercise of the Offer Size Adjustment Option and (ii) pursuant to the exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue, such mandate to remain in effect until whichever is the earliest of (I) the conclusion of the next annual general meeting of our Company; (II) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any other applicable laws of the Cayman Islands; or (III) the date of passing of an ordinary resolution of our Shareholders in general meeting revoking or varying such mandate; and
- (vi) the Issue Mandate was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the issued Shares of our Company immediately following completion of the Share Offer and the Capitalisation Issue.

4. Corporate Reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. Please refer to the paragraph headed “History, Reorganisation and Group Structure — Reorganisation” in this prospectus for further details.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants’ Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the paragraph headed “4. Corporate Reorganisation” in this appendix and in the paragraph headed “History, Reorganisation and Group Structure — Reorganisation” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) Shareholders’ approval

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM 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.

Note: Pursuant to the written resolutions passed by the Shareholder on 5 June 2017, a general unconditional mandate (the “**Repurchase Mandate**”) was granted to our Directors authorising them to exercise all powers of our Company to repurchase on GEM 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, such number of Shares as will represent up to 10% of the aggregate number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held, or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(ii) Source of Funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM 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.

Any repurchase by our Company may be made out of our profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be out of profits of our Company or out of the share premium account of our Company. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a “core connected person”, which includes a Director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 1,400,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised), our Directors would be authorised under the Repurchase Mandate to repurchase up to 140,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from the Shareholders to enable our 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 our Company’s net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws and regulations from time to in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the Listing pursuant to the Repurchase Mandate. At present, so far as is known to our Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules). No core connected person of our Company has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material in relation to the business of our Group taken as a whole:

- (a) the two instruments of transfer both dated 29 October 2015 entered into between Mr. KW Lai and Winning Tower Group, pursuant to which Mr. KW Lai transferred his legal interest in his remaining one “A” class share and one “B” class share in Winning Tower to Winning Tower Group at nil consideration;
- (b) the sale and purchase agreement dated 16 December 2015 entered into between Mr. KW Lai and Ms. Jeong, pursuant to which Mr. KW Lai (as trustee for and on behalf of Winning Tower) transferred his share capital of MOP\$24,000 in Winning Tower (Macau) to Ms. Jeong, at a consideration of MOP\$2,000,000;
- (c) the instrument of transfer and bought and sold notes both dated 17 December 2015 entered into between Jett Foods and Golden Cup, pursuant to which Jett Foods transferred its 48 ordinary shares in Gold Will at a total consideration of HK\$1.00 to Golden Cup;
- (d) the sale and purchase agreement dated 18 December 2015 entered into between Top Ocean and Winning Tower Group, pursuant to which Top Ocean transferred its 2,000 ordinary shares in Maxford Logistics to Winning Tower Group at a consideration of HK\$515,601.67;
- (e) the sale and purchase agreement dated 18 December 2015 entered into between Winning Tower and Top Ocean, pursuant to which Winning Tower transferred its 400,000 ordinary shares in Winning Tower (China), together with its shareholder’s loan, to Top Ocean, at a total consideration of HK\$440,000;
- (f) the deed of conversion dated 28 December 2015 entered into between Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li and Winning Tower Group, pursuant to which all the ordinary “B” shares in Winning Tower Group were converted to ordinary “A” shares in Winning Tower Group on the basis of one ordinary “B” share to one ordinary “A” share;
- (g) the sale and purchase agreement dated 29 December 2015 entered into between Mr. Timothy Ho, Mr. Yu, Mr. Eldon Lai and Winning Tower Group, pursuant to which Winning Tower Group acquired 2,000,000, 750,000 and 750,000 ordinary shares in Jett Foods from Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively, and allotted and issued 815,000, 307,000 and 307,000 ordinary “A” shares, all credited as fully paid, as consideration to Mr. Timothy Ho, Mr. Yu and Mr. Eldon Lai, respectively;
- (h) the Sale and Purchase Agreement dated 10 February 2017 entered into between, Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai as vendors, and Bliss View, as purchaser, and our Company, and a direction letter given by the vendors to our Company on the same date, pursuant to which Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho and Mr. Eldon Lai transferred in aggregate 28,429,000 ordinary

“A” shares in Winning Tower Group (representing the entire issued share capital of Winning Tower Group) to Bliss View, and as consideration our Company allotted and issued in aggregate 28,429 Shares, credited as fully paid, to Keyview Ventures;

- (i) the Deed of Non-competition dated 5 June 2017 given by our Controlling Shareholders in favour of our Company regarding non-competition undertaking, details of which are set out in the section headed “Relationship with our Controlling Shareholders — Non-competition undertaking and corporate governance measures to manage conflicts of interests” in this prospectus;
- (j) the Deed of Indemnity dated 5 June 2017 given by our Controlling Shareholders in favour of our Company regarding indemnities, details of which are set out in the paragraph headed “E. Other information — 1. Tax and other indemnities” in this Appendix V; and
- (k) the Public Offer Underwriting Agreement dated 16 June 2017 relating to the Public Offer and entered into by, our Company, our executive Directors, our Controlling Shareholders, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

Trademark	Place of Registration	Registrant	Class(es)	Registration no.	Duration of validity
	Hong Kong	Jett Foods	39	302758023AB	From 21 January 2015 to 6 October 2023
	Hong Kong	Jett Foods	39	302758032AB	From 21 January 2015 to 6 October 2023
	Hong Kong	Winning Tower	29, 35, 39, 43	303661939	From 8 September 2016 to 17 January 2026
	Macau	Winning Tower	29	N/108653	From 26 July 2016 to 26 July 2023
	Macau	Winning Tower	35	N/108654	From 26 July 2016 to 26 July 2023
	Macau	Winning Tower	39	N/108655	From 26 July 2016 to 26 July 2023

Trademark	Place of Registration	Registrant	Class(es)	Registration no.	Duration of validity
運興泰有限公司 Winning Tower Limited	PRC	Winning Tower	29	19084541	From 14 March 2017 to 13 March 2027
運興泰有限公司 Winning Tower Limited	PRC	Winning Tower	35	19084607	From 14 March 2017 to 13 March 2027
運興泰有限公司 Winning Tower Limited	PRC	Winning Tower	39	19084654	From 14 March 2017 to 13 March 2027

(b) Domain names

As at the Latest Practicable Date, our Group was the owner of the following domain name which is material to the business of our Group:

Domain Name	Registered Owner	Expiry Date
jettfoods.com.hk	Jett Foods	3 December 2017
jettfoods.com	Jett Foods	9 October 2017
winningtower.hk	Winning Tower	5 June 2018
wtg.hk	Winning Tower Group	23 February 2018

Note: Information contained in the website does not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents and other intellectual property rights which are or may be material to the business of our Group.

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Disclosure of Interests

(a) Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and its associated corporations

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer, but taking no account of any Shares which may be issued under the Offer Size Adjustment Option or upon the exercise of any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the paragraph headed “A. Further information about our Group” in this appendix, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such

provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, will be as follows:

(i) *Long position in the Shares*

Name of Director	Capacity/Nature	Number of Shares held	Approximate percentage of interest
N/A	N/A	N/A	N/A

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Name of associated corporation	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. KW Lai	Keyview Ventures	Beneficial owner	6,975	24.53%
Mr. Yu	Keyview Ventures	Beneficial owner	5,407	19.02%
Mr. Timothy Ho	Keyview Ventures	Beneficial owner	815	2.87%
Mr. Eldon Lai	Keyview Ventures	Beneficial owner	307	1.08%

(b) *Interests of substantial and other Shareholders in the Shares and underlying Shares*

So far as is known to our Directors and taking no account of any Shares which may be taken up under the Share Offer, and Shares to be issued under the Offer Size Adjustment Option or pursuant to options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Capitalisation Issue and the Share Offer, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who 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 any other member of our Group:

Name	Capacity/Nature	Number of Shares held	Percentage of shareholding
Keyview Ventures ^(Note)	Beneficial owner	1,050,000,000	75%

Note: Keyview Ventures is owned as to approximately 24.53% by Mr. KW Lai, as to approximately 24.53% by Top Ocean, as to approximately 23.22% by Ms. Ou, as to approximately 19.02% by Mr. Yu, as to approximately 4.75% by Ms. Li, as to approximately 2.87% by Mr. Timothy Ho and as to approximately 1.08% by Mr. Eldon Lai.

2. Particulars of service contracts

None of our Directors has or is proposed to have any service agreement with the Company or any of its subsidiaries which cannot be terminated by the relevant member of our Group within one year without payment of compensation (other than statutory compensation).

3. Remuneration of Directors

- (a) The aggregate remuneration paid by our Group to our Directors in respect of each of the two years ended 31 December 2016 were approximately HK\$3.2 million and HK\$4.1 million, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 December 2017 would be approximately HK\$4.1 million.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	<i>HK\$</i>
Mr. KW Lai	1,440,000
Mr. Eldon Lai	1,404,000
Mr. Timothy Ho	600,000
Non-executive Directors	<i>HK\$</i>
Mr. Chow Kuen Chung	600,000
Ms. Ho Lai Sze Jacqueline	120,000
Mr. Yu	120,000
Independent Non-executive Directors	
Mr. Chau Chun Wai	120,000
Mr. Lo Sun Tong	120,000
Mr. Lam Lai Kiu Kelvin	120,000

- (d) Each of our executive Directors has entered into a service contract with our Company and each of our non-executive Directors and independent non-executive Directors has entered into a letter of appointment with our Company, in all cases for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice served by either party on the other, and is subject to termination provisions therein and provisions on retirement by rotation of Directors as set out in the Memorandum and Articles.

4. Agency fees or commissions received

Save as disclosed in the paragraph headed “Underwriting — Total commission, fee and expenses” in this prospectus, none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out under Note 33 to the Accountants’ Report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) taking no account of any Shares which may be issued under the Offer Size Adjustment Option or upon the exercise of options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the paragraph headed “A. Further information about our Group” in this appendix, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Capitalisation Issue and the Share Offer, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (b) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the GEM;
- (c) none of our Directors or the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” 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 our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” 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 our Group taken as a whole;

- (e) none of our Directors or the experts named in the paragraph headed “E. Other information — 6. Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to our Directors, none of our Directors, their respective close associates or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group which cannot be terminated by the employer within one year without payment of compensation (other than statutory compensation); and
- (h) no remuneration or other benefits in kind had been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the Shareholder on 5 June 2017.

For the purpose of this section, unless context otherwise requires:

“Adoption Date”	means 5 June 2017, the date which the Share Option Scheme is conditionally adopted by our Company by the written resolutions of the Shareholders
“Board”	means the Board or a duly authorised committee thereof
“Eligible Employee”	means any employee (whether full time or part time employee, including any executive Directors) of our Company, any of its Subsidiaries and any Invested Entity
“Grantee”	means any Participant who accepts the offer of the grant of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal representative of such person
“Group”	means our Company and its Subsidiaries from time to time and “member(s) of our Group” shall be construed accordingly

- “Invested Entity” means any entity in which our Group holds any equity interest
- “Option” means an option to subscribe for Shares granted pursuant to the Share Option Scheme and for the time being subsisting
- “Option Period” means in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date upon which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the Option
- “Participant” means any person belonging to any of the following classes of participants:
- (a) any Eligible Employee;
 - (b) any non-executive director (including independent non-executive directors) of our Company, any of its Subsidiaries or any Invested Entity;
 - (c) any supplier of goods or services to any member of our Group or any Invested Entity;
 - (d) any customer of our Group or any Invested Entity;
 - (e) any person or entity that provides research, development or other technological support to our Group or any Invested Entity;
 - (f) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
 - (g) any adviser (professional or otherwise) or consultant to any area of business or business development of our Group or any Invested Entity; and
 - (h) any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of our Group,

and for the purposes of this Scheme, the Options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust

“Scheme Period” means a period commencing on the Adoption Date and ending on the tenth anniversary of the Adoption Date (both dates inclusive)

(a) Purpose of Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group and any Invested Entity.

(b) Who may join

Subject to the Share Option Scheme and the GEM Listing Rules, the Board shall be entitled but shall not be bound at any time and from time to time within the Scheme Period to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at a price calculated in accordance with sub-paragraph (d) below.

Upon acceptance of the Option, the Participant shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of twenty one days from the date on which the Option is granted.

(c) Grant of option and acceptance of offer

No offer of grant of Options shall be made where inside information has come to our Company’s knowledge until an announcement of such inside information has been published in accordance with the GEM Listing Rules. In particular, during the period commencing 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 Rule) for approval of the results of our Company for any year, half-year or quarter-year period (if applicable) or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly (if applicable) or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the announcement of the results, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement. The Board may not grant any option to a Participant who is a Director during the periods or times in which such Directors are prohibited from dealing in the Shares prescribed by Rules 5.48 to 5.67 of the GEM Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

No Participant shall be granted Options if exercised in full would result in the total number of Shares already issued under all the Options granted to him which have been exercised and issuable under all the Options granted to him which are for the time being subsisting and unexercised in any 12-month period would exceed 1% of the total number of Shares in issue, provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, our Company may make further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the total number of Shares already issued under all the Options granted to such Participant which have been exercised and issuable under all the Options granted to him which are for the time being subsisting and unexercised in any 12-month period exceed 1% of the total number of Shares in issue. We must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and Options previously granted to such Participant and all the information required under the GEM Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Participant must be fixed before the Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the relevant subscription price.

Unless the Board otherwise determined and stated in the offer of the grant of options to a participant, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(d) Price of Shares

The subscription price in respect of Share under any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the grant of the Option, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the date of the grant of the Option; and (iii) the nominal value of a Share.

For the purpose of determining the relevant subscription price where the Shares have been listed on the Stock Exchange for less than five trading days preceding the date of the grant of the Option, the issue price of the Shares shall be deemed to be the closing price of the Shares for any trading day falling within the five trading days period after the Listing Date.

(e) Maximum amount of Shares

- (i) The total number of Shares which may be issued upon exercise of all Options (excluding for this purpose Options which have lapsed in accordance with the terms of the Share Option Scheme and any other schemes) to be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue on the Listing Date. On the basis of 1,400,000,000 Shares in issue on the Listing Date, the limit will be equivalent to 140,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date.

- (ii) Our Company may refresh the 10% limit by seeking prior approval from Shareholders in a general meeting. The total number of Shares which may be issued upon exercise of all Options after the limit as refreshed, in aggregate, must not exceed 10% of the Shares in issue at the date of such Shareholders' approval from the Shareholders. Options previously granted under the Share Option Scheme or any other schemes (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme) will not be counted for the purpose of calculating the refreshed limit.
- (iii) Our Company may also grant Options beyond the 10% limit by seeking Shareholder approval in a general meeting, provided that the Grantee(s) of such Option(s) must be specifically identified before such approval is sought. In relation to the Shareholder's approval referred to in this paragraph (iii), our Company shall send a circular to its Shareholders containing a generic description of the specified Grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options, an explanation as to how the terms of the Options serve such purpose and the information required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, our Company must not grant any Options if the number of Shares, which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and other schemes, exceeds 30% of the Shares in issue from time to time.

(f) Time of Exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Board absolutely, provided that such period shall not be more than ten years from the date upon which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme. The Board may, at its discretion, determine the minimum period for which the Option has to be held before the Option can be exercised.

(g) Rights are personal to grantee

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle us to cancel any outstanding Option or part thereof granted to such Grantee (to the extent not already exercised) without incurring any liability on our Company.

(h) Rights on death

If a Grantee ceases to be a Participant by reason of death before exercising the Options in full, his legal personal representative(s) may exercise the Options in whole or in part (to the extent that it has become exercisable and not already exercised prior to such date of death) within a period of twelve months from the date of death, failing which such Option will lapse.

(i) Changes in capital structure

In any event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganisation of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made in:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
- (ii) the subscription price; and/or
- (iii) the method of exercise of the Option; and/or
- (iv) the maximum number of Shares referred in sub-paragraph (e) above and the Further Grant referred in sub-paragraph (c) above,

our Company's independent financial adviser or auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of our Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled to before such alteration and that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as close as possible (but shall not be greater than) as it was before such event. No such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of our Group for cash or as consideration in a transaction.

The capacity of our Company's auditors and independent financial advisers is that of experts and not of arbitrators and their certification, in the absence of manifest error, shall be final and binding on our Company and the Participants. The cost of our independent financial advisers of the auditors shall be borne by us.

(j) Rights on take-over

In the event of a general or partial offer, whether by way of take-over, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert (for the purposes of the Takeovers Code) with the offeror, we shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to us in exercise of his Option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

(k) *Rights on a compromise or arrangement*

- (i) In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, we shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all Grantees and thereupon, each Grantee, subject to the provisions of all applicable laws (or where permitted under sub-paragraph (h) above, his legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of our Company by giving notice in writing to us, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon we shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.
- (ii) In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, we shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or where permitted under sub-paragraph (h) above his legal personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(l) *Rights of Grantee ceasing to be a Participant*

In the event of the Grantee ceasing to be a Participant for any reason other than his death or termination of his employment on one or more of the grounds specified in the sub-paragraph (m)(v) below, the Grantee may exercise the Option in accordance with the Share Option Scheme, up to his entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) which date shall be the last actual working day with our Company or the relevant Subsidiary or the relevant Invested Entity whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine.

(m) Lapse on option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period (subject to the provisions of the Share Option Scheme);
- (ii) the expiry of any periods referred to in paragraphs (h) and (l);
- (iii) the date on which the offer (or the case may be, revised offer) referred to in sub-paragraph (j) above closes;
- (iv) subject to sub-paragraph (k)(i) above, the date of the commencement of the winding-up of our Company;
- (v) the date on which the Grantee ceases to be a Participant by reason of the termination of his employment on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with our Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the board of directors of the relevant Invested Entity to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee;
- (vi) subject to sub-paragraph (k)(ii) above, the date when the proposed compromise or arrangement becomes effective;
- (vii) the date on which the Grantee commits a breach of sub-paragraph (g) above; or
- (viii) if our Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his close associate (or his associates if such Grantee is a connected person) has committed any breach of any contract entered into between the Grantee or his close associate (or his associates if such Grantee is a connected person) on the one part and our Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, our Directors shall determine that the outstanding Options granted to the Grantee (whether exercisable or not) shall lapse. In such event, his Options will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have so determined.

(n) Ranking of Shares

Shares allotted and issued upon exercise of an Option will be subject to all provisions of our Company's articles of associations amended from time to time and will rank *pari passu* in all respects with the existing fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of our Company and accordingly will entitle the holder to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of our Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of our Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of our Company is closed then the exercise of the Option shall become effective on the first Business Day in Hong Kong on which the register of members of our Company is re-opened. A Share allotted upon exercise of an Option shall not carry any voting right until the completion of the registration of the Grantee as the holder thereof.

(o) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be subject to the prior written consent of the relevant Grantee and approval of our Directors.

Where our Company elects to cancel Options and issue new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding cancelled Options) within the limit approved by the Shareholders.

(p) The Scheme Period

Subject to the termination of the Share Option Scheme, the Share Option Scheme will be valid and effective for the Scheme Period, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the Scheme Period and remain unexercised immediately prior to the end of the Scheme Period shall continue to be exercisable in accordance with their terms of grant, notwithstanding the expiry of the Share Option Scheme.

(q) Alteration and termination of Share Option Scheme

The terms and conditions of the Share Options Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of participants except with the approval of the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of the Board in relation to any alteration to the term of the Share Option Scheme shall be approved by the Shareholders in general meeting except where the alteration take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules and no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to options granted under the Share Option Scheme and provided further that any alterations to the terms and conditions of the Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange.

Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

Our Company, by ordinary resolution in general meeting, or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered. On termination, the provision of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(r) Granting of option to a Director, chief executive of our Company or substantial Shareholder or any of their close associates

Where Options are proposed to be granted to a Director, chief executive of our Company or substantial Shareholder, or any of their respective close associates, the proposed grant must comply with the requirements of the GEM Listing Rules and be approved by all non-executive independent Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder or an independent non-executive Director or their respective close associates will result in the Shares issued and to be issued upon exercise of all Options granted and to be granted (including both exercised and outstanding Options) to such a person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such a further grant of Options must be approved by Shareholders in a general meeting. All core connected persons of our Company must abstain from voting at such general meeting, except that any core connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the GEM Listing Rules.

In addition, any change in the terms of the Option granted to a substantial Shareholder or an independent non-executive Director, or any of their respective close associates must also be approved by the Shareholders in a general meeting. The circular must contain the following:

- (i) details of the number and terms of the Options (including the Option period, performance targets (if any), basis of determination of subscription price and the rights attached to the Shares or the Option) to be granted to each substantial Shareholder or independent non-executive Director, or any of their respective associations, which must be fixed before the Shareholders' meeting, and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Options) to the independent Shareholders as to voting; and
- (iii) all other information as required by the GEM Listing Rules.

The requirements for the grant of an Option to a Director or chief executive of our Company set out in Rules 23.04(1), (2) and (3) shall not apply where the proposed grantee is only a proposed Director or chief executive of our Company.

(s) *Conditions of Share Option Scheme*

The Share Option Scheme is conditional upon on (i) the passing of a resolution by the Shareholders to adopt the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme; (ii) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which fall to be issued upon exercise of the Options granted (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date); and (iii) the commencement of dealings in the Shares on the GEM Stock Exchange.

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

Application has been made to the Stock Exchange for the approval of the Share Option Scheme, the subsequent granting of Options under Share Option Scheme and listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Mr. KW Lai, Top Ocean, Ms. Ou, Mr. Yu, Ms. Li, Mr. Timothy Ho, Mr. Eldon Lai, Kam Lee and Keyview Ventures (collectively, the “**Indemnifiers**”) have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each member of our Group), being a contract

referred to in the paragraph headed “B. Further information about our Business — 1. Summary of material contracts” of this Appendix V to this prospectus, to provide indemnities on a joint and several basis in respect of, among other things:

- (a) taxation falling on any member of our Group resulting from or by reference to any revenue, income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the date on which the Share Offer becomes unconditional and dealings in shares of our Company first commence on the Stock Exchange (the “**Effective Date**”) or any transactions, matters, things, event, act or omission occurring or deemed to occur on or before such date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or circumstance whenever occurring, and whether or not such taxation is chargeable against or attributable to any other person, firm, company or corporation and including any and all taxation resulting from the receipt by any member of our Group on or prior to the Effective Date of any amounts payable hereunder; and
- (b) all costs (including all legal costs), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may properly incur in connection with:
 - (i) the investigation, assessment, the contesting of any claim under (a) above;
 - (ii) the settlement of any claim under (a) above;
 - (iii) any disputes, arbitrations or legal proceedings in which any member of our Group claims under or in respect of (a) above, and in which judgment is given for any member of our Group; or
 - (iv) the enforcement of any such settlement or judgments, falling on any member of our Group which might be payable by our Company in respect of any incomes, profits or gains earned, accrued, received or entered into (or deemed to be so earned, accrued, received or entered into).

The Indemnifiers have also, under the deed of indemnity abovementioned, agreed and undertaken to each of the members of our Group and at all times keep the same indemnified on demand from and against any costs, expenses, losses, damages, claims or penalties that our Group may suffer or incur, as a result of or in connection with, among others, our Group’s non-compliance matters as such matters subsist on or prior to the Effective Date.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation, among other:

- (a) to the extent that provision has been made for such taxation in the audited consolidated accounts of our Group or the audited accounts of any member of our Group for an accounting period ended on or before 31 December 2016;
- (b) falling on any member of our Group as a result of any transaction entered into by any member of our Group on or after the Effective Date in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets;

- (c) to the extent that such taxation arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by the Inland Revenue Department or any other statutory or governmental authority in any part of the world having retrospective effect coming into force after the Effective Date or to the extent that such taxation arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect (except the imposition of or an increase in the rate of Hong Kong profits tax or any tax of any part of the world on the profits of companies for the current or any earlier financial period);
- (d) to the extent that such taxation is discharged by another person who is not a member of our Group and that none of the members of our Group is required to reimburse such person in respect of the discharge of the taxation; or
- (e) to the extent of any provision or reserve made for taxation in the audited accounts referred to in sub-paragraph (a) above which is finally established to be an over-provision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the liability of the Indemnifiers or any of them in respect of taxation shall not be available in respect of any such liability arising thereafter.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

2. Litigation

Save as disclosed in this prospectus, our Directors confirm that as at the Latest Practicable Date, our Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. The Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and the exercise of the Offer Size Adjustment Option.

The Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

The Sponsor's fee in relation to the Listing is HK\$4.5 million.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$43,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

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
Kingsway Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
China Insights Consultancy Limited	Industry Consultant
Mr. Chan Chung	Barrister-at-law in Hong Kong
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
AVISTA Valuation Advisory Limited	Chartered professional surveyors and valuers

7. Consents of experts

Each of the experts whose names are set out in the sub-section headed “E. Other information — 6. Qualifications of experts” of this Appendix V to this prospectus has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Registration procedures

Conyers Trust Company (Cayman) Limited will maintain the principal register of members of our Company in the Cayman Islands and Tricor Investor Services Limited will maintain a branch register of members of our Company in Hong Kong. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company’s branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. We have made all necessary arrangements to enable the Shares to be admitted into CCASS.

10. No material adverse change

Save as disclosed in the paragraphs headed “Summary — Recent developments and no material adverse change” and “Financial Information — Listing expenses” in this prospectus, our Directors confirmed that subsequent to the Track Record Period and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operating position; (ii) there was no material adverse change in the trading and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountant’s Report set out in Appendix I to this prospectus.

11. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

We recommend intending holders of the Shares to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

12. Particulars of the Selling Shareholder

The Selling Shareholder is Keyview Ventures, a company incorporated in the BVI with limited liability on 31 October 2016 with registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI. Keyview Ventures is owned as to approximately 24.53% by Mr. KW Lai, as to approximately 24.53% by Top Ocean, as to approximately 23.22% by Ms. Ou, as to approximately 19.02% by Mr. Yu, as to approximately 4.75% by Ms. Li, as to approximately 2.87% by Mr. Timothy Ho and as to approximately 1.08% by Mr. Eldon Lai. It is an investment holding company.

13. Miscellaneous*(a) Save as disclosed in this prospectus:*

- (i) Within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or loan capital of our Company or shares of any of our subsidiaries;
 - (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and
 - (ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.
- (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
- (iii) none of the parties listed in the paragraph headed “E. Other information — 6. Qualifications of experts” in this prospectus:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
- (iv) our Company and its subsidiaries did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (v) our Directors have been advised that, under Cayman Islands law, the use of a Chinese name registered in the Cayman Islands by our Company in conjunction with our English name does not contravene Cayman law;

- (vi) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (vii) our Group has no outstanding convertible debt securities; and
- (viii) the English text of this prospectus shall prevail over the Chinese text.

14. Bilingual document

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).

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

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, YELLOW** and **GREEN** Application Forms; (b) copies of the written consents referred to in the paragraph headed “E. Other information — 7. Consents of experts” in Appendix V to this prospectus; (c) copies of the material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus; and (d) the list containing particulars of the Selling Shareholder as set out in the paragraph headed “E. Other information — 12. Particulars of the Selling Shareholder” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of David Fong & Co., at Unit A, 12/F, China Overseas Building, 139 Hennessy Road, Wanchai, 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 of Association and Articles of Association;
- (b) the Accountants’ Report of our Group for each of the two years ended 31 December 2016, the text of which is set out in Appendix I to this prospectus;
- (c) the combined audited financial statements of Winning Tower Group Holdings Limited and the companies comprising our Group for the two financial years ended 31 December 2016;
- (d) the independent reporting accountants’ assurance report on the compilation of the unaudited pro forma financial information prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (e) the rules of the Share Option Scheme referred to in the paragraph headed “D. Share Option Scheme” in Appendix V to this prospectus;
- (f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this prospectus;
- (g) the legal opinions issued by the Legal Counsel;
- (h) the Companies Law;
- (i) the material contracts referred to in the paragraph headed “B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus;
- (j) the consents of experts referred to in the paragraph headed “E. Other information — 7. Consents of experts” in Appendix V to this prospectus;
- (k) the CIC Report;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (l) statement of particulars of the Selling Shareholder; and
- (m) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by AVISTA Valuation Advisory Limited, the text of which is set out in Appendix III to this prospectus.

Winning Tower Group Holdings Limited
運興泰集團控股有限公司