1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8495

1957 & CO.

SHARE OFFER

Sole Sponsor

HALCYON 鎧盛

Halcyon Capital Limited

Joint Bookrunners

HALCYON 鎧盛

Halcyon Securities Limited

Opus Capital Limited 創富融資有限公司

Opus Capital Limited

Underwriters

ASTRUM

Astrum Capital Management Limited

HALCYON 鎧盛

Halcyon Securities Limited

Opus Capital Limited 創富融資有限公司

Opus Capital Limited

平安證券有限公司 Ping An Securities Limited

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.

1957 & Co. (Hospitality) Limited

(Incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares	:	**80,000,000 Shares (subject to the Offer Size Adjustment Option)**
Number of Public Offer Shares	:	**8,000,000 Shares (subject to reallocation)**
Number of Placing Shares	:	**72,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option)**
Maximum Offer Price	:	**HK$0.875 (plus brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and payable in full on application and subject to refund)**
Nominal value	:	**HK$0.0001 per Share**
Stock code	:	**8495**

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Halcyon Securities Limited

Opus Capital Limited

Underwriters

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Halcyon Securities Limited

Opus Capital Limited

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 paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" attached to Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is currently expected to be fixed by an agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Wednesday, 29 November 2017 and, in any event, not later than Sunday, 3 December 2017. If our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date, or such later time and date as our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) may agree in writing, the Share Offer will not become unconditional and will lapse immediately. In such event, our Company will immediately issue an announcement on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.1957.com.hk**. The Offer Price will not be more than HK$0.875 and is expected to be not less than HK$0.625. The indicative Offer Price range may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer by the Joint Bookrunners (for themselves and on behalf of the Underwriters) (with the consent of our Company) should they consider it appropriate (for instance, if the level of interest is below the indicative Offer Price range). If this occurs, a notice of reduction of the indicative Offer Price range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.1957.com.hk**.

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

Prospective investors of the Offer Shares should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to procure subscribers for or themselves to subscribe for the Public Offer Shares are subject to the termination by the Joint Bookrunners (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set out under the paragraph headed "Grounds for termination" in the section headed "Underwriting" 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 Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse.

23 November 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 higher market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement on the websites of our Company at ***www.1957.com.hk*** *and the Stock Exchange at* ***www.hkexnews.hk****.*

	2017
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 Tuesday, 28 November
Application lists of the Public Offer open(3)	11:45 a.m. on Tuesday, 28 November
Latest time to: (1) lodge **WHITE** and **YELLOW** Application Forms; (2) complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s); and (3) give **electronic application instructions** to HKSCC(4)	12:00 noon on Tuesday, 28 November
Application lists of the Public Offer close(3)	12:00 noon on Tuesday, 28 November
Expected Price Determination Date(5)	Wednesday, 29 November
Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer, the basis of allocation of the Public Offer Shares to be published in The Standard (in English) and Hong Kong Economic Journal (in Chinese) and on the website of our Company at **www.1957.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Monday, 4 December
Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels (see section headed "How to Apply for Public Offer Shares — 11. Publication of Results" in this prospectus) from	Monday, 4 December
Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" function from	Monday, 4 December
Despatch/Collection of **HK eIPO White Form** e-Auto Refund payment instructors/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(6),(7),(8)	Monday, 4 December
Despatch/Collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before(6),(7)	Monday, 4 December
Dealings in Shares on GEM expected to commence at	9:00 a.m. on Tuesday, 5 December

Notes:

1. All times and dates refer to Hong Kong local times and dates unless 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 signal 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 Tuesday, 28 November 2017, the application lists will not open on that day. For further information, please refer to the section headed "How to Apply for Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC Via CCASS" in this prospectus.

5. The Price Determination Date is expected to be on or around Wednesday, 29 November 2017. If, for any reason, the Offer Price is not agreed on or before Sunday, 3 December 2017 between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

6. **Share certificates for the Offer Shares are expected to be issued on or before Monday, 4 December 2017 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 5 December 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.**

7 Applicants who apply for 1,000,000 or more Public Offer Shares and have provided all information required in their Application Forms that they may collect Share certificates (if applicable) and refund cheques (if applicable) in person may do so from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 4 December 2017 or any other date notified by us as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who opt for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from his corporation 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 Share Registrar.

   Applicants who have applied on **YELLOW** Application Forms may collect their refund cheque (if applicable) in person but may not collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. 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" in this prospectus.

8 e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the initial 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 to facilitate your refund. 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 your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

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

IMPORTANT NOTICE TO INVESTORS

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

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

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

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

*The contents on the website at **www.1957.com.hk** which is the official website of our Company do not form part of this prospectus.*

CONTENTS

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

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

OVERVIEW

We are a Hong Kong-based restaurant operation and management group that offers a variety of speciality cuisines in restaurants designed by award-winning interior and lighting designers. We operate full service restaurants under various brands and are dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers. As at the Latest Practicable Date, we operated 11 restaurants under four self-owned brands, namely Sushi Ta-ke, An Nam (including its junior brand, Petit An Nam), Modern Shanghai and Hokkaidon, and three franchised or sub-licensed brands, namely Mango Tree (including its junior brand, Mango Tree Café), Gonpachi and Paper Moon, in shopping malls and commercial premises in Causeway Bay, Tsim Sha Tsui, Taikoo Shing, Kowloon Tong and Yuen Long. Apart from our restaurant operation business, we also provide restaurant management and consultancy services in Hong Kong and the PRC.

Our portfolio of restaurants caters for customers of different spending habits and price ranges. Most of our restaurants serve customers with an average consumption per meal ranging from HK$100 to HK$500 per person, while our Sushi Ta-ke Restaurant provides customers with a fine dining experience.

Set out below is a brief introduction of each of our restaurant brands:

Self-owned brands

- **Sushi Ta-ke (竹壽司):** Our Sushi Ta-ke Restaurant places emphasis on fresh seafood from Japan and artful presentation. With a Japanese-style interior design and hand-picked Japanese crockery, our restaurant aims to provide customers with a Japanese fine-dining experience in an elegant setting.

- **An Nam (安南):** Our An Nam restaurants serve upscale Vietnamese cuisines. The restaurants blend in warmth and elegance from its Vietnamese colonial-style decorations with Hue-style cooking techniques. In order to create a Vietnamese ambience, we imported furniture and displays from Vietnam. We have also developed An Nam's junior brand, Petit An Nam, featuring a chic dining environment to provide casual Vietnamese cuisine to our customers.

- **Modern Shanghai (家上海):** Our Modern Shanghai Restaurant features homemade contemporary Shanghainese cuisine. The restaurant setting is designed to cater for cozy family and friend gatherings.

- **Hokkaidon (北海丼):** Our Hokkaidon Restaurant provides jet-fresh seafood imported from Hokkaido and offers authentic Japanese cuisine in a relaxing and comfortable setting. Besides premium ingredients, the use of tender nanatsuboshi rice from Hokkaido and detailed craftsmanship is key to creating authentic delicacies at our Hokkaidon Restaurant.

- **Bella Vita (discontinued):** Bella Vita, our discontinued self-owned brand, featured authentic Italian cuisine and elements of Italian lifestyle such as friends and family, delicious food and beautiful wine. Our Bella Vita Restaurant was closed as from 15 September 2016.

Franchised/Sub-licensed brands

- **Mango Tree (芒果樹):** Mango Tree is our franchised Thai brand which features authentic and sophisticated Thai dishes with the tastes of sweet, sour and spicy. Through the interior design, we aim to provide authentic Thai culture to our customers. We have also introduced Mango Tree's junior brand, Mango Tree Café, which provides light, fusion Thai food in a modern, casual setting to customers looking for more economical meals.

- **Gonpachi (權八):** Gonpachi is our franchised Japanese-cuisine brand, named after a main character of Kabuki (a form of traditional Japanese theatre). The interior design aims to provide a Japanese izakaya (居酒屋) environment for our customers while they enjoy our specialty cuisines.

- **Paper Moon:** Paper Moon is our sub-licensed Italian-cuisine brand which originates from Milan, Italy. Our Paper Moon Restaurant is the brand's first branch in the greater China region, with other branches managed by other licensees or franchisees in various cities including Beirut, Doha, Istanbul and Manila. Paper Moon serves homey recipes that bring forth the genuine tastes of Italy in a vibrant and contemporary setting.

Our dining concept focuses on the theme "Create an Original Lifestyle". We aim to provide a "Value for Money" dining experience for our customers. In today's competitive restaurant business, we believe that food quality alone may not be sufficient to attract customers' repeated visits. With the experience of our management team and passion for hospitality design, we aim to create a multi-dimensional dining concept which places emphasis on value for money, individuality, cultural influence, creativity and flavour.

Leveraging on our expertise in managing restaurants, we expanded our service scope to cover the provision of restaurant pre-opening and restaurant management consultancy services for restaurants in Hong Kong and the PRC. In the past, we have assisted our customers to launch various restaurants successfully.

In recognition of the quality of our restaurants, several of our restaurants were awarded "Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition" and/or "MICHELIN Guide Recommended Restaurants" during the Track Record Period.

OUR BUSINESS MODEL

We principally operate full-service restaurants under our self-owned brands and franchised/sub-licensed brands in Hong Kong. We also provide restaurant pre-opening and management consultancy services in Hong Kong and the PRC. We would also from time to time explore market opportunities and invest in minority stakes in other restaurants in the PRC which we believe will benefit our Group as a whole.

OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- Our management team is experienced and has diverse expertise
- Strong new restaurant development and project management skills
- Experienced chefs dedicated to the art of cooking
- Commitment to quality ingredients sourcing and regular menu review to include seasonal dishes
- Our restaurants are strategically located

For details, please see “Business — Competitive Strengths” in this prospectus.

OUR STRATEGIES

Our key business strategies are to:

- Continue to develop our brand portfolio and expand our restaurant network
- Further develop our restaurant pre-opening and management consultancy services in the PRC
- Enhance our brand recognition and provide high quality ingredients and new dishes to our customers

For details, please see “Business — Business Strategies” in this prospectus.

RISK FACTORS

Our business is subject to a number of risks, including but not limited to risks relating to our business, countries in which we operate and the Share Offer. You should read the entire section "Risk Factors" in this prospectus carefully. Some of the major risks we face include:

- Our financial results may be adversely affected by the failure to find commercially attractive locations for our new restaurant and/or renew existing leases of the leased properties on terms and rental expenses acceptable to us.

- If the sites on which we choose to open our restaurants do not meet our expectations or that the demographics or other characteristics of the area surrounding the sites we choose change in an adverse manner, we may be obligated to pay rent or incur additional expenses or penalties if we choose to terminate the leases early.

- Our business depends significantly on the market recognition of our brands and franchised/sub-licensed brands, and any negative publicity, negative reviews or damage to the popularity to our brands, whether in Hong Kong or the origin of our franchised brands, could materially and adversely impact our business and results of operation.

- We may not be able to renew our franchise or sub-license agreements on commercially acceptable terms to us and our franchise or sub-license agreement may be terminated if there is any material breach on our part.

- We are under contractual obligations to open a certain number of restaurants.

- Our operations and results are susceptible to developments in Hong Kong and the purchasing power of our target customers.

- Our operations are susceptible to the fluctuation and/or the increase in prices of food ingredients, which could adversely affect our margins and results of operations.

- If our suppliers do not deliver food and other supplies at competitive prices, acceptable quality or in a timely manner, we may experience supply shortages and increased food costs.

- Our growth depends on our ability to profitably operate our existing restaurants and to open and profitably operate new restaurants, whether under our own brands or under franchised brands.

- Opening new restaurants in existing markets may negatively affect sales at our existing restaurants.

- Our business and growth prospects may be adversely affected if we fail to obtain sufficient funding for our expansion plans. Additional capital expenditure incurred as a result of our expansion plan may significantly increase our depreciation charge.

For details, please see "Risk Factors" in this prospectus.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Highlights of Consolidated Income Statements

	For the year ended 31 December		For the five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue	161,750	217,793	87,585	98,950
Cost of inventories sold	(46,038)	(58,845)	(24,101)	(26,662)
Employee benefit expenses	(52,807)	(73,804)	(31,541)	(33,575)
Depreciation, amortisation and impairment *(Note 1)*	(32,106)	(43,737)	(18,055)	(19,931)
Rental expenses *(Note 1)*	(3,961)	(4,216)	(2,341)	(2,141)
Listing expenses	—	(4,696)	—	(8,597)
Profit/(loss) before income tax	16	1,760	(981)	(6,820)
Profit/(loss) for the year/period	31	550	(873)	(7,131)
Adjusted profit/(loss) for the year/period (excluding listing expenses) *(Note 2)*	31	5,246	(873)	1,466

Notes: 1. The Group has early adopted HKFRS 16 in the preparation of financial information of the Group during the Track Record Period, pursuant to which operating lease of properties are recognised in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses and interest expenses are charged. Rental expenses mainly represent turnover rent and government rates paid or payable by us in the relevant year/period. Set out below is the breakdown of depreciation, amortisation and impairment, and the finance cost on lease liabilities charged during the Track Record Period:

	For the year ended 31 December		For the five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Depreciation and amortisation (other than right-of-use assets)	8,796	12,748	5,234	5,734
Depreciation and impairment of right-of-use assets	23,310	30,989	12,821	14,197
Interest expenses on lease liabilities	2,698	3,094	1,366	1,388

2. Adjusted profit/(loss) (excluding listing expenses) is calculated by net profit/loss for the year/period excluding the Listing expenses charged in the relevant year/period. The terms of adjusted profit/(loss) (excluding listing expenses) is not defined under HKFRS. Please see section headed "Financial Information — Non-HKFRS Measures" in this prospectus for details.

Our revenue for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 were approximately HK$161.8 million, HK$217.8 million and HK$99.0 million, respectively, among which over 99% were derived from operating our own restaurants.

The overall number of our customers increased by approximately 72.0% from approximately 503,000 for the year ended 31 December 2015 to approximately 865,000 for the year ended 31 December 2016, which was primarily attributable to the continuing growth in the operations of our An Nam (Festival Walk) Restaurant, Modern Shanghai Restaurant and Petit An Nam Restaurant in 2016 following their respective opening in or after September 2015 and the increase in number of customers of Gonpachi Restaurant in 2016. On the other hand, the average spending per our customer reduced by approximately 21.9% from approximately HK$320.0 for the year ended 31 December 2015 to approximately HK$250.0 for the year ended 31 December 2016, which was also principally attributable to the continuing growth in the operations of An Nam (Festival Walk) Restaurant, Modern Shanghai Restaurant and Petit An Nam Restaurant during the year ended 31 December 2016 whose average spending per customer was lower as compared to the average spending per customer of the Group's 2015 restaurant portfolio for the year ended 31 December 2015.

The overall number of our customers increased by approximately 28.0% from approximately 341,000 for the five months ended 31 May 2016 to approximately 437,000 for the year ended 31 May 2017, which was primarily attributable to the relatively higher customer traffic of Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant (which was opened in December 2016 and January 2017, respectively), as compared to Bella Vita Restaurant and Mango Tree (Cubus) Restaurant (which were closed down in the second half of 2016). The average spending per our customer reduced by approximately 12.2% from approximately HK$255.5 for the five months ended 31 May 2016 to approximately HK$224.4 for the five months ended 31 May 2017, which was principally attributable to the relatively lower spending per customer for Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant (which was opened in December 2016 and January 2017, respectively) as compared to that of Bella Vita Restaurant and Mango Tree (Cubus) Restaurant (which were closed down in the second half of 2016) due to differences in target customer spending.

Before taking into account the Listing expenses which are non-recurring in nature, our profit before taxation for the years ended 31 December 2015 and 2016 were approximately HK$16,000 and HK$6.5 million, respectively, our loss before taxation for the five months ended 31 May 2016 was approximately HK$1.0 million and our profit before taxation for the five months ended 31 May 2017 was approximately HK$1.8 million. After taking into account the Listing expenses of approximately HK$4.7 million and HK$8.6 million charged for the year ended 31 December 2016 and the five months ended 31 May 2017 and the tax expenses for the respective years and periods, our profit for the years ended 31 December 2015 and 2016 were approximately HK$31,000 and HK$0.6 million, respectively, and our loss for the five months ended 31 May 2016 and 2017 were approximately HK$0.9 million and HK$7.1 million, respectively.

Major costs as compared to industry peers

According to the Industry Report, prime cost (being the aggregation of cost of goods sold and compensation of employees) of the industry players averaged at approximately 62% of overall business receipts whilst rental costs was estimated to average at approximately 14% over the period of 2011 to 2015. For the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, the aggregate of our cost of inventories sold and employee benefit expenses represented approximately 61.1%, 60.9% and 60.9% of our revenue, while our lease costs (being the aggregate the our rental expenses, depreciation of right-of-use assets and the interest expenses on lease liabilities) represented approximately 18.5%, 17.6% and 17.9% of our revenue, respectively. Our prime cost was comparable to the industry average while our rental costs were higher than the industry average. Our Directors consider that as most of our restaurants were located in shopping malls in Causeway Bay, Tsim Sha Tsui, Takioo Shing, Kowloon Tong and Yuen Long during the Track Record Period with relatively high pedestrian flow and the rental costs also covered the pre-opening period of our new restaurants, the rental costs of our restaurants were therefore relatively higher compared to the industry average.

Highlights of Consolidated Cash Flows

	Year ended 31 December		For the five months ended 31 May	
	2015	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Operating cash flows before changes in working capital *(Note)*	34,968	48,724	18,822	14,821
Net cash generated from operating activities	37,559	37,428	12,211	15,144
Net cash used in investing activities	(24,656)	(11,389)	(6,317)	(9,070)
Net cash used in financing activities	(9,844)	(30,154)	(16,471)	(21,777)
Net increase/(decrease) in cash and cash equivalents	3,059	(4,115)	(10,577)	(15,703)
Cash and cash equivalents at 31 December/31 May	28,021	23,906	17,444	8,203

Note: The operating cash flows before changes in working capital represented profit before tax adjusted for, among other things, the depreciation of rights-of-use assets and interest expenses on lease liabilities which in aggregate amounted to approximately HK$26.0 million, HK$34.1 million, HK$14.2 million and HK$15.6 million for the years ended 31 December 2015 and 2016, and the five months ended 31 May 2016 and 2017, respectively, following the early adoption of HKFRS 16. Details of the reconciliation of profit before tax to operating cash flows before changes in working capital are set out in Appendix I.

Net Current Liabilities

We had recorded net current liabilities of approximately HK$61.8 million, HK$31.9 million and HK$42.5 million as at 31 December 2015, 31 December 2016 and 31 May 2017, respectively. Our net current liabilities were partially attributable to the recognition of lease liabilities in accordance with the requirements of HKFRS 16 which the Group has early adopted. The current portion of the lease liabilities recognised by us amounted to approximately HK$34.0 million, HK$37.9 million and HK$41.2 million as at 31 December 2015, 31 December 2016 and 31 May 2017, respectively.

Key Financial Ratios

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

	As at or for the year ended 31 December		As at or for the five months ended 31 May
	2015	2016	2017
Revenue growth	N/A	34.6%	13.0%
Operating margin	1.8%	2.6%	(5.3%)
Operating margin (excluding listing expenses) (1)	1.8%	4.8%	3.4%
Net profit margin	0.02%	0.3%	(7.2%)
Net profit margin (excluding listing expenses) (1)	0.02%	2.4%	1.5%
Current ratio	0.40	0.56	0.40
Quick ratio	0.39	0.55	0.38
Debt to equity ratio	0.47	N/A(2)	N/A(2)
Gearing ratio	179.2%	41.2%	41.2%
Interest coverage ratio	100.8%	151.3%	N/A(3)
Return on assets	0.01%	0.3%	(3.5%)
Return on equity	3.1%	0.9%	(20.4%)

Notes: 1. Operating margin (excluding listing expenses) is calculated by dividing operating profit for the year/period excluding the Listing expenses charged in the relevant year/period by revenue for the respective year/period and multiplied by 100%, and net profit margin (excluding listing expenses) is calculated by dividing net profit for the year/period excluding the Listing expenses charged in the relevant year/period by revenue for the respective year/period and multiplied by 100%. The terms of operating margin (excluding listing expenses) and net profit margin (excluding listing expenses) are not defined under HKFRS. Please see section headed "Financial Information — Non-HKFRS Measures" in this prospectus for details.

2. We were in net cash position as at 31 December 2016 and 31 May 2017.

3. We recorded loss before interest and tax for the five months ended 31 May 2017.

For details, please see "Financial Information" in this prospectus.

Operational Performance of our Restaurants

This table below sets forth the details of our restaurants for the indicated period:

		For the year ended 31 December 2015						For the year ended 31 December 2016					
	Date of commencement	Number of customer visits	Number of operating days	Average spending per customer(1) (HK$)	Seat turnover rate(2)	Average daily revenue(3) (HK$'000)	Operating margin(4) (%)	Number of customer visits	Number of operating days	Average spending per customer(1) (HK$)	Seat turnover rate(2)	Average daily revenue(3) (HK$'000)	Operating margin(4) (%)
Restaurant in operation													
Self-owned brand													
Sushi Ta-ke Restaurant	18 December 2010	24,017	364	886	1.32	58	11.7	24,518	364	802	1.35	54	9.4
An Nam (Lee Garden) Restaurant	8 September 2013	92,249	364	292	1.82	74	8.9	94,196	365	288	1.86	74	7.5
An Nam (Festival Walk) Restaurant(5)	30 November 2015	25,765	32	172	4.47	139	(69.3)	235,875	365	174	3.59	112	13.2
Petit An Nam Restaurant(5)	1 September 2015	40,771	122	147	2.61	49	(36.9)	99,648	365	141	2.13	39	(5.5)
Modern Shanghai Restaurant(5)	1 September 2015	52,953	122	161	3.06	70	(18.4)	148,056	365	160	2.86	65	4.5
Hokkaidon Restaurant(5)	23 January 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Franchised/Sub-licensed brand													
Gonpachi Restaurant(5)	8 September 2013	65,041	364	429	1.06	77	(4.0)	74,239	365	455	1.21	92	0.9
Mango Tree (Elements) Restaurant	17 December 2012	151,048	364	300	2.31	125	15.4	141,900	365	294	2.16	114	15.6
Mango Tree Café (Taikoo) Restaurant(5)	15 December 2016	N/A	N/A	N/A	N/A	N/A	N/A	8,043	17	164	3.38	77	(57.1)
Mango Tree Café (YOHO) Restaurant	21 July 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paper Moon Restaurant	23 September 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Closed Restaurant													
Self-owned brand													
Bella Vita Restaurant(5)	18 December 2010	12,203	364	715	0.60	24	(21.7)	9,748	257	541	0.68	21	(12.6)
Franchised Brand													
Mango Tree (Cubus) Restaurant(5)	24 October 2011	39,053	364	305	1.34	33	(3.0)	28,382	339	307	1.05	26	(23.7)

Notes:

(1) Average spending per customer is calculated by dividing the total revenue by the total patron visits of the relevant restaurant during the time period.

(2) Seat turnover rate is calculated by dividing the total number of patron visits during the time period by total seating capacity.

(3) Average daily revenue is calculated by dividing revenue for the year/period by the number of operating days.

(4) Operating margin is calculated by dividing the operating profit for the year/period by revenue of the year/period.

(5) These restaurants were unprofitable in certain financial years or periods during the Track Record Period.

		For the five months ended 31 May 2016						For the five months ended 31 May 2017					
	Date of commencement	Number of customer visits	Number of operating days	Average spending per customer[1] (HK$)	Seat turnover rate[2]	Average daily revenue[3] (HK$'000)	Operating margin[4] (%)	Number of customer visits	Number of operating days	Average spending per customer[1] (HK$)	Seat turnover rate[2]	Average daily revenue[3] (HK$'000)	Operating margin[4] (%)
Restaurant in operation													
Self-owned brand													
Sushi Ta-ke Restaurant	18 December 2010	10,332	151	790	1.37	54	6.1	8,688	150	747	1.16	43	1.8
An Nam (Lee Garden) Restaurant	8 September 2013	37,633	151	293	1.79	73	5.4	39,156	150	275	1.88	72	5.4
An Nam (Festival Walk) Restaurant[5]	30 November 2015	88,394	151	179	3.25	105	5.9	86,910	150	174	3.22	101	10.1
Petit An Nam Restaurant[5]	1 September 2015	40,804	151	144	2.11	39	(13.6)	38,390	150	132	2.00	34	(8.0)
Modern Shanghai Restaurant[5]	1 September 2015	60,737	151	162	2.83	65	3.0	62,763	150	160	2.95	67	7.1
Hokkaidon Restaurant[5]	23 January 2017	N/A	N/A	N/A	N/A	N/A	N/A	40,630	128	224	3.17	71	(5.8)
Franchised/Sub-licensed brand													
Gonpachi Restaurant[5]	8 September 2013	28,597	151	448	1.13	85	(3.5)	31,233	150	441	1.24	92	(1.0)
Mango Tree (Elements) Restaurant	17 December 2012	55,954	151	299	2.06	111	11.2	59,109	150	284	2.19	112	14.1
Mango Tree Café (Taikoo) Restaurant[5]	15 December 2016	N/A	N/A	N/A	N/A	N/A	N/A	70,011	150	156	3.33	73	1.1
Mango Tree Café (YOHO) Restaurant	21 July 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paper Moon Restaurant	23 September 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Closed Restaurant													
Self-owned brand													
Bella Vita Restaurant[5]	18 December 2010	5,810	151	519	0.69	20	(29.6)	N/A	N/A	N/A	N/A	N/A	N/A
Franchised Brand													
Mango Tree (Cubus) Restaurant[5]	24 October 2011	13,144	151	300	1.09	26	(18.8)	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Average spending per customer is calculated by dividing the total revenue by the total patron visits of the relevant restaurant during the time period.

(2) Seat turnover rate is calculated by dividing the total number of patron visits during the time period by total seating capacity.

(3) Average daily revenue is calculated by dividing revenue for the year/period by the number of operating days.

(4) Operating margin is calculated by dividing the operating profit for the year/period by revenue of the year/period.

(5) These restaurants were unprofitable in certain financial year or period during the Track Record Period.

Restaurant Performance and Sustainability

During the Track Record Period, some of our restaurants were unprofitable in certain financial year or period which included An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant, Modern Shanghai Restaurant, Gonpachi Restaurant, Mango Tree Café (Taikoo) Restaurant, Hokkaidon Restaurant, Mango Tree (Cubus) Restaurant and Bella Vita Restaurant.

The table below shows the number of our restaurants that were unprofitable for the periods indicated:

	For the year ended 31 December		For the five months ended 31 May	
	2015	2016	2016	2017
Number of unprofitable restaurants	6	4	4	3

The number of our restaurants that were unprofitable varied during the Track Record Period. It was mainly due to the number of new restaurants that we opened in or around that period as such new restaurants had incurred various pre-opening expenses and each of them would take a few months to reach breakeven. Also, during the two years ended 31 December 2016, our Bella Vita Restaurant and Mango Tree (Cubus) Restaurant had been unprofitable which was principally due to the redevelopment projects undertaken at its neighbourhood. Set out below are further details and reasons for the unprofitability of the restaurants of the Group during the Track Record Period.

Each of An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant and Modern Shanghai Restaurant was opened in 2015 and we incurred expenses of approximately HK$2.3 million, approximately HK$1.4 million and approximately HK$1.8 million, respectively, for each of these restaurants prior to their respective date of commencement of business. Such expenses included all expenses incurred in relation to the respective restaurant from the date of incorporation of the restaurant's holding company up to the date of commencement of business of the relevant restaurant. Each of An Nam (Festival Walk) Restaurant and Modern Shanghai Restaurant has managed to achieve breakeven point within four months from their respective opening and both of them have recorded positive operating margin for the year ended 31 December 2016.

Petit An Nam Restaurant was first opened under the brand An Nam as a condition imposed by the landlord when we were in the process of securing entry to YOHO Mall. Despite modification to the restaurant menu to include more reasonably priced food items to cater for the target customers in the Yuen Long area, the menu still carried quite a number of high priced signature items under the generic An Nam brand, which resulted in undesirable patronage and negative operating margin for the two years ended 31 December 2016 despite that the restaurant has already reached breakeven point. Subsequently, we renamed the restaurant under the Petit An Nam brand with the landlord's consent and reengineered the menu in April 2017 to include more suitably priced food items to cater for our target customers in the Yuen Long area. The financial performance of Petit An Nam Restaurant in April and May 2017 notably improved as compared to the first three months in 2017 and the corresponding period in 2016 as evidenced by the improvement in operating margin to positive operating profit margin of approximately 3.2% for the two months ended 31 May 2017 from a negative operating margin of approximately 19.5% and 11.8% for the first three months in 2017 and the corresponding period in 2016.

Gonpachi Restaurant recorded negative operating margin for the year ended 31 December 2015. The Directors consider that such financial performance was principally due to the relatively low seat turnover rate which was only approximately 1.06 for the year ended 31 December 2015. After exerting extra effort towards the marketing and promotion of the Gonpachi Restaurant, the seat turnover rate reached approximately 1.21 and recorded positive operating margin for the year ended

31 December 2016. Gonpachi Restaurant also recorded negative operating margin for each of the five months ended 31 May 2016 and 2017 while its operating margin has improved for the five months ended 31 May 2017 as a result of the increase in customer visits.

Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant only commenced operations on 15 December 2016 and 23 January 2017, respectively and we have incurred expenses of approximately HK$1.1 million and HK$0.7 million, respectively, prior to its date of commencement of business. As such, Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant were unprofitable for the year ended 31 December 2016 and the five months ended 31 May 2017, respectively. In any case, each of such restaurants has already achieved breakeven in three months and Mango Tree Café (Taikoo) Restaurant recorded positive operating margin for the five months ended 31 May 2017.

In recent years, due to redevelopment projects in the neighbourhood of our Mango Tree (Cubus) Restaurant, Bella Vita Restaurant and Sushi Ta-ke Restaurant, the pedestrian flow to these three restaurants was adversely affected. We believe that, as a result, Mango Tree (Cubus) Restaurant and Bella Vita Restaurant were unprofitable for the years ended 31 December 2015 and 2016 and Sushi Ta-ke Restaurant only recorded marginal operating margin for the five months ended 31 May 2017. After due consideration, we closed down our Bella Vita Restaurant on 15 September 2016 and Mango Tree (Cubus) Restaurant on 6 December 2016 and intend to relocate our Sushi Ta-ke Restaurant to Lee Garden Two in the first quarter of 2018.

We also encountered the following general unfavourable conditions and circumstances during the Track Record Period:

(i) the intense competition in the food and beverage industry in Hong Kong has created a consistently high demand for attractive locations from, amongst others, other food and beverage operators that compete directly with us for the same location. Our lease-related expenses amounted to HK$30.0 million, HK$38.3 million and HK$17.7 million, representing approximately 18.5%, 17.6% and 17.9% of our revenue for the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017, respectively;

(ii) our success is dependent on the service quality of our employees, including restaurant managers, kitchen staff and floor staff. The salary level of employees in the food and beverage industry in Hong Kong has been increasing in recent years. For details, please refer to the section handed "Industry overview — Major Costs for Full Services Restaurants in Hong Kong — Employees and Wages in Hong Kong";

(iii) the Hong Kong restaurant industry has been, and will continue to be, significantly impacted by the desire and willingness of tourists to travel to and stay in Hong Kong and their activity here. The total number of visitors to Hong Kong reduced by approximately 4.5% from 2015 to approximately 57 million in 2016 according to the Industry Report;

(iv) our profitability depends significantly on our ability to anticipate and react to changes in purchase costs of food ingredients. Food costs, as represented by our cost of inventories sold, accounted for 28.5%, 27.0% and 26.9% of our revenues for each of the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017, respectively; and

(v) we generally incur capital expenditures and operating expenses such as fitting out expenses, staff costs, restaurant supplies costs, and promotion and advertising expenses prior to the commencement of business of our new restaurants. Moreover, certain management charges, rates and outgoings in connection with our leased premises are charged after the commencement of the lease term which include the rent-free period set out in the relevant lease agreements. A new restaurant may generate lower profit margin due to higher start up operating costs incurred in the first financial year of commencement of business. The amount of time it takes for each new restaurant to reach the planned operating levels, revenue level, breakeven point and payback point varies. For details of the breakeven and payback periods of our restaurants, please see the paragraph headed "Business — Operational Performance of our Restaurants — Breakeven period and investment payback period" in this prospectus.

We have adopted the following measures to alleviate the effect of the above unfavourable conditions and circumstances:

Maintain stable cost to lease properties — We generally seek to enter into leases with landlords who offer three to five years of lease term and in more desirable cases, coupled with an option to renew, so that our Directors will be able to better ascertain the expected rental costs and avoid being subject to unexpected significant increases in rental costs. In addition, with a longer lease term, we can continue to operate the restaurant in the same premises which will be able to save moving and renovation costs further.

Develop amicable relationship with landlords — We look to cooperate with suitable landlords which provide strategic value to our Group. Recently, we have furthered our business relationship with one of our existing landlords, Hysan, by entering into joint venture agreements with the members of Hysan Group in relation to two of our restaurants to be opened in early 2018. We believe that the continuation and furtherance of our relationship with Hysan will be beneficial to our Group.

Monitor food ingredients cost — In order to keep the prices of various key food ingredients under control, it is our policy to compare the prices of food ingredients from our approved suppliers and procure from the supplier who provided the most competitive price. We have monitored, and will continue to closely monitor, the food cost of our restaurants by reviewing food costs variance reports on a weekly basis. If we identify any unusual or high purchase amounts, our management team will meet up with the relevant chef of the relevant restaurant and look for measures to control any further continuous increment in such food procurement cost. Where we identify any unusual fluctuations in the price of certain designated ingredients as approved or requested by or licensor or franchiser, we will discuss and negotiate with the relevant franchisee or approved suppliers.

Review and adjust employee headcounts — We have and will continue to review the headcounts as well as the ratio of full-time employees against casual workers from time to time in order to assess whether there is any redundancy which could be removed and to ensure that all our employees can coordinate and work in the most efficient manner. Such reviews are of higher importance after major holidays in particular, as customer traffic tends to be higher during these periods.

Given the control measures adopted by our Group in managing rental fluctuations, staff redundancy and food ingredients costs fluctuations, our Directors are of the view that such measures were and are sufficiently effective in alleviating the effect of the aforementioned unfavourable conditions and circumstances. For more details of our cost control measures, please see the paragraph headed "Business — Our Restaurants — Cost control measures adopted by us" in this prospectus.

Our Directors believe that, on the basis set out below, our business will be sustainable:

- according to the Industry Report, the full service restaurant industry is expected to have a moderate recovery over 2017 to 2021 with a CAGR of 3.7%. Continued underperformance in the retail sector is forecasted to continue to ease rents further and malls are expected to redevelop their properties to accommodate more food and beverage options;

- according to the Industry Report, rental rates fell for the first time during the past few years within the Hong Kong Island and Kowloon regions in 2015, and rent further decreased considerably by 7% for 2016;

- two out of the three new restaurants which opened during the year ended 31 December 2015 recorded positive profit operating margins for the year ended 31 December 2016, while the remaining new restaurant showed improvement in its operating margin for the year ended 31 December 2016 and also a notably improved financial performance in April and May 2017 (compared to the corresponding period in 2016) after this restaurant's rebranding (including a reengineering of its menu) in early April 2017 to better cater for its target customers;

- the new restaurant which opened during the year ended 31 December 2016 recorded a positive profit operating margin for the five months ended 31 May 2017 based on its unaudited management account;

- for the Track Record Period, we recorded positive operating cash flow before working capital changes (after adding back the Listing expenses which were non-recurring in nature) of approximately HK$35.0 million, HK$53.4 million and HK$23.4 million, respectively, and we recorded positive cash flow before working capital changes (after adding back the Listing expenses which were non-recurring in nature and reducing for the depreciation of the right-of-use assets and interest expenses on lease liabilities) of approximately HK$9.0 million, HK$19.3 million and HK$7.8 million, respectively; and

- we were able to secure financing from banks during the Track Record Period and expect to continue to have sufficient financial resources to finance our expansions in Hong Kong.

On the basis set out above, the fact that we recorded improvement in reduction of net current liabilities position from approximately HK$61.8 million as at 31 December 2015 to approximately HK$53.3 million as at 30 September 2017, and the factors set out under "Financial Information — Liquidity and Capital Resources — Working capital sufficiency" in this prospectus, we also believe that we will be able to meet our obligations, including our current liabilities, in near future. We may distribute dividend by way of cash or by other means that our Board considers appropriate and our Board may recommend a distribution of dividend in the future only after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

Our management team has monitored, and will continue to closely monitor, the performance of all our restaurants, in particular by way of controlling different cost factors such as food costs and labour costs as well as implementation of marketing plans to increase customer traffic to our restaurants. Generally, we consider a restaurant to be unable to meet our expectations if it records a negative EBITDA for two consecutive months. Where necessary and appropriate, we will take other measures such as revising the pricing of menu, launching promotion events and sending advertising emails and/or messages to our members. In case if it is needed, we may also consider closing down or relocating or rebranding the restaurant.

Breakeven analysis

For illustration purpose only, the following table summarised the result of breakeven analysis on the combined effects of the increases in (i) depreciation of right-of-use assets, rental costs and interest expenses on lease liabilities; and (ii) staff costs on our profit before taxation (excluding the non-recurring Listing expenses) and operating cashflow before changes in working capital after taking into account of depreciation charged for the right-of-use and the interest expenses on lease liabilities assets while excluding the Listing expenses, with all other variables remained constant and assuming that our menu and operation were not adjusted to cater for such changes:

	For the year ended 31 December		For the five months ended 31 May
	2015	2016	2017
Break-even on profit before taxation	0.02%	5.8%	3.5%
Break-even on operating cashflow before changes in working capital after taking into account of depreciation charged for the right-of-use assets and the interest expenses on lease liabilities	10.8%	17.3%	15.3%

Adoption of HKFRS 15 and 16

HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases" are mandatorily effective for annual periods beginning on or after 1 January 2018 and 1 January 2019, respectively. Having considered the potential impacts to our financial statements, we decided to early adopt such standards and apply them throughout the Track Record Period.

Following the early adoption of HKFRS 16, leases (except for those with lease term of less than 12 months or of low value) are recognised in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses, and finance costs are charged instead of rental expenses. Accordingly, certain financial ratios would also be affected. In particular, (i) our current ratio and quick ratio are reduced as a result of the recognition of the current portion of the lease liabilities; (ii) our interest coverage ratios are reduced as a result of the increase in interest expenses on lease liabilities; (iii) our gearing ratios are increased as a result of the reduction in total equity; (iv) our returns on assets are reduced as a result of the recognition of right-of-use assets; and (v) our return on equity is reduced for the year ended 31 December 2015 but increased for the year ended 31 December 2016 as a result of the change in profit for the respective year as a result of the adoption of HKFRS 16. Nevertheless, the change in our financial positions and ratios due to the early adoption of HKFRS 16 did not result in the breach of any covenant of our bank borrowings. On the other hand, the revenue recorded by our Group during the Track Record Period was not affected following the adoption of HKFRS 15.

For details, please refer to "Financial Information — Critical Accounting Policies and Estimates — Early adoption of HKFRS 15 and 16" in this prospectus.

LEASED PROPERTIES

Below sets out details of properties leased by our Group for our restaurants in operation as at the Latest Practicable Date (all of which are subject to turnover rent):

No.	Address	Restaurant	Tenancy period
1.	12/F Cubus, 1 Hoi Ping Road, Causeway Bay, Hong Kong	Sushi Ta-ke Restaurant	From 19 July 2014 to 18 January 2018
2.	Shop 2032–2033, Second Level at Elements, 1 Austin Road West, Kowloon, Hong Kong	Mango Tree (Elements) Restaurant	From 1 September 2016 to 31 August 2019
3.	4F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Gonpachi Restaurant & An Nam (Lee Garden) Restaurant	From 1 June 2017 to 31 May 2019
4.	Shop 1058, Level 1, YOHO Mall I, 8–9 Long Yat Road & 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong	Modern Shanghai Restaurant	From 1 June 2015 to 31 May 2021
5.	Shop 1073, Level 1, YOHO Mall I, 8–9 Long Yat Road & 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong	Petit An Nam Restaurant	From 1 June 2015 to 31 May 2021
6.	Unit L1–20, Level 1, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	An Nam (Festival Walk) Restaurant	From 14 September 2015 to 13 September 2020
7.	Shop 1035, Level 1, YOHO Mall I, 8–9 Long Yat Road & 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong	Mango Tree Café (YOHO) Restaurant	From 21 April 2017 to 20 April 2023
8.	Shop 314, 3/F, Cityplaza, 18 Taikoo Shing Road, Taikoo Shing, Hong Kong	Mango Tree Café (Taikoo) Restaurant	From 20 October 2016 to 19 October 2021
9.	Shop 313, 3/F, Cityplaza, 18 Taikoo Shing Road, Taikoo Shing, Hong Kong	Hokkaidon Restaurant	From 20 November 2016 to 19 October 2021
10.	Shop OTE 301, Level 3, Ocean Terminal, Harbour City, Kowloon, Hong Kong	Paper Moon Restaurant	From 15 June 2017 to 14 June 2023

CONTRACTUAL OBLIGATIONS TO OPEN NEW RESTAURANTS

We have entered into certain franchise, sub-license or joint venture arrangements with a few business partners in relation to restaurant operation under different brands. Under such arrangements, we are obliged to open certain number of restaurants within a requisite time period:

Mango Tree franchise arrangements

Pursuant to the MT Franchise Agreement, we need to open and/or manage a minimum of two Mango Tree casual fine dining restaurants serving alcohol in Hong Kong within 24 months after the signing of the agreement on 1 July 2011. Such requirement has been fulfilled when we opened our Mango Tree (Cubus) Restaurant in 2011 and our Mango Tree (Elements) Restaurant in 2012.

Pursuant to the MT PRC & Macau Franchise Agreement, we need to open/and or manage a minimum of nine Mango Tree or Mango Tree Café restaurants in the PRC or Macau within 60 months after the signing of the Addendum to the MT PRC & Macau Franchise Agreement on 31 December 2016. We are currently managing one such restaurant, namely Mango Tree (Qingdao) Restaurant. As disclosed in the section headed "Future Plans and Use of Proceeds", from 2018 to 2021 we plan to open and/or manage eight further restaurants (two in 2018, one in 2019, two in 2020 and three in 2021) in the PRC. The opening and/or managing of further restaurants will be subject to our Group's future business planning.

For details, please see "Business — Our Restaurants — Franchise/Sub-license agreements — Mango Tree franchise arrangements" in this prospectus.

Paper Moon sub-license arrangement

Pursuant to the Paper Moon Sub-licence Agreement, we need to open at least one restaurant under this sub-licensed brand by 5 December 2017 (subject to handover of the relevant leased property). Such requirement has been fulfilled when we opened our Paper Moon Restaurant in September 2017. For details of the Paper Moon Sub-license Agreement, please see "Business — Our Restaurants — Franchise/Sub-license agreements — Paper Moon Sub-license arrangement" in this prospectus.

Joint venture agreements with Hysan Group to open two restaurants

We have also entered into joint venture agreements with two wholly-owned subsidiaries of Hysan in relation to the opening of two restaurants (one to provide fine dining Japanese cuisine and the other to provide Shanghainese cuisine) in Hong Kong. The joint venture companies were incorporated on 30 June 2017 and we have secured leases for the two new restaurants. For details, see "Business — Our Restaurants — Joint venture agreements" in this prospectus.

Based on our progress on implementing our future plans as disclosed in the section "Future Plans and Use of Proceeds" in this prospectus, we believe that we can fulfil our contractual obligations, which will help us enhance our market share, profitability and brand presence.

RECENT DEVELOPMENTS AND PROFIT WARNING

Based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2017, our revenue for such period was higher than that for the corresponding period in 2016. The increase was principally attributable to the higher revenue recorded by our two newly opened restaurants in December 2016 and January 2017, namely Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant, as compared to the revenue recorded by the two restaurants closed in September 2016 and December 2016, namely Bella Vita Restaurant and Mango Tree (Cubus) Restaurant.

We currently expect that we may record a net loss for the year ending 31 December 2017 as a result of: (1) the non-recurring Listing expenses recognised and to be recognised as expenses in our consolidated statements of comprehensive income; and (2) the expenses incurred prior to the commencement of business (which mainly include the lease costs, staff costs and certain operating costs) in relation to the initial stages of the three new restaurants opened and the two new restaurants we plan to open in the first quarter of 2018, which are currently estimated to be approximately HK$6.0 million in aggregate. Prospective investors should be aware of the impact of the Listing expenses on the financial performance of our Group for the year ending 31 December 2017. For further details regarding our Listing expenses, please refer to the section headed "Financial information — Listing expenses" in this prospectus.

In June 2017, we entered into joint venture agreements with two wholly-owned subsidiaries of Hysan in relation to the opening of two restaurants (one to provide fine dining Japanese cuisine and the other to provide Shanghainese cuisine) in Hong Kong. For details, see "Business — Our Restaurants — Joint venture agreements" in this prospectus.

In July and September 2017, we have also opened our Mango Tree Café (YOHO) Restaurant in YOHO Mall I, Yuen Long, Hong Kong and our Paper Moon Restaurant in Harbour City, Kowloon, Hong Kong, respectively. For details, see "Business — Our Restaurants — Franchise/Sub-license Agreements" in this prospectus.

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

USE OF PROCEEDS

The net proceeds from the Share Offer, after deducting the underwriting fees and estimated expenses in the aggregate amount of approximately HK$23.8 million payable in connection thereto for the year ending 31 December 2017, are estimated to be approximately HK$36.2 million (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any option(s) which may be granted under the Share Option Scheme and assuming an Offer Price of HK$0.75 per Share, being the mid-point of the proposed Offer Price range of HK$0.875 per Share to HK$0.625 per Share).

We intend to apply such net proceeds as follows:

- approximately 8.3% of the net proceeds, or approximately HK$3.0 million will be applied for the settlement of part of the set up and opening costs of our Paper Moon Restaurant;
- approximately 28.5% of the net proceeds, or approximately HK$10.3 million will be applied for the set up and opening of two restaurants under Modern Shanghai brand in Hong Kong;
- approximately 31.5% of the net proceeds, or approximately HK$11.4 million will be applied for the set up and opening of one restaurant under a refined Sushi Ta-ke brand in Hong Kong;
- approximately 9.9% of the net proceeds, or approximately HK$3.6 million will be applied for the set up and opening of one Hokkaidon restaurant in Hong Kong;
- approximately 17.9% of the net proceeds, or approximately HK$6.5 million will be applied for the set up and opening of one Mango Tree restaurant in Hong Kong; and
- approximately 3.9% of the net proceeds, or approximately HK$1.4 million will be applied for the development of restaurant pre-opening consultancy and management consultancy services in the PRC.

For details, please see "Future Plans and Use of Proceeds" in this prospectus.

SHARE OFFER STATISTICS

Based on the indicative Offer Price of HK$0.625 per Share and HK$0.875 per Share, being the low and high end of the indicative Offer Price range, the market capitalisation of our Company (based on 320,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer and assuming the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme have not been exercised) will be HK$200.0 million and HK$280.0 million, respectively.

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules and on the basis of notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of the Group attributable to the equity holders of the Company as of 31 May 2017 as if the Share Offer had taken place on 31 May 2017.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 May 2017 or at any future dates following the Share Offer.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 May 2017	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company as at 31 May 2017	Unaudited pro forma adjusted net tangible assets per Share
	(Note 1)	*(Note 2)*		
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on the Offer Price of HK$0.625 per Share	33,676	35,694	69,370	0.22
Based on the Offer Price of HK$0.875 per Share	33,676	53,894	87,570	0.27

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 May 2017 has been extracted from the Accountant's Report of our Company as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 31 May 2017 of HK$34,696,000 with an adjustment for the intangible assets (after deduction of the proportionate share of the non-controlling interest) of HK$1,020,000.

(2) The estimated net proceeds from the Share Offer are based on 80,000,000 Offer Shares and the indicative Offer Price of HK$0.625 per Share and HK$0.875 per Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of HK$13,293,000, which have been accounted for prior to 31 May 2017) and takes no account of any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the issuing mandate and repurchase mandate as described in the section headed "Share Capital" in this prospectus.

LISTING EXPENSES

Our estimated listing expenses primarily consist of underwriting commissions and professional fees paid to the Sole Sponsor, legal advisors, the reporting accountant and other professionals for their services rendered in relation to the Listing and Share Offer. Assuming the Offer Size Adjustment Option is not exercised and an Offer Price of HK$0.75 per Share, being the mid-point of our indicative price range for the Share Offer stated in this prospectus, the total listing expenses will be HK$28.5 million, of which approximately HK$10.2 million is directly attributable to the issue of the Offer Shares and is expected to be capitalised after the Listing. The remaining amount of approximately HK$18.3 million is chargeable to the consolidated income statements, of which approximately HK$4.7 million was recognised in our Group's consolidated income statements for the year ended 31 December 2016, approximately HK$8.6 million was recognised in our Group's consolidated income statement for the five months ended 31 May 2017 and approximately HK$5.0 million is expected to be charged for the remaining period of the year ending 31 December 2017. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred. Our financial result for the year ending 31 December 2017 will be considerably affected by the listing expenses.

DIVIDEND AND DISTRIBUTABLE RESERVES

During the Track Record Period, we had declared approximately HK$2.2 million and HK$1.5 million dividend to our Shareholders for the years ended 31 December 2015 and 2016, respectively. However, this should not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Nevertheless, we currently have no predetermined dividend payout ratio after the Listing.

We may distribute dividend by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividend is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividend in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

INDUSTRY

According to the Industry Report, Hong Kong has a very competitive and highly fragmented full service restaurant industry. In 2016, there were approximately 8,600 outlets in the market mostly comprising of independent restaurants. The industry is so fragmented that the top 5 players in the industry only account for about 7% of the value sales of the market in 2016. Further, the competitive landscape of the Asian full-service restaurant industry is highly fragmented with approximately 6,700 restaurant outlets with the largest five brands comprising a combined market value share of approximately 9% in 2016.

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the share option that may be granted under the Share Option Scheme and the Offer Size Adjustment Option), Mr. S Leung, Mr. T Kwan and Mr. Kwok (through 1957 & Co., Sino Explorer, All Victory, Perfect Emperor and P.S Hospitality) will each hold 28.2%, 18.8% and 4.8% of the Company, respectively. 1957 & Co., Sino Explorer and All Victory are investment holding companies wholly-owned by Mr. S Leung. Perfect Emperor and P.S. Hospitality are investment holding companies wholly-owned by Mr. T Kwan and Mr. Kwok, respectively.

On 16 February 2017, in preparation for the Listing, our Controlling Shareholders executed the AIC Confirmation, whereby they confirmed the existence of the historical acting in concert arrangement and their intention to continue to act in the same manner upon Listing to consolidate their control over the Group until the AIC Confirmation is terminated. As such, Mr. S Leung, Mr. T Kwan and Mr. Kwok will continue to remain as the dominating group of Shareholders which will continue to hold a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue.

For details, please see "Relationship with our Controlling Shareholders" in this prospectus.

We have also entered into certain framework agreements to purchase interior design and lighting services from certain Controlling Shareholders, which will constitute fully exempt continuing connected transactions upon Listing. For details, please see "Continuing Connected Transactions" in this prospectus.

CUSTOMERS, FRANCHISORS, SUB-LICENSOR AND SUPPLIERS

The revenue generated by our restaurant business accounted for over 99% of our total revenue during the Track Record Period. Due to the nature of our business, all customers of our restaurants are retail customers from the general public. As such, our Directors consider that it is not practicable to identify the top five customers of our Group for the Track Record Period as none of our customers accounted for 5% or more of our total revenue for the two years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 and we did not rely on any single customer during the Track Record Period. Customers of restaurant management and consultancy service business are other restaurant operators.

Our franchisors and sub-licensor who are Independent Third Parties also play an important role as our stakeholders in our business operations. For the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, we paid a total of HK$2.6 million, HK$2.5 million and HK$1.3 million, respectively, as franchise fees and/or royalty fees.

Our suppliers are mainly food ingredients and beverage suppliers. We have established business relationships with most of our five largest suppliers for over 3 years. None of our Directors, their respective close associates, or any Shareholder who owns more than 5% of our issued capital, to the knowledge of the Board, has any interest in any of our five largest suppliers for the two years ended 31 December 2015 and 2016 and the five months ended 31 May 2017.

LEGAL COMPLIANCE

During the Track Record Period, there were several incidents which we did not timely and/or duly comply with the Inland Revenue Ordinance and Mandatory Provident Fund Scheme Ordinance. Our Directors are of the view that these incidents will have no material adverse impact on our business operation and financial conditions.

For details, please see "— Legal Compliance and Proceedings" and "— Employees" under "Business" section in this prospectus.

CONNECTED LEASES AND LICENCE AGREEMENTS WITH HYSAN GROUP

Hysan Group is a connected person of our Company at the subsidiary level. Upon Listing, we will continue to lease or licence certain properties or area from Hysan Group. These lease and licence arrangements will constitute continuing connected transactions upon Listing. We have applied for, and the Stock Exchange has granted, waivers from strict compliance with the announcement requirement and the requirement regarding the period of continuing connected transactions under Rules 20.33 and 20.50 of the GEM Listing Rules, respectively.

For details, please see "Continuing Connected Transactions — Non-Fully Exempt Continuing Connected Transactions" in this prospectus.

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

"1957 & Co."	1957 & Co. Limited, a company incorporated in Hong Kong on 28 July 2008 and is directly wholly owned by Mr. S Leung. It is a Controlling Shareholder
"1957 & Co. (BVI)"	1957 & Co. (BVI) Hospitality Limited, a company incorporated in the BVI on 4 February 2016 and is directly wholly owned by our Company
"1957 & Co. (Hospitality) HK"	1957 & Co. (Hospitality) HK Limited, a company incorporated in Hong Kong on 27 July 2009 and was owned as to 42% by Mr. S Leung (through 1957 & Co.), 37% by Mr. T Kwan, 10% by Mr. Kwok, 10% by Ms. Luk and 1% by Mr. N Kwan immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"1957 & Co. (Management)"	1957 & Co. (Management) Limited, a company incorporated in Hong Kong on 27 July 2009 and was owned as to 35% by Mr. S Leung (through 1957 & Co), 35% by Mr. T Kwan, 20% by Mr. Kwok and 10% by Ms. Luk immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"1957 & Co. (Management) (Shenzhen)"	1957 & Co. (Shenzhen) Restaurant Management Limited* (一九五七(深圳)餐飲管理有限公司), a company established in the PRC on 11 November 2016 and a wholly-owned subsidiary of 1957 & Co. (Management)
"1957 and Partners"	1957 and Partners Limited, a company incorporated in Hong Kong on 30 June 2017 and is owned as to 51% by 1957 & Co. (Hospitality) HK, 29% by a wholly-owned subsidiary of Hysan and 20% by Chairman Food & Beverage Management Limited
"affiliate(s)"	any other persons, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AIC Confirmation"	the acting in concert confirmation dated 16 February 2017 executed by Mr. S Leung, Mr. T Kwan and Mr. Kwok
"All Victory"	All Victory Global Limited, a company incorporated in the British Virgin Islands on 7 February 2013 and was wholly owned by Mr. Chung prior to the Reorganisation and has been indirectly wholly owned by Mr. S Leung (through 1957 & Co.) since completion of the Reorganisation. It is a Controlling Shareholder
"An Nam restaurants"	restaurants that we own and operate, or manage, under our "An Nam" brand from time to time, including An Nam (Lee Garden) Restaurant and An Nam (Festival Walk) Restaurant

"An Nam (Festival Walk)"	An Nam (Festival Walk) Restaurant Limited (安南(又一城)餐飲有限公司), a company incorporated in Hong Kong on 23 March 2015 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by Pearl Global, 10% by All Victory, 10% by City Brilliant and 10% by Occabiz immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"An Nam (Festival Walk) Restaurant"	Vietnamese themed restaurant operating under our subsidiary An Nam (Festival Walk), and located in Festival Walk, Kowloon Tong
"An Nam (Lee Garden)"	An Nam Restaurant Limited (安南餐飲有限公司), a company incorporated in Hong Kong on 31 May 2013 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by Pearl Global, 10% by All Victory, 10% by City Brilliant and 10% by Occabiz immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"An Nam (Lee Garden) Restaurant"	Vietnamese themed restaurant operating under our subsidiary An Nam (Lee Garden) and located in Lee Garden One, Causeway Bay
"An Nam (Qingdao)"	An Nam (Qingdao) Restaurant Limited* (安南(青島)餐飲有限公司), a company established in the PRC on 26 January 2015 and was owned as to 80% by Qingdao Feng Hao Catering Management Company Limited* (青島豐豪餐飲管理有限公司) and 20% by An Nam (Lee Garden) prior to the Reorganisation and has been wholly-owned by Qingdao Feng Hao Catering Management Company Limited together with one of its individual shareholders since completion of the Reorganisation
"An Nam (Qingdao) Restaurant"	Vietnamese themed restaurant operating under the company An Nam (Qingdao), and located at MixC of Qingdao in the PRC
"An Nam (Shanghai) Restaurant"	a Vietnamese themed restaurant to be opened in Shanghai of the PRC, to which our Group provides pre-opening consultancy services pursuant to a restaurant pre-opening consultancy service contract made with an Independent Third Party customer
"Application Form(s)"	**WHITE**, **YELLOW** and **GREEN** application form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company conditionally adopted on 6 November 2017 to take effect on the Listing Date, as amended or supplemented from time to time

"Assignment Agreement"	assignment agreement dated 1 March 2013 and made between 1957 & Co. (Management), Exquisine System and Exquisine System (HK) whereby Exquisine System assigned the rights, title and obligations under the MT Franchise Agreement to Exquisine System (HK)
"associate(s)"	has the meaning ascribed thereto under the GEM Listing Rules
"BBK"	BBK Limited, a company incorporated in the BVI on 5 March 2015 and is directly wholly owned by Mr. Chan
"Bella Vita"	Bella Vita Limited, a company incorporated in Hong Kong on 5 July 2010 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by Mr. Lee, 10% by Mr. Yu, 10% by Ms. Yu and 10% by Leadgoal prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"Bella Vita Restaurant"	an Italian themed restaurant operated under our subsidiary Bella Vita, and located in Cubus, Causeway Bay
"Board" or "Board of Directors"	the board of Directors of our Company
"business day(s)"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of 239,900,000 Shares upon completion of the Share Offer referred to in "Appendix IV — Statutory and General Information — A. Further Information About Our Group — 4. Written resolutions passed by our Shareholders on 6 November 2017" to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"Circular 19"	the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結算管理方式的通知), issued by the SAFE and came into effect on 1 June 2015
"City Brilliant"	City Brilliant Limited (城亮有限公司), a company incorporated in Hong Kong on 6 July 2012, is our Shareholder and is indirectly owned by Mr. Tang Pak Hai, Mr. Cho Wang Yu and Ms. Chow Michaela as to 56.4%, 35.2% and 8.4%, respectively, through Veranda Holding Company Limited
"close associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Coca"	Coca Holding International Company Limited, a company incorporated in Thailand on 29 October 1985, is our Shareholder and is owned by Mr. Phanphensophon and 6 individual shareholders as to approximately 95.7% and 4.3% respectively
"Companies Law"	Companies Law, Chapter 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 or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company" or "our Company"	1957 & Co. (Hospitality) Limited, the holding company of our Group after the Reorganisation and the proposed listing vehicle for the Listing, which is an exempted company incorporated in the Cayman Islands on 3 February 2016 with limited liability and the Shares of which are to be listed on the GEM of the Stock Exchange
"Compliance Adviser"	Halcyon Capital Limited
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the GEM Listing Rules and, in the context of our Company, comprises Mr. S Leung, Mr. T Kwan, Mr. Kwok, 1957 & Co., Sino Explorer, All Victory, Perfect Emperor and P.S Hospitality
"core connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Cushman & Wakefield"	Cushman & Wakefield Limited, our property valuer

"Deed of Indemnity"	the deed of indemnity dated 6 November 2017 executed by Mr. S Leung, Mr. T Kwan and Mr. Kwok (as indemnifiers) in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in "Appendix IV — Statutory and General Information — E. Other Information — 3. Indemnities given by our Controlling Shareholders" in this prospectus
"Deed of Non-Competition"	the deed of non-competition dated 6 November 2017 executed by our Controlling Shareholders (as covenantors) and our Company, particulars of which are set out in the section "Relationship with Controlling Shareholders — Deed of Non-Competition" in this prospectus
"Director(s)"	the directors of our Company
"EIT Law"	Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法), as amended or supplemented from time to time
"Euromonitor"	Euromonitor International Limited, our industry consultant
"Exquisine System"	Exquisine System Company Limited, a company incorporated in Thailand on 9 November 2000, the previous franchisor of the Mango Tree brand
"Exquisine System (HK)"	Exquisine System (Hong Kong) Company Limited, a company incorporated in Hong Kong on 19 October 2012, with which the Group entered into, among others, two addendums to the MT Franchise Agreement on 1 August 2014 and 31 December 2016, and the MT PRC & Macau Franchise Agreement on 1 August 2014
"FEHD"	Food and Environmental Hygiene Department of the government of Hong Kong
"franchise agreement(s)"	franchise agreements and sub-licence agreement entered into by our Group (as franchisee or (sub-)licensee) including the MT Franchise Agreement, Assignment Agreement dated 1 March 2013 and the MT Franchise Agreement's two addendums dated 1 August 2014 and 31 December 2016, MT PRC & Macau Franchise Agreement and its addendum dated 31 December 2016, Gonpachi Franchise Agreement and its addendum dated 31 December 2016, and Paper Moon Sub-licence Agreement dated 18 March 2017
"FY" or "financial year"	financial year of our Company ended or ending 31 December
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"Gonpachi"	Gonpachi Restaurant Limited (權八餐飲有限公司), a company incorporated in Hong Kong on 31 May 2013 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by Pearl Global, 10% by All Victory, 10% by Mr. N Kwan and 10% by City Brilliant prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"Gonpachi Franchise Agreement"	franchise agreement entered into between 1957 & Co. (Management) and Global-Dining, Inc., on 25 June 2013 for (i) the use of the Gonpachi marks, (ii) the use of the method and system of operating Gonpachi restaurants and preparing, cooking and serving foods as developed by Global-Dining Inc., and (iii) the development of Gonpachi restaurants in Hong Kong, which was subsequently supplemented and amended by an addendum dated 31 December 2016
"Gonpachi Restaurant"	Japanese themed restaurant operating under our subsidiary Gonpachi, and located in Lee Garden One, Causeway Bay
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**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 of the **HK eIPO White Form** Service Provider, **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**
"HKFRS"	Hong Kong Financial Reporting Standards issued by the 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

"Hokkaidon"	Hokkaidon Restaurant Limited (北海丼餐飲有限公司), a company incorporated in Hong Kong on 16 August 2016, which was wholly owned by Food Master (HK) Company Limited immediately prior to the Reorganisation and is owned as to 60% by Gonapchi and 40% by Food Master (HK) Company Limited since completion of the Reorganisation
"Hokkaidon Restaurant"	Japanese themed restaurant operating under our subsidiary Hokkaidon, and located in Cityplaza, Taikoo Shing
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hysan"	Hysan Development Company Limited, a company incorporated in Hong Kong on 20 October 1970 and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00014), our joint venture partner and connected person at the subsidiary level
"Hysan Group"	Hysan and its subsidiaries from time to time, each of which is our connected person at the subsidiary level
"Independent Third Party(ies)"	a person who, as far as our Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
"Industry Report"	the industry report commissioned by us and issued by Euromonitor on the full-service restaurants industry in Hong Kong and China and referred to in "Industry Overview"
"Inner Horizon"	Inner Horizon Limited, a company incorporated in the BVI on 4 January 2016 and is directly wholly owned by Mr. N Kwan. It is a Shareholder
"IRD"	the Inland Revenue Department of Hong Kong
"IRO"	Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong
"Japanese Yen"	the lawful currency of Japan
"Joint Bookrunners"	Halcyon Securities Limited and Opus Capital Limited
"L Garden and Partners"	L Garden and Partners Limited, a company incorporated in Hong Kong on 30 June 2017 and is owned as to 71% by Sushi Ta-ke and 29% by a wholly-owned subsidiary of Hysan
"Latest Practicable Date"	14 November 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Leadgoal"	Leadgoal Investments Limited, a company incorporated in the British Virgin Islands on 23 March 2005 and is directly wholly owned by Mr. Chung

"Legal Counsels"	Mr. Chan Chung and Ms. Kong Siu Ching Cindy, both of whom are barristers-at-law of Hong Kong
"Liquor Licensing Board" or "LLB"	Liquor Licensing Board of Hong Kong
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date expected to be on or around Tuesday, 5 December 2017, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on GEM of the Stock Exchange
"Listing Division"	the listing division of the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Mango Tree Café (Taikoo) Restaurant"	Thai themed restaurant operating under our subsidiary MT HK, and located in Cityplaza, Taikoo Shing
"Mango Tree Café (YOHO) Restaurant"	Thai themed restaurant operating under our subsidiary MT HK, and located in YOHO Mall I, Yuen Long
"Mango Tree (Cubus) Restaurant"	Thai themed restaurant operated under our subsidiary MT HK, and located in Cubus, Causeway Bay
"Mango Tree (Elements) Restaurant"	Thai themed restaurant operating under our subsidiary MT KLN, and located in Elements, Tsim Sha Tsui
"Mango Tree (Qingdao)"	Mango Tree (Qingdao) Restaurant Limited* (芒果樹(青島)餐飲有限公司), a company established in the PRC on 26 January 2015 and was owned as to 80% by Qingdao Feng Hao Catering Management Limited (青島豐豪餐飲管理有限公司) and 20% by MT KLN prior to the Reorganisation and has been wholly-owned by Qingdao Feng Hao Catering Management Company Limited together with one of its individual shareholders since completion of the Reorganisation
"Mango Tree (Qingdao) Restaurant"	Thai themed restaurant operating under the company Mango Tree (Qingdao), and located at MixC in Qingdao in the PRC
"Mango Tree restaurants"	restaurants that we own and operate, or manage, under our franchised "Mango Tree" brand from time to time, including Mango Tree (Cubus) Restaurant and Mango Tree (Elements) Restaurant
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company as amended from time to time

"Modern Shanghai"	Modern Shanghai (YOHO Midtown) Restaurant Limited (家上海(元朗)餐飲有限公司), a company incorporated in Hong Kong on 19 March 2015 and is directly wholly owned by MS HK
"Modern Shanghai (Lee Garden) JV Agreement"	the joint venture agreement entered into among Chairman Food & Beverage Management Limited, Batovian Investments Limited (a member of Hysan Group) and 1957 & Co. (Hospitality) HK on 15 June 2017 in relation to the incorporation, operation and management of a joint venture company to open and operate a new restaurant to provide Shanghainese cuisine in Lee Garden Two, Causeway Bay
"Modern Shanghai Restaurant"	Shanghainese themed restaurant operating under the company Modern Shanghai, and located in YOHO Mall I, Yuen Long
"Mooncrest Global"	Mooncrest Global Limited, a company incorporated in the BVI on 15 March 2016, is our Shareholder and is directly wholly owned by Mr. Lee. It is a Shareholder
"MPF"	Mandatory Provident Fund
"MPFSO"	Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong
"Mr. Chan"	Chan Tat Wah, owner of the entire share capital in BBK
"Mr. Chung"	Chung Cho Yee Mico, who held indirect interest in various of our operating subsidiaries through his wholly owned subsidiaries prior to the implementation of the Reorganisation
"Mr. Fong"	Fong Chi Wing, a member of our senior management
"Mr. How"	How Sze Ming, an independent non-executive Director
"Mr. Kwok"	Kwok Chi Po, a founder, an executive Director, the chief executive officer and a Controlling Shareholder
"Mr. Lau"	Lau Ming Fai, an executive Director and the chief operating officer of our Company
"Mr. Lee"	Lee Kwok Sun Bernard, a Shareholder
"Mr. Ng"	Ng Wai Hung, an independent non-executive Director
"Mr. Nguyen"	Nguyen Quoc Khanh, the owner of the entire share capital in Occabiz, which in turn held various of our operating subsidiaries prior to the Reorganisation
"Mr. N Kwan"	Kwan Nicholas Alexander Yan Tat, son of Mr. T Kwan and a Shareholder
"Mr. N Leung"	Leung Nicholas Nic-hang, an executive Director and son of Mr. S Leung

"Mr. Phanphensophon"	Pitaya Phanphensophon, who, together with 6 individual shareholders, holds the entire share capital of Coca, and is a Shareholder
"Mr. Poon"	Poon Hok Ming, who, together with his spouse, Ms. Leung, holds the entire share capital of Pearl Global, a Shareholder
"Mr. S Leung"	Leung Chi Tien Steve, a founder, a non-executive Director and a Controlling Shareholder
"Mr. T Kwan"	Kwan Wing Kuen Tino, a founder, an executive Director and a Controlling Shareholder
"Mr. Yu"	Yu Kam Shui, a Shareholder
"MS Franchise Agreement"	the franchise agreement made between 1957 & Co. (Management) and Creative Resto Concept Inc., on 15 April 2012, granting Creative Resto Concept Inc. the right and licence to (i) use the Group's Modern Shanghai marks, (ii) use the method and system of operating Modern Shanghai restaurants and preparing, cooking and serving foods as developed by the Group; and (iii) develop Modern Shanghai restaurants in the Philippines
"MS HK"	Modern Shanghai (Hong Kong) Food & Beverage Limited (家上海(香港)餐飲有限公司), a company incorporated in Hong Kong on 7 January 2015 and was indirectly owned as to 60% by 1957 & Co. (Management) and 40% by Chairman Food & Beverage Management Limited prior to the Reorganisation and has been owned by 1957 & Co (Hospitality) HK and Chairman Food & Beverage Management Limited as to 60% and 40%, respectively, since completion of the Reorganisation
"MS Int'l"	Modern Shanghai (International) Food & Beverage Limited (上海小館國際餐飲有限公司), a company incorporated in Hong Kong on 14 March 2012 and was indirectly owned as to 40% by 1957 & Co. (Management) and 60% by Champion Food & Beverage Management Limited prior to the Reorganisation and has been owned by 1957 & Co. (Hospitality) HK and Champion Food & Beverage Management Limited as to 40% and 60%, respectively, since completion of the Reorganisation
"Ms. Chan"	Chan Hang Ming Florence, a member of our senior management
"Ms. Leung"	Leung Shuk Yee Winnie, who together with her spouse, Mr. Poon, holds the entire share capital of Pearl Global, a Shareholder
"Ms. Luk"	Luk Yuen Man who was a shareholder of various of our operating subsidiaries prior to the Reorganisation
"Ms. Yu"	Yu Lai Si, a Shareholder

"MT Franchise Agreement"	the franchise agreement made between Exquisine System and 1957 & Co. (Management) on 1 July 2011, which was subsequently supplemented and amended by the Assignment Agreement dated 1 March 2013, MT Franchise Agreement's first addendum dated 1 August 2014 and its second addendum dated 31 December 2016, granting our Group the right and licence to (i) use the Mango Tree marks, (ii) use the method and system of operating Mango Tree and Mango Tree Café restaurants and preparing, cooking and serving foods as developed by Coca; and (iii) develop Mango Tree and Mango Tree Café restaurants in Hong Kong
"MT HK"	Mango Tree (HK) Limited, a company incorporated in Hong Kong on 6 July 2011 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by All Victory, 10% by Pearl Global, 10% by Coca and 10% by Mr. N Kwan immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since the completion of the Reorganisation
"MT KLN"	Mango Tree (Kowloon) Limited, a company incorporated in Hong Kong on 28 August 2012 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by All Victory, 10% by Pearl Global, 10% by Coca and 10% by Mr. N Kwan immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since the completion of the Reorganisation
"MT PRC & Macau Franchise Agreement"	the franchise agreement entered into between Exquisine System (HK) and 1957 & Co. (Management) on 1 August 2014 granting the Group the right and license to use (i) the Mango Tree marks, (ii) use the method and system of operating Mango Tree and Mango Tree Café restaurants and preparing, cooking and serving foods as developed by Coca; and (iii) develop Mango Tree and Mango Tree Café restaurants in eight cities in the PRC (including Beijing, Shanghai, Shenzhen, Qingdao, Chengdu, Hangzhou, Sanya, Guangzhou) along with Macau, which was subsequently supplemented and amended by an addendum dated 31 December 2016
"Occabiz"	Occabiz Lifestyle Pte. Ltd. a company incorporated in Singapore on 16 January 2009 and is directly wholly owned by Mr. Nguyen. It was a shareholder of various of our operating subsidiaries prior to the Reorganisation
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.875 and expected to be not less than HK$0.625, such price to be determined by agreement between the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on or before the Price Determination Date
"Offer Share(s)"	the Placing Shares and the Public Offer Shares

"Offer Size Adjustment Option"	the option expected to be granted by us to the Placing Underwriters under the Placing Underwriting Agreement, exercisable by the Joint Bookrunners (for themselves and on behalf of the Underwriters), pursuant to which we may be required to allot and issue up to 12,000,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Share Offer) at the Offer Price, to cover over-allocations in the Share Offer, if any, as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Paper Moon Sub-licence Agreement"	the sub-licence agreement made between 1957 & Co. (Hospitality) HK and the licensee of an Italian brand (namely Paper Moon), which is an Independent Third Party, on 18 March 2017 for (i) the use of the trademark and concept of the Italian brand, (ii) the use of the method and system of operating restaurants under the Italian brand, and (iii) the development of restaurants under the Italian band in Hong Kong
"Paper Moon Restaurant"	Italian themed restaurant operating under our subsidiary Bella Vita, and located in Harbour City, Tsim Sha Tsui
"P.S Hospitality"	P.S Hospitality Limited, a company incorporated in the BVI on 10 March 2016 and is directly wholly owned by Mr. Kwok. It is a Controlling Shareholder
"Pearl Global"	Pearl Global Development Limited (恒寶環球發展有限公司), a company incorporated in Hong Kong on 26 January 2011, is our Shareholder and is owned by Ms. Leung (the spouse of Mr. Poon) and Mr. Poon as to 99.99% and 0.01%, respectively
"Perfect Emperor"	Perfect Emperor Limited, a company incorporated in the BVI on 16 March 2016 and is directly wholly owned by Mr. T Kwan. It is a Controlling Shareholder
"Petit An Nam"	Petit An Nam (YOHO Midtown) Restaurant Limited (安南小館(元朗)餐飲有限公司), a company incorporated in Hong Kong on 27 March 2015 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by Pearl Global, 10% by All Victory, 10% by City Brilliant and 10% by Occabiz immediately prior to the Reorganisation and has been indirectly wholly owned by our Company since completion of the Reorganisation
"Petit An Nam Restaurant"	Vietnamese themed restaurant operating under our subsidiary Petit An Nam, and located in YOHO Mall I, Yuen Long
"Placing"	the conditional placing of the Placing Shares at the Offer Price to professional, institutional and other investors by the Placing Underwriters for and on behalf of our Company on and subject to the terms and conditions under the Placing Underwriting Agreement, as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus

"Placing Shares"	the 72,000,000 new Shares being initially offered by us for subscription at the Offer Price pursuant to the Placing, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Offer Size Adjustment Option
"Placing Underwriters"	the underwriters of the Placing whose names are set out in the paragraph headed "Underwriting — Underwriters — Placing Underwriters" in this prospectus
"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing to be entered into by our Company, the Controlling Shareholders , the executive Directors, the Sole Sponsor, the Joint Bookrunners and the Placing Underwriters on or about the Price Determination Date, as further described in "Underwriting" in this Prospectus
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, Macau and Taiwan
"Price Determination Date"	the date on which the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) determine the final Offer Price for the purpose of the Share Offer, which is expected to be on or around Wednesday, 29 November 2017 and in any event no later than Sunday, 3 December 2017
"Public Offer"	the conditional offer of the Public Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions under the Public Offer Underwriting Agreement, as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus and the related Application Forms
"Public Offer Shares"	the 8,000,000 new Shares being initially offered by us for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer named in the paragraph headed "Underwriting — Underwriters — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional public offer underwriting agreement dated 22 November 2017 entered into among our Company, the Controlling Shareholders, the executive Directors, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters relating to the Public Offer
"Regulation S"	Regulation S under the U.S. Securities Act

"Reorganisation"	the various corporate reorganisation steps involving our Group, including the particularised arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed ''History, Development and Reorganisation — Reorganisation" in this prospectus
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC* (中華人民共和國國家外匯管理局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) with a nominal value of HK$0.0001 each in the share capital of our Company
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally approved and adopted by us on 6 November 2017 a summary of its principal terms is set out in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV
"Share Swap Agreement"	an agreement dated 28 December 2016 entered into among 1957 & Co., Mr. T Kwan, BBK, Mr. Kwok, Mr. Lee, Mr. Yu, Ms. Yu, All Victory, Pearl Global, Coca, Mr. N Kwan, City Brilliant, Sino Explorer and Perfect Emperor, as vendors, our Company, as purchaser, and 1957 & Co. (BVI) and 1957 & Co. (Hospitality) HK, as purchaser's nominees, in relation to the acquisition of shares in 1957 & Co. (Hospitality) HK, 1957 & Co. (Management) and various subsidiaries by our Company in consideration for the issue of Shares to the vendors, which forms part of the Reorganisation
"Sino Explorer"	Sino Explorer Limited, a company incorporated in the BVI on 4 January 2016 and is indirectly wholly owned by Mr. S Leung (through 1957 & Co.). It is a Controlling Shareholder
"Sole Sponsor"	Halcyon Capital Limited, a corporation licensed to conduct type 6 (advising on corporate finance) of the regulated activities under the SFO, and acting as the Sole Sponsor of the Share Offer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the GEM Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules

"Sushi Ta-ke"	Sushi Ta-ke Limited, a company incorporated in Hong Kong on 16 April 2010 and was owned as to 60% by 1957 & Co. (Hospitality) HK, 10% by Mr. Lee, 10% by Mr. Yu, 10% by Ms. Yu and 10 % by Leadgoal prior to the Reorganisation and has been indirectly owned by our Company since completion of the Reorganisation
"Sushi Ta-ke Restaurant"	Japanese themed restaurant operating under our subsidiary Sushi Ta-ke, and located in Cubus, Causeway Bay
"Ta-ke (Lee Garden) JV Agreement"	the joint venture agreement entered into between Jarrett Investments Limited (a member of Hysan Group) and Sushi Ta-ke on 15 June 2017 in relation to the incorporation, operation and management of a joint venture company to open and operate a new restaurant to provide fine dining Japanese cuisine in Lee Garden Two, Causeway Bay
"Ta-ke (Shanghai) Restaurant"	a Japanese themed restaurant to be opened in Shanghai of the PRC, to which our Group provides pre-opening consultancy services pursuant to a restaurant pre-opening consultancy service contract made with an Independent Third Party customer
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended or supplemented from time to time
"Tax Expert"	Russell Bedford Hong Kong
"Track Record Period"	the period comprising the two years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Agreement
"US" or "United States" or "U.S."	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"US$" or "U.S. dollars" or "US dollars"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act 1933, as amended or supplemented from time to time
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Public Offer Shares to be issued in the applicant's own name
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require such Public Offer Shares to be deposited directly into CCASS
"%"	per cent

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

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

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with "" and are provided for identification purposes only.*

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

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Offer Size Adjustment Option or the options to be granted under the Share Option Scheme.

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus should prevail.

GLOSSARY OF TECHNICAL TERMS

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

"CAGR"	compound annual growth rate, a method of assessing the average growth of a value over a certain period of time
"EBITDA"	earnings before interest, tax, depreciation and amortization
"GDP"	gross domestic product
"sq.ft."	square foot/feet

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

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

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

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

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

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to our Company. The occurrence of any of the following events may have a material adverse effect on our business, results of operations, financial conditions and prospects. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our financial results may be adversely affected by the failure to find commercially attractive locations for our new restaurants and/or renew existing leases of the leased properties on terms and rental expenses acceptable to us.

For the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, revenue generated from our restaurant operations accounted for approximately 99.5%, 99.3% and 99.1% of our Group's revenue, respectively. As at the Latest Practicable Date, we operated eleven restaurants in Hong Kong. Most of these restaurants are situated in shopping malls in Hong Kong, including Lee Garden One, Elements, Festival Walk, Cityplaza, Harbour City and YOHO Mall. We believe location is vital to draw in customers.

The intense competition in the food and beverage industry in Hong Kong has created a consistently high demand for attractive locations from, amongst others, other food and beverage operators that compete directly with us for the same location. As such, we cannot assure that we will be able to find or renew suitable premises for our restaurants on reasonable commercial terms. Accordingly, our plan for expansion may be delayed or disrupted which in turn may have an adverse effect on our results of operation and financial conditions.

In addition, there can be no assurance that the sites of our existing restaurants will meet our expectations or that the neighbourhood characteristics or demographic of the areas surrounding our restaurant sites will not deteriorate or otherwise change in the future, resulting in a reduced sales at these sites. For example, construction and renovation works in surrounding areas may render our advantage of strategic location not sustainable, and thus adversely affect the accessibility of our restaurants. We might also be obliged to continue to make rental payments as all our lease agreements in respect of our restaurants are fixed term leases. In such circumstances, our business and results of operations may be materially and adversely affected.

As at the Latest Practicable Date, all of our restaurants in Hong Kong were operating on leased properties. We are accordingly exposed to market fluctuations of the retail rental market. The lease-related expenses (comprising depreciation of right-of-use assets, rental expenses and interests expenses on lease liabilities) of our Group amounted to HK$30.0 million, HK$38.3 million and HK$17.7 million, representing approximately 18.5%, 17.6% and 17.9% of our revenue for the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017, respectively. These leases may not be renewed when they expire or on terms acceptable to us. If we are unable to renew any of the existing leases, we will need to identify alternative locations to carry on business, operations may be disrupted and our financial performance may be adversely affected due to, amongst other things, the extra costs for relocations and writing off fixed assets.

If the sites on which we choose to open our restaurants do not meet our expectations or that the demographics or other characteristics of the area surrounding the sites we choose change in an adverse manner, we may be obligated to pay rent or incur additional expenses or penalties if we choose to terminate the leases early.

All of our restaurants are operated on leased premises. There can be no assurance that the sites of our existing restaurants will meet our expectations or that the neighbourhood characteristics or demographics of the areas surrounding our restaurant sites will not deteriorate or otherwise change in the future resulting in reduced revenue and/or profits at these sites. For example, construction or renovation works in surrounding areas may adversely affect the accessibility of our restaurants or reduce the pedestrian or vehicle flow in the area, resulting in reduced customer traffic at our restaurants. In these circumstances, we may wish to relocate or terminate the lease early for the purpose of cost control. However, since our lease agreements generally have fixed terms, we may be obligated to continue to make rental payments for the entire duration of such leases or incur other forms of expenses or penalties for such early termination. In such circumstances, our business and results of operations may be materially and adversely affected. During the Track Record Period, we closed down our Bella Vita Restaurant and Mango Tree (Cubus) Restaurant.

Our business depends significantly on the market recognition of our brands and franchised/sub-licensed brands, and any negative publicity, negative reviews or damage to the popularity to our brands, whether in Hong Kong or the origin of our franchised brands, could materially and adversely impact our business and results of operation.

As at the Latest Practicable Date, we were operating eleven restaurants under four self-owned brands (namely, Sushi Ta-ke, An Nam (including its junior brand Petit An Nam), Modern Shanghai and Hokkaidon) and three franchised or sub-licensed brands (namely, Gonpachi, Mango Tree (including its junior brand Mango Tree Café) and Paper Moon). We believe that our success substantially depends on the market recognition, protection and enhancement of our brands. As we continue to grow in size, expansion of our food offerings and extension of our geographic reach, maintenance of the high quality and consistency of our food and services may become more difficult and we cannot assure you that customer confidence on our brands will not diminish, as a result of which the value of our brands could suffer, which could have a material adverse effect on our business.

Furthermore, the brand image of our restaurants are subject to reviews by food critics who analyse food and services of restaurants and then publish their experience in websites and other social media sites. We have no control on the content of their blog or articles, or photographs and publications of such food critics, whether or not they are true or accurate. Any publications of negative comments or reviews by the food critics about their experience at our restaurants may adversely affect our brand images and reputation, regardless of their validity. In any event that any negative publicity or review is associated with any of our restaurants or if any of our brands' reputation is negatively affected, the results of our business operations could be adversely affected.

Given our range of brands and cuisines, we may not provide adequate operational and/or financial support for future operations to all of our brands. In particular, marketing costs may be increased to sustain the popularity of each and every brand we operate under the immense competition in food and beverage industry. If these franchised brands lose their appeal, in Hong Kong or elsewhere, we may not be able to recoup the costs of franchise fees or royalty fees paid under the franchise agreements, in which case our financial condition and results of operation may be materially and adversely affected.

We may not be able to renew our franchise or sub-license agreements on commercially acceptable terms to us and our franchise or sub-license agreements may be terminated if there is any material breach on our part.

Specifically for the three franchised or sub-licensed brands, namely "Gonpachi", "Mango Tree", and "Paper Moon", we are required to pay franchise, license and/or royalty fees for the rights to use the brands and their dishes. For the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, revenue from restaurants operating under franchised brands were HK$85.2 million, HK$85.5 million and HK$41.5 million, representing 52.7%, 39.2% and 41.9% of our total revenue, respectively. For the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, these franchise fees and royalty fees amount to HK$2.6 million, HK$2.5 million and HK$1.3 million, respectively, representing 1.6%, 1.2% and 1.3% of our revenue for the same periods, respectively. Both franchised brands are operating under franchise agreements with terms ranging from 10 to 20 years. The sub-licensed Italian brand, "Paper Moon", is operating under the Paper Moon Sub-license Agreement with an initial term of 10 years with an option to renew for another 10 years. If we fail to renew our franchise or sub-license agreements or that these agreements were terminated due to our material breach or that the terms of the agreement were not commercially acceptable to us, our financial performance may be materially and adversely affected by the expiry of such agreements. See the section headed "Business — Our Restaurants — Franchise/Sub-license agreements" in this prospectus for the terms and duration of our existing franchise and sub-license agreements.

We are under contractual obligations to open a certain number of restaurants.

We have entered into the MT PRC & Macau Franchise Agreement which requires us to open at least nine Mango Tree or Mango Tree Café restaurants (including restaurants managed by us) within 60 months after the signing of the Addendum to the MT PRC & Macau Franchise Agreement. We have also entered into the Paper Moon Sub-license Agreement which requires us to open at least one restaurant by 5 December 2017 (subject to handover for the relevant leased property). Business — Our Restaurants — Franchise/Sub-license Agreements" in this prospectus for details. We have also entered into joint venture agreements with Hysan Group in relation to the opening of two restaurants (one to provide fine dining Japanese cuisine and the other to provide Shanghainese cuisine) in Hong Kong and the relevant joint venture companies have been incorporated. For details, see "Business — Our Restaurants — Joint venture agreements" in this prospectus. If we fail to comply with such requirements to open the required number of restaurants, we may be in breach of the relevant agreement and the relevant franchisor, licensor or joint venture partner may (among others) terminate the agreement or we may lose certain geographical exclusivity granted to us under the relevant agreement, which may adversely affect our operational and financial position.

Labour shortage or increase in labour cost will increase our operating cost and reduce our profitability.

Our success is dependent on the service quality of our employees, including restaurant managers, kitchen staff and floor staff. We have to attract experienced staff to support our expansion plan.

Given the high demand for labour in the industry, we can make no assurance that our Group will not experience any difficulties in recruiting qualified personnel at a commercially viable costs in the future. Supply for experienced individuals in the food and beverage industry is limited and hence any incapability to recruit or retain such qualified individuals in the future may result in delay and disruption for the expansion plan.

The salary level of employees in the food and beverage industry in Hong Kong has been increasing in recent years. For details, please refer to the section handed "Industry overview — Major Costs for Full Services Restaurants in Hong Kong — Employees and Wages in Hong Kong". Since the enactment of the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), the statutory minimum wage has been increased from HK$30.0 per hour in 2013 to HK$32.5 per hour in 2015 and HK$34.5 per hour in 2017. The salary level in Hong Kong and the catering service industry is expected to maintain an upward trend. This may lead to an increase in staff costs. The statutory minimum wage may further increase in the future. During the Track Record Period, our staff costs amounted to HK$52.8 million, HK$73.8 million and HK$33.6 million in the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, representing 32.6%, 33.9% and 33.9% of our revenue during the respective period. It is expected that our labour costs and the respective percentage to our total revenue will increase as a result of our expansion plan and increase in salary level in Hong Kong food and beverage industry. Failure to recruit personnel at reasonable costs or failure to pass on the increased costs onto customers may negatively affect our profit margins.

Our success depends on our ability to recruit and retain qualified and experienced chefs

We believe hiring and retaining qualified and experienced chefs is a critical part of our success as a restaurant operator.

In view of the competitive nature of the restaurant industry in Hong Kong, we may not be able to recruit or retain head chefs or seek comparable replacement at commercially reasonable costs, in which case our brand appeal, our revenue figure and profitability would be adversely attached.

As a result of the short supply and intense competition for experienced chefs, we had initiated and implemented a number of employee retention policies with an attempt to attract, retain and motivate our employees for our operation and expansion plan. During the Track Record Period, one key chef left our Group. For further details of these policies, please refer to the section headed "Business — Employees — Employee retention" in this prospectus. If these policies are not effective in achieving their objectives, we may not be able to motivate and retain a sufficient number of experienced chefs at commercially reasonable costs. Any such failure could adversely affect operations of our existing restaurants or delay our planned restaurant openings, any of which could have a material adverse effect on our service quality, business plan and results of operation. In addition, limited availability of experienced chefs may require us to pay higher wages to compete for them, which could result in higher labour costs.

We experienced net current liabilities during the Track Record Period.

We had recorded net current liabilities of approximately HK$61.8 million, HK$31.9 million and HK$42.5 million as at 31 December 2015, 31 December 2016 and 31 May 2017, respectively. For details, please see "Financial Information — Liquidity and Capital Resources — Working Capital" in this prospectus. Our net current liabilities expose us to liquidity risk, which was partially attributable to the recognition of lease liabilities (current portion) of approximately HK$34.0 million, HK$37.9 million and HK$41.2 million as at 31 December 2015, 31 December 2016 and 31 May 2017, respectively, in accordance with the requirements of HKFRS 16 which the Group has early adopted. We depend on our ability to generate adequate cash inflows from our operations to support our future liquidity, the payment of trade and other payables and the repayment of our outstanding debts. We may not be able to generate sufficient cash inflow to finance activities of our Group and cover our general working capital requirements in the future. If so, our financial condition and results of operations will be adversely affected.

We were previously in breach of certain covenants contained in our loan agreements. The lenders may revoke the waivers previously granted to us, declare an event of default and accelerate our outstanding indebtedness under the relevant agreements, all of which would impact our ability to continue to conduct our business

During the Track Record Period, we breached two of the loan covenants when An Nam (Lee Garden) failed to (i) transfer from other banks and maintain at least 80% of its operating account in such bank, and (ii) maintain a prescribed adjusted tangible net worth of no less than HK$7,000,000 which excludes the amount due to related company. We have obtained the consent from the relevant bank confirming that such breaches have not triggered any default or event of default to recourse such bank loan.

Going forward, if we breach any of the loan covenants and being granted waivers by the relevant lenders in relation to the breaches, our lender may revoke such waivers and declare an event of default and accelerate our outstanding indebtedness under the relevant agreements. In addition, our violation of these covenants provides our lenders with the right to require us to post additional collateral, enhance our equity and liquidity and foreclose their liens on our inventories. Any of these events would impair our ability to continue to conduct our business and continue as a going concern.

In connection with any waivers that we may seek to obtain in relation to our loan agreements from time to time, our lenders may impose additional operating and financial restrictions on us and/or modify the terms of our existing loan agreements. These restrictions could limit our ability to, among other things, pay dividends, make capital expenditures and/or incur additional indebtedness, including through the issuance of guarantees. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness. Any of these incidents may materially and adversely affect our business, financial condition or results of operations.

Our deferred tax assets may not be recovered, which could materially and adversely affect our results of operations.

As of 31 May 2017, our deferred tax assets amounted to approximately HK$8.2 million, arising from tax losses, decelerated tax depreciation and leases. We periodically assess the probability of the realisation of deferred tax assets, while given deferred tax assets aroused from tax losses can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions or negative development of regulatory environment, in which case, we may not be able to recover such deferred tax assets which thereby could have a material adverse effect on our results of operations.

We have failed in the past to fully comply with the IRO and MPFSO in relation to the filing of certain profit tax returns, certain chargeability to tax, certain employers' returns and notifications and contributions to an MPF scheme.

In the past, some members of our Group failed to comply with the IRO and the MPFSO in relation to the filing of certain profit tax returns, certain chargeability to tax, certain employers' returns and notifications and contributions to an MPF scheme. For details, see sections headed "Business — Legal proceedings and compliance" and "Business — Employees" in this prospectus. Such non-compliance may result in conviction of the respective companies and their responsible persons. There may be prosecution against us or the respective directors of the subsidiaries for such non-compliance by the relevant authorities. If so we may be subject to penalties or incur other liabilities and if our Controlling Shareholders fail to fully indemnify us pursuant to the Deed of Indemnity, our cash flow, results of operations and reputation may be adversely affected.

Our operations and results are susceptible to developments in Hong Kong and the purchasing power of our target customers.

Our Hong Kong restaurant business contributed to revenue of approximately HK$161.0 million, HK$216.2 million and HK$98.1 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, representing 99.5%, 99.3% and 99.1% of our total revenue of the respective periods. We anticipate that our restaurant business in Hong Kong will continue to be our core business following the completion of the Share Offer. If Hong Kong experiences any adverse economic conditions due to events beyond our control, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

Our target customers may be unable to maintain their purchasing powers under economic downturn and political and social instability. As a result, our restaurants may not perform in the manner that our Directors currently anticipate.

Our operations are susceptible to the fluctuation and/or the increase in prices of food ingredients, which could adversely affect our margins and results of operations.

Our profitability depends significantly on our ability to anticipate and react to changes in purchase costs of food ingredients. Food costs, as included in our cost of inventories sold, accounted for 28.5%, 27.0% and 26.9% of our revenues for each of the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017, respectively.

A significant amount of food ingredients for our restaurants are imported directly and indirectly from Japan, Vietnam, PRC, Thailand and South America. During the Track Record Period, food prices worldwide have been generally increasing. For details, please refer to the section headed "Industry overview — Major Costs for Full Service Restaurants in Hong Kong — Market Trend for Major Food Ingredients Used by Full-Service Restaurants" in this prospectus. We are also required under certain franchise or sub-license agreements to purchase certain food ingredients from the relevant franchisor, sub-licensor, or local or overseas suppliers approved by the franchisor or licensor. We have limited bargaining power or control over the pricing of such food ingredients.

The availability (in terms of type, variety and quality) and price of food supplies can fluctuate and are subject to factors beyond our control, including seasonal fluctuations, climate conditions, natural disasters, general economic conditions, global demand, governmental regulations, exchange rates and availability, each of which may affect our food cost or cause disruption to our supply. In addition, any appreciation of foreign currencies for which we pay our suppliers against Hong Kong dollar will increase our costs.

We do not enter into long term agreements with our suppliers nor do we enter into futures contracts or engage in other financial risk management strategies against potential price fluctuations in food costs. We may not be able to anticipate and react to changes in food costs through our purchasing practices, by changing menu offerings and menu price adjustments in the future, or we may be unwilling or unable to pass these cost increases onto our customers, and the failure of any of which could materially and adversely affect our business and results of operation.

If our suppliers do not deliver food and other supplies at competitive prices, acceptable quality or in a timely manner, we may experience supply shortages and increased food costs.

The ability to source quality food ingredients at competitive prices in a timely manner is crucial to our business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants depends in part upon our ability to acquire fresh food products and related supplies from reliable sources that meet our quality specifications and in sufficient quantities. However, we do not enter into long-term agreements with our suppliers. The purchase price with our food suppliers are typically set at a fixed price by way of purchase orders. For the two years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, the total purchases from our five largest suppliers in aggregate accounted for 45.8%, 40.5% and 45.0%, respectively, and our purchases from our largest supplier accounted for 17.6%, 15.1% and 22.3%, respectively, of our total purchases. During the Track Record Period, none of our key suppliers ceased or indicated that it would cease supply of food ingredients to us, and we did not experience any material delays or interruptions in securing the supply of food ingredients from our key suppliers. However, there can be no assurance that we will be able to maintain business relationships with our key suppliers.

Disruption of our food supplies can occur for a variety of reasons, many of which are beyond our control, including unanticipated demand, adverse weather conditions, natural disasters, diseases, a supplier ceasing operations, or unexpected production shortages. Furthermore, we cannot assure that our current supplies may always be able to live up to our quality specifications in the future. In the event that our suppliers fail to distribute products or supplies of acceptable quality to us in a timely manner, or in the event that the conditions of fresh or frozen perishable food ingredients deteriorate due to delays in delivery, malfunctions of freezing facilities or inappropriate handling in the course of transportation by the relevant suppliers, and that such event leads to lower-quality food ingredients, we cannot assure you that we will be able to find suitable replacement of suppliers in a short period of time on acceptable terms. Such occurrence could increase our food costs, cause food supply shortage, as well as deterioration of food and services quality at our restaurants, which in turn may cause us to remove certain items from the menus of one or more restaurants. Any significant changes to our menus as a result of food supply shortages or failure of our Group to provide quality food and services to customers, thereby adversely affecting our business and damaging our reputation, could result in a material decrease in revenue during the time affected by such shortages.

We are highly susceptible to fluctuations in rental, staff and food ingredients costs which may materially and adversely affect our business operation and financial conditions.

We are operating in a highly competitive market and all our restaurants are located on leased premises. As such, our ability to (i) attract, employ and retain sufficient workers at a reasonable cost; (ii) source quality food supplies at a stable and reasonable cost; and (iii) manage any rental increment will be the key factors to our cost control. If we experience any material increase in rental, staff and/or food ingredients costs and are unable to seek for any alterative location(s) or replacement(s) (as appropriate) at a reasonable or comparable cost within a reasonable timeframe, our Group's operation and financial condition may be materially and adversely affected.

Our growth depends on our ability to profitably operate our existing restaurants and to open and profitably operate new restaurants, whether under our own brands or under franchised brands.

We operated 11 restaurants as at the Latest Practicable Date. Our growth depends on our ability to profitably operate our existing restaurants and to open and profitably operate new restaurants. Certain of our restaurants were loss-making during the Track Record Period. We are not able to ensure that all of our restaurants will become profitable, or will maintain their current profitability or that our new restaurants could achieve breakeven within our intended timeframe. The operating results of our Group may be affected by the performance of our existing restaurants and the initial investment cost and performance of our new restaurants. We opened three, one and three new restaurant(s) in the year ended 31 December 2015, 31 December 2016 and in 2017 (up to the Latest Practicable Date), respectively, and we plan to further open or invest in and manage seven (three in Hong Kong and four in the PRC) new restaurants under our self-owned brands or franchised brands in the year ending 31 December 2018 and another four new restaurants (two in Hong Kong and two in the PRC) for the year ending 31 December 2019, respectively. As at the Latest Practicable Date, we have identified the location, and are in advanced discussion with the landlord, in relation to the two restaurants to be opened in Hong Kong for the year ending 31 December 2018. Among the new restaurants to be opened in the years ending 31 December 2018 and 2019, four and two of them, respectively, will be in the PRC. For restaurants to be opened in the PRC, we only intend to hold a minority stake of approximately 25% in the operating companies of these restaurants and will manage these restaurants. The number and timing of opening of new restaurants during any given period, and their associated contribution to our growth, are subject to a number of risks and uncertainties, including but not limited to our ability to:

- find quality locations and secure leases on commercially reasonable terms;
- secure the required government permits and approvals;
- obtain adequate financing for development and opening costs;
- efficiently manage the time and cost involved in the design, construction and pre-opening processes for each new restaurant;
- accurately estimate expected consumer demand in new locations and markets;
- secure adequate suppliers of food ingredients that meet our quality standards;
- hire, train and retain skilled management and other employees on commercially reasonable terms; and
- successfully promote our new restaurants and compete in the markets where our new restaurants are located.

We may not be able to open our planned new restaurants on a timely basis, if at all, and if opened, these restaurants may not operate profitably. Opening new restaurants may place substantial strain on our managerial, operational and financial resources. We may not be able to attract enough customers to our new restaurants. If we are unable to overcome the costs associated with opening new restaurant locations and building a satisfactory new customer base for our new restaurants, the operating results of the new restaurants may not be comparable to the operating results generated at any of our existing restaurants. The new restaurants may even operate at a loss, which could have a significant adverse effect on our overall operating results, financial positions and even the brand image of our Group.

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

The target customers of our restaurants under different brands vary by location, depending on a number of factors such as population density, local retail and business attractions, area demographics and geography. As a result, the opening of new restaurants in or near markets in which we already have existing restaurants could adversely impact the sales and guest traffic of existing restaurants. Some of our customers may be diverted from our existing restaurants to our new restaurants, and vice versa.

We have opened three new restaurants in Hong Kong during the year ending 31 December 2017. We currently plan to open or invest in and manage seven new restaurants (three in Hong Kong and four in the PRC) for the year ending 31 December 2018 and another four restaurants (two in Hong Kong and two in the PRC) for the year ending 31 December 2019, respectively. For restaurants to be opened in the PRC, we only intend to hold a minority stake of approximately 25% in the operating companies of these restaurants. For details, see "Future Plans and Use of Proceeds" in this Prospectus. We carefully consider any likely impact on our existing restaurants when we evaluate each new restaurant site and seek to balance any potential impact on our existing restaurants with the new restaurant's ability to attract more customers from competitors. We do not intend to open new restaurants that materially impact the sales or guest traffic of our existing restaurants. However, there can be no assurance that customer diversion among our existing and new restaurants will not occur or become more significant in the future as we continue to expand our operations, which could have a material adverse effect on sales at our existing restaurants and our overall profitability.

Our business and growth prospects may be adversely affected if we fail to obtain sufficient funding for our expansion plans. Additional capital expenditure incurred as a result of our expansion plan may significantly increase our depreciation charge.

Our Group will continue to develop our brand portfolio and expand our restaurant network. We anticipate that our future capital expenditure will increase as we open new restaurants. Such capital expenditure may result an increase in depreciation expenses, which may adversely affect our results of operations. During the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, our depreciation expenses (excluding that of right-of-use assets) were approximately HK$8.8 million, HK$12.3 million and HK$5.7 million, respectively, and represented 7.8%, 8.2% and 8.3% of our total operating expenses for the same period. Our projected capital expenditures in Hong Kong and investment cost in the PRC for 2017, 2018 and 2019 are HK$26.4 million, HK$9.8 million and HK$16.0 million, and nil, HK$6.1 million and HK$4.0 million, respectively. We expect that our planned capital expenditures for 2017, 2018 and 2019 will be primarily used for leasehold improvement and acquisition of equipment for our expansion plans for the opening of new restaurants. In the event that our expansion plan proves to be unsuccessful, our overall cash flow position, as well as our profitability, may be materially and adversely affected.

We believe that with the factors set out under "Financial Information — Liquidity and Capital Resources — Working capital sufficiency" in this prospectus, we will have sufficient funds to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least the next 12 months from the date of this prospectus. We may, however, require additional cash resources to finance our continued growth or other future development, including any investments we may decide to pursue. The amount and timing of such additional funding needs will vary depending on the timing of our new restaurant openings, investments in new restaurants and the amount of cash flow from our operations. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing by issuing additional equity or debt securities or obtaining credit facilities. Any issue of additional equity securities would result in dilution of our Shareholders' interests. Any incurrence of indebtedness would increase debt service obligations and could result in operating and financing covenants that may, among other things, restrict our expansion plans and operations or our ability to pay dividends. If we fail to satisfy the debt obligations or are unable to comply with any debt covenants, we could be in default under the relevant debt obligations. Our liquidity and financial conditions may be materially and adversely affected.

Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in us, the performance of the restaurant industry in general, and our operating and financial performance in particular. We cannot assure you that future financing will be available in amounts or on terms acceptable to us, if at all. In the even that future financing is not available or is not available on terms acceptable to us, our business, results of operations and growth prospects may be adversely affected.

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

We need to comply with all relevant government regulations. In respect of our restaurants in Hong Kong, we are required to maintain three principal types of licences for the operation of our restaurant business: (i) a food business licence, including a restaurant licence for operating a restaurant; (ii) a water pollution control licence required to be obtained before any discharge of trade effluents into a communal server or communal drain in a water control zone commences; and (iii) a liquor licence for the sale of liquor on the relevant restaurant premises. The general restaurant licence is typically granted for a period of one year and the water pollution control licence is granted for a period of not less than two years, subject to continuous compliance with the relevant requirements in the relevant legislation and subsidiary legislation with respect to hygiene, food quality and environmental matters and upon payment of the respective license fees. New restaurants will be granted a provisional restaurant licence which is valid for a period of up to six months to allow the restaurant operator to commence business operations pending the issue of a full restaurant licence. A liquor licence is usually granted for a period of one year or less, subject to the continuous compliance with the requirements under the relevant legislation and regulations. Water pollution control licence is needed for four of our restaurants as our other restaurants are located within premises which adopt central discharge system.

Complying with government regulations may require substantial expenses, and any non-compliance may expose us to liabilities. In case of any non-compliance, we may have to incur significant expense and divert substantial management time to resolving any deficiencies. We may also experience adverse publicity arising from such non-compliance with government regulations that negatively impacts our brand.

We may experience difficulties or failures in obtaining the necessary approvals, licences and permits for new restaurants. In addition, there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licences and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain and/or maintain all licences required by us to operate our business, planned new business operations and/or expansion may be delayed and our ongoing business could be interrupted. We may also be subject to fines and penalties.

Liquor licences of our restaurants in Hong Kong are held by our employees.

All restaurants in Hong Kong that serve liquor is required to obtain a liquor licence from the relevant regulatory authority. As at the Latest Practicable Date, our Group operated 11 restaurants and the holders of the liquor licence for our restaurants are our full time employees as required under the Dutiable Commodities (Liquor) Regulations (Chapter 109B of the Laws of Hong Kong). Details of our liquor licences are set out in the section headed "Business — Licences and approvals" in this prospectus. We have renewed the relevant restaurant licences and/or liquor licenses every year since the relevant group company or individual first obtained such licence(s).

We may not be able to retain these licensed personnel as our employees in the future in which case, a transfer of such liquor licences to another employee will be required. Any transfer of a liquor licence will require the current holder's consent. If such consent is not forthcoming, the relevant restaurant will need to suspend or cease the sale of liquor for a certain period, which may adversely affect our business, the revenue, and the profitability.

If we are unable to renew our liquor licence for any of our existing restaurants or are unable to obtain a liquor licence for any new restaurants which plans to sell liquor, our business operations and financial performance may be adversely affected as well.

Any significant liability claims or food contamination complaints from our customers could materially and adversely affect our business and operations.

Our customers and restaurant guests may submit or file complaints or claims against us regarding our food products and services, including the food prepared and served in, and delivered outside, our restaurants.

Being in the food and beverage industry, we face an inherent risk of food contamination and liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers and we may not be able to detect all defects in our supplies. In addition, we serve raw food in some of our restaurants, which creates a greater chance of food contamination. Any food contamination occurring during the transportation from our suppliers to our restaurants that we fail to detect or prevent could adversely affect the quality of the food served in our restaurants.

Some of our employees may not adhere to our mandated procedures and requirements regarding food safety. Any failure to detect defective food supplies, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer in our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, and the imposition against us of penalties by relevant authorities and compensation awards by courts.

During the Track Record Period and up to the Latest Practicable Date, our Directors are not aware of any material complaints at any of our restaurants which may translate into a material adverse impact on the business and our financial position or operations. As at the Latest Practicable Date, our Directors were only aware of one outstanding complaint filed with the FEHD relating to foreign object found in a dish. On-site investigation by FEHD has taken place. We have not received any further follow-up enquiry from FEHD as at the Latest Practicable Date. We may receive food contamination claims in the future. Any such incident could materially harm our reputation, results of operations and financial condition.

Our results of operations are susceptible to periodic fluctuation due to major holidays.

We experience periodic fluctuation in our revenue as a result of the varied spending patterns during major holidays. In line with industry trends, during the Track Record Period, we recorded higher monthly revenue during major holidays such as Christmas and New Year's Eve and summer, with lower monthly revenues during the period after major holidays as we believe many of our customers tend to dining-out less frequently after major holidays. This illustrates that, our results of operations may fluctuate from period to period and we cannot assure that we would be able to implement effective measures to counter such seasonal fluctuations, and hence, our business and results of operations may be materially and adversely affected.

Events that disrupt our operations, such as fires, floods, or other natural or man-made disasters, may materially and adversely affect our business operations.

Our operations are vulnerable to interruption by fires, floods, typhoons, power failures and power shortages, hardware and software failures, computer viruses, terrorist attacks and other events beyond our control. Our business is also dependent on prompt delivery and transport of the food ingredients and beverages we use and serve at our restaurants. Certain events, such as adverse weather conditions, natural disasters, severe traffic accidents and delays and labour strikes, could also lead to delayed or lost deliveries of food and beverage supplies to our restaurants which may result in the loss of revenue or customer claims. Perishable food ingredients, such as fresh, chilled or frozen food ingredients, may deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our suppliers. This may result in our failure to provide quality food and services to our customers, thereby adversely affecting our business and damaging our reputation. Fires, floods, earthquakes and terrorist attacks may lead to evacuations and other disruptions in our operations, which may also prevent us from providing quality food and service to customers for an indefinite period of time, thereby affecting our business and damaging our reputation. Any such event could materially and adversely affect our business operations and results of operations.

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

As we operate in the restaurant industry, we usually receive and handle certain amounts of cash in our daily operations. We are not aware of any instances of fraud, theft and other misconduct involving employees, customers and other third parties that had any material adverse impact on our business and results of operations during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that we have detected all past incidents or there will not be any such instances in future. We may be unable to prevent, detect or deter all instances of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

Our insurance policies may not provide adequate coverage for all claims associated with our business operations

As at the Latest Practicable Date, we have obtained insurance policies that we believe are customary for businesses of our scale and type and in line with the standard commercial practice in Hong Kong. For more details on our insurance policies, see the section headed "Business — Insurance" in this prospectus. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of reputation. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business and results of operations may be materially and adversely affected. Furthermore, we cannot assure that we will be able to renew the existing insurance policies on commercially reasonable terms.

Our intellectual property may not be adequately secured, which could adversely affect the value of our brands and our business.

We have branded our business in Hong Kong under the unified brand name of "1957 & Co.", and individual self-owned brands and franchised or sub-licensed brands. Please see "Appendix IV — Statutory and General Information — B. Further information about our business — 2. Our material intellectual property rights" in this prospectus for details of our trademarks. Our Directors believe that such brands are essential to our success and our competitiveness in the restaurant industry. However, there is no assurance that the pending applications would be successful and our Group and our franchisor and sub-licensor may not be able to protect its intellectual property adequately and we cannot assure that such intellectual property would not be infringed even if such applications are successful.

If our Group fails in any of its trademark registration applications, or that we are held by any court or tribunals in Hong Kong or overseas to have infringed on any trademarks of others, our business may be adversely affected. Our Group may also initiate proceedings upon any third parties' infringement of our intellectual property rights to protect and enforce our intellectual property, which could have a material adverse effect on our business and financial conditions because of the substantial costs involved and diversion of resources.

Moreover, even if any such litigation is resolved in favour of us, we may not be able to successfully enforce the judgment and remedies awarded by the court, and even if enforcement is successful, such remedies may not be adequate to compensate our Group for our actual or anticipated related losses, whether tangible or intangible. In such event, our financial performance and business reputation will be adversely affected.

Negative publicity or customer disputes and complaints regarding any infringing parties' unauthorized use of our or similar trademarks, brands and logos could dilute or tarnish our restaurants' brand appeal, which could materially reduce our sales, profitability and prospects even if we are able to successfully enforce our rights. Even if the use by an infringing restaurant of identical or similar trademarks, brands and logos does not confuse customers, the distinctive nature of our restaurants' brand image could be blurred because our trademarks, brands and logos may lose the distinctive association in the customers' awareness with our restaurants, which in turn could materially reduce our sales, profitability and prospects.

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

Our future success depends on the ability of our management team to work together and successfully implement our growth strategy while maintaining the strength of our brand. Our key management personnel includes our executive Directors, namely, Mr. Kwok, Mr. T Kwan, Mr. Lau and Mr. N Leung, and certain members of our senior management, namely Mr. Fong and Ms. Chan. If our management team fails to work together successfully, or if one or more of our management team member is unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner in which we expect. Competition for experienced management and operating personnel in the restaurant industry is intense, and the pool of qualified candidates is limited. We may not be able to retain the services of our key management and operating personnel or attract and retain high-quality senior executives or key personnel in the future.

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

Our planned expansion into new markets in the PRC presents risks.

We provide restaurant pre-opening and management consultancy services to restaurants in the PRC and have invested in or may, from time to time, invest in and hold minority interest in companies operating such restaurants in certain regions in the PRC where we have little or no operating experience, including Shanghai and Guangzhou. During the Track Record Period, we owned, in minority interest, and managed two restaurants in Qingdao, the PRC. As at the Latest Practicable Date, we have disposed of our interests in these two restaurants. Management fees received from our restaurants located in the PRC amounted to approximately 0.2%, 0.2% and 0.2% of our total revenue during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively. The markets in the PRC which we target may have different business environments, competitive conditions, consumer preferences and discretionary spending patterns from our existing markets. As a result, any new restaurants we invest in or manage in those markets may be less successful than restaurants in our existing markets. Consumers in the new markets may not be familiar with our brands and we may need to build brand awareness in such markets through greater investments in advertising and promotional activities than we originally planned. We may find it more difficult in new markets to hire, train and retain qualified employees who share our business philosophy and culture. Restaurants opened in new markets may also have lower average sales or higher construction, occupancy or operating costs than restaurants in existing markets. In addition, we may have difficulty in finding reliable suppliers or distributors with adequate supplies of ingredients meeting our quality standards in the new markets. Sales at restaurants opened in new markets may take longer than expected to ramp up and reach, or may never reach, expected sales and profit levels, thereby affecting our overall profitability.

We cannot assure you that we can correctly anticipate or understand customer preferences in China, and our consultancy services and/or dishes and cuisines of our franchised brands would suit the customer preferences in China, which we would have limited control. If we are unable to identify customer preferences in China and develop, offer or adapt menu items accordingly, sales at our restaurants in China may be adversely affected.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.

We rely on our computer systems and network infrastructure across our operations to monitor the daily operations of our restaurants and food production and to collect accurate up-to-date financial and operating data for business analysis. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and results of operations.

We also receive and maintain certain personal information about our guests when accepting credit cards for payment. If our network security is compromised and such information is stolen or obtained by unauthorized persons or used inappropriately, we may become subject to litigation or other proceedings brought by cardholders and financial institutions that issue cards. Any such proceedings could distract our management from running our business and cause us to incur significant unplanned losses and expenses. Consumer perception of our brand could also be negatively affected by these events, which could further adversely affect our business and results of operations.

Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability.

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our 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 restaurants based in Hong Kong and the PRC 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, see the section headed “Financial Information — Factors Affecting Results of Operations and Financial Condition — Restaurant Sales” in this prospectus.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in China against us or our management named in the prospectus.

We are a company incorporated under the laws of the Cayman Islands. During the Track Record Period, a majority of our businesses, assets and operations were located in Hong Kong. All of our Directors and executive officers reside in Hong Kong. As at the Latest Practicable Date, we operated eleven restaurants in Hong Kong. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》)(the “Arrangement”), pursuant to which a party with an enforceable final court judgment rendered by any designated PRC court or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant PRC court or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in the dispute did not agree to enter into a choice of court agreement in writing. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. As a result, recognition and enforcement in Hong Kong or the PRC of judgments of a court in the United States and any of the other jurisdictions mentioned above in relation to any matter not subject to binding arbitration awards may be difficult or impossible.

Although we will be subject to the GEM Listing Rules and the Takeovers Code upon the Listing, our Shareholders will not be able to bring actions on the basis of violations of the GEM Listing Rules, which do not have the force of law in Hong Kong, and must rely on the Stock Exchange to enforce its rules. Moreover, the Takeovers Code also does not have the force of law in Hong Kong and provides only standards of commercial conduct considered acceptable for takeover and merger transactions and share purchases in Hong Kong.

In addition, since we are incorporated under the laws of the Cayman Islands and our corporate affairs are governed by the laws of the Cayman Islands, it may not be possible for you to bring an action against us or against our Directors or officers based upon Hong Kong laws or PRC laws in the event that you believe that your rights as a shareholder have been infringed.

RISKS RELATING TO OUR INDUSTRY

Our business depends on the macro-economic situation in Hong Kong and may be adversely affected by reductions in discretionary consumer spending as a result of downturns in the economy and increase in inflation.

The restaurant industry is affected by macro-economic factors, including changes in international, national, regional and local economic conditions, employment levels and consumer spending patterns. In particular, our core business is operating restaurants in Hong Kong and accordingly, our results of operations are closely affected by the macro-economic conditions in Hong Kong. Any deterioration of the Hong Kong economy, decrease in disposable consumer income, fear of a recession and decreases in consumer confidence may lead to a reduction of guest traffic and average spending per invoice at our restaurants, which could materially and adversely affect our financial condition and results of operations.

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

The Hong Kong restaurant industry has been, and will continue to be, significantly impacted by tourists' desire and willingness to travel to and stay in Hong Kong. Any reduction in the number of tourists to Hong Kong could have a material adverse effect on the restaurant industry in Hong Kong.

The Hong Kong restaurant industry has been, and will continue to be, significantly impacted by the desire and willingness of tourists to travel to and stay in Hong Kong and their activity here. The total number of visitors to Hong Kong reduced by approximately 4.5% from 2015 to approximately 56.7 million in 2016 according to the Industry Report. Any restrictions on PRC tourists visiting Hong Kong, further appreciation of the Hong Kong dollar against the RMB or other currencies, increases in transportation or fuel costs, workers' strikes in the transportation industry, natural disasters, terrorists' acts, riots, civil commotions or adverse weather conditions may also deter tourists from visiting Hong Kong. Any future reduction in the number of tourists to Hong Kong and any of the above factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Group operates in a highly competitive and fragmented industry which could prevent us from increasing or sustaining our revenue and profitability.

The restaurants in our Group under different brands individually face intense competition from a large range of restaurant chains and individual restaurant operators who target the same or similar group of customers. There are numerous restaurants in Hong Kong offering similar cuisines which compete with our Group in terms of, among other things, taste, quality, price, customer service, and the overall dining experience. Some of our competitors may have longer operating history, larger customer bases, better brand recognition and reputation, and better financial position, marketing strategies and public relations resources. We face significant competition at each of our locations from a variety of restaurants under different brands. As we face intense competition from other competitors as well as new market entrants, our business and results of operations may be adversely affected in the event that we are not able to stay competitive in terms of our pricing, or there is deterioration in the quality of our dishes or our level of service.

As our Group intends to expand our restaurant network, we have to compete with other restaurant operators and retailers for space and experienced employees in Hong Kong and in the PRC. The competition for prime locations may increase the bargaining power of landlords and thus lead to potentially high rents for prime locations. Consequently, our Group may not be able to rent these prime locations on terms which are comparable to those offered to our existing restaurants, or our competitors may offer better terms than those offered by our Group. We may also have to offer experienced management staff higher wages in order to recruit or retain them. Such instances will increase our operating costs, thereby affecting our financial performance.

The operation of a food and beverage business and serving of alcohol in Hong Kong is subject to stringent licensing requirements, environmental protection regulations and hygiene standards which can increase the operating costs of the business.

The operation of a food and beverage business and serving of alcohol in Hong Kong is highly regulated under Hong Kong laws. We are required to comply with numerous legislations, including environmental protection regulations, hygiene standards, restaurant licence and liquor licence. There can be no assurance that the requirements for obtaining such restaurant licences, water pollution control licences and liquor licences in Hong Kong will not become more stringent or that we will be able to comply with the relevant regulations or even be able to renew the existing licences in a timely manner or at all.

Any failure by us to comply with the existing regulations, or any future legislative changes, or obtain or renew any licenses could result in our Group incurring significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or a suspension of any part of our business, which could materially and adversely affect our financial condition and results of operations. Our Group may have to incur more costs in complying with any changing laws and regulations in relation to the food and beverage industry on hygiene, fire and safety standards. In addition, should our Group fail to comply with these stringent requirements and are unable to timely renew our licences, our restaurants may be required by the relevant authority to temporarily or permanently cease operations and in such circumstances our profitability may be adversely affected.

We face risks related to instances of food-borne illnesses, health epidemics and other outbreaks.

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

We also face risks related to health epidemics. Past occurrences of epidemics or pandemics, depending on their scale of occurrence, have caused different degrees of damage to the economy in Hong Kong. For example, in 2003, certain Asian countries and regions, including the PRC, Hong Kong and Taiwan, encountered an outbreak of Severe Acute Respiratory Syndrome, or SARS, a highly contagious form of atypical pneumonia. A recurrence of SARS or an outbreak of any other epidemics or pandemics, including influenza A (H1N1) and avian flu (H5N1), in the areas where we have restaurants may result in quarantines, temporary closures of our restaurants, travel restrictions or sickness or death of key personnel and our guests. Any of the above may cause material decreases in guest traffic and disruptions to our operations, which in turn may materially and adversely affect our business and results of operations.

RISKS RELATING TO PRC

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could materially and adversely affect our business and results of operations.

As at the Latest Practicable Date, we provide restaurant consultancy services to customers who own and/or operate restaurants in the PRC. Accordingly, our business, financial condition, results of operations and prospects could be affected by economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the degree of government involvement, the level of development, the growth rate, the control of foreign exchange, access to financing, and the allocation of resources. Restaurant dining is discretionary for customers and tends to be higher during periods in which favourable economic conditions prevail. Customers' tendency to become more cost-conscious as a result of an economic slowdown or decreases in disposable income may reduce our customer traffic or average revenue per customer, which may adversely affect our revenues.

While the Chinese economy has experienced significant growth in the past 30 years, growth has been uneven geographically, among various sectors of the economy and during different periods. We cannot assure you that the Chinese economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such slowdown will not have a negative effect on our business. We cannot assure you that the various macroeconomic measures, monetary policies and the economic stimulus package adopted by the PRC government to guide economic growth and the allocation of resources will be effective in sustaining the fast growth rate of the Chinese economy. In addition, such measures, even if they benefit the overall Chinese economy in the long-term, may adversely affect us if they reduce the disposable income of our customers or dampen their willingness to dining at restaurants and accordingly, may negatively affect our targeted customers' willingness to engage us for the provision of restaurant consultancy services.

Uncertainties with respect to the PRC legal system could materially and adversely affect us.

We may invest in operating subsidiaries of certain restaurants in the PRC when appropriate as a minority investment and we have established 1957 & Co. (Management) (Shenzhen) as our operating subsidiary for future restaurant consultancy services in the PRC. Thus, our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes and regulations. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because published court decisions are limited in number and are nonbinding, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may be subject to fines and other penalties applied retroactively for violations of policies and rules enacted in the future based on acts that are currently permissible. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Share Offer to make loans or additional capital contributions to our PRC subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

In utilising the proceeds of the Share Offer in the manner described in the section headed "Future Plans and Use of Proceeds", as an offshore holding company of our PRC subsidiary, we may make loans, additional capital contributions to our PRC subsidiaries or a combination thereof. Any loans to our PRC subsidiary is subject to PRC regulations and approvals.

For example, loans by us to our wholly-owned subsidiaries in the PRC, which is a foreign invested enterprise, to finance its activities cannot exceed statutory limits and must be registered with SAFE or its local counterpart.

In addition, any capital contributions to our PRC wholly-owned subsidiary must be registered, approved by or filed with the Ministry of Commerce or its local counterpart. Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of an foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (1) directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; (2) directly or indirectly used for investment in securities unless otherwise provided by relevant laws and regulations; (3) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third party) or repaying bank loans in Renminbi that have been sub-lent to the third party; and (4) paying expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises). Violations of Circular 19 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We rely on dividends and other distributions paid by our wholly-owned subsidiaries in China to fund any cash and financing requirements we may have, and any limitation on the ability of our operating subsidiaries to pay dividends to us could have a material adverse effect on our ability to borrow money or pay dividends to holders of our Shares.

We are a holding company and conduct all of our business through our subsidiaries. We may receive dividends and other payments from our wholly owned subsidiary in China for our cash needs, including funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. If our Chinese subsidiary incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to make payments or distributions to us. Furthermore, relevant Chinese laws and regulations permit payments of dividends by Chinese subsidiary only out of its retained earnings, if any, as determined in accordance with Chinese accounting standards and regulations.

Under Chinese laws and regulations, our PRC subsidiary is required to set aside at least 10% of its after-tax profit each year based on PRC accounting standards to fund a statutory surplus reserve, until the accumulated amount of such reserve has exceeded 50% of its registered capital. This reserve is not distributable as dividends except in the event of liquidation of this subsidiary. As a result, our PRC subsidiary is restricted in their ability to transfer a portion of their net assets to us or any of our other subsidiaries in the form of dividends, loans or advances. Limitations on the ability of our PRC subsidiary to pay dividends to us or any of our other subsidiaries could materially and adversely limit our ability to borrow money outside of China or pay dividends to holders of our Shares. Also see "— Risks Relating to the PRC — The dividends we receive from our Chinese subsidiary and our global income may be subject to Chinese tax under the PRC EIT Law which would have a material adverse effect on our results of operations; our non-PRC Shareholders will be subject to a Chinese withholding tax upon the dividends payable by us and gains on the sale of Shares, if we are classified as a Chinese 'resident enterprise'" in this section below in this prospectus.

The dividends we receive from our Chinese subsidiary and our global income may be subject to Chinese tax under the PRC EIT Law, which would have a material adverse effect on our results of operations; our non-PRC Shareholders will be subject to a Chinese withholding tax upon the dividends payable by us and gains on the sale of Shares, if we are classified as a Chinese "resident enterprise".

Under the EIT Law (promulgated by the National People's Congress on March 16, 2007 and became effective on January 1, 2008), dividends, interests, rent, royalties and gains on transfers of property payable by a foreign-invested enterprise in China to its foreign investor who is a non-resident enterprise will be subject to a 10% withholding tax, unless such non-resident enterprise's jurisdiction of incorporation has a tax treaty with China that provides for a reduced rate of withholding tax. Under the arrangement for avoidance of double taxation between China and Hong Kong, the effective withholding tax for dividends applicable to a Hong Kong non-resident company is currently 5% if it directly owns no less than a 25% stake in the Chinese foreign-invested enterprise.

Under the EIT Law, an enterprise established outside China with its "de facto management body" within China is considered a "resident enterprise" in China and is subject to the Chinese enterprise income tax at the rate of 25% on its worldwide income. The EIT Law and its implementation rules are relatively new and contain ambiguous language, especially relating to the identification of PRC-sourced income. We cannot assure you that our Company will not be deemed to be a PRC resident enterprise under the EIT Law and be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income. If the Chinese tax authorities subsequently determine that our Group should be classified as a resident enterprise, non-PRC Shareholders will be subject to a 10% withholding tax upon dividends payable by us and gains on the sale of Shares under the EIT Law. Any such tax may reduce the returns on your investment in our Shares.

RISKS RELATING TO THE SHARES AND THE SHARE OFFER

There is no existing public market for our Shares and an active trading market for our Shares may not develop or be sustained.

Prior to the Share Offer, there has not been a public market for our Shares. We have applied for the listing of and dealing in our Shares on the Stock Exchange. However, even if approved, we cannot assure you that an active and liquid public trading market for our Shares will develop following the Share Offer, or, if it does develop, it will be sustained. If an active and liquid public trading market for our Shares does not materialise, you may have difficulty selling any of our Shares that you purchase. Accordingly, we cannot assure you that the liquidity and market price of our Shares will not fluctuate.

The Offer Price range for our Shares was the result of, and the final Offer Price will be the result of, negotiations among us and the Joint Bookrunners (for themselves and on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market after the Share Offer. Therefore, our Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares purchased in the Share Offer.

The trading prices and volume of our Shares may be volatile, which could result in substantial losses to you.

The trading prices and volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the trading price performance of other restaurant companies based in Asia may affect the trading price of our Shares. The financial market in Hong Kong and other countries have in the past experienced price and volume fluctuations. Volatility in the price of our Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

Your interest may be diluted as a result of additional equity fund-raising

We may need to raise additional funds in the future to finance further expansion of, or new developments relating to, our existing operations. If additional funds are raised through the issue of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced, thereby resulting in dilution. Furthermore, such newly issued securities may confer rights, preferences or privileges superior to those of the existing Shares.

Our Shareholders might experience an immediate dilution in the book value of their Shares purchased in the Share Offer and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Share Offer. Therefore, our Shareholders might experience an immediate dilution in pro forma net tangible assets value of HK$0.27 per Share, based on the maximum Offer Price of HK$0.875.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Our Shareholders may experience further dilution in the net tangible assets book value per Share if we issue additional Shares at a price lower than the net tangible assets book value per Share at the time of their issue.

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

Sales of substantial amounts of our Shares in the public market after the completion of the Share Offer, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. In addition to the lock-up required under the GEM Listing Rules, our Controlling Shareholders have voluntarily undertaken to each of us, the Joint Bookrunners, the Sole Sponsor and the Public Offer Underwriters that any Shares held by them will be subject to lock-up for a certain period after the Listing that is longer than as required under the GEM Listing Rules. Such voluntary lock-up undertaking may be waived by the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters). See the section headed

"Underwriting — Underwriting Arrangements and Expenses — Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertaking by our Controlling Shareholders" in this prospectus. If such voluntary lock-up undertaking is waived by the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) without recommendation or approval of our independent non-executive Directors or the independent Shareholders in such regard, our Shares held by our Controlling Shareholders will be tradable in the market. There can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

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

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

Our Controlling Shareholders, may exert substantial influence over our operation and may not act in the best interests of our public Shareholders.

Immediately following the Share Offer, Mr. S Leung, Mr. T Kwan and Mr. Kwok, our Controlling Shareholders will own approximately 51.8% of our issued share capital, without taking into account of the Shares which may be issued upon the exercise of the Offer Size Adjustment Option. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in our control that would otherwise benefit our Shareholders. The interests of our Controlling Shareholders may not always align with our or your best interests. If the interests of our Controlling Shareholders conflict with our interests or our other Shareholders, or if our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with our interests or other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

Dividends paid in the past should not be treated as indicative of future dividend payments or our future dividend policy.

During the Track Record Period, we declared and paid dividends in the amount of approximately HK$2.2 million and HK$1.5 million to our shareholders for the years ended 31 December 2015 and 2016, respectively. Purchasers of the Offer Shares in the Share Offer will not be entitled to these dividends. Future dividends on our Shares will be declared by our shareholders or Directors and are subject to the recommendation of our Board of Directors at its sole and absolute discretion in accordance with our Articles of Association (subject to financial covenants and other restrictions that may exist with respect to financing arrangements or other agreements we may enter into). The payment and the amount of any dividends will depend on our earnings, financial condition, results of operations, cash flows, statutory and regulatory restrictions on the payment of dividends by us, future prospects and other factors that our Directors may consider relevant. We cannot assure you that future dividends will be declared or paid in an amount equivalent to or exceeding historical dividends. Therefore, you should be aware that historical dividends are not indicative of the amount or frequency of future dividends or our future dividend policy.

For a discussion of our intention regarding dividend distribution, see "Financial Information — Dividend and distributable reserve" in this prospectus.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in the press articles, other media and/or research analyst reports regarding us, our business, our industry and the Share Offer.

There has been, prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Share Offer, press, media, and/or research analyst coverage regarding us, our business, our industry or the Share Offer. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or the appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analyst regarding the Shares, the Share Offer, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of information contained in this prospectus only and should not rely on any other information.

We cannot guarantee the accuracy of certain facts and statistics contained in this prospectus.

Certain facts and statistics in this prospectus have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by us or any of the Sole Sponsor, the Joint Bookrunners, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this prospectus.

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

This prospectus contains certain statements that are "forward-looking" and uses forward looking terminology such as "anticipate", "estimate", "believe", "expect", "may", "plan", "consider", "ought to", "should", "would", and "will". Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operation, liquidity and capital resources.

Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the GEM Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information. See "Forward-looking Statements" in this prospectus.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Islands company law and common law of 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 established under statutes or judicial precedent in existence in Hong Kong. This may mean that the remedies available to our Company's minority shareholders may be different from those they would have under the laws of other jurisdictions. A summary of Cayman Islands company law is set out in Appendix III to this prospectus.

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 GEM Listing Rules for the purpose of giving information with regard to 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.

STRUCTURE OF THE SHARE OFFER AND UNDERWRITING

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

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

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company by Sunday, 3 December 2017, or such later date or time as may be agreed by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company. The Offer Price is currently expected to be not more than HK$0.875 and not less than HK$0.625. The Joint Bookrunners (for themselves and on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such a case, a notice of the reduction of the indicative Offer Price range will be published on the website of the Stock Exchange (**www.hkexnews.hk**) and our Company's website (**www.1957.com.hk**).

If the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Sunday, 3 December 2017, or such later date or time as may be agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, the Share Offer will not become unconditional and will not proceed.

An announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange (**www.hkexnews.hk**) and our Company's website (**www.1957.com.hk**) on Monday, 4 December 2017.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or by his/her acquisition of the Offer Shares will be deemed to confirm that he/she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and that he/she is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions. No action has been taken in any jurisdiction other than in Hong Kong to permit a public offering of the Offer Shares or the general distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation.

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

THIS PUBLIC OFFER AND THE PROSPECTUS

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

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

APPLICATION FOR LISTING ON GEM

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

No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

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

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

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.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for the Offer Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in our Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Underwriters and their respective directors or employees or any other persons involved in the Share Offer accepts responsibility for any tax effects on, or liability of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval 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 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 Listing Date, or on any other date HKSCC chooses.

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 and how 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 for our Shares to be admitted into CCASS.

HONG KONG SHARE REGISTRAR AND STAMP DUTY

All the Offer Shares will be registered on the branch share register of our Company in Hong Kong to be maintained in Hong Kong by our Hong Kong Share Registrar, Tricor Investor Services Limited. Dealings in the Shares registered on our Company's branch share register maintained in Hong Kong will be subject to Hong Kong stamp duty. Dealings in the Shares registered on our principal register of members in the Cayman Islands will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

REGISTER OF MEMBERS

Our fully-paid Shares are freely transferable. The Shares may be registered on the principal register of members in the Cayman Islands or on the branch register of members of our Company in Hong Kong.

Our Company's principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Company's branch share register in Hong Kong will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong.

COMMENCEMENT OF DEALING IN THE SHARES

Dealing in the Shares on GEM is expected to commence on Tuesday, 5 December 2017 under the GEM stock code 8495. Shares will be traded in board lot of 4,000 Shares each.

Our Company will not issue any temporary document of title.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in US dollars and Hong Kong dollars. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date. Unless indicated otherwise, the translations between US dollars and Hong Kong dollars were made at the rate of US$1.00 to HK$7.80.

LANGUAGE TRANSLATION

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

ROUNDING

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

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Kwok Chi Po (郭志波)	Room 1507 Harbourview Horizon Tower 2 Hung Hom Kowloon	Chinese
Mr. Kwan Wing Kuen Tino (關永權)	Flat B, 7/F Shiu Fai Terrace Garden 3–4 Shiu Fai Terrace Hong Kong	Chinese
Mr. Lau Ming Fai (劉明輝)	G/F–1/F No. 286A Ting Kok Village Shan Liu Road Tai Po New Territories Hong Kong	Australian
Mr. Leung Nicholas Nic-hang (梁力恒)	214 Sheung Sze Wan Clear Water Bay Sai Kung New Territories Hong Kong	Chinese
Non-executive Director		
Mr. Leung Chi Tien Steve (梁志天)	214 Sheung Sze Wan Clear Water Bay Sai Kung New Territories Hong Kong	Chinese
Independent non-executive Directors		
Mr. How Sze Ming (侯思明)	Flat B, 59/F, Block 8 Lake Silver 599 Sai Sha Road Ma On Shan New Territories Hong Kong	Chinese
Mr. Ng Wai Hung (吳偉雄)	Flat B, 32/F, King Yu Court 43 and 45 Tin Hau Temple Road Hong Kong	Chinese
Mr. Chan Kam Kwan Jason (陳錦坤)	Flat A Block 4 Floor 10 Beverly Heights 56 Cloud View Road North Point Hong Kong	Chinese

Further information of our Directors can be found in the section headed "Directors and Senior Management" of this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**Halcyon Capital Limited** 11th Floor, 8 Wyndham Street Central Hong Kong
Joint Bookrunners	**Halcyon Securities Limited** 11th Floor, 8 Wyndham Street Central Hong Kong
	Opus Capital Limited 18th Floor, Fung House 19–20 Connaught Road Central Central Hong Kong
Public Offer Underwriters and Placing Underwriters	**Halcyon Securities Limited** 11th Floor, 8 Wyndham Street Central Hong Kong
	Opus Capital Limited 18th Floor, Fung House 19–20 Connaught Road Central Central Hong Kong
	Astrum Capital Management Limited Room 2704, 27/F, Tower 1, Admiralty Centre 18 Harcourt Road Hong Kong
	Ping An Securities Limited Unit 02, 2/F, China Merchants Building 152–155 Connaught Road Central Hong Kong

Legal advisers to our Company	*as to Hong Kong law* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central Hong Kong *as to Cayman Islands and BVI law* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands *as to PRC law* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing,100025 PRC
Legal adviser to the Sole Sponsor and the Underwriters	*as to Hong Kong law* **Hogan Lovells** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Reporting accountant and auditor	**PricewaterhouseCoopers** ***Certified Public Accountants*** 22nd Floor, Prince's Building Central Hong Kong
Compliance adviser	**Halcyon Capital Limited** 11th Floor, 8 Wyndham Street Central Hong Kong
Industry Consultant	**Euromonitor International Limited** 11 Keppel Road #06-00 ABI Plaza Singapore 089057

Legal Counsels	Mr. Chan Chung 10/F, Grand Building 15–18 Connaught Road Central Central Hong Kong
	Ms. Kong Siu Ching Cindy Rm 4701, Far East Finance Centre 16 Harcourt Road Admiralty Hong Kong
Tax Adviser	**Russell Bedford Hong Kong** Room 1708 Dominion Centre 43–59 Queen's Road East Wanchai Hong Kong
Property Valuer	**Cushman & Wakefield Limited** 16/F, 1063 King's Road Quarry Bay Hong Kong
Receiving bank	**DBS Bank (Hong Kong) Limited** 11/F., The Center 99 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong under Part 16 of the Companies Ordinance	Room 1004 Tung Chiu Commercial Centre 193 Lockhart Road Wanchai, Hong Kong
Company Website *(Note)*	**www.1957.com.hk**
Company secretary	Mr. Fong Chi Wing *(FCCA, HKICPA)* Flat G 32/F Tower 5 Aquamarine No. 8 Sham Shing Road Cheung Sha Wan Kowloon
Compliance officer	Mr. Kwok Chi Po Room 1507 Harbourview Horizon Tower 2 Hung Hom Kowloon
Members of audit committee	Mr. How Sze Ming *(Chairman)* Mr. Ng Wai Hung Mr. Chan Kam Kwan Jason
Members of remuneration committee	Mr. Chan Kam Kwan Jason *(Chairman)* Mr. How Sze Ming Mr. Kwok Chi Po
Members of nomination committee	Mr. Leung Chi Tien Steve *(Chairman)* Mr. Ng Wai Hung Mr. Chan Kam Kwan Jason
Authorised representatives (for the purpose of GEM Listing Rules)	Mr. Kwok Chi Po Room 1507 Harbourview Horizon Tower 2 Hung Hom Kowloon Mr. Fong Chi Wing Flat G 32/F, Tower 5 Aquamarine No. 8 Sham Shing Road Cheung Sha Wan Kowloon

Principal share registrar and transfer office	**Conyers Trust Company (Cayman) Limited** P.O. Box 2681 Cricket Square, Hutchins Drive 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
Principal bankers	**DBS Bank (Hong Kong) Limited** 11/F, the Center 99 Queen's Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation 1 Queen's Road Central Hong Kong

Note: The information on the website of our Company does not form part of this prospectus.

HONG KONG REGULATORY OVERVIEW

The following sets forth the most significant aspects of Hong Kong laws and regulations relating to our business operations in Hong Kong.

There are three principal types of licences required for the operation of our Group's restaurants in Hong Kong. They are as follows:

(a) food business licence, including general restaurant licence for restaurant operation which are required to be obtained before commencement of the relevant food business operation;

(b) water pollution control licence, which is required to be obtained before any discharge of trade effluents into a communal sewer or communal drain in a water control zone commences; and

(c) liquor licence, which is to be obtained before commencement of sale of liquor in the restaurant premises.

HEALTH AND SAFETY REGULATORY COMPLIANCE

General restaurant licence

Any person operating a restaurant in Hong Kong is required to obtain a general restaurant licence from the FEHD under the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong) and the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) (the "**FBR**") before commencing the restaurant business operation. It is provided under section 31(1) of the FBR that no person shall carry on or cause, permit or suffer to be carried on, among others, any restaurant business except with a licence granted under the FBR. FEHD will consider whether certain requirements in respect of health, hygiene, ventilation, gas safety, building structure and means of escape are met before issuing a general restaurant licence. The FEHD will also consult the Buildings Department and the Fire Services Department in accessing the suitability of premises for use as a restaurant, and the fulfilment of the Buildings Department's structural standard and the Fire Services Department's fire safety requirement are considered. The FEHD may grant provisional restaurant licences to new applicants who have fulfilled the basic requirements in accordance with the FBR pending fulfilment of all outstanding requirements for the issue of a full general restaurant licence.

A provisional restaurant licence is valid for a period of six months or a lesser period and a full general restaurant licence is generally valid 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 restaurant licence is renewable on one occasion and a full general restaurant licence is renewable annually.

Demerit points system

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

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

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

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

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

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

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

Restricted Food Permit

Under section 31(1), 31(A) and schedule 2 of the Food Business Regulations ("**FBR**") and according to the guideline of the Food and Environmental Hygiene Department, save with the restricted food permit, no person shall see, or offer or expose for sale, or possess for sale or for use in the preparation of any article of food for sale, any of the foods specified in Schedule 2 of the FBR (including sashimi, oysters to be eaten in raw state, live fish and shell fish).

Under section 35 of the FBR, any person who is guilty of an offence under section 31(1) may be liable to a maximum fine of HK$50,000, imprisonment for 6 months and HK$900 for each day where the offence is a continuing offence.

Hygiene Manager and Hygiene Supervisor Scheme

To strengthen food safety supervision in licensed food premises, the Food and Environmental Hygiene Department has introduced the Hygiene Manager and Hygiene Supervisor Scheme under which all large food establishments and food establishments producing high risk food are required to appoint a hygiene manager and a hygiene supervisor; and all other food establishments are required to appoint a hygiene manager or a hygiene supervisor. General restaurants which accommodate over 100 customers are required to appoint a hygiene manager and a hygiene supervisor. Food business operators are required to train up their staff or appoint qualified persons to take up the post of hygiene manager or hygiene supervisor. According to "A Guide to Application for Restaurant Licences

(September 2016 Edition)" of the Food and Environmental Hygiene Department, one of the criteria for the issuance of a provisional restaurant licence/full general restaurant licence is the submission of a duly completed nomination form for hygiene manager and/or hygiene supervisor together with a copy of the relevant course certificate(s).

Occupiers Liability Ordinance

The Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) (the "**OLO**") regulates the obligations of a person occupying or having control of premises for injury or damage resulting to persons or goods lawfully on the land or other property from dangers.

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

The FIU(F)R ensures that the proprietor of every workplace shall maintain a means of escape from the workplace in good condition and free from obstruction. Under regulation 5(1) of the FIU(F)R, the proprietor of every notifiable workplace shall maintain in good condition and free from obstruction every doorway, stairway and passageway within the workplace which affords a means of escape from the workplace in case of fire. The proprietor must also provide or maintain adequate and suitable fire extinguishers so as to be readily available for use. Regulation 14(5) of the FIU(F)R stipulates that proprietor who contravenes regulation 5(1) without reasonable excuse shall be liable to a fine of HK$200,000 and to imprisonment of six months upon conviction.

ENVIRONMENTAL REGULATIONS

Water pollution control licence

In respect of our operations in Hong Kong, we are required to obtain water pollution control licence from the Environmental Protection Department (the "**EPD**") prior to any discharge of trade effluents under the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) ("**WPCO**"). Under sections 8(1) and 8(2) of the WPCO, a person who discharges (i) any waste or polluting matters into 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. Under sections 9(1) and 9(2) of the WPCO, a person who discharges any matter into a communal sewer or communal drain into 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 section 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. A water pollution control licence is granted with terms and conditions specifying requirements relevant to the discharge, such as the discharge location, provision of wastewater treatment facilities, maximum allowable quantity, effluent standards, selfmonitoring requirements and keeping records.

A water pollution control licence may be granted for a period of not less than two years and generally five 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.

Under section 11 of the WPCO, (1) a person who commits an offence under section 8(1), 8(2), 9(1) or 9(2) is liable to imprisonment for six months and (a) for a first offence, a fine of HK$200,000; (b) for a second or subsequent offence, a fine of HK$400,000, and in addition, if the offence is a continuing offence, to a fine of HK$100,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

LIQUOR REGULATIONS

Liquor licence

In Hong Kong, a person must obtain a liquor licence from the Liquor Licensing Board (the "**LLB**") under the Dutiable Commodities (Liquor) Regulations (Chapter 109B of the Laws of Hong Kong) (the "**DCR**") before commencement of sale of liquor for consumption on the premises. It is provided under section 17(3B) of the Dutiable Commodities Ordinance (Chapter 109 of the Laws of Hong Kong) (the "**DCO**") that where regulations prohibit the sale or supply of any liquor except with a liquor licence, no person shall sell, or advertise or expose for sale, or supply, or possess for sale or supply, liquor except with a liquor licence.

Regulation 25A of the DCR prohibits the sale of liquor at any premises for consumption on those premises or at a place of public entertainment or a public occasion for consumption at the place or occasion except with a liquor licence. A liquor licence will only be valid if the relevant premises remain licensed as a restaurant. All applications for liquor licence are referred to the Commissioner of Police and the District Officer concerned for comments.

A liquor licence is valid for a period of two years or lesser period, subject to the continuous compliance with the requirements under the relevant legislation and regulations.

Our Group's employees have obtained liquor licences for our restaurants on whose premises liquor is sold for consumption.

Under section 46 and Schedule 2 of the DCO, a person who commits an offence under section 17 is liable to a maximum penalty of HK$1,000,000 and imprisonment for two years.

OCCUPATIONAL SAFETY REGULATIONS

Occupational Safety and Health Ordinance

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (the "**OSHO**") is purported to ensure the safety and health of employees when they are at work and aims to improve the safety and health standards applicable to certain hazardous processes, plant and substances used or kept in workplaces. The employer shall ensure the safety and health at works of all his employees by:

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

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

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

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

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

Under section 9(1) of the OSHO, the Commissioner for Labour may serve an improvement notice on an employer, or an occupier of premises where a workplace is located, if the employer or occupier is contravening the OSHO, or has contravened in circumstances that make it likely that the contravention will be continued or repeated. Section 9(2)(e) of the OSHO stipulates that an improvement notice must require the employer or occupier either to remedy the contravention within a period specified in the notice, or to refrain from continuing or repeating the contravention. Section 9(5) of the OSHO stipulates that an employer who, without reasonable excuse, fails to comply with a requirement of an improvement notice commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for 12 months.

EMPLOYMENT REGULATIONS

Employment Ordinance

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "**EO**") provides for, amongst other things, the protection of the wages of employees, to regulate general conditions of employment, and for matters connected therewith. Under section 25 of the EO, where a contract of employment is terminated, any sum due to the employee shall be paid to him as soon as it is practicable and in any case not later than seven days after the day of termination. Any employer who wilfully and without reasonable excuse contravenes section 25 of the EO commits an offence and is liable to a maximum fine of HK$350,000 and to imprisonment for a maximum of three years. Further, under section 25A of the EO, if any wages or any sum referred to in section 25(2)(a) of the EO are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Any employer who wilfully and without reasonable excuse contravenes section 25A of the EO commits an offence and is liable on conviction to a maximum fine of HK$10,000.

Employees' Compensation Ordinance

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**") establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the obligations of employers in respect of injuries sustained by, or death of their employees caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases suffered by the employees. Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay for the compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, under section 32 of the ECO, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. Further, section 40 of the ECO provides that an employer is not permitted to employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than that specified in the ECO.

Minimum Wage Ordinance

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (the "**MWO**") provides a statutory minimum wage for employees in Hong Kong. In essence, wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage, which was HK$34.5 per hour as at the Latest Practicable Date. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employees by the MWO is void.

Mandatory Provident Fund Scheme Ordinance

Section 7 of the Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) ("**MPFSO**") requires every employer of a relevant employee must take all practicable steps to ensure that the employee becomes a member of a registered scheme within the permitted period after the relevant time. Section 7A of the MPFSO requires an employer who is employing a relevant employee must, for each contribution period occurring after that commencement (a) from the employer's own funds, contribute to the relevant registered scheme the amount determined in accordance with MPFSO; and (b) deduct from the employee's relevant income for that period as a contribution by the employee to that scheme the amount determined in accordance with MPFSO.

The amount to be contributed and/or deducted by an employer for a contribution period is in the case of a casual employee who is a member of an industry scheme, an amount determined by reference to a scale specified in an order made in accordance with MPFSO.

The information that appears in this section has been prepared by Euromonitor, the Company's industry consultant and an Independent Third Party, and reflects estimates of market conditions based on publicly available sources and trade opinion surveys. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of the Shares or the advisability of investing in our Group. The Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Bookrunners, the Underwriters or any of their affiliates or advisers or any other party involved in the Share Offer (other than Euromonitor) and none of them gives any representations as to its accuracy and the information should not be unduly relied upon in making, or refraining from making, any investment decision.

REPORT COMMISSIONED FROM EUROMONITOR

We commissioned Euromonitor to conduct an analysis of and produce a report on the full service restaurant industry in Hong Kong and the PRC. We paid a total of US$69,700 (equivalent to approximately HK$543,660) to Euromonitor for the preparation and use of the Industry Report in this prospectus.

Euromonitor is an independent global strategy research firm for both consumer and industrial markets founded in 1972. It offers industry research and market research consulting services. Euromonitor has offices in London, Chicago, Singapore, Shanghai, Vilnius, Dubai, and Cape Town and Euromonitor's research has been sought and included in numerous prospectuses for companies seeking public listing. Our Directors confirm that Euromonitor, including all of its subsidiaries, divisions and units, are Independent Third Parties.

Euromonitor's independent research was undertaken through both secondary and primary research obtained from various publicly available sources, including official government publications in Hong Kong, as well as trade opinion surveys, information provided by international organisations and industry sources. Secondary research involved reviewing company reports, independent research reports and data based on Euromonitor's own research database. Primary research involved interviews with a sample of leading industry participants in the consumer food service industry and related industry experts.

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

Assumptions and Parameters

The Industry Report was prepared based on the following assumptions:

- The Hong Kong and the PRC economy is expected to maintain steady growth over the forecast period.
- The Hong Kong and the PRC social, economic, and political environment is expected to remain stable in the forecast period.
- There will be no external shock, such as financial crisis or raw material shortage that affects the demand and supply of food products in Hong Kong and the PRC during the forecast period.

The research results may be affected by the accuracy of these assumptions and the choice of these parameters. The market research was completed in August 2017 and all statistics in the Industry Report are based on information available at the time of reporting.

OVERVIEW OF THE HONG KONG RESTAURANT INDUSTRY

Hong Kong's GDP grew from HK$1,934.4 billion in 2011 to HK$2,491.0 billion in 2016 with a CAGR of 5.2%. Total consumer expenditure on food exhibited robust growth, growing from HK$179.6 billion in 2011 to HK$244.5 billion in 2016, with a CAGR of 6.4%. According to the Census and Statistic Department of Hong Kong, the total restaurant receipts experienced a mild increase over 2011 to 2016 at a CAGR of 3.8%, from HK$89.3 billion in 2011 to HK$107.4 billion in 2016.

In Hong Kong, the consumer food service industry can be further divided into full service restaurants, fast food shops, bars, and other eating and drinking establishments. Full service restaurants are made up of both Chinese and non-Chinese restaurants and include all sit-down establishments where the focus is on food rather than on drinks. They also have table service and generally have a higher quality of food compared to fast food. Casual dining is a segment of full-service restaurants and is differentiated by its ambience, price, and outlet image. The price range for casual dining is lower than that of fine dining, while the atmosphere tends to be more relaxed. Casual dining full-service restaurants are often themed restaurants which can be part of a chain or franchise that have a distinctive, deliberate, and consistent image.

In addition to Chinese cuisine, Hong Kong, being a multi-cultural city, also offers numerous non-Chinese options such as Thai, Vietnamese, Japanese, Italian, Indian, Korean, French, American, Mexican and German. Local cuisine is the most popular, but other Asian cuisines are also widely accepted by local consumers. Other Asian cuisines can help satiate residents' desire for something other than local cuisines, but are also somewhat close and familiar to local dishes and thus easily palatable.

Foodservice Value Sales of Asian and Non-Asian Full-Service Restaurants (2011–2016)

HK$ million	2011	2012	2013	2014	2015	2016	CAGR
Asian Full-Service Restaurants	47,299.5	48,773.8	50,441.6	51,580.0	53,550.5	53,777.4	2.6%
Non-Asian Full-Service Restaurants	12,577.2	13,274.2	13,728.3	14,025.6	14,299.5	14,817.6	3.3%
Total	59,876.7	62,048.1	64,169.9	65,605.6	67,849.9	68,595.0	2.8%

Source: Euromonitor Passport Data, Consumer Foodservice — 2017 Edition

During 2011 to 2016, Asian full-service restaurants remained as the main stream of full-service restaurants in Hong Kong and accounted for over 75% of the foodservice value sales of full-service restaurants during the period. However, the growth in foodservice value sales of Asian full-service restaurants was relatively mild at a CAGR of approximately 2.6% during 2011 to 2016, as compared to a CAGR of approximately 3.3% for non-Asian full-service restaurants during the same period.

On the other hand, full-service restaurants in Hong Kong may be further classified into chain restaurants and non-chain restaurants, with non-chain restaurants contributing over 80% of the foodservice value sales of full-service restaurants during 2011 to 2016.

COMPETITIVE ENVIRONMENT OF HONG KONG FULL-SERVICE RESTAURANT INDUSTRY

Fragmented and competitive industry

Hong Kong has a very competitive and highly fragmented full service restaurant industry. In 2016, there were approximately 8,600 outlets in the market mostly comprising non-chain restaurants. The industry is so fragmented that the top five players in the industry only account for about 7% of the value sales of the market in 2016. The leading brands in the full-service restaurant industry generally operate chain restaurants in the low-end to mid-end pricing market segment, offering casual dining atmosphere.

Asian full-service restaurants remain fragmented

The competitive landscape of the Asian full-service restaurant industry in Hong Kong is highly fragmented with approximately 6,700 restaurant outlets in total and the largest five brands comprising a combined market value share of approximately 9% in 2016.

The leading brands in the Asian full-service restaurant sector are chain restaurants, and the majority of which operate more than 20 outlets across Hong Kong. Currently, the Asian full-service restaurants are known to offer a wide range of cuisines comprises Chinese cuisines such as Cantonese, Beijing, Sichuanese, Shanghainese and Taiwanese, and non-Chinese cuisines, especially Japanese, Thai, Vietnamese, Korean and Indian.

Most Asian chain restaurants are able to benefit from better resource allocation, economies of scale and standardized management systems.

MARKET DRIVERS AND OPPORTUNITIES FOR THE HONG KONG FULL-SERVICE RESTAURANT INDUSTRY

Key Drivers for the Hong Kong Full-Service Restaurant Industry

The full-service restaurant industry in Hong Kong has been mainly driven by the following drivers in the last few years.

Tourism

The total number of visitors to Hong Kong grew from about 41.9 million in 2011 to 56.7 million in 2016 although there was a decline in 2016 by 4.5%. Visitors are generally segmented into business travellers and general tourists. Business travellers contribute mostly to high-end restaurants while the rest are a major client group for full-service restaurants in shopping malls and tourists near attractions.

Increased need for convenient options

Long working hours of Hong Kong residents have increased the need for convenient options that can complement their busy lifestyles. In addition, the average size of Hong Kong family is small and these consumers normally seek affordable and flexible dining options as it may be too troublesome to prepare meals at home. These factors remained key drivers of the full-service restaurants' revenue growth over the past few years.

Slower growth in disposable income leads to preference for cheaper dining options

Lower growth in disposable income has affected the full service restaurant industry in Hong Kong. Mid to high end restaurants have experienced a slight drop in receipts, while low or mass market restaurants have recorded growth.

Transformation into fast-casual dining concepts

Many full-service restaurants are under transformation into fast casual dining concepts, catering to the growing demand from consumers. Customer experience is the key aspect that food operators are trying to improve. This includes inventive menus and unique customer service that can help attract consumers. This is especially crucial when restaurant operators are trying to attract millennials who opt for more relaxed dining ambience. More full service restaurants are also trying to increase customer base by making their restaurant premises more flexible by means such as increasing offering of alcoholic drinks or appetizers and restructuring outlets to provide flexible seating areas and self-ordering counters.

Restaurant operators diversify cuisine portfolio within group

One of the major trends observed among operators of non-Chinese restaurant groups is that they are opening more individual restaurants rather than chains. They generally diversify their offer with a portfolio of different types of cuisines, e.g. Italian, Spanish, British, Vietnamese, Thai, Fusion and special concepts.

Opportunities for the Hong Kong Full-Service Restaurant Industry

Slowing economy drives growth of lower end restaurants

Food consumption expenditure grew even slower at 3.4% in 2016, compared to a 4.1% annual growth in 2015 and a 7% annual growth in 2014. Due to the economic downturn, consumers are being more conservative and choosing value for money options when dining out. This is beneficial to restaurants who are positioned to target mass market consumers.

Moderate recovery over the forecast period

The full service restaurant industry is expected to have a moderate recovery over 2017 to 2021 with a CAGR of 3.72%. Continued underperformance in the retail sector is forecasted to continue to ease rents further and malls are expected to redevelop their properties to accommodate more food and beverage options. Food service industry may grow by securing a prime location with more foot traffic at lower rent, and focuses on areas such as interior design of dining space to attract consumers, restructuring menus to offer novel dining experiences and using delivery services to increase sales.

Growth is also expected to come from continued increase in crossover between market segments, such as fine dining restaurants rolling out casual dining propositions and dine in chains offering more take away and delivery options. Restaurants are also expected to continue delivering differentiated propositions in order to lure in more consumers.

The economic slowdown is also expected to continue to shift consumers towards cheaper options and is expected to benefit those in the mass market and fast casual dining segment. This is also an opportunity for premium restaurants to branch out to offer more price-friendly outlets with their popular dishes. Such price-friendly option may be a café type establishment that offers simpler dishes at a lower price range, value meal options or lunch and dinner sets which are perceived to be more economical, with interior decorations that are simpler than the more premium restaurant.

Foodservice Value Sales of Full-Service Restaurants (2017–2021)

HK$ million	2017	2018	2019	2020	2021	CAGR
Asian Full-Service Restaurants	55,341.6	57,214.6	59,179.4	61,305.3	63,561.2	3.52%
Non-Asian Full-Service Restaurants	15,432.7	16,126.8	16,837.0	17,580.4	18,345.3	4.42%
Total	70,774.3	73,341.4	76,016.4	78,885.7	81,906.5	3.72%

Source: Euromonitor Passport Data, Consumer Foodservice — 2017 Edition

Rising consumer sophistication for novel dining

As Hong Kong residents and tourists alike become more sophisticated in their dining preferences, many are expected to demand value-for-money dining propositions that can offer new dining experiences as well as good customer service. Food ambience, authenticity of food cuisine, WiFi and novelty of the place are just some of the factors that consumers look for.

Social media to help generate user reviews to boost restaurants' reputation

The presence of social media has helped spread consumer awareness not just on specific restaurants, but also on smaller up and coming cuisines. Social media platforms and forums such as OpenRice have often outpaced word-of-mouth marketing. The development of online advertisements, mobile applications, and rise of amateur gourmet websites has helped to raise and maintain the overall popularity of full-service restaurants. Social media is also very popular, with young adults sharing their comments, reviews, and pictures at every meal. Discovery of new dishes through social media often helps consumers when choosing new and innovative meal options, while food service operators had to learn to quickly adapt to these food trends to stay competitive.

MARKET ENTRY BARRIERS FOR THE HONG KONG FULL-SERVICE RESTAURANT INDUSTRY

The major barriers to entry for full service restaurant segment in Hong Kong, include (i) low survival rates for new entrants; (ii) large capital investment; (iii) difficulty in securing rental space; and (iv) difficulty in hiring and keeping staff.

CHALLENGES FOR THE HONG KONG FULL-SERVICE RESTAURANT INDUSTRY

The full-service restaurant industry in Hong Kong is expected to face the following challenges in the next few years.

High staff cost

Rising staff cost and increasing statutory minimum wage in Hong Kong is a challenge to restaurant operators who may have to further absorb wage increases even as their operational costs get higher.

Labour shortage

Labour shortage accompanied by high staff turnover will remain a challenge to the restaurant industry. Those who are paid the minimum wage are more attracted to industries like property management or security, which provide similar pay but better working environment. Overworked staff are often stretched to cover more work and longer hours, leading to longer wait times and poorer service experience for the consumers.

High rent

Retail rent in Hong Kong has mostly been increasing over the review period. To maintain customer loyalty, reduce bill shock, and remain in business, full service restaurants are often compelled to make do with smaller profit margins by absorbing increases in rent. In addition, higher rental rates may make it more difficult to find suitable locations and restaurant owners may have to settle for premises that are not ideal but available at lower rent.

Popularity of concept can lead to increased competition and market saturation

Once a dining concept becomes popular, other establishments often try to copy the concept, hoping to achieve the same success. This leads to increased competition in the market, loss of novelty of the concept, and eventual taste saturation among consumers.

MAJOR COSTS FOR FULL SERVICE RESTAURANTS IN HONG KONG

Prime Cost of Full Service Restaurants

A restaurant's prime cost is the total cost of goods plus gross labour costs for all employees. Cost of goods would include costs related to food, beverage, and disposable cutlery among other things. Gross labour costs cover all costs of restaurant employees inclusive of payroll, insurance, and other benefits. As reported by the Census and Statistics Department of Hong Kong, over the period of 2011–2015, prime cost (an aggregation of 'cost of goods sold' and 'compensation of employees') averaged at 62% of overall business receipts whilst rental costs was estimated to average at 14%.

Average Prime Cost and Rental Cost for Food Services as a Percentage of Total Business Receipts (2011–2015)

	2011	2012	2013	2014	2015	Average
Cost of Goods Sold	35%	34%	33%	33%	32%	33%
Compensation of Employees	28%	28%	28%	29%	29%	28%
Prime Cost Percentage	***63%***	***62%***	***61%***	***62%***	***61%***	***62%***
Rental Costs as a Percentage of Total Operating Expenses*(Note 1)* for Food Services	22.9%	23.5%	24.2%	24.9%	25.3%	24.2%
Total Operating Expenses*(Note 1)*	58%	58%	59%	60%	60%	59%
Rental Cost percentage*(Note 2)*	***13%***	***14%***	***14%***	***15%***	***15%***	***14%***

Source: Census and Statistics Department of Hong Kong

Notes:

1. Total operating expenses include compensation of employees, rent, rates, and government rent for land and buildings and other operating expenses, but excludes Cost of Goods Sold.

2. Rental cost as a percentage of business receipts is estimated on the basis of rental cost vis-a-vis total operating expenses as a percentage of business receipts

However, since each restaurant is different, prime costs are often disparate and will generally vary across each restaurant depending on factors such as service style, cuisine, décor, size, location and others.

Private Retail Rent in Hong Kong

Retail rent experienced consistent year on year growth from 2011 to 2014. The growth rate peaked in 2012 with average per square metre rent rising 13% before growth started to moderate from 2013 to 2015. Nominal rent is at its highest at 2014. With rent being a core component to operational cost of restaurants, this significantly impacted the profit margins of operators. In 2015, given the general economic downturn, restaurant operators gained some respite with rental rates falling for the first time during the past few years within the Hong Kong Island and Kowloon regions. Rent further decreased considerably by 7% for 2016.

Market Trend for Major Food Ingredients Used by Full-Service Restaurants

Rising raw ingredient prices on top of increasing rental and labor costs have added pressure to the operating cost of restaurants, which sometimes have been passed on to consumers through higher menu prices. However, the competitive nature of the restaurant industry meant that there is limitation to the price increase for diners.

While the CPI is reflective of prices of goods purchased by consumers, costs to restaurants are often determined by various additional factors such as their trade relations and the quantity of their order, which may allow them to experience economies of scale. Special relations with trade suppliers are especially important for full service restaurants that procure premium ingredients such as Wagyu beef and imported tuna. Special supply arrangements between the company and the supplier can allow restaurants to get not only the freshest produce available, but also at the best available price. In some instances where quality is more important in order to maintain authenticity of a cuisine, trade players are also more willing to pay a premium to get the freshest product available as opposed to just sourcing for the cheapest price available. In addition, companies will also often directly import premium or specialized products and cut out middle men altogether. This practice allows them to get special pricing and quality control of the ingredients they are getting.

Consumer Price Indices of Raw Ingredients (2011–2016)

	2011	2012	2013	2014	2015	2016
Salt-water fish	75.3	88.4	89.3	94.7	101.3	100.3
Fresh-water fish	83.1	92.6	94.1	97.0	99.9	96.9
Other fresh sea products	64.5	75.3	86.3	95.7	101.2	106.8
Pork	95.2	98.8	100.0	98.6	102.0	112.9
Beef	68.3	81.3	98.0	99.2	100.4	102.2
Poultry	74.4	78.8	83.1	90.3	102.5	106.3
Frozen meat	90.3	95.3	97.3	98.8	99.9	98.8
Fresh vegetables	85.6	90.2	100.0	101.3	101.5	111.7

Source: Census and Statistic Department of Hong Kong Time series of Composite Consumer Price Indices (October 2014 — September 2015 = 100) at commodity/service group level

Employees and Wages in Hong Kong

Median restaurant hourly wage from 2011–2016 grew at a 6.1% CAGR. Specifically, the average wage for chef, waiter/waitress and dishwasher have all increased significantly, of which wages of dish washers have increased the most at a CAGR of 9.4% from 2011–2016.

Restaurant Employees and Median Hourly Wage (2011–2016)

	2011	2012	2013	2014	2015	2016	CAGR
Number of Restaurant Employees	248,880	237,494	245,216	243,731	246,072	N/A *(Note)*	N/A *(Note)*
Median Hourly Wage HK$	33.3	35.2	37.2	39.9	42.3	44.7	6.1%

Note: The data on number of restaurant employees in 2016 has not been released as at the Latest Practicable Date

Source: Census and Statistic Department of Hong Kong

OVERVIEW OF THE FULL-SERVICE RESTAURANT INDUSTRY IN MAINLAND CHINA

Fueled by steady economic development, accelerating urbanization, rising disposable income and changing consumption pattern in recent years, China's food service industry has developed into one of the major components of the tertiary industry. Over the period of 2011–2016, the food service industry expanded at a CAGR of 9.5% to reach RMB3,075.6 billion in value sales. The current full-service restaurant market landscape is fragmented, with numerous new food service enterprises entering the market each year. By the end of 2016, the number of full-service restaurants reached around 6.8 million outlets.

With rising disposable income and greater purchasing power, Chinese consumers are not only less price-sensitive but also increasingly sophisticated about the quality, brand, safety and health benefits of full service restaurants. In addition, rising disposable incomes, particularly among white-collar workers, means residents in urban areas can also afford more imported food and beverages on a regular basis. Increasingly, it is considered fashionable among urban Chinese to sample international cuisine and wine, and many urban Chinese have both the desire and means to dining out regularly in upscale restaurants and bars.

Food service Value Sales of Full-Service Restaurants (2011–2016)

RMB billion	2011	2012	2013	2014	2015	2016	CAGR
Full-Service Restaurant	1,954.2	2,151.1	2,329.7	2,561.3	2,830.5	3,075.6	9.5%

Source: Euromonitor Passport Data, Consumer Foodservice — 2017 Edition

COMPETITIVE ENVIRONMENT OF FULL-SERVICE RESTAURANT INDUSTRY IN CHINA

The full-service restaurant industry in China is highly fragmented, with around 6.8 million outlets as of end of 2016. The top five full-service restaurant brand owners held a meagre 0.8% combined share of the market in value sales terms in 2016.

In the mid-to-high-end segment, the majority of restaurant operators are concentrated in first- and second-tier cities. The competitive landscape of mid-to-high-end segment underwent significant consolidation in 2013 and 2014 owing to the anti-graft policy imposed by the PRC government.

Asian full service restaurants make up majority of non-chain restaurants

Non-chain full service restaurants continued to account for the overwhelming majority of fragmented full service restaurant market in China in 2016. This was mainly due to the wide presence of non-chain Asian full-service restaurants catering to the preferences and tastes of local consumers. Chain full-service restaurants continued to gain popularity, driven by their constant menu updates, standardized quality, better decoration and store locations, as well as further penetration into lower-tier areas.

Food service Value Sales of Full-Service Restaurants (2017–2021)

RMB billion	2017	2018	2019	2020	2021	CAGR
Full-Service Restaurant	3,292.4	3,502.6	3,712.6	3,931.3	4,154.7	6%

Source: Euromonitor Passport Data, Consumer Foodservice — 2017 Edition

Competitive Environment of Asian Full-Service Restaurant Industry in China

The Asian full-service restaurant sector in the PRC is highly fragmented. There were over 6.74 million outlets as of end of 2016 with the top five brands making up only 0.5% of the Asian market. Mass-end dining has been growing significantly against the backdrop of the central government's tightened rules on official funding, reflected by the expansion of mass consumption restaurants, particularly casual dining, quick service hot-pot restaurants.

MARKET DRIVERS AND OPPORTUNITIES FOR FULL-SERVICE RESTAURANT INDUSTRY IN CHINA

Key Drivers for the Full-Service Restaurant Industry in China

The full-service restaurant industry in China has been mainly driven by the following drivers in the last few years.

Increased GDP helps full-service restaurant industry regain momentum

Aided by increased GDP in China, consumers are more selective when spending their money. There is still an upward trend of daily consumer food spending and frequency of eating-out. Japanese, Korean, and Southeast Asian cuisines gain popularity in first-tier and second-tier cities.

Non-chain restaurant operations remain predominant while restaurant chains gain popularity

Non-chain full-service restaurants continued to account for the overwhelming majority of fragmented full-service restaurants market in China in 2016. Chain full-service restaurants continued to gain popularity, driven by their standardized quality as well as further penetration into lower-tier areas.

Preference for premium services drive the full-service restaurant sector

Preference for premium services became another clear trend underpinning growth in full-service restaurants as consumers are gradually shifting from luxury brand-led purchases to choices based on product quality, leisure experience, and personal benefits. The middle income consumers are noted for looking for high-quality food with new and better dining experiences, which led to increased spending on dining.

High-end brands adopt downward penetration into mass and upper-mass dining

A significant number of high-end full service restaurants shifting their target to mid-range consumers in 2013 and 2014 as a result of the PRC government's anti-corruption policy.

Commercial center development facilitates full-service restaurant expansion

Commercial district development continues to generate growth for the full-service restaurant sector. Modern retailing, meaning the development of shopping malls and modern department stores, not only provides retailing and entertainment amenities for consumers, but also calls for the provision of food service as a complementary service. Meantime, restaurant operators benefit from the substantial foot traffic in commercial districts. It is noteworthy that leading commercial districts and shopping centers are targeting restaurants of high quality and with distinctive characteristics, prompting restaurant operators maintain quality services to stay competitive.

Opportunities for the Full-Service Restaurant Industry in China

The sales value of full-service restaurant is expected to maintain a strong but decelerated growth of 6.0% during the forecast period of 2017–2021.

Changing lifestyle and consumer preferences

The fast-paced urban lifestyle has fueled the need for convenience in dining options. In addition, rising discretionary spending power has also increased preference for dining out over various occasions. This is particularly apparent among young adults who like to socialize over food and drinks. Customers have also been showing a growing need for diversified cuisines.

Specialty full-service restaurants to remain trendy

While there is opportunity in diversifying cuisine types to cater for people with different preferences, there is also opportunity in improving and specializing cuisine types that restaurants are already very good at.

Mid-to-high-end full-service restaurants to focus on personalized service and aesthetic appeal

Mid-to-high end full service restaurants are expected to develop more premium services as consumers demand dining service with tasteful and personalized experience. More restaurants are expected to offer personalized services tailored to consumers' needs. Meanwhile, consumers are becoming more sophisticated, demanding quality food as well as exquisite visual appeal from interior design to food plating.

MARKET ENTRY BARRIERS TO RESTAURANT INDUSTRY IN CHINA

The major barriers to entry into the full service restaurant segment in the PRC, include (i) high rent and difficulty to secure locations that are visible, easily accessible to pedestrian traffic, and surrounded by complementary businesses; (ii) competition with entrenched competitors which might already have loyal customer bases; and (iii) limited bargaining power as local suppliers have long term supply relationship with chain restaurant operators.

CHALLENGES TO RESTAURANT INDUSTRY IN CHINA

Restaurant businesses are often affected by changes in consumer tastes, national, regional and local economic conditions and demographic trends. Individual store performance may be adversely affected by traffic patterns, cost and availability of labour, purchasing power, availability of products and type, number and location of competing stores. Other challenges include (i) food safety concerns and litigation, regulation and publicity concerning food safety, health and other issues; (ii) increasing staff payroll and high employee turnover rates and rising operating and rental costs; (iii) other types of dining services such as group dining could erode the full-service restaurant market.

OVERVIEW

Our Company was incorporated on 3 February 2016 in the Cayman Islands, and as a result of the Reorganisation, our Company became the holding company of our Group. Since the incorporation of 1957 & Co. (Management) and 1957 & Co. (Hospitality) HK in 2009, our founders Mr. S Leung, Mr. T Kwan and Mr. Kwok have been maintaining control over all of our operating subsidiaries. For details on the shareholding structure of our Group companies, see "Reorganisation — Our Group structure immediately after completion of the Reorganisation" in this section below.

Immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares to be issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), Mr. S Leung, Mr. T Kwan and Mr. Kwok will together hold approximately 51.8% of the voting rights in our Company. Mr. S Leung, Mr. T Kwan and Mr. Kwok have executed the AIC Confirmation which stated and confirmed, among other things, that they have been acting in concert with each other for the entire duration when all of them were/are contemporaneously either the legal and/or beneficial owners of shares in each of our Group companies and shall continue to centralise the ultimate control and right to make decisions with respect to their interest in our businesses and projects. Mr. S Leung, Mr. T Kwan, Mr. Kwok, and together with their respective wholly-owned investment holding companies, namely 1957 & Co., Sino Explorer, All Victory, Perfect Emperor and P.S Hospitality, are our Controlling Shareholders.

BUSINESS DEVELOPMENT

Our founders, Mr. S Leung, Mr. T Kwan and Mr. Kwok commenced their business relationship with each other in a restaurant design project, which was funded by an Independent Third Party, in Dubai in 2007 (prior to the incorporation of the Company), in which Mr. S Leung was responsible for the interior design while Mr. T Kwan worked on the lighting design and Mr. Kwok was representing the investor and was responsible for the opening and operations of the restaurant. Mr. Kwok considered moving from Dubai back to Hong Kong and Mr. S Leung, Mr. T Kwan and Mr. Kwok therefore explored the opportunity to start a business venture in the food and beverage industry in Hong Kong with an emphasis on dining ambience and food quality which they believe with their respective expertise would provide customers with an enjoyable dining experience. In 2009, Mr. S Leung, Mr. T Kwan and Mr. Kwok incorporated 1957 & Co. (Hospitality) HK and 1957 & Co. (Management) using their personal resources and started to develop our business.

In 2010, our first two self-owned brand restaurants, Sushi Ta-ke Restaurant and Bella Vita Restaurant, were opened in Cubus, Causeway Bay, Hong Kong. Over the years, we have grown to become an established restaurant operation and management group serving a variety of cuisines at different price range under different brand names in Hong Kong and the PRC. As at the Latest Practicable Date, we operated eleven restaurants in Hong Kong, comprising six under our own brands and five under franchise or sub-license arrangements. Of these eleven restaurants, one is located in a commercial premises in Causeway Bay, while the remaining restaurants are located in shopping malls in Causeway Bay, Tsim Sha Tsui, Taikoo Shing, Kowloon Tong and Yuen Long. We also offer restaurant management and consultancy services in Hong Kong and the PRC. In addition, we may, from time to time, invest in minority stakes in restaurant businesses in the PRC.

The key milestones in our development are set out below:

Year	Key milestones
2009	Incorporation of 1957 & Co. (Hospitality) HK as the holding company for the operating subsidiaries of all our restaurants.
	Incorporation of 1957 & Co. (Management) as the restaurant management company for the management of all our restaurants.
2010	Our first two self-owned brand restaurants, namely Sushi Ta-ke Restaurant and Bella Vita Restaurant, were opened in Cubus, Causeway Bay, Hong Kong.
2011	We entered into the MT Franchise Agreement with Exquisine System to develop the dining concept of Mango Tree in Hong Kong.
	We opened Mango Tree (Cubus) Restaurant in Cubus, Causeway Bay, Hong Kong.
2012	We opened Mango Tree (Elements) Restaurant in Elements, Tsim Sha Tsui, Hong Kong.
2013	We entered into the Gonpachi Franchise Agreement with Global-Dining, Inc. to develop the dining concept of Gonpachi in Hong Kong.
	We opened Gonpachi Restaurant at Lee Garden One, Causeway Bay, Hong Kong.
	We expanded our self-owned brand portfolio by opening An Nam (Lee Garden) Restaurant in Lee Garden One, Causeway Bay, Hong Kong.
	Expanding our services to restaurant pre-opening marketing and consultancy, we entered into our first pre-opening project management and consultancy service agreement with an Independent Third Party for the opening of a French cuisine restaurant in Hong Kong.
2014	We entered into the MT PRC & Macau Franchise Agreement with Exquisine System (HK) to develop the dining concept of Mango Tree in the PRC and Macau
2015	We further expanded our brand portfolio by developing and opening our Shanghainese cuisine-inspired restaurant, Modern Shanghai Restaurant, in YOHO Mall I, Yuen Long, Hong Kong.
	Our Sushi Ta-ke Restaurant, Gonpachi Restaurant and An Nam (Lee Garden) Restaurant were awarded "Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition" and "MICHELIN Guide Recommended Restaurants" for this year. Our Bella Vita Restaurant and Mango Tree (Elements) Restaurant were awarded "Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition" for this year.
	We opened another "An Nam" branded restaurant, An Nam (Festival Walk) Restaurant, in Festival Walk, Kowloon Tong, Hong Kong. Also, leveraging on the success of our "An Nam" brand, we opened Petit An Nam Restaurant*(Note)* in YOHO Mall I, Yuen Long, Hong Kong.
	We entered into two restaurant management consultancy service contracts for managing two restaurants owned by An Nam (Qingdao) and Mango Tree (Qingdao), respectively.
	We entered into two restaurant pre-opening consultancy service contracts for opening An Nam (Shanghai) Restaurant and Ta-ke (Shanghai) Restaurant.

Note: During the Track Record Period, Petit An Nam Restaurant was operated under our "An Nam" brand and it has been officially renamed from "An Nam" to "Petit An Nam" as at the Latest Practicable Date upon obtaining the approval from the landlord of the premises.

Year	Key milestones
2016	We opened our Mango Tree Café (Taikoo) Restaurant in Cityplaza, Taikoo Shing, Hong Kong.
	We invested in Hokkaidon by way of subscription of new shares representing 60% of the total issued shares of the Company. Hokkaidon was then in the process of opening Hokkaidon Restaurant in Cityplaza, Taikoo Shing, Hong Kong.
	Our Sushi Ta-ke Restaurant, Gonpachi Restaurant and An Nam (Lee Garden) Restaurant were awarded "Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition" and "MICHELIN Guide Recommended Restaurants" for this year. Our Mango Tree (Cubus) Restaurant and Bella Vita Restaurant were also awarded Hong Kong Tatler Best Restaurants — Hong Kong & Macau Editions" for this year.
2017	Hokkaidon Restaurant was opened in Cityplaza, Taikoo Shing, Hong Kong.
	We entered into the Paper Moon Sub-license Agreement to develop the dining concept of Paper Moon in Hong Kong.
	Mango Tree Café (YOHO) Restaurant was opened in YOHO Mall I, Yuen Long, Hong Kong.
	We entered into joint venture agreements with two wholly-owned subsidiaries of Hysan in relation to the opening of two restaurants (one to provide fine dining Japanese cuisine by the relocation of our Sushi Ta-ke Restaurant and the other to provide Shanghainese cuisine) in Hong Kong.
	Paper Moon Restaurant was opened in Harbour City, Tsim Sha Tsui, Hong Kong.

OUR GROUP

Our Group comprises (i) holding companies of our subsidiaries, (ii) restaurant operating subsidiaries, each of which principally operates restaurants of our Group, and (iii) restaurant management consultancy subsidiaries through which we manage our own restaurants and provide restaurant management consultancy service to our customers. As at the Latest Practicable Date, we also have an associated company, MS Int'l, in which we hold 40% of its issued shares.

Holding companies of our subsidiaries

The following table sets out details of our subsidiaries that principally engage in investment holding only as at the Latest Practicable Date:

Name of company	Principal activities	Date and place of incorporation and date of commencement of business	Interest attributable to our Group after the Reorganisation *(Note)*	Total number of issued shares
1957 & Co. (BVI)	Investment holding	4 February 2016 (BVI)	100%	2
1957 & Co. (Hospitality) HK	Investment holding	27 July 2009 (Hong Kong)	100%	33,500,000
MS HK	Investment holding	7 January 2015 (Hong Kong)	60%	9,100,000

Note: For shareholding of each of the above companies prior to the Reorganisation, see "Reorganisation — Our Group structure as at 1 January 2016" in this section below.

Our restaurant operating subsidiaries

The following table sets out details of our subsidiaries engaged in our restaurant operations in Hong Kong as at the Latest Practicable Date:

Name of company	Name of restaurant(s) operating directly under the company as at the Latest Practicable Date	Date and place of incorporation *(Note 1)*	Interest attributable to our Group after the Reorganisation *(Note 2)*	Total number of issued shares
Sushi Ta-ke	Sushi Ta-ke Restaurant	16 April 2010 (Hong Kong)	100%	8,000,000
MT HK	Mango Tree Café (Taikoo) Restaurant and Mango Tree Café (YOHO) Restaurant	6 July 2011 (Hong Kong)	100%	7,000,000
MT KLN *(Note 3)*	Mango Tree (Elements) Restaurant	28 August 2012 (Hong Kong)	100%	13,000,000
Gonpachi *(Note 4)*	Gonpachi Restaurant	31 May 2013 (Hong Kong)	100%	18,000,000

Name of company	Name of restaurant(s) operating directly under the company as at the Latest Practicable Date	Date and place of incorporation *(Note 1)*	Interest attributable to our Group after the Reorganisation *(Note 2)*	Total number of issued shares
An Nam (Lee Garden) *(Note 5)*	An Nam (Lee Garden) Restaurant	31 May 2013 (Hong Kong)	100%	10,000,000
An Nam (Festival Walk)	An Nam (Festival Walk) Restaurant	23 March 2015 (Hong Kong)	100%	1,000,000
Petit An Nam	Petit An Nam Restaurant	27 March 2015 (Hong Kong)	100%	7,500,000
Modern Shanghai	Modern Shanghai Restaurant	19 March 2015 (Hong Kong)	60%	9,000,000
Hokkaidon *(Note 4)*	Hokkaidon Restaurant	16 August 2016 (Hong Kong)	60%	70,000
Bella Vita	Paper Moon Restaurant	5 July 2010 (Hong Kong)	100%	8,000,000
L Garden and Partners	N/A	30 June 2017 (Hong Kong)	71%	100
1957 and Partners	N/A	30 June 2017 (Hong Kong)	51%	100

Note:

(1) For the date of commencement of business of each of these restaurant operating subsidiaries, see the section headed "Business — Overview" in this prospectus.

(2) For shareholding structure of each of these restaurant operating subsidiaries prior to the Reorganisation, see "— Reorganisation — Our Group structure as at 1 January 2016" in this section below.

(3) MT KLN previously invested in 20% equity interest in Mango Tree (Qingdao) in 2015 but such investment was disposed of in December 2016. For further details, see "Our associated company(ies)" in this section below.

(4) As at Latest Practicable Date, Gonpachi also held 60% equity interest in Hokkaidon.

(5) An Nam (Lee Garden) previously invested in 20% equity interest in An Nam (Qingdao) in 2015 but such investment was disposed of in December 2016. For further details, see "— Our associated company(ies)" in this section below.

Our restaurant management and consultancy subsidiaries

In 2009, 1957 & Co. (Management) was set up as a restaurant management company for the management of our owned restaurants and in July 2013, it extended its management and consultancy services to other restaurants that are not owned or controlled by our Group. During the Track Record Period and up to the Latest Practicable Date, we have entered into three pre-opening consultancy agreements to launch five restaurants and two restaurant management consultancy agreements to provide management consultancy services to two restaurants with our customers. All of these customers are Independent Third Parties and located in the PRC.

For details of these agreements, please see "Business — Restaurant Pre-opening Consultancy and Management Consultancy Services in Hong Kong and the PRC" in this Prospectus.

Further, in November 2016, 1957 & Co. (Management) (Shenzhen) was established as a wholly-owned subsidiary of 1957 & Co. (Management) in the PRC with an aim to centralise the provision of management and consultancy services to our potential clients in the PRC in the future.

The following table sets out details of our subsidiaries that engage in restaurant management and consultancy business:

Name of Subsidiary	Date and place of incorporation/ establishment	Date of commencement of business	Interest attributable to our Group after the Reorganisation *(Note)*	Total number of issued shares/ Registered Capital
1957 & Co. (Management)	27 July 2009 (Hong Kong)	11 October 2010	100%	1,000,000
1957 & Co. (Management) (Shenzhen)	11 November 2016 (PRC)	Not yet commenced	100%	US$200,000

Note: For shareholding of 1957 & Co. (Management) prior to Reorganisation, see "Reorganisation — Incorporation of our company and reorganisation in preparation of the listing" in this section below.

Our associated company(ies)

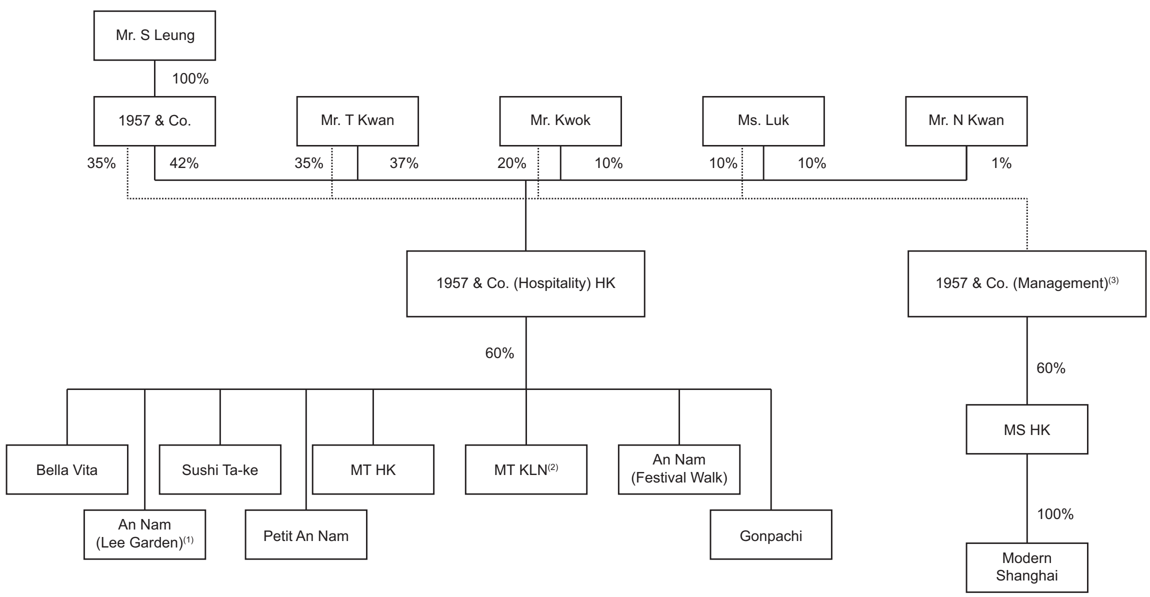
As at the Latest Practicable Date, we have an associated company, namely MS Int'l, which was incorporated in Hong Kong on 14 March 2012 and is currently idle. Prior to the Reorganisation, MS Int'l was owned as to 40% by 1957 & Co. (Management) and such interest was transferred to 1957 & Co. (Hospitality) HK upon the completion of the Reorganisation. The remaining 60% interest in MS Int'l is owned by Champion Food & Beverage Management Limited. MS Int'l was established principally for the purpose of developing the brand "Modern Shanghai (上海小館)" in the Philippines. In April 2012, MS Int'l entered into a franchise agreement with a franchisee in the Philippines, an Independent Third Party. The franchise agreement was terminated in July 2016 as the then franchisee wished to cease its business operation under such brand.

We have also previously invested in two PRC companies that operate restaurants in the PRC during the Track Record Period. In 2015, An Nam (Lee Garden) and MT KLN invested in 20% equity interest in An Nam (Qingdao) and Mango Tree (Qingdao), respectively, which operate the An Nam (Qingdao) Restaurant and Mango Tree (Qingdao) Restaurant, respectively. In December 2016, such interests were transferred to one of the individual shareholders of Qingdao Feng Hao Catering Management Limited* (青島豐豪餐飲管理有限公司), the majority shareholder of the companies as our Directors are of the view that, the infrastructure development in the nearby area of the commercial premises at which the relevant restaurants were located suffered from a serious delay in timetable and therefore were unable to support or enable a strong economic development for restaurant business located at the premises.

REORGANISATION

Our Group structure as at 1 January 2016

The following is the shareholding structure of our Group as at 1 January 2016.



Notes:

(1) An Nam (Lee Garden) also held 20% equity interest in An Nam (Qingdao)

(2) MT KLN also held 20% equity interest in Mango Tree (Qingdao)

(3) 1957 & Co. (Management) also held 40% interest in MS Int'l

The following table summarises the shareholding in our Group companies as at 1 January 2016:

	Group company name	Shareholders	Shareholding
1.	1957 & Co. (Hospitality) HK	1957 & Co.	42%
		Mr. T Kwan	37%
		Mr. Kwok	10%
		Ms. Luk	10%
		Mr. N Kwan	1%
2.	1957 & Co. (Management)	1957 & Co.	35%
		Mr. T Kwan	35%
		Mr. Kwok	20%
		Ms. Luk	10%
3.	Sushi Ta-ke	1957 & Co. (Hospitality) HK	60%
		Mr. Lee	10%
		Mr. Yu	10%
		Ms. Yu	10%
		Leadgoal (Note)	10%
4.	MT HK	1957 & Co. (Hospitality) HK	60%
		Leadgoal (Note)	10%
		Pearl Global	10%
		Coca	10%
		Mr. N Kwan	10%
5.	MT KLN	1957 & Co. (Hospitality) HK	60%
		Leadgoal (Note)	10%
		Pearl Global	10%
		Coca	10%
		Mr. N Kwan	10%
6.	Gonpachi	1957 & Co. (Hospitality) HK	60%
		Pearl Global	10%
		All Victory	10%
		Mr. N Kwan	10%
		City Brilliant	10%
7.	An Nam (Lee Garden)	1957 & Co. (Hospitality) HK	60%
		Pearl Global	10%
		All Victory	10%
		City Brilliant	10%
		Occabiz	10%
8.	Petit An Nam	1957 & Co. (Hospitality) HK	60%
		Pearl Global	10%
		All Victory	10%
		City Brilliant	10%
		Occabiz	10%
9.	An Nam (Festival Walk)	1957 & Co. (Hospitality) HK	60%
		Pearl Global	10%
		All Victory	10%
		City Brilliant	10%
		Occabiz	10%

	Group company name	Shareholders	Shareholding
10.	MS HK	1957 & Co. (Management)	60%
		Chairman Food & Beverage Management Limited	40%
11.	Modern Shanghai	MS HK	100%
12.	Bella Vita	1957 & Co. (Hospitality) HK	60%
		Mr. Lee	10%
		Mr. Yu	10%
		Ms. Yu	10%
		Leadgoal *(Note)*	10%

Note: Immediately prior to March 2016, Mr. Chung held the entire issued share capital of (i) Leadgoal, and (ii) All Victory (through Expert Rise Management Limited). Following a transfer in March 2016 to consolidate Mr. Chung's interest in our Group, Leadgoal sold all its shares in Sushi Ta-ke, MT HK, MT KLN and Bella Vita to All Victory and in May 2016, and Expert Rise Management Limited sold its entire interest in All Victory to 1957 & Co..

Incorporation of our Company and Reorganisation in preparation of the Listing

Incorporation of our Company

Our Company was incorporated on 3 February 2016 and one subscriber Share was transferred to Mr. Kwok on the same day.

Incorporation of 1957 & Co. (BVI)

1957 & Co. (BVI) was incorporated on 4 February 2016 and one subscriber share in 1957 & Co. (BVI) was allotted to our Company on the same day.

Transfer of MS HK and MS Int'l from 1957 & Co. (Management) to 1957 & Co. (Hospitality) HK

For a better organisation structure within our Group, on 3 August 2016, 1957 & Co. (Management) sold 60,000 shares in MS HK and 40,000 shares in MS Int'l to 1957 & Co. (Hospitality) HK at the consideration of HK$60,000 and HK$70,000, respectively.

Acquisition of shares in 1957 & Co (Hospitality) HK, 1957 & Co (Management) and various subsidiaries by our Company

On 28 December 2016, pursuant to the Share Swap Agreement, the following transfers were carried out:

(a) Acquisition of 14,070,000, 12,395,000, 3,350,000, 3,350,000 and 335,000 shares in 1957 & Co. (Hospitality) HK from 1957 & Co., Mr. T Kwan, Mr. Kwok, BBK and Mr. N Kwan by our Company at the consideration of 25,364 Shares, 22,343 Shares, 6,038 Shares, 6,039 Shares and 604 Shares issued and allotted to Sino Explorer, Perfect Emperor, P.S Hospitality, BBK and Inner Horizon, respectively.

(b) Acquisition of 350,000, 350,000, 200,000 and 100,000 shares in 1957 & Co. (Management) from 1957 & Co., Mr. T Kwan, Mr. Kwok and BBK, respectively, by our Company at the consideration of 634 Shares, 634 Shares, 362 Shares and 181 Shares issued and allotted to Sino Explorer, Perfect Emperor, P.S Hospitality and BBK, respectively.

(c) Acquisition of 800,000 shares in Sushi Ta-ke and 800,000 shares in Bella Vita from Mr. Lee by our Company at a consideration of 1,214 Shares and 1 Share issued and allotted to Mooncrest Global.

(d) Acquisition of 800,000 shares in Sushi Ta-ke and 800,000 shares in Bella Vita from Mr. Yu by our Company at a consideration of 1,214 Shares and 1 Share issued and allotted to Mr. Yu.

(e) Acquisition of 800,000 shares in Sushi Ta-ke and 800,000 shares in Bella Vita from Ms. Yu by our Company at a consideration of 1,214 Shares and 1 Share issued and allotted to Ms. Yu.

(f) Acquisition of 1,800,000 shares in Gonpachi, 1,000,000 shares in An Nam (Lee Garden), 750,000 shares in Petit An Nam, 100,000 shares in An Nam (Festival Walk), 800,000 shares in Sushi Ta-ke, 700,000 shares in MT HK, 1,300,000 shares in MT KLN and 800,000 shares in Bella Vita from All Victory by our Company at the consideration of 109 Shares, 1,612 Shares, 1 Share, 2,569 Shares, 1,214 Shares, 223 Shares, 3,721 Shares and 1 Share issued and allotted to All Victory.

(g) Acquisition of 700,000 shares in MT HK, 1,300,000 shares in MT KLN, 1,800,000 shares in Gonpachi, 1,000,000 shares in An Nam (Lee Garden), 750,000 shares in Petit An Nam and 100,000 shares in An Nam (Festival Walk) from Pearl Global by our Company at the consideration of 223 Shares, 3,721 Shares, 109 Shares, 1,612 Shares, 1 Share and 2,569 Shares issued and allotted to Pearl Global.

(h) Acquisition of 700,000 shares in MT HK and 1,300,000 shares in MT KLN from Coca by our Company at the consideration of 223 Shares and 3,721 Shares issued and allotted to Coca.

(i) Acquisition of 700,000 shares in MT HK, 1,300,000 shares in MT KLN and 1,800,000 shares in Gonpachi from Mr. N Kwan by our Company at the consideration of 223 Shares, 3,721 Shares and 109 Shares issued and allotted to Inner Horizon.

(j) Acquisition of 1,800,000 shares in Gonpachi, 1,000,000 shares in An Nam (Lee Garden), 750,000 shares in Petit An Nam and 100,000 shares in An Nam (Festival Walk) from City Brilliant by our Company at the consideration of 109 Shares, 1,612 Shares, 1 Share and 2,569 Shares issued and allotted to City Brilliant.

(k) Acquisition of 516,409 shares in An Nam (Lee Garden), 375,000 shares in Petit An Nam and 51,634 shares in An Nam (Festival Walk) from Sino Explorer by our Company at the consideration of 832 Shares, 1 Share and 1,326 Shares issued and allotted to Sino Explorer.

(l) Acquisition of 483,591 shares in An Nam (Lee Garden), 375,000 shares in Petit An Nam and 48,366 shares in An Nam (Festival Walk) from Perfect Emperor by our Company at the consideration of 780 Shares, 1 Share and 1,242 Shares issued and allotted to Perfect Emperor

(m) Acquisition of 1 Share by P.S Hospitality at a consideration of HK$0.0001 from Mr. Kwok.

Our Company has nominated 1957 & Co. (BVI) to take up the acquired shares in the share transfers set out in paragraphs (a) and (b) above and 1957 & Co. (BVI) allotted and issued one share in it to our Company. Our Company also nominated 1957 & Co. (Hospitality) HK to take up the acquired shares in the share transfers set out on paragraphs (c) to (l) above.

In respect of the share transfers set out above, consideration for shares in (i) companies that were expected to record profit for the two years ended 31 December 2016, namely An Nam (Lee Garden), An Nam (Festival Walk), Sushi Ta-ke, Modern Shanghai, MS HK, Gonpachi and MT KLN, were determined with reference to the average expected annual earnings of the relevant company for the two years ended 31 December 2016; (ii) companies that were expected to record loss for the two years ended 31 December 2016 but were expected to be in adjusted net assets position as at 31 December 2016, namely 1957 & Co. (Management), MT HK and MS Int'l were determined with reference to the expected adjusted net asset value of the relevant company as at 31 December 2016; and (iii) companies that were expected to record loss for the two years ended 31 December 2016 and were expected to be in adjusted net deficit position as at 31 December 2016, namely 1957 & Co. (Hospitality) HK, Petit An Nam and Bella Vita, were determined with reference to the nominal value; and (iv) the transfer described in (m) above was at the par value of the Share.

As a result of the above steps, our Company become the holding company of our Group.

Share transfers of exiting Shareholders during the Track Record Period

Vendor	Purchaser	Target company	Number of shares/ equity interest in relevant company	Consideration	Basis of consideration	Reason for transfer
May 2016						
Expert Rise Management Limited, which is wholly owned by Mr. Chung	1957 & Co.	All Victory *(Note)*	1	HK$8,900,000	For MT HK, the consideration was determined with reference to the adjusted net assets value of MT HK as at 31 December 2015 since MT HK was loss making for that year For MT KLN, the consideration was determined with reference to the net profit of MT KLN for the year ended 31 December 2015 since MT KLN was profit making for that year For Sushi Ta-ke, the consideration was determined with reference to the net profit of Sushi Ta-ke for the year ended 31 December 2015 since Sushi Ta-ke was profit making for that year For Bella Vita, the consideration was determined with reference to the adjusted net assets value of Bella Vita as at 31 December 2015 since Bella Vita was loss making for that year For Gonpachi, the consideration was determined with reference to the adjusted net assets value of Gonpachi as at 31 December 2015 since Gonpachi was loss making for that year.	Mr. Chung wanted to dispose his interests in the Group for cash while Mr. S Leung wished to increase his investment in the Group

Vendor	Purchaser	Target company	Number of shares/ equity interest in relevant company	Consideration	Basis of consideration	Reason for transfer
					For An Nam (Lee Garden), the consideration was determined with reference to the net profit of An Nam (Lee Garden) for the year ended 31 December 2015 since An Nam (Lee Garden) was profit making for that year.	
					For Petit An Nam, the consideration was determined with reference to the adjusted net assets value of Petit An Nam as at 31 December 2015 since Petit An Nam was loss making for that year.	
					For An Nam (Festival Walk), the consideration was determined with reference to the net profit of An Nam (Festival Walk) for the year ended 31 December 2015 since An Nam (Festival Walk) was profit making for that year.	

Note: In March 2016, Leadgoal, a company wholly owned by Mr. Chung, transferred 420,000 shares in MT HK, 100,000 shares in MT KLN, 800,000 shares in Sushi Ta-ke and 800,000 shares in Bella Vita to All Victory.

Vendor	Purchaser	Target company	Number of shares/ equity interest in relevant company	Consideration	Basis of consideration	Reason for transfer
August 2016						
Ms. Luk	BBK	1957 & Co. (Hospitality) HK	3,350,000	HK$9,700,000	Consideration was determined with reference to the historical or expected financial performance (as the case maybe) of the then companies held by 1957 & Co. (Hospitality) HK, which included (i) the expected profit for the year ended 31 December 2015 for companies expected to record profit for that year; (ii) the expected adjusted net assets as at 31 December 2015 for companies expected to record loss for that year but record adjusted net assets as at 31 December 2015; and (iii) nil value for companies expected to record loss for the year ended 31 December 2015 and record adjusted net deficit as at 31 December 2015	Ms. Luk wanted to dispose her interests in the Group for cash and did not wish to participate in the Listing and while Mr. Chan wished to invest in the Group
		1957 & Co. (Management)	100,000	HK$300,000	Expected adjusted net asset value of the relevant company as at 31 December 2016	

Vendor	Purchaser	Target company	Number of shares/ equity interest in relevant company	Consideration	Basis of consideration	Reason for transfer
December 2016						
An Nam (Lee Garden)	One of the individual shareholders of Qingdao Feng Hao Catering Management Company Limited* (青島豐豪餐飲管理有限公司)	An Nam (Qingdao)	20% equity interest	RMB200,000	Initial investment amount	There was serious delay in infrastructure development in the nearby area to support or enable a strong economic growth of the restaurants
MT KLN		Mango Tree (Qingdao)	20% equity interest	RMB200,000	Initial investment amount	
December 2016						
Occabiz	Sino Explorer	An Nam (Lee Garden)	516,409	HK$1,070,000	The relevant consideration was determined with reference to the average expected annual earnings of the relevant company for the two years ended 31 December 2016	Occabiz wanted to dispose its interests in the relevant restaurants for cash did not wish to participate in the Listing and while Mr. S Leung wished to increase his investment in the Group
		An Nam (Festival Walk)	51,634	HK$1,705,999		
		Petit An Nam	375,000	HK$1	Nominal consideration given that Petit An Nam was expected to be loss making for the two years ended 31 December 2016 and recorded adjusted net deficit as at 31 December 2016	
	Perfect Emperor	An Nam (Lee Garden)	483,591	HK$1,002,000	The relevant consideration was determined with reference to the average expected annual earnings of the relevant company for the two years ended 31 December 2016	Occabiz wanted to dispose its interests in the relevant restaurants for cash and did not wish to participate in the Listing and while Mr. T Kwan wished to increase his investment in the Group
		An Nam (Festival Walk)	48,366	HK$1,597,999		
		Petit An Nam	375,000	HK$1	Nominal consideration given that Petit An Nam was expected to be loss making for the two years ended 31 December 2016 and recorded adjusted net deficit as at 31 December 2016	

Establishment of 1957 & Co. (Management) (Shenzhen) and subscription in Hokkaidon

1957 & Co. (Management) established a wholly-owned subsidiary in the PRC, 1957 & Co. (Management) (Shenzhen), on 11 November 2016 and Gonpachi subscribed for 42,000 new shares in Hokkaidon, representing a 60% shareholding, at a subscription price of HK$4,200,000 on 31 December 2016.

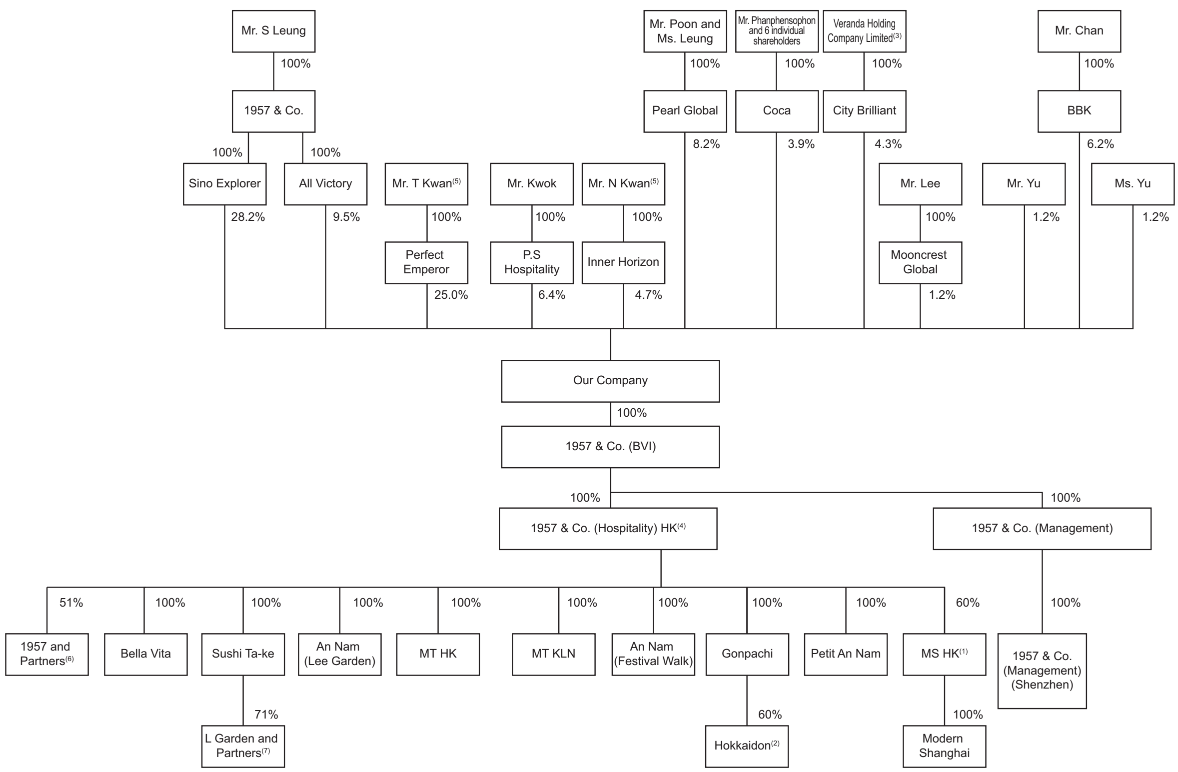
Incorporation of 1957 and Partners and L Garden and Partners

1957 and Partners was incorporated on 30 June 2017. On the same day, 51 shares, 29 shares and 20 shares were allotted and issued to 1957 & Co. (Hospitality) HK, Batovian Investments Limited, a wholly-owned subsidiary of Hysan, and Chairman Food & Beverage Management Limited, representing a 51%, 29% and 20% shareholding, at a subscription price of HK$51, HK$29 and HK$30, respectively.

L Garden and Partners was incorporated on 30 June 2017. On the same day, 71 shares and 29 Shares were allotted and issued to Sushi Ta-ke and Jarret Investments Limited, a wholly-owned subsidiary of Hysan, representing a 71% and 29% shareholding, at a subscription price of HK$71 and HK$29, respectively.

Our Group structure immediately after completion of the Reorganisation

The chart below shows the shareholding structure of our Group immediately after the implementation of the above Reorganisation:



Notes:

(1) MS HK is owned as to 40% by Chairman Food & Beverage Management Limited. Chairman Food & Beverage Management Limited is a wholly-owned investment holding company incorporated in Hong Kong by Mr. Cheung Kwai Po, our business partner, for holding all his investments in the restaurant businesses under the brand Modern Shanghai and/or its related brands.

(2) Hokkaidon is owned as to 40% by Food Master (HK) Company Limited

(3) Veranda Holding Company Limited is owned by Mr. Tang Pak Hai, Mr. Cho Wang Yu and Ms. Chow Michaela (each an Independent Third Party) as to 56.4%, 35.2% and 8.4%, respectively.

(4) 1957 & Co. (Hospitality) HK also holds 40% interest in MS Int'l.

(5) Mr. N Kwan is the son of Mr. T Kwan.

(6) 1957 and Partners is owned as to 29% by a wholly-owned subsidiary of Hysan and as to 20% by Chairman Food & Beverage Management Limited.

(7) L Garden and Partners is owned as to 29% by a wholly-owned subsidiary of Hysan.

As at the date of this Prospectus, except for the Capitalisation Issue and the Share Offer (which will take place on the Listing Date), all the steps of the Reorganisation have been properly and legally completed and settled, all relevant regulatory approvals for the Reorganisation have been obtained and the Reorganisation has complied with the applicable laws and regulations.

Throughout our history, there were various minority shareholders (the "**MI Shareholders**") in each of the operating subsidiaries of our Group. Except for (1) Chairman Food & Beverage Management Limited, by reason of holding 40% interest in MS HK and 20% interest in 1957 and Partners, (2) the relevant wholly-owned subsidiaries of Hysan, by reason of holding 29% interest in 1957 and Partners and L Garden and Partners, and (3) Food Master (HK) Company Limited, by reason of holding 40% interest in Hokkaidon, all of such MI Shareholders are Independent Third Parties of our Company and our connected persons.

To the best of our Directors' knowledge:

(1) the ultimate beneficial owner of Chairman Food & Beverage Management Limited, Mr. Cheung Kwai Po, holds 33.33% interest in a standalone Shanghainese restaurant in Shenzhen. Our Directors are of the view that such interest held by Mr. Cheung Kwai Po does not have a material adverse impact on our Group because (i) it is our business focus in the PRC market to engage in restaurant management business instead of direct restaurant operation and (ii) the business operation scale of Mr. Cheung Kwai Po's standalone Shanghainese restaurant in Shenzhen is very different from our portfolio of restaurants currently operated under multiple brands. Further, as disclosed under the section headed "Future Plans and Use of Proceeds" in this prospectus, the upcoming restaurants that we intend to open and manage in Shenzhen will be under the "Mango Tree" and "Ta-ke" brands, which offer Thai and Japanese cuisines rather than Shanghainese.

(2) Hysan does not hold any competing interests save for a controlling interest in the holding company of a French restaurant in Lee Garden Two. Our Directors are of the view that since (i) we currently do not operate any restaurant in Hong Kong which offers French cuisine and (ii) Hysan only controls one restaurant, which is insignificant for a food and beverage operator, such interest held by Hysan does not have any material adverse impact on our Group.

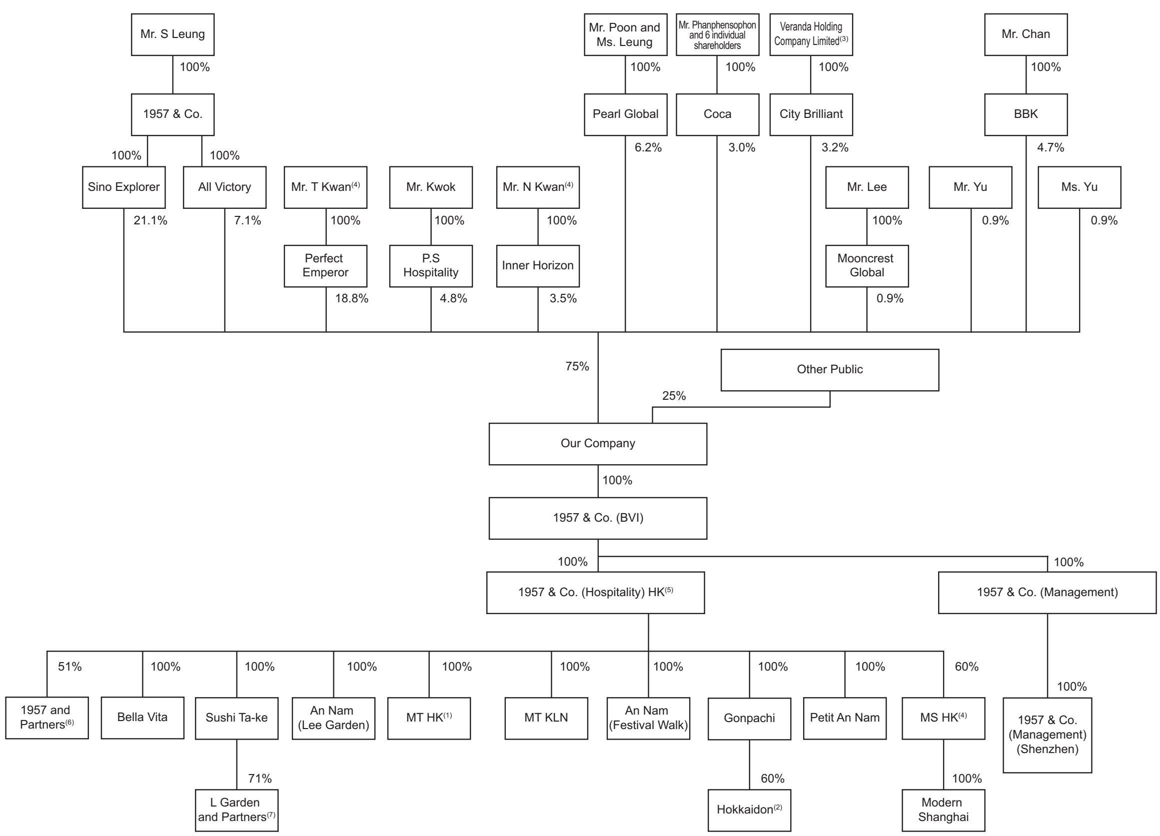
(3) the ultimate beneficial owner of Food Master (HK) Company Limited holds 50% interest in two Japanese sashimi bowl restaurants which are located in a commercial complex in Wanchai and at the street level of Yau Ma Tei. Our Directors are of the view that such interest held by the ultimate beneficial owner of Food Master (HK) Company Limited does not have a material adverse impact on our Group because (i) as opposed to commercial complex and street level restaurants at non-prime districts, we aim to locate our restaurants in recognised shopping malls in districts with high pedestrian flow; and (ii) our Hokkaidon Restaurant is only one out of the 11 restaurants operated by our Group, where potential competition (if any) exists, and our Directors do not expect there will be any material adverse impact on the business operation and financial performance of our Group as a whole.

OFFERING OF SHARES AND CAPITALISATION ISSUE

Conditional upon the Listing Division granting the approval for the listing of and permission to deal in the Shares on GEM, our Company will offer 80,000,000 Shares, being 25.0% of total issued share capital of our Company (as enlarged by the Shares offered under the Share Offer and issued under the Capitalisation Issue, excluding the Shares which may be issued upon exercise of the options which may be granted under the Share Option Scheme conditionally adopted by our Company on 6 November 2017, and without taking into account the exercise of the Offer Size Adjustment Option in whole or in part) for subscription.

Conditional upon the share premium account of our Company being credited with the proceeds of the Share Offer, an appropriate sum will be capitalised and applied in paying up in full such number of shares in our Company to be allotted and issued to the then existing shareholders of our Company so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by them, will constitute 75.0% of the issued share capital of our Company.

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



Notes:

(1) MS HK is owned as to 40% by Chairman Food & Beverage Management Limited. Chairman Food & Beverage Management Limited is a wholly-owned investment holding company incorporated in Hong Kong by Mr. Cheung Kwai Po, our business partner, for holding all his investments in the restaurant businesses under the brand Modern Shanghai and/or its related brands.

(2) Hokkaidon is owned as to 40% by Food Master (HK) Company Limited

(3) Veranda Holding Company Limited is owned by Mr. Tang Pak Hai, Mr. Cho Wang Yu and Ms. Chow Michaela (each an Independent Third Party) as to 56.4%, 35.2% and 8.4%, respectively.

(4) Mr. N Kwan is the son of Mr. T Kwan.

(5) 1957 & Co. (Hospitality) HK also holds 40% interest in MS Int'l.

(6) 1957 and Partners is owned as to 29% by a wholly-owned subsidiary of Hysan and as to 20% by Chairman Food & Beverage Management Limited.

(7) L Garden and Partners is owned as to 29% by a wholly-owned subsidiary of Hysan.

OVERVIEW

We are a Hong Kong-based restaurant operation and management group that offers a variety of speciality cuisines in restaurants designed by award-winning interior and lighting designers. We operate full service restaurants under various brands and are dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers. As at the Latest Practicable Date, we operated eleven restaurants under four self-owned brands, namely, Sushi Ta-ke, An Nam (including its junior brand, Petit An Nam), Modern Shanghai and Hokkaidon and three franchised or sub-licensed brands, namely, Mango Tree (including its junior brand, Mango Tree Café), Gonpachi and Paper Moon. Apart from having Sushi Ta-ke Restaurant located in commercial premises in Causeway Bay, all of our other restaurants are located in shopping malls in Causeway Bay, Tsim Sha Tsui, Taikoo Shing, Kowloon Tong and Yuen Long. In addition to our restaurant operation business, we also provide restaurant management and consultancy services in Hong Kong and the PRC.

The following table sets out information on our brands and restaurants in Hong Kong during the Track Record Period and as at the Latest Practicable Date.

			Year ended 31 December				Five months ended 31 May			
			2015		2016		2016		2017	
Restaurant	Cuisine	Date of commencement	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
			(HK$ million)		*(HK$ million)*		*(HK$ million)* (Unaudited)		*(HK$ million)*	
Restaurants in operation										
Self-owned brand										
Sushi Ta-ke Restaurant	Japanese	18 December 2010	21.3	13.1	19.7	9.1	8.2	9.3	6.5	6.6
An Nam (Lee Garden) Restaurant	Vietnamese	8 September 2013	26.9	16.6	27.1	12.4	11.0	12.6	10.8	10.9
An Nam (Festival Walk) Restaurant	Vietnamese	30 November 2015	4.5	2.7	40.9	18.8	15.8	18.0	15.1	15.3
Petit An Nam Restaurant *(Note)*	Vietnamese	1 September 2015	6.0	3.7	14.1	6.5	5.9	6.7	5.1	5.1
Modern Shanghai Restaurant	Shanghainese	1 September 2015	8.5	5.3	23.7	10.9	9.9	11.3	10.0	10.1
Hokkaidon Restaurant	Japanese	23 January 2017	N/A	N/A	N/A	N/A	N/A	N/A	9.1	9.2
Franchised/sub-licensed brand										
Gonpachi Restaurant	Japanese	8 September 2013	27.9	17.3	33.7	15.5	12.8	14.6	13.8	13.9
Mango Tree (Elements) Restaurant	Thai	17 December 2012	45.3	28.0	41.7	19.1	16.7	19.1	16.8	17.0
Mango Tree Café (Taikoo) Restaurant	Thai	15 December 2016	N/A	N/A	1.3	0.6	N/A	N/A	10.9	11.0
Mango Tree Café (YOHO) Restaurant	Thai	21 July 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paper Moon Restaurant	Italian	23 September 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Closed restaurants										
Self-owned brand										
Bella Vita Restaurant	Italian	18 December 2010	8.7	5.4	5.3	2.4	3.0	3.5	N/A	N/A
Franchised brand										
Mango Tree (Cubus) Restaurant	Thai	24 October 2011	11.9	7.4	8.7	4.0	3.9	4.5	N/A	N/A

Note: During the Track Record Period, Petit An Nam Restaurant was operated under our "An Nam" brand and it has been officially renamed from "An Nam" to "Petit An Nam" as at the Latest Practicable Date upon obtaining the approval from the landlord of the premises.

For locations of our restaurants in Hong Kong, see the paragraph "Our Restaurants" in this section.

Our portfolio of restaurants caters for customers of different spending habits and price ranges. Most of our restaurants serve customers with an average consumption per meal ranging from HK$100 to HK$500 per person, while our Sushi Ta-ke Restaurant provides customers with a fine-dining experience.

Each of our restaurant brands signifies different cuisines and features within our restaurant portfolio. Below is a brief introduction to each brand:

Self-owned brands

- **Sushi Ta-ke (竹壽司):** Our Sushi Ta-ke Restaurant places emphasis on fresh seafood from Japan and artful presentation. With a Japanese-style interior design and hand-picked Japanese crockery, our restaurant aims to provide customers with a Japanese fine-dining experience in an elegant setting. The signature dishes of our restaurant include fresh fatty tuna sashimi, fatty tuna and sea urchin sushi and grilled wagyu beef.

- **An Nam (安南):** Our An Nam restaurants serve upscale Vietnamese cuisines. The restaurants blend in warmth and elegance from its Vietnamese colonial-style decorations with Hue-style cooking techniques. In order to create a Vietnamese ambiance, we imported furniture and displays from Vietnam. The signature dishes of An Nam Restaurants include wok-fried tamarind crab, An Nam signature king prawn and An Nam pearl snapper soup. We have also developed An Nam's junior brand, Petit An Nam, featuring a chic dining environment to provide casual Vietnamese cuisine to our customers.

- **Modern Shanghai (家上海):** Our Modern Shanghai Restaurant features homemade contemporary Shanghainese cuisine. The restaurant setting is designed to cater for cozy family and friend gatherings. The signature dishes of our Modern Shanghai Restaurant include chef's special pan-fried xiao long bao, braised pork with turnip, sautéed mud crab and glutinous rice cake with brown bean sauce and edamame.

- **Hokkaidon (北海丼):** Our Hokkaidon Restaurant provides jet-fresh seafood imported from Hokkaido and offers authentic Japanese cuisine in a relaxing and comfortable setting. Besides premium ingredients, the use of tender nanatsuboshi rice from Hokkaido and detailed craftsmanship is key to creating authentic delicacies at our Hokkaidon Restaurant. The signature dishes of our Hokkaidon Restaurant include signature hokkai don, salmon roe don and Hokkaido sea urchin don.

- **Bella Vita (discontinued):** Bella Vita, our discontinued self-owned brand, featured Italian cuisine and elements of Italian lifestyle such as friends and family, delicious food and beautiful wine. Our Bella Vita Restaurant closed in 2016.

Franchised brands/Sub-licensed brands

- **Mango Tree (芒果樹):** Mango Tree is our franchised Thai brand which features authentic and sophisticated Thai dishes with the tastes of sweet, sour and spicy. Mango Tree is a well-established international Thai-style restaurant brand originating from Thailand. Apart from Hong Kong and Qingdao, Mango Tree also has branches managed by other franchisees in various major cities in the world, such as London, Tokyo, Washington DC and Manila. Through the interior design, we aim to provide a sense of authentic Thai culture to our customers. The signature dishes of Mango Tree (Elements) Restaurant include tom yum goong, yellow curry crab and sticky rice with mango. We have also introduced Mango Tree's junior brand, Mango Tree Café, which provides light, fusion Thai food in a modern, casual setting to customers looking for more economical meals.

- **Gonpachi (權八):** Gonpachi is our franchised Japanese-cuisine brand, named after a main character of Kabuki (a form of traditional Japanese theatre). The interior design aims to provide a Japanese izakaya (居酒屋) environment for our customers while they enjoy our specialty cuisines, namely, hand-made buckwheat soba noodles and "kushi" style skewers. The signature dishes of our Gonpachi Restaurant include seiro soba, fresh crab croquette and sumiyaki charcoal grill.

- **Paper Moon:** Paper Moon is our sub-licensed Italian-cuisine brand which originates from a restaurant operating in Milan, Italy. The signature dishes of our Paper Moon Restaurant include homemade pappardelle with smoked pancetta in pink sauce, 7-week aged black angus porterhouse with assorted vegetables, and handmade burrata cheese with heirloom tomato and basil.

Our dining concept focuses on the theme "Create an Original Lifestyle". We aim to provide a "Value for Money" dining experience for our customers. In today's competitive restaurant business, we believe that food quality alone may not be sufficient to attract customers' repeated visits. With the experience of our management team and passion for hospitality design, we aim to create a multi-dimensional dining concept which places emphasis on value for money, individuality, cultural influence, creativity and flavour.

Leveraging on our expertise in managing restaurants, we expanded our service scope to cover the provision of restaurant pre-opening and restaurant management consultancy services for restaurants in Hong Kong and the PRC. In the past, we have assisted our customers to launch various restaurants successfully.

For the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, our Group's revenue was approximately HK$161.8 million, HK$217.8 million and HK$99.0 million, respectively, and we recorded profit of approximately HK$31,000 and HK$0.6 million and loss of approximately HK$7.1 million, respectively, after taking into account the Listing expenses attributable to the relevant period. For details, please refer to the section headed "Financial information" in this prospectus.

In recognition of the quality of our restaurants, several of our restaurants were awarded "Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition" and/or "MICHELIN Guide Recommended Restaurants" during the Track Record Period.

COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our success and enabled us to compete effectively in the restaurant industry in Hong Kong:

Our management team is experienced and has diverse expertise

Our experienced management team brings together expertise covering different aspects of the restaurant business. In terms of food and beverage expertise, our executive Director and chief executive officer, Mr. Kwok, held executive management positions and has extensive experience in the restaurant industry, having opened and operated various restaurants across South East Asia and the Middle East, including Hong Kong, Singapore and Dubai. Prior to joining our Group, Mr. Lau, our executive Director and chief operating officer, has served various food and beverage providers in Hong Kong, Macau and Australia with over 14 years of experience.

In terms of interior and lighting design expertise, our non-executive Director and chairman, Mr. S Leung is a renowned hospitality interior designer in the Asia Pacific region having won a number of international awards. Our executive Director and vice chairman, Mr. T Kwan is an award-winning lighting designer with rich experience in restaurant and hospitality projects. His innovative lighting design works received various high profile awards in the Asia Pacific region.

We believe this combination of expertise gives our Group a competitive strength over our competitors by providing our customers with a quality dining experience in a unique and artistic environment. For biographical details of our Directors, please refer to the section headed "Directors, senior management and employees" in this prospectus.

Strong new restaurant development and project management skills

Our management team has strong expertise in the food and beverage sector as well as interior and lighting design. This collaboration of knowledge and experience has facilitated the efficient and economic planning and development of our new restaurants by designing restaurant layouts efficiently and economically while creating stylish contemporary designs.

Our management team's familiarity with restaurant business and management has also translated into an efficient turnaround time (the period between the handover date of the leased premises to the opening date of the restaurant) in developing new restaurants. Our Directors, Mr. Kwok and Mr. Lau, with their extensive experiences in operating restaurants, are able to provide us with valuable insight in restaurant pre-opening management, menu design, kitchen layout and ideas on culinary art to be displayed at our new restaurants. We believe that our new restaurants' turnaround process is further expedited by leveraging on the experience of our Directors. For example, Mr. S Leung and Mr. T Kwan who are also involved in the business of premium interior design and lighting design. During the Track Record Period, we opened five restaurants with turnaround time of two to three months in order to maximize our revenues.

Experienced chefs dedicated to the art of cooking

Our head chefs have extensive experience in their fields of specialty and have operated kitchens in some of Asia Pacific's renowned hotels and restaurants. As our Group aims to bring our customers an authentic dining experience, many of our chefs were originated from overseas. They are therefore able to deliver tastes of their home cuisines to our guests. For example, Mr. Anunte Sae-ung, the executive chef at our Mango Tree (Elements) Restaurant, was from Thailand and has extensive experience working in kitchens of prestigious hotels. Mr. Lai Kam Yuen, our executive chef at An Nam (Lee Garden) Restaurant, and Ms. Giang Muoi, our executive chef at An Nam (Festival Walk) Restaurant, have each worked in a number of Vietnamese or Indonesian restaurants for over 10 years prior to joining our Group. Mr. Kaoru Mitsuhashi, our Japanese executive chef at Sushi Ta-ke Restaurant, has served as an executive sushi chef at another Japanese restaurant in Hong Kong. Most of our head chefs have been serving us since commencement of the respective restaurants. We believe that with our chefs' culinary crafting skills and passion, we will continue to offer high quality cuisine to our customers.

Commitment to quality ingredients sourcing and regular menu review to include seasonal dishes

We believe our success is built on our ability to serve our customers delicious, fresh and skilfully prepared authentic cuisines of consistent high quality. To ensure that dishes served by us are of good quality, our head chefs and operation team work together to source only from quality and stable food ingredient suppliers. At times, we may travel to the origins of food ingredients we procured to understand their farming, fishing and cultivation processes. For example, in sourcing fresh sashimi for our Japanese restaurants, our chief executive officer and his team have visited fishermen in Hokkaido to understand and experience the fishing process before deciding on the ideal source for supplies. We believe that through our selection and specification of food ingredients we have maximized the standard of our dishes.

We review menus of our restaurants from time to time and add seasonal dishes to keep our menus interesting and to offer a spectrum of choice to our customers. For example, we have cooperated with a local resort in Hua Hin to design a promotional seasonal menu containing authentic Hua Hin cuisine for our Mango Tree (Elements) Restaurant.

Our restaurants are strategically located

We believe that restaurant location selection plays an important role in the success of our restaurants. We strategically select premises for our restaurants in major shopping malls including Lee Gardens, Elements, Harbour City, Festival Walk, Cityplaza and YOHO mall. As a result, we can benefit from a high pedestrian flow in commercial and tourist areas such as Causeway Bay, Tsim Sha Tsui and Kowloon Tong, as well as residential areas such as Taikoo Shing and Yuen Long. We position our restaurants of the same brand in different geographical areas to reduce intra-group competition. For example, our three Vietnamese restaurants under our An Nam brand are located at Lee Garden One in Causeway Bay, Festival Walk in Kowloon Tong and YOHO mall in Yuen Long. This also allows our Group to provide customers in a particular geographical location with a variety of cuisines. For example, in Causeway Bay, we offer Japanese izakaya (居酒屋) style cuisine through our Gonpachi Restaurant, Vietnamese cuisine through our An Nam (Lee Garden) Restaurant as well as Japanese fine dining experience through our Sushi Ta-ke Restaurant.

BUSINESS STRATEGIES

We intend to implement the following business strategies to expand our market share, profitability and brand presence.

Continue to develop our brand portfolio and expand our restaurant network

We believe that our strength lies in developing restaurants under our own brands and restaurants operating under different franchised or sub-licensed brands. We will continue to develop our brand portfolio through means such as (i) refining our existing brands, (ii) diversifying our existing brands into junior brands and/or senior brands and (iii) launching new brands.

We also plan to open or invest in and manage more restaurants under our existing brands, refined brands and new brands. Specifically, we opened Hokkaidon Restaurant, Mango Tree Café (YOHO) Restaurant and Paper Moon Restaurant in January, July and September 2017, respectively, and we plan to open or invest in and manage seven new restaurants (three in Hong Kong and four in the PRC) in the year ending 31 December 2018 and another four new restaurants (two in Hong Kong and two in the PRC) in the year ending 31 December 2019. For restaurants to be opened in the PRC, we only intend to hold a minority stake of approximately 25% in the operating companies of these restaurants and will manage these restaurants.

In envisaging new restaurant projects, our emphasis will be on the feasibility of achieving our anticipated level of sales growth and the overall customer traffic. To manage our overall growth, we will closely monitor and regularly evaluate individual restaurants and take timely action to enhance their business performance.

We intend to relocate our Sushi Ta-ke Restaurant (being our only restaurant located in a commercial building as at the Latest Practicable Date) to a shopping mall, namely Lee Garden Two, Hong Kong. Historically, when we opened our first few restaurants, due to the lack of credentials, we were only offered a very limited number of leased premises which suit our requirements. These leased premises are not located in typical shopping malls or streets with a high level of pedestrian flow nor are they considered convenient locations by our customers.

With the steady expansion of our restaurants since 2010 and the increasing popularity of our restaurants, in particular, our An Nam restaurants and Mango Tree restaurants, we believe that we have now better positioned our Group against our competitors for better restaurant premises of our choice. This is evidenced by the fact that we have been able to secure leased premises from shopping malls such as Lee Garden, Festival Walk, Harbour City and Cityplaza. We believe that such new locations will enhance the performance of our restaurants given the increase in pedestrian flow and brand awareness in popular shopping malls.

Sushi Ta-ke

We intend to refine the brand image of our Sushi Ta-ke Restaurant as a new restaurant under the "Ta-ke" brand which offers a broader variety of fine-dining Japanese cuisine. We envisage that the new restaurant will offer three major types of Japanese speciality cuisines namely (i) teppanyaki, (ii) tempura, and (iii) sushi and sashimi. Given the wider cuisine offering, we would require additional space to cater for the equipments and cooking facilities. We therefore intend to relocate our Sushi Ta-ke Restaurant from its current location to Lee Garden Two, which has a high pedestrian flow. In June 2017, we entered into the Ta-ke (Lee Garden) JV Agreement with Jarrett Investments Limited, a wholly-owned subsidiary of Hysan, in relation to the opening of the new Ta-ke restaurant. The joint venture company was incorporated on 30 June 2017 and we have secured a lease for the new restaurant. Our Directors consider that such cooperation would be beneficial to our businesses as Hysan Group can provide premier premises in shopping malls at prime location for the new Ta-ke restaurant. For details see "— Our Restaurants — Joint venture agreements" in this section. We currently aim to open the restaurant by the first quarter of 2018.

We also plan to open another restaurant under our Ta-ke brand in Shenzhen in 2019. It is currently envisaged that we will hold a minority stake in the operating company of the new restaurant in Shenzhen and the restaurant will be managed by us.

Modern Shanghai

We intend to develop a senior brand under the Modern Shanghai concept which serves upscale Shanghainese dishes with a more sophisticated layout as compared to our Modern Shanghai Restaurant. In June 2017, we entered into the Modern Shanghai (Lee Garden) JV Agreement with Batovian Investments Limited, a wholly-owned subsidiary of Hysan, and Chairman Food & Beverage Management Limited, in relation to the opening of a new restaurant to provide Shanghainese cuisine. The joint venture company was incorporated on 30 June 2017 and we have secured a lease for the new restaurant at Lee Garden Two. Our Directors consider that such cooperation would be beneficial to our business as Hysan can provide premier premises in shopping malls at prime locations for the new restaurant under the Modern Shanghai brand and Chairman Food & Beverage Management Limited is our existing partner in Modern Shanghai Restaurant. For details see "— Our Restaurants — Joint venture agreements" in this section. We currently target to open this restaurant by the first quarter of year 2018.

To further expand the restaurant network of our Modern Shanghai brand, we also target to open one new restaurant in Hong Kong and two new restaurants in Guangzhou, respectively in 2018 and one new restaurant in Hong Kong in 2019. We intend to manage all these new restaurants, and hold a minority stake in the companies to be set up to hold the new restaurants in the PRC. We will own over 50% of the new restaurants to be opened in Hong Kong in 2019.

Hokkaidon

At the beginning of 2017, we opened Hokkaidon Restaurant in Cityplaza, Taikoo Shing, which focuses on Japanese sashimi rice bowls. Our Hokkaidon brand features imported seasonal ingredients selected by our supplier in Sapporo Central Wholesale Market and was well received by customers. To further enhance the presence of the Hokkaidon brand, we intend to open another Hokkaidon restaurant in 2018 in Hong Kong.

Mango Tree

Leveraging on the success of launching our Mango Tree Café (Taikoo) Restaurant, we further opened another Mango Tree Café (YOHO) Restaurant in July 2017 in YOHO Mall.

As we have closed down our Mango Tree (Cubus) Restaurant, we intend to seek a new premise which is preferably located in a shopping mall to re-open a Mango Tree restaurant by the third quarter of 2019 in Hong Kong.

We also plan to expand the restaurant network of Mango Tree in the PRC by opening a Mango Tree restaurant in Guangzhou in 2018, and one Mango Tree Café restaurant in each of 2018 and 2019, in Guangzhou and Shenzhen, respectively. We intend to manage all three new restaurants, and hold minority stake in the companies to be set up to hold new restaurants in the PRC.

Paper Moon

Following the closure of our Bella Vita Restaurant, we have decided to relaunch Italian cuisine within our portfolio through a new sub-licensed brand. In March 2017, we entered into the Paper Moon Sub-license Agreement with the licensee of "Paper Moon", a brand originated from Milan. Our Paper Moon Restaurant, which was the first restaurant under this sub-licensed brand, was opened in September 2017 in Harbour City.

Planned capital expenditure

The planned capital expenditure for these new restaurants opened/to be opened in Hong Kong is expected to be approximately HK$31.2 million, HK$7.8 million and HK$12.2 million for years ending 31 December 2017, 2018 and 2019, respectively. We have already incurred approximately HK$29.8 million of our planned capital expenditure for the year ending 31 December 2017 for the period commencing on 1 January 2017 up till the Latest Practicable Date.

Further, the investment costs for these new restaurants to be opened/managed in the PRC is expected to be approximately nil, HK$6.1 million and HK$4.0 million for years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. Currently, we have no intention to open or manage any restaurants in Macau for the years ending 31 December 2017, 2018 and 2019.

We intend to finance the planned capital expenditures and investment costs through a combination of (i) internal resources given we are able to generate operating cash flows before working capital changes (and excluding our Listing expenses which were non-recurring in nature and taking into account of the depreciation expenses of our right-of-use assets and interest expenses on lease liabilities) of approximately HK$9.0 million, HK$19.3 million and HK$7.8 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, and we recorded cash and cash equivalents of approximately HK$8.2 million as at 31 May 2017; (ii) contributions from the relevant joint venture partners pursuant to the relevant joint venture agreement; and (iii) the net proceeds from the Share Offer. In particular, we currently intend to only apply internal reserves for any investment costs to be incurred in relation to our expansion plan in the PRC.

The expected investment which, may be incurred for our PRC expansion plan under the MT PRC & Macau Franchise Agreement is expected to be approximately HK$5.0 million in aggregate during the years ending 31 December 2018 and 2019 and is unlikely to exceed HK$3.5 million per year during the franchise period. Since (i) it is our current intention to only invest up to a maximum of 25% interest (if any) in PRC Mango Tree restaurants to be opened/managed by us during its franchise period; and (ii) based on the historical records of operating cash flows of our Group, our

Directors are of the view that we will be able to continue to generate a stable amount of operating cash flows, therefore the expected investment costs which may be incurred is not expected to result in any material effect on our Group's working capital adequacy.

Please see the section "Future Plans and Use of Proceeds" for the implementation plan and proceeds from the Share Offer that are expected to be used for the restaurant expansion mentioned above.

Latest status

As at the Latest Practicable Date, we and the relevant landlord have entered into the lease agreements in relation to the two new restaurants to be opened in Hong Kong for the year ending 31 December 2018. For the Mango Tree restaurant and Modern Shanghai restaurant we intend to invest and manage in Shenzhen and Guangzhou, we have already identified the relevant business partners to form the joint venture companies that will hold the relevant restaurants. We had received invitations from the leasing department of certain shopping arcades in the PRC in respect of these restaurants and we are currently considering the appropriate location for these restaurants. Once the locations have been decided, we will set up the relevant joint venture companies. For our future development in the PRC, we are open to liaise with different potential Independent Third Parties who are interested in investing new restaurants under our self-owned brands or franchised brands in the PRC.

Commercial viability and feasibility of our expansion plan

Our Directors consider our expansion plan in Hong Kong to be commercially reasonable, viable and feasible in light of the following factors: (i) the operational and financial performances of our new restaurants opened during the Track Record Period, in particular, (a) two out of three new restaurants opened during the year ended 31 December 2015 recorded positive profit operating margins for the year ended 31 December 2016, while the remaining new restaurant showed improvement in its operating margin for the year ended 31 December 2016 and also a notably improved financial performance in April and May 2017 (compared to the corresponding period in 2016) after this restaurant's rebranding (including a reengineering of its menu) in early April 2017 to better cater for its target customers, and (b) the new restaurant opened during the year ended 31 December 2016 recorded positive profit operating margin for the five months ended 31 May 2017 based on its unaudited management account; (ii) for the Track Record Period, we recorded a positive operating cash flow before working capital changes (after adding back the Listing expenses which were non-recurring in nature and reducing for the depreciation of the right-of-use assets and interest expenses on lease liabilities) of approximately HK$9.0 million, HK$19.3 million and HK$7.8 million, respectively; (iii) we are also able to secure financing from banks during the Track Record Period; and (iv) we expect we would continue to have sufficient financial resources to finance our expansions in Hong Kong.

As for our expansion plan in the PRC (to open or invest in and manage new restaurants ("**New PRC Restaurants**")), our Directors also consider such expansion plan (including the opening and/or managing of at least nine Mango Tree or Mango Tree Café restaurants in the PRC or Macau within 60 months after 31 December 2016, as required under the MT PRC & Macau Franchise Agreement) to be commercially reasonable, viable and feasible in light of the following factors: (i) our management team has experience in operating and managing restaurants in different cities, as set out under the paragraph headed "Restaurant pre-opening consultancy and management consultancy services in Hong Kong and the PRC — Our Experience in Restaurant Pre-opening and Management Consultancy Services" in this section below; (ii) we have managed two restaurants in the PRC since 2015; (iii) we have the flexibility to choose whether to hold equity interests in the abovementioned Mango Tree restaurants that we are required to open or manage under the MT PRC & Macau Franchise Agreement; (iv) we have already identified the relevant business partners with whom to open these New PRC Restaurants; (vi) our ability to generate revenue from the one-off pre-opening consultancy service and recurring restaurant management consultancy services from these New PRC Restaurants; (vi) in the event that we choose to hold interest in the new restaurants, we currently intend to only hold a minority stake of up to 25% of the holding companies of the New PRC Restaurants and in case any factors arise where we consider it inappropriate to continue to hold such minority interest, we may reduce or cease our interest in such holding companies; and (vii) given that we only intend to hold a minority stake (if any) in these New PRC Restaurants, our expected investment costs are not significant and we expect that we will have sufficient financial resources to finance our planned expansions in the PRC.

Further develop our restaurant pre-opening and management consultancy services in the PRC

Leveraging on our knowledge and experience in the food and beverage industry, we also provide restaurant pre-opening consultancy and restaurant management consultancy services. For our restaurant pre-opening consultancy services, we work closely with our customer's project team and other experts, such as restaurant designers, renovation and equipment installation contractors. We advise on and assist with the planning and implementation of various matters related to a new restaurant's launch, which typically include overall brand positioning, menu and recipe engineering, budget and cost forecast, fitting-out scheduling, equipment and supplies procurement, set-up of operating guidelines, staff recruitment and training, pre-launch publicity and marketing. For our restaurant management consultancy services, we are retained to assess the day-to-day operations and management of our customers' restaurants. Our customers consult us on the key aspects of a restaurant's operations, which principally include procurement and sales administration, menu development, expense control, system improvement, operation compliance, promotion and marketing, and human resources management, with the aim of enhancing the restaurant's overall recognition and profitability. Most of our customers are restaurant operators in the PRC.

Our Directors consider that the food and beverage industry in the PRC has significant growth potential and expect that there will be an increasing demand for restaurant consultancy services. Therefore, we intend to establish a local presence in the PRC by setting up a Shenzhen office as a contact point for our customers in the PRC, through which we would be able to enhance our service quality and manage restaurant pre-opening projects and restaurant operation management projects more conveniently and efficiently.

The total planned expenses for such development in the PRC is expected to be approximately HK$0.7 million, HK$0.7 million and HK$0.7 million for each of the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

Enhance our brand recognition and provide high quality ingredients and new dishes to our customers

We consider high-quality ingredients and regularly updated menus essential to the continuing success of our Group's restaurants. To further strengthen our market penetration ability and develop our brand portfolio, we will continue to (i) seek suppliers of high-quality ingredients, (ii) explore new dishes for our menus, and (iii) market our brands to enhance our market positioning and increase our brand awareness.

We will continue to explore suppliers for sourcing high-quality and authentic food ingredients from places such as Japan, Thailand and Vietnam in order to ensure stable supply of high quality food ingredients at competitive prices. In addition, we intend to seek cooperation opportunities with external chefs who are skilled in the cuisines offered by our restaurants to develop new dishes.

We intend to invest in marketing to enhance our brand image and awareness. During the Track Record Period, our marketing team has arranged tasting events specifically catered for the media, press, up-and-coming internet bloggers and food critics. We have also worked closely with shopping malls where our restaurants are situated to drive promotions. In addition, we intend to publish advertisements in magazines, shopping malls or public outdoor advertising sites to enhance our brand awareness.

The total planned additional expenses for such business development is expected to be approximately HK$0.2 million, HK$0.2 million and HK$0.2 million for each of the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively.

OUR BUSINESS MODEL

We principally operate full-service restaurants under our self-owned brands and franchised/sub-licensed brands in Hong Kong. We also provide restaurant pre-opening and management consultancy services in Hong Kong and the PRC. We would also from time to time explore market opportunities and invest in minority stakes in other restaurants in the PRC which we believe will benefit our Group as a whole.

OUR RESTAURANTS

Our restaurants are full-service restaurants where our customers are served individually at their table from seating to payment. Our core value is to provide a “Value for Money” dining experience, which offers authentic tastes that match our restaurant themes. We place emphasis on hospitality and overall ambience of our restaurants to provide our customers with a comfortable and memorable dining experience. We also host events such as corporate annual dinners, Christmas and birthday parties, wine/sa-ke food pairing dinners co-organised with wine/sa-ke suppliers from time to time.

As at the Latest Practicable Date, we operated eleven restaurants either under our self-owned brands or franchised/sub-licensed brands. Our self-owned brands include Sushi Ta-ke, An Nam (including its junior brand, Petit An Nam), Hokkaidon and Modern Shanghai and our franchised/sub-licensed brands include Gonapchi, Mango Tree (including its junior brand, Mango Tree Café) and Paper Moon.

Among these eleven restaurants, (i) four of them, namely, Sushi Ta-ke Restaurant, An Nam (Lee Garden) Restaurant, Gonpachi Restaurant and Mango Tree (Elements) Restaurant commenced business prior to the Track Record Period; (ii) three restaurants, namely An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant and Modern Shanghai Restaurant, commenced operation during the year ended 31 December 2015; (iii) one restaurant, namely Mango Tree Café (Taikoo) Restaurant, commenced operations during the year ended 31 December 2016; (iv) one restaurant, namely Hokkaidon Restaurant, commenced operation during the five months ended 31 May 2017; and (v) two restaurants, namely Mango Tree Café (YOHO) Restaurant and Paper Moon Restaurant, commenced operation after the Track Record Period on 21 July 2017 and 23 September 2017, respectively. All of these restaurants (except Paper Moon Restaurant which only commenced operation in September 2017) have already reached breakeven point.

The following table summarises the brands, location and types of cuisines and other information of restaurants we own and operate during the Track Record Period and up to the Latest Practicable Date:

Name of restaurant	Location	Cuisine	Target meal spending per person	Approximate gross floor area sq.ft.	Seating as at the Latest Practicable Date	Breakeven period[1]	Investment payback period[2]	Period remaining to achieve investment payback
Restaurants in operation								
Self-owned brand								
Sushi Ta-ke Restaurant	Cubus, Causeway Bay	Japanese	HK$800	2,785	50	2 months	2 years	N/A
An Nam (Lee Garden) Restaurant	Lee Gardens One, Causeway Bay	Vietnamese	HK$300	4,553	139	9 months[3]	4 years	N/A
An Nam (Festival Walk) Restaurant	Festival Walk, Kowloon Tong	Vietnamese	HK$150	5,780	180	4 months	3 years[5]	1 year
Petit An Nam Restaurant	YOHO Mall I, Yuen Long	Vietnamese	HK$150	3,161	128	12 months[4]	5 years[5]	3 years
Modern Shanghai Restaurant	YOHO Mall I, Yuen Long	Shanghainese	HK$150	3,688	142	2 months	4 years[5]	2 years
Hokkaidon	Cityplaza, Taikoo Shing	Japanese	HK$200	2,171	100	3 months	2 years[5]	2 years
Franchised brand								
Gonpachi Restaurant	Lee Garden One, Causeway Bay	Japanese	HK$450	5,813	168	12 months[3]	7 years[5]	3 years
Mango Tree (Elements) Restaurant	Elements, Tsim Sha Tsui	Thai	HK$300	5,677	180	5 months	2 years	N/A
Mango Tree Café (Taikoo) Restaurant	Cityplaza, Taikoo Shing	Thai	HK$150	3,660	140	3 months	4 years[5]	3 years
Mango Tree Café (YOHO) Restaurant[7]	YOHO Mall I, Yuen Long	Thai	HK$150	5,627	100	3 months	2 years[5]	2 years
Paper Moon Restaurant[8]	Harbour City, Tsim Sha Tsui	Italian	HK$350	3,651	168	3 months[6]	3 years[5]	3 years
Closed Restaurants[9]								
Self-owned brand								
Bella Vita Restaurant	Cubus, Causeway Bay	Italian	HK$550	2,889	56	4 months	N/A	N/A
Franchised brand								
Mango Tree (Cubus) Restaurant	Cubus, Causeway Bay	Thai	HK$300	3,574	80	2 months	N/A	N/A

Notes:

(1) Breakeven period refers to the time period required for the restaurant to achieve breakeven point (i.e. the monthly revenue of the restaurant is at least equal to the monthly expense of that restaurant) for two consecutive months.

(2) Investment payback period means the time it takes for the accumulated operating cashflow generated from the restaurant equates the initial costs of opening that restaurant.

(3) The relatively long breakeven period of our An Nam (Lee Garden) Restaurant and Gonpachi Restaurant was mainly affected by the relatively high rental expenses incurred because of their respective large floor size and their premium locations. Further, given that each of them were the first restaurant of its brand in Hong Kong, a relatively long time was taken to build up their brand awareness.

(4) Petit An Nam Restaurant was first opened under the brand An Nam as this was a condition imposed by the landlord when we were in the process of securing entry to YOHO Mall. Despite modification to the restaurant menu to include more casual priced food items to cater for the target customers in the Yuen Long area, the menu still carried quite a number of high priced signature items under the generic An Nam brand, which resulted in undesirable patronage and negative operating margin for the two years ended 31 December 2016 despite that the restaurant has already reached breakeven point. Subsequently, there were negotiations between us and the landlord and the landlord's consent was obtained to rename the restaurant under the Petit An Nam brand. We have reengineered the menu to include more suitably priced food items to cater for our targeted customers in the Yuen Long area, and the financial performance of Petit An Nam Restaurant in April and May 2017 was notably improved as compared to the first three months in 2017 and the corresponding period in 2016 as evidenced by the improvement in operating margin to positive operating profit margin of approximately 3.2% for the two months ended 31 May 2017 from a negative operating margin of approximately 19.5% and 11.8% for the first three months in 2017 and the corresponding period in 2016.

(5) These are expected investment payback periods.

(6) This is expected breakeven period.

(7) Mango Tree Café (YOHO) Restaurant commenced business in July 2017.

(8) Paper Moon Restaurant commenced business in September 2017.

(9) When we opened our first few restaurants, including Sushi Ta-ke Restaurant, Bella Vita Restaurant and Mango Tree (Cubus) Restaurant, due to the lack of credentials, we were not able to establish our presence in shopping malls and therefore opened such restaurants in commercial premises with relatively low pedestrian flow in Causeway Bay. Due to redevelopment projects at the neighbourhood of this building in recent years, the pedestrian flow to our restaurants was adversely affected. As a result, during the Track Record Period, we closed down our Bella Vita Restaurant on 15 September 2016 and Mango Tree (Cubus) Restaurant on 6 December 2016. We secured a premier shopping mall location to open Mango Tree Café (Taikoo) Restaurant on 15 December 2016.

Our brands

Each of our restaurant brands has a unique identity. For example, each of our restaurant brands has different decoration, menu design, lighting setting, tableware and staff uniform. Our Directors believe that this range of restaurant brands positions our Group well to appeal to a wider range of customer groups, thereby increasing our Group's market share.

A brief overview of each of our restaurant brands is set out below:

Self-owned brands

"Sushi Ta-ke"

Sushi Ta-ke is our fine-dining Japanese-themed restaurant brand, which features fresh ingredients (including fresh seafood from Japan) and artful presentation. Signature dishes of our Sushi Ta-ke Restaurant include fresh fatty tuna sashimi, fatty tuna and sea urchin sushi and grilled wagyu beef.

Interior design

Dishes

Fresh fatty tuna sashimi

Fatty tuna and sea urchin sushi

Grilled wagyu beef

"An Nam"

An Nam is our Vietnamese themed restaurant brand serving upscale Vietnamese cuisines. Our An Nam restaurants feature authentic Vietnamese dishes in a warm and elegant Vietnamese colonial style setting. The executive chefs at our An Nam restaurants both have extensive culinary experience in Vietnamese cuisine. Our restaurants under An Nam brand also features dishes using more prestigious food ingredients (as compared to our Petit An Nam Restaurant). Signature dishes of our An Nam restaurants include wok-fried tamarind crab, An Nam signature king prawn and An Nam pearl snapper soup.

Interior design

Dishes

Wok-fried tamarind crab

An Nam signature king prawn

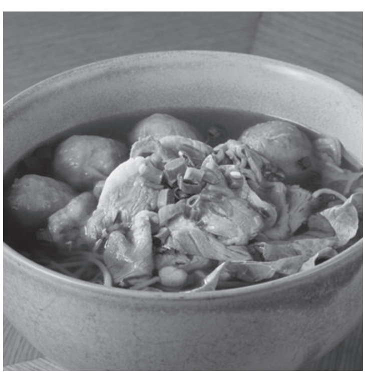
An Nam pearl snapper soup

"Petit An Nam"

Petit An Nam is the junior brand of An Nam, featuring simple and casual Vietnamese cuisines. The restaurant's theme is "everyday enjoyment", offering a relaxing dining atmosphere to our customers. Our Petit An Nam Restaurant focuses on Vietnamese dishes with a relatively simple and quick preparation process. The executive chef is from Vietnam and has extensive culinary experience in Vietnamese cuisine. Signature dishes of our Petit An Nam Restaurant include Vietnamese beef broth, steamed rice paper rolls with Vietnamese salami and signature yellow curry chicken vermicelli.

Interior design

Dishes



Vietnamese beef broth

Steamed rice paper rolls with Vietnamese salami

Signature yellow curry chicken vermicelli

"Modern Shanghai"

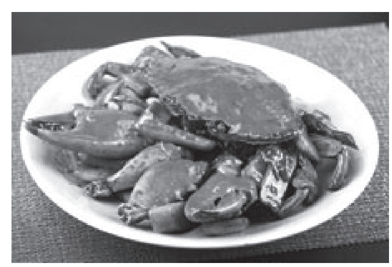
Modern Shanghai is our Shanghainese cuisine brand inspired by the early residences in Shanghai. The design of our Modern Shanghai Restaurant fuses Shikumen, the traditional Shanghai architectural style, with a contemporary approach. We aim to create a cozy yet elegant ambience for our customers to enjoy authentic Shanghainese cuisine in an old Shanghai setting. Our Modern Shanghai Restaurant is headed by executive chef, Mr. Ben Luen, who has extensive culinary experience in Shanghainese cuisines. Signature dishes of our Modern Shanghai Restaurant include chef's special pan-fried xiao long bao, braised pork with turnip and sautéed mud crab & glutinous rice cake with brown bean sauce & edamame.

Interior design

Dishes

Chef's special
pan-fried xiao long bao

Braised pork with turnip



Sautéed mud crab & glutinous
rice cake with brown bean
sauce & edamame

"Hokkaidon"

In contrast to our Sushi Ta-ke Restaurant and Gonpachi Restaurant, our Hokkaidon Restaurant focuses on Japanese sashimi rice bowls, targeting customers who favour simple meals with fresh seafood. We cooperate with suppliers who are licensed importers in Hong Kong to source seasonal ingredients, including seafood, in the Sapporo Central Wholesale Market to ensure adequate supply of fresh and high quality ingredients. Another highlight of our Hokkaidon Restaurant is the glass kitchen design, through which our chefs display their craftsmanship in preparing fresh sashimi and blue-fin tuna to the customers. Signature dishes of our Hokkaidon Restaurant include signature hokkai don, salmon roe don and Hokkaido sea urchin don.

Interior design

Dishes

Signature hokkai don

Salmon roe don

Hokkaido sea urchin don

Franchised/Sub-licensed brands

"Mango Tree"

Our Mango Tree restaurants are dedicated to maintaining authenticity of Thai cuisine by focusing on the concept of "Sweet, Sour and Spicy" using imported herbs, spices and sauces. The executive chef of Mango Tree (Elements) Restaurant, namely Mr. Anunte Sae-ung, has extensive experience in Thai cuisines and uses fresh ingredients and herbs to prepare the dishes. Before joining our Group, Mr. Anunte Sae-ung worked in a number of five star hotels and clubs including Sheraton Hong Kong and Furama Hotel. Signature dishes of our Mango Tree restaurants include tom yum goong, yellow curry crab and sticky rice with mango.

Interior design

Dishes

Tom yum goong

Yellow curry crab

Sticky rice with mango

"Mango Tree Café"

Mango Tree Café is the junior brand under the Mango Tree brand, featuring traditional Thai food with a twist in a casual and lively setting. Our Mango Tree Café (Taikoo) Restaurant and Mango Tree Café (YOHO) Restaurant offer fusion dishes based on Thai cuisine elements. Our signature dishes include squid ink linguine with grilled octopus in red curry sauce, phad thai pizza and baked pork chop rice in Thai-style.

Interior design

Dishes

Squid ink linguine with grilled octopus in red curry sauce

Phad thai pizza

Baked pork chop rice in Thai-style

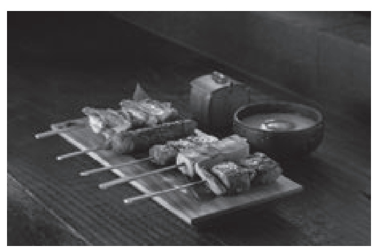
"Gonpachi"

Gonpachi Restaurant is one of our Japanese themed restaurants. The name Gonpachi is derived from "Shirai Gonpachi", the main character of a Kabuki, which is a form of traditional Japanese theatre. At our Gonpachi Restaurant, we aim to provide our customers with a dining experience that embodies rich Japanese culture and traditions. Our speciality cuisine is hand-made buckwheat soba noodles and "kushi" style skewers using fresh ingredients imported daily from Japan. Signature dishes of our Gonpachi Restaurant also include fresh crab croquette, sumiyaki charcoal grill and seiro soba.

Interior Design

Dishes

Fresh crab croquette



Sumiyaki
charcoal grill

Seiro soba

"Paper Moon"

Paper Moon is our Italian themed restaurant serving homey recipes that bring forth the genuine tastes of Italy in a vibrant and contemporary setting. Following the founding idea of "providing good value honest Italian cuisines", Paper Moon prepares fresh and seasonal ingredients using authentic Italian cooking techniques. The 1.4 tonne Ambrogi Pizza Oven imported directly from Italy is one of the main attractions of the restaurant. Signature dishes of Paper Moon include handmade burrata cheese with heirloom tomato and basil, homemade pappardelle with smoked pancetta in pink sauce and 7-week aged black angus porterhouse with assorted vegetables.

Interior Design

Dishes

Homemade pappardelle with smoked pancetta in pink sauce

7-week aged black angus porterhouse with assorted vegetables

Handmade burrata cheese with heirloom tomato and basil

Closed brand

"Bella Vita"

Bella Vita Restaurant featured authentic Italian cuisine, and elements of Italian lifestyle such as friends and family, delicious food and beautiful wine. Our Bella Vita Restaurant closed for business on 15 September 2016. We relaunched our offering of Italian cuisine, which was served by Bella Vita Restaurant, by opening Paper Moon Restaurant. For further details, see section headed "Continue to develop our brand portfolio and expand our restaurant network" above and the section headed "Franchise/Sub-license agreements — Paper Moon sub-license arrangement" below.

Target customer segments of our restaurants

Our portfolio is designed to encompass a variety of cuisines and dining ambience. Our Directors believe that our restaurants are able to cater to a wide range of customers who are looking for a good overall dining experience. We look to capture customers with a wide range of consumption preference with most of our restaurants having average spendings ranging from HK$100 to HK$500 per person. Our Petit An Nam Restaurant, Modern Shanghai Restaurant, Mango Tree Café (Taikoo) Restaurant and Mango Tree Café (YOHO) Restaurant have relatively lower average spendings while our Gonpachi Restaurant has relatively higher average spending. We also have our Sushi Ta-ke Restaurant, which caters for customers looking for a fine dining experience with an average spending of HK$500 or above. By locating our restaurants in different districts and areas, we aim to maximise our restaurants' brand recognition and customer base.

Operational performance of our restaurants

This table below sets forth the details of our restaurants for the indicated period:

	For the year ended 31 December 2015						For the year ended 31 December 2016						For the five months ended 31 May 2016						For the five months ended 31 May 2017					
	Number of customer visits	Number of operating days	Average spending per customer[1] (HK$)	Seat turnover rate[2]	Average daily revenue[3] (HK$'000)	Operating margin[4] (%)	Number of customer visits	Number of operating days	Average spending per customer[1] (HK$)	Seat turnover rate[2]	Average daily revenue[3] (HK$'000)	Operating margin[4] (%)	Number of customer visits	Number of operating days	Average spending per customer[1] (HK$)	Seat turnover rate[2]	Average daily revenue[3] (HK$'000)	Operating margin[4] (%)	Number of customer visits	Number of operating days	Average spending per customer[1] (HK$)	Seat turnover rate[2]	Average daily revenue[3] (HK$'000)	Operating margin[4] (%)
Restaurant in operation																								
Self-owned brand																								
Sushi Ta-ke Restaurant	24,017	364	886	1.32	58	11.7	24,518	364	802	1.35	54	9.4	10,332	151	790	1.37	54	6.1	8,688	150	747	1.16	43	1.8
An Nam (Lee Garden) Restaurant	92,249	364	292	1.82	74	8.9	94,196	365	288	1.86	74	7.5	37,633	151	293	1.79	73	5.4	39,156	150	275	1.88	72	5.4
An Nam (Festival Walk) Restaurant[5][11]	25,765	32	172	4.47	139	(69.3)	235,875	365	174	3.59	112	13.2	88,394	151	179	3.25	105	5.9	86,910	150	174	3.22	101	10.1
Petit An Nam Restaurant[6][11]	40,771	122	147	2.61	49	(36.9)	99,648	365	141	2.13	39	(5.5)	40,804	151	144	2.11	39	(13.6)	38,390	150	132	2.00	34	(8.0)
Modern Shanghai Restaurant[6][11]	52,953	122	161	3.06	70	(18.4)	148,056	365	160	2.86	65	4.5	60,737	151	162	2.83	65	3.0	62,763	150	160	2.95	67	7.1
Hokkaidon Restaurant[8][11]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	40,630	128	224	3.17	71	(5.8)
Franchised/Sub-licensed brand																								
Gonpachi Restaurant[11]	65,041	364	429	1.06	77	(4.0)	74,239	365	454	1.21	92	0.9	28,597	151	448	1.13	85	(3.5)	31,233	150	441	1.24	92	(1.0)
Mango Tree (Elements) Restaurant	151,048	364	300	2.31	125	15.4	141,900	365	294	2.16	114	15.6	55,954	151	299	2.06	111	11.2	59,109	150	284	2.19	112	14.1
Mango Tree Café (Taikoo) Restaurant[7][11]	N/A	N/A	N/A	N/A	N/A	N/A	8,043	17	164	3.38	77	(57.1)	N/A	N/A	N/A	N/A	N/A	N/A	70,011	150	156	3.33	73	1.1
Mango Tree Café (YOHO) Restaurant[9]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paper Moon Restaurant[10]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Closed Restaurant																								
Self-owned brand																								
Bella Vita Restaurant[11]	12,203	364	715	0.60	24	(21.7)	9,748	257	541	0.68	21	(12.6)	5,810	151	519	0.69	20	(29.6)	N/A	N/A	N/A	N/A	N/A	N/A
Franchised brand																								
Mango Tree (Cubus) Restaurant[11]	39,053	364	305	1.34	33	(3.0)	28,382	339	307	1.05	26	(23.7)	13,144	151	300	1.09	26	(18.8)	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Average spending per customer is calculated by dividing the total revenue by the total patron visits of the relevant restaurant during the time period.

(2) Seat turnover rate is calculated by dividing the total number of patron visits during the time period by total seating capacity.

(3) Average daily revenue is calculated by dividing revenue for the year/period by the number of operating days.

(4) Operating margin is calculated by dividing the operating profit for the year/period by revenue of the year/period.

(5) An Nam (Festival Walk) Restaurant commenced business in November 2015.

(6) Petit An Nam Restaurant and Modern Shanghai Restaurant commenced business in September 2015.

(7) Mango Tree Café (Taikoo) Restaurant commenced business in December 2016.

(8) Hokkaidon Restaurant commenced business in January 2017.

(9) Mango Tree Café (YOHO) Restaurant commenced business in July 2017.

(10) Paper Moon Restaurant commenced business in September 2017.

(11) These restaurants were unprofitable in certain financial years or periods during the Track Record Period.

As disclosed in the "Risk Factors" section, we are highly susceptible to fluctuations in rental, staff and food ingredients costs. However, given the control measures adopted by our Group in managing rental fluctuations, staff redundancy and food ingredients costs fluctuations, details of which are set out in "Cost control measures adopted by us" in this section, our Directors are of the view that such measures were and are sufficiently effective in managing our Group's exposure to these risks.

Franchise/Sub-license agreements

Since the commencement of our Group's business operation, we entered into various franchise/sub-license arrangements with various Independent Third Parties. We set out below details of the arrangements that we have entered into:

	Brand	Our Group's Capacity	Territory	Restaurant(s)
1.	Mango Tree (including Mango Tree Café)	Franchisee	Hong Kong, certain major cities in the PRC and Macau	(i) Mango Tree (Cubus) Restaurant (closed) (ii) Mango Tree (Elements) Restaurant (iii) Mango Tree Café (Taikoo) Restaurant (iv) Mango Tree (Qingdao) Restaurant *(Note)* (v) Mango Tree Café (YOHO) Restaurant
2.	Gonpachi	Franchisee	Hong Kong	(i) Gonpachi Restaurant
3.	Paper Moon	Sub-licensee	Hong Kong	(i) Paper Moon Restaurant
4.	An Nam	Licensor	Licensed to specific restaurant	(i) An Nam (Qingdao) Restaurant *(Note)*

Note: We have entered into restaurant pre-opening consultancy service agreement and restaurant management consultancy service agreement with the company operating these two restaurants, see paragraph headed "Our Experience in Restaurant Pre-opening and Management Consultancy Services" in the this section for further details.

During the Track Record Period, our Mango Tree (Cubus) Restaurant, Mango Tree (Elements) Restaurant, Mango Tree Café (Taikoo) Restaurant and Gonpachi Restaurant operated under franchise arrangements. For the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017, approximately 52.7%, 39.2% and 41.9% of our revenue were attributable to these restaurants. In addition, Mango Tree (Qingdao) Restaurant, a restaurant managed by us in accordance with the restaurant management consultancy agreement entered between us and an Independent Third Party customer, also operated under franchise arrangement during the Track Record Period.

Mango Tree franchise arrangements

Hong Kong

Pursuant to the MT Franchise Agreement and the Assignment Agreement dated 1 July 2011, we are the exclusive franchisee of the brands "Mango Tree" and "Mango Tree Café" in Hong Kong. Subsequently, in order to further our business expansion plans for the Mango Tree brand in Hong Kong, we entered into an addendum to the MT Franchise Agreement on 1 August 2014 and a second addendum to the MT Franchise Agreement on 31 December 2016 with Exquisine System (HK), the franchisor of the Mango Tree brand and Mango Tree Café brand.

Salient terms of the MT Franchise Agreement, as amended and supplemented by its addendums, are summarised below:

Geographical coverage and exclusivity	Hong Kong
Franchise and other fees payable	(i) One-off franchise fee for the opening of the first franchised restaurant (ii) Fixed opening fee upon the opening of each subsequent Mango Tree restaurant (iii) Fixed opening fee upon the opening of each Mango Tree Café restaurant (iv) Royalty fees equivalent to a fixed percentage of the relevant restaurant's gross monthly sales (v) One-off extension fee for extending the term of licence from 10 years to 20 years
Settlement term for the royalty fees	Payable on a monthly basis by direct remittance in US dollars.
Role and obligations of the franchisor	The franchisor is responsible for, among other things, (i) lawfully use the Mango Tree marks and the system of operating restaurants, cooking and serving foods as developed by Coca; (ii) advertising and promoting the franchise business; (iii) providing the franchisee with training and consultation for the opening of the franchised restaurant; (iv) providing the franchisee with system of operating restaurants, preparing, cooking and serving of foods (including recipes and ingredients)
Role and obligations of the franchisee	We are responsible for, among other things (i) marketing and promoting the franchised business; (ii) complying with all applicable laws relating to operation of the business at its own expense; (iii) operating and managing the franchised business; (iv) fulfilling all its obligations and liabilities to the franchisor, supplier lessors and creditors when due; (v) operating the franchised business in compliance with requisite quality, sanitary conditions and uniform standards; (vi) using the Mango Tree brand name in the manner as prescribed by the franchisor

Non-competition	We shall not during the term of the agreement and for a period of two years after termination of the franchise agreement, on its own account or through any affiliate or person, own, operate, lease, franchise, conduct or engage in any Thai restaurant business in competition with the franchised business in Hong Kong
Franchisor's right of first refusal	(i) We shall not sell, transfer, trade, lease, sublet or dispose of any interest in the franchised business or restaurant without first offering the same to the franchisor in writing (except in relation to the Reorganisation or the Listing) (ii) If the franchisor declines or does not accept the offer within a prescribed period, the franchisee may not dispose of or sell the franchised business at a lower price or on more favourable terms than that offered to the franchisor
Restrictions	(i) We are required to purchase certain products (such as sauces) directly and exclusively from the Coca or its designated affiliate to ensure conformity of standards (ii) We must obtain permission of the franchisor for site selection, design and layout for new restaurants (iii) Sourcing from alternative supplier for products similar to food or raw materials produced or sourced by Coca shall be permitted subject to approval by the franchisor (iv) We shall not permit the sale of any food or beverage outside of the franchisor's approved menu items or line of products without the franchisor's prior consent
Minimum number of restaurants to be opened	We shall open and/or manage a minimum of two Mango Tree casual fine dining restaurants serving alcohol within 24 months after the signing of the agreement
Minimum investment amount	N/A
Term	A fixed term of 20 years from 1 July 2011 to 30 June 2031

Termination	The franchisor may terminate the agreement with immediate effect upon delivery of notice of termination to us in the event that (i) we or any of the directors of 1957 & Co. (Management) are convicted of a criminal charge in connection with the franchised business; (ii) we enter into bankruptcy proceedings or become unable to pay our debts when such debts become due; or (iii) we make an assignment for the benefit of creditors or enter into similar arrangements. We may terminate the agreement with immediate effect upon delivery of notice of termination to the franchisor in the event that (i) the franchisor entered into bankruptcy proceedings or become unable to pay its debts when such debts become due; (ii) the franchisor makes an assignment for the benefit of creditors or enters into similar arrangements; or (iii) we are prevented from using the intellectual property rights or the system of the franchisor due to failure of the franchisor. If there occurs any other termination events specified in the agreement which are capable of being cured and the breaching party fails to remedy or cure such termination events within 30 days after first receiving a request from the non-breaching party to cure such breach or default, the non-breaching party may terminate the agreement by delivery of notice of termination to the breaching party and such notice of termination will be effective upon delivery of such notice. Examples of such termination events are material breach or non-compliance of any provision of the agreement, our failure to pay any money due to the franchisor within 30 days of its due date or our abandonment of or failure to develop the franchised business.

Regarding the minimum number of restaurants to be opened under MT Franchise Agreement, such requirement has already been fulfilled when we opened our Mango Tree (Cubus) Restaurant in 2011 and our Mango Tree (Elements) Restaurant in 2012.

PRC

On 1 August 2014, we entered into the MT PRC & Macau Franchise Agreement with Exquisine System (HK), to become the exclusive franchisee of the Mango Tree brand and the Mango Tree Café brand in the PRC and Macau. On 31 December 2016, we entered into an addendum to the MT PRC & Macau Franchise Agreement to further clarify certain terms of the MT PRC & Macau Franchise Agreement.

Salient terms of the MT PRC & Macau Franchise Agreement, as amended and supplemented by its addendum, are summarised below:

Geographical coverage and exclusivity	8 cities in the PRC including Beijing, Shanghai, Shenzhen, Qingdao, Chengdu, Hangzhou, Sanya, Guangzhou, along with Macau (the "**Territory**")
Franchise and other fees payable by us	(i) One-off franchise fee for the opening of the first franchised restaurant (ii) Fixed opening fee upon the opening of each subsequent Mango Tree restaurant (iii) Fixed opening fee upon the opening of each Mango Tree Café restaurant (iv) Royalty fees equivalent to a fixed percentage of the relevant restaurant's gross monthly sales
Settlement term for the royalty fee	Same as the MT Franchise Agreement
Role and obligations of the franchisor	Same as the MT Franchise Agreement
Role and obligations of the franchisee	Same as the MT Franchise Agreement
Non-competition	(i) We shall not during the term of the agreement and for a period of two years after expiration or termination of the franchise agreement, on its own account or through any affiliate or person, own, operate, lease, franchise, conduct or engage in any Thai restaurant business in competition with the franchised business in the Territory (ii) We or any of its directors, controlling shareholder(s) shall not directly or indirectly engages in any Thai restaurant business in competition with the franchised restaurant in any part of the Territory
Franchisor's right of first refusal	Same as the MT Franchise Agreement
Restrictions	Same as the MT Franchise Agreement
Minimum number of restaurants to be opened	We shall open and/or manage a minimum of nine Mango Tree or Mango Tree Café restaurants within 60 months after the signing of the Addendum to the MT PRC & Macau Franchise Agreement
Minimum investment amount	N/A

Minimum level of shareholding interest in the restaurant owned or managed by our Group	There is no requirement on the minimum level of shareholding interest in the restaurant as long as such restaurant is managed by our Group. In any event, it is our current intention to invest up to only 25% (if any) in the restaurants to be opened and managed by our Group pursuant to the MT PRC & Macau Franchise Agreement
Term	A fixed term of 20 years from 1 August 2014 to 30 July 2034
Termination	Same as the MT Franchise Agreement

Regarding the restaurants to be opened under MT PRC & Macau Franchise Agreement, we have opened one Mango Tree restaurant through Mango Tree (Qingdao) up to the Latest Practicable Date. We plan to open (i) one restaurant under the Mango Tree brand and one restaurant under Mango Tree Café brand in 2018; (ii) one restaurant under the Mango Tree Café brand in 2019; (iii) one restaurant under the Mango Tree brand and one restaurant under the Mango Tree Café brand in 2020; and (iv) one restaurant under the Mango Tree brand and two restaurants under the Mango Tree Café brand in 2021.

Since we will only hold a minority stake of not more than 25% (if any) in the new franchised restaurants in the PRC, for the restaurants to be opened under the MT PRC & Macau Franchise Agreement, we would need to identify suitable business partner. From time to time, landlords with presence in Hong Kong invite us for opening new restaurants in their properties in the PRC and certain of our Controlling Shareholders also participate in property development projects in the PRC and may refer us to potential locations for opening new restaurants in the PRC. We may also discuss such opportunities with our existing business partners in the PRC or our business acquaintances who have interest in cooperating with us in our new restaurant projects. Taking into account that (i) during the Track Record Period, discussions were held between our Group and different potential investors for the opening of restaurants in the PRC; (ii) the investment cost of each of such restaurants is not expected to be significant; (iii) we are being invited to open new restaurants in the PRC by some of the landlords as mentioned above; (iv) we have already identified the relevant business partners to form the joint venture companies that will hold the restaurants to be opened in Shenzhen and Guangzhou under the brands of Mango Tree and Modern Shanghai; and (v) we will continue to discuss with potential investors, we believe that we will be able to identify suitable business partners for the opening of restaurants to fulfill the relevant obligations under the MT PRC & Macau Franchise Agreement.

Pursuant to the MT PRC & Macau Franchise Agreement, if we are unable to meet the scheduled opening dates due to unforeseen market conditions or lack of available locations, we shall give the franchisor a written request for an extension of time stating proposed opening dates ("**Extended Period**") and the franchisor shall not unreasonably withhold such extension. If we are unable to substantially meet the required openings within the Extended Period, we shall no longer have exclusivity for the territory and the franchisor shall have the right to further develop the territory and we shall be permitted to continue to operate the existing restaurants for the term of the MT PRC & Macau Franchise Agreement.

As at the Latest Practicable Date, there was no material dispute with the franchisor regarding the terms of the abovementioned franchise agreements in relation to the Mango Tree brand and the Mango Tree Café brand.

Gonpachi franchise arrangements

In respect of the Gonpachi brand, we entered into the Gonpachi Franchise Agreement and the Addendum to the Gonpachi Franchise Agreement with Global-Dining, Inc., on 25 June 2013 and 31 December 2016, respectively. Salient terms of the franchise agreement and its addendum are summarised below:

Geographical coverage and exclusivity	Hong Kong
Franchise and other fees payable by us	(i) One-off franchise fee for the opening of the first franchised restaurant (ii) Fixed opening fee upon the opening of each subsequent franchised restaurant (iii) Royalty fees equivalent to a fixed percentage of the restaurant's gross monthly sales
Settlement term for the royalty fees	Payable on monthly basis by direct remittance in Japanese Yen
Penalty for late payment	The unpaid amount shall bear a fixed rate of interest per annum from the due date until the date of actual payment
Role and obligations of the franchisor	The franchisor is responsible for, among other things, (i) lawfully owning the Gonpachi mark and the method and system of operating restaurants and preparing, cooking and serving foods as developed by the franchisor; (ii) providing the franchisee with training and consultation; (iii) providing the franchisee with system of operating restaurants, preparing, cooking and serving of foods (including recipes and ingredients)
Role and obligations of the franchisee	We are responsible for, among other things (i) marketing and promoting the franchised business; (ii) complying with all applicable laws relating to operation of the franchised business at its own expense; (iii) operating and managing the franchised business; (iv) procuring and maintaining necessary insurances; (v) operating the franchised business in compliance with the requisite quality, sanitary conditions and uniform standards; and (vi) obtaining necessary licences for opening operating the franchised restaurants
Prior approvals required from franchisor	(i) Site selection and design for the franchised restaurants (ii) Use of the "Gonpachi" trademark in Hong Kong before each usage
Non-competition	We must not on our own account or through any affiliate or person, own, operate, lease, franchise, conduct or engage in any "Gonpachi" style restaurant business in competition with the franchised business in Hong Kong.

Franchisor's right of first refusal	(i)	We shall not sell, transfer, trade, lease, sublet or dispose of any interest in the franchised business or restaurant without first offering the same to the franchisor in writing (except in relation to the Reorganization or the Listing)
	(ii)	If the franchisor declines or does not accept the offer, the franchisee may not dispose of or sell the franchised business at a lower price or on more favourable terms than that offered to the franchisor
Minimum number of restaurants to be opened	N/A	
Minimum investment amount	N/A	
Term	An initial term of ten years from 25 June 2013 to 24 June 2023, eligible for extension	
Termination	Either party may terminate the franchise agreement by written notice in certain circumstances, such as a material breach of the franchise agreement or the other party becomes insolvent or bankrupt. For example, Franchisor may terminate the franchise agreement upon non-payment of any money due to the franchisor pursuant to the franchise agreement within 60 days of its due date, we abandon or fail to develop the franchised business, or we or any of our Directors are/is convicted of a criminal charge in connection with the franchised business	

As at the Latest Practicable Date, there was no material dispute with the franchisor regarding the terms of the abovementioned franchisee agreement in relation to the Gonpachi brand.

Paper Moon sub-license arrangement

We plan to relaunch our offering of Italian cuisine, which was served by Bella Vita Restaurant, by opening a new restaurant under a sub-licensed Italian brand, Paper Moon. On 18 March 2017, we entered into the Paper Moon Sub-license Agreement with the licensee ("**Licensee**"), in relation to the sub-licensing of an Italian restaurant brand. The Licensee is an independent third party.

Salient terms of the Paper Moon Sub-license Agreement are summarised below:

Geographical coverage and exclusivity	Hong Kong	
Sub-licence fees payable and related basis	(i)	One-off sub-licensing fee for the opening of the Paper Moon Restaurant in Hong Kong;
	(ii)	Fixed sub-licensing fee for the opening of each subsequent sub-licensed Italian brand restaurant; and
	(iii)	Royalty fees equivalent to a fixed percentage of the gross monthly sales of the sub-licensed Italian brand restaurant
Settlement term for the royalty fee	Payable on monthly basis by wire transfer	

Role and obligations of the Licensee	In general, the Licensee is responsible for, among other matters, (i) providing training to the corporate chef and the manager of the restaurant(s); (ii) providing operating manual for staffing, staff duties and job descriptions; and (iii) offering assistance regarding the operation, organisation and periodical control of the Sub-licensed Italian Brand Restaurant
Role and obligations of the sub-licensee	In general, we are responsible for, among other matters, (i) setting up the first Sub-licensed Italian Brand Restaurant on or before 4 December 2017 (subject to the actual hand over date of the premises to be leased by the sub-licensee for the first sub-licensed Italian brand restaurant); (ii) obtaining all the authorisations, permits and licenses required under applicable laws and regulations for the establishment of the Sub-licensed Italian Brand Restaurants; (iii) operating and managing the restaurants in line with the Licensee's operating manual; (iv) utilising the trademarks in accordance with terms of the agreement; and (v) providing training to staff in accordance with the Licensee's standards
Restrictions	(i) the combination of lay-out concept, interiors' project, furnishings, fittings, fixtures, equipment located in the sublicensed Italian brand restaurants (including kitchen, pizza oven, ware house, wine cellar), tableware, glassware and kitchenware shall be approved by the Licensee; (ii) the architect and contractor implementing the fitting of the Sub-licensed Italian Brand Restaurants shall be approved by the Licensee; (iii) all items reproducing the trademark which are supplied as part of the concept of the brand shall be supplied exclusively by suppliers approved by the Licensee; (iv) menus shall be approved by the Licensee; (v) marketing and promotional activities shall be approved by the Licensee; and (vi) the sub-licensee shall use local or Italian suppliers indicated or approved by the Licensee
Non-competition clause	We undertake not to open, manage, operate, or otherwise deal, either directly or indirectly, in any Italian restaurant/pizzeria, bars, cafes or similar entity which has the same characteristic or concept as the sub-licensed Italian brand restaurant during the term of the agreement and within one year from termination of the agreement
Licensee's right of investment	The Licensee, at its sole and absolute discretion, shall have the right and priority to invest up to 40% shareholding in the restaurants to be set-up by us under the Sub-licensed Italian brand within Hong Kong
Minimum number of Restaurants to be Opened	At least one sub-licensed Italian brand restaurant by 5 December 2017 (subject to handover for the relevant leased property)
Minimum investment Amount	N/A

Term	10 years from the date of commencement of business of the first restaurant and an option to renew for another 10 years
Termination	The agreement may be terminated by the Licensee, by prior written notice of 20 working days to us in circumstances set out in the agreement, such as failure by us to open the first sub-licensed Italian Brand Restaurant, breach of the agreement by us which is not timely remedied, or we came into dissolution, bankruptcy or winding up, there being persistent and valid complaints continuously made to the Licensee about the food, beverage or services provided by us, or unauthorised use of the trademarks, concepts or other intellectual property rights in relation to the sub-licensed Italian brand by us

In relation to the term of minimum number of restaurants to be opened under the Paper Moon Sub-license Agreement, we have satisfied such requirement when opened our Paper Moon Restaurant in September 2017.

Despite the non-competition clause under the Paper Moon Sub-license Agreement, our Directors are of the view that our Company will not be disadvantaged in terms of business expansion because (i) following the decision to close down our Bella Vita Restaurant (which was operated under our self-owned brand), it has always been the business plan of our Company to relaunch its Italian cuisine offering under a franchised or sub-licensed brand and our Directors currently have no intention to open any Italian restaurant other than under the "Paper Moon" brand; (ii) with the exclusive right to use the "Paper Moon" brand in Hong Kong for a period of 10 years from the date of commencement of business of our Paper Moon Restaurant, it is our Directors' current intention to fully utilise such right and therefore, should we desire to open any Italian restaurant(s) in the foreseeable future, it will be operated under the "Paper Moon" brand for so long as the Paper Moon Sub-license Agreement remains valid; and (iii) we currently operate 11 restaurants under seven different brands which serve various cuisines, most of which serve Japanese, Vietnamese, Thai and Shanghainese cuisine and none of our restaurants or currently planned openings contravene such non-competition clause.

An Nam license arrangement

As at the Latest Practicable Date, we have licensed our An Nam brand to An Nam (Qingdao) for the operation of An Nam (Qingdao) Restaurant.

Joint venture agreements

Ta-Ke (Lee Garden) JV Agreement

On 15 June 2017, we entered into the Ta-ke (Lee Garden) JV Agreement with Jarrett Investments Limited, a wholly-owned subsidiary of Hysan in respect of the incorporation of a joint venture company to open and operate a new restaurant in Lee Garden Two to provide fine dining Japanese cuisine. Principal terms of the Ta-ke (Lee Garden) JV Agreement are set out below:

Parties	(1) Sushi Ta-ke (2) Jarrett Investments Limited, a wholly-owned subsidiary of Hysan ("**Jarrett Investments**")
Incorporation	the parties will take all reasonable steps with a view to incorporate the joint venture company in Hong Kong as soon as practicable and in any event on or before 30 June 2017 (or such other date as may be agreed between the parties in writing)
Business activity	to open and operate one restaurant under the brand Ta-ke or any other brand as decided by our Group in Shop G01–10, ground floor of Lee Garden Two to provide fine dining Japanese cuisine
Share capital	the joint venture company shall have issued share capital of HK$100 divided into 100 shares, which will be owned by Sushi Ta-ke and Jarrett Investments Limited as to 71% and 29%, respectively ("**Ta-ke Agreed Proportion**")
Shareholders' loan	the parties will provide interest-free initial shareholders' loan in an aggregate sum of up to HK$22 million to the joint venture company to finance its business activity as set out above ("**Ta-ke Initial Shareholders' Loan**") in accordance with the following payment schedule: (a) 50% of the Ta-ke Initial Shareholders' Loans shall be provided in the Ta-ke Agreed Proportion within three (3) Business Days after the date of incorporation of the joint venture company; (b) 40% of the Ta-ke Initial Shareholders' Loans shall be provided in the Ta-ke Agreed Proportion within three (3) Business Days after the date on which the joint venture company enters into a restaurant pre-opening consultancy service agreement with 1957 & Co. (Management) Limited; and (c) 10% of the Ta-ke Initial Shareholders' Loans shall be provided in the Ta-ke Agreed Proportion within three (3) Business Days after the date on which the new restaurant first opens for business.
Board of directors	Sushi Ta-ke and Jarrett Investments Limited shall be entitled to nominate two directors (one of whom shall be the chairman) and one director of the joint venture company, respectively.

Reserved matters

Among others, the following matters shall require unanimous approval of the directors of the joint venture company:

(a) filing of a petition in bankruptcy, appointment a receiver or trustee or making an assignment by the joint venture company for the benefit of creditors;

(b) merger, amalgamation, restructuring, dissolution, liquidation or winding up the affairs of the joint venture company;

(c) any fundamental change in the nature of the business of the joint venture company or the company's cessation of its activities or a major part thereof;

(d) amendment or adoption of any change to the memorandum and articles of association of the joint venture company;

(e) the joint venture company's issue of, or agreement to issue, any Shares or other equity securities or loan capital or the joint venture company's grant of, or agreement to grant, any option over or right to acquire or convert into or exchange into, any Shares or loan capital of the joint venture company;

(f) any borrowings or financings by the joint venture company other than the initial shareholders' loans set out in paragraph headed "Shareholders' loan" above, or any variations, renewal or repayment thereof or receivables in trade nature;

(g) entering into by the joint venture company of any contract or transaction outside the ordinary course of the proposed business with a value of over HK$1,000,000;

(h) the repurchase or cancellation of any issued shares by the joint venture company;

(i) the consolidation, sub-division or conversion of share capital of the joint venture company or variation of share capital of the joint venture company;

(j) the lending of money to any third party (including any Shareholder) by the joint venture company, or any variation or renewal thereof;

(k) the appointment or change of the auditors of the joint venture company;

(l) relocation of the restaurant to location(s) other than those owned by Hysan Group;

(m) the joint venture company carrying on any business other than in line with the principal business objective to open and operate one restaurant under the brand "Ta-ke" and/or any brand as decided by our Group that provides fine dining Japanese cuisine; and

(n) lease renewal terms of the selected premise and the next steps and future of the proposed business. In this respect, Sushi Ta-ke and Jarrett Investments agree to convene a board meeting to commence good faith negotiations upon there being fifteen (15) months remaining on the term of the lease.

Transfer of shares

Subject to the terms of the agreement, without the prior written consent of the other shareholder(s) of the joint venture company, any shareholder of the joint venture company shall not:

(a) transfer any of its shares to any third party;

(b) grant, declare, create or dispose of any of its right or interest in any shares;

(c) create or permit to exist any encumbrances over any shares; or

(d) enter into any agreement or arrangement to do any of the foregoing.

Termination

The agreement shall cease to have effect upon the earliest of:

(a) the joint venture company not having been incorporated by 30 June 2017 (or any other date as agreed by the parties in writing);

(b) the obtaining of the unanimous consent of the parties to the agreement in writing;

(c) the winding up of the joint venture company; or

(d) all the issued shares of the joint venture company having become beneficially (whether directly or indirectly) owned by one person or entity.

The agreement may also be terminated under certain circumstances (“**Events of Default**”), such as:

(a) a shareholder committing a material breach of its obligations under the agreement and, in the case of a material breach capable of being remedied, but fails to remedy the same within 30 Business Days of being specifically required in writing to do so by the other shareholder(s);

(b) any distress, execution, sequestration or other process levied or enforced upon or sued out against any material property of the shareholder which is not discharged within 14 Business Days; and

(c) the making of an order or the passing of a resolution for the winding up of, or the making of a bankruptcy order against, the shareholder.

	Where an Event of Default is committed by a shareholder and a termination notice is served by the non-defaulting shareholder, the non-defaulting shareholder shall have the right to require the defaulting shareholder to acquire all its shares in the joint venture company and all the shareholders' loans owing by the joint venture company to it, at a price to be determined based on valuation of the business and assets of the joint venture company by an independent external valuer.
Deadlock	Where any matters discussed and proposed to be decided by resolution at a quorate meeting of the directors or shareholders (each a "**Relevant Meeting**") are not resolved and has remained unresolved upon the expiry of one (1) month after the Relevant Meeting, Jarret Investments Limited shall have the right to require Sushi Ta-ke to acquire all its relevant shares and all the shareholders' loans owing to it by the Company in accordance with the provisions of the agreement.

The joint venture company, L Garden and Partners, was incorporated in Hong Kong on 30 June 2017. L Garden and Partners is a subsidiary of our Company and its results will be consolidated into our financial statements. We aim to open the new Ta-ke restaurant by the first quarter of 2018. As indicated above, the opening of the new Ta-ke restaurant will be initially funded by the Ta-ke Initial Shareholders' Loan. If additional financing is needed to operate the new Ta-ke restaurant or for other purposes, the relevant parties will discuss the appropriate source of financing and unanimous approval of the board of directors of the joint venture company will be required. Similarly, closing down of the new Ta-ke restaurant will constitute L Garden and Partners cessation of its activities or major part thereof, and will therefore be subject to the unanimous approval of the directors of L Garden and Partners pursuant to the joint venture agreements as disclosed in paragraph (c) of the "Reserved Matters" set out above.

Modern Shanghai (Lee Garden) JV Agreement

On 15 June 2017, we entered into the Modern Shanghai (Lee Garden) JV Agreement with Batovian Investments Limited, a wholly-owned subsidiary of Hysan and Chairman Food & Beverage Management Limited, in respect of the incorporation of a joint venture company to open and operate a new restaurant under the Modern Shanghai brand and/or any other brand as decided by our Group in Lee Garden Two to provide Shanghainese cuisine. Principal terms of the Modern Shanghai (Lee Garden) JV Agreement are set out below:

Parties	(1) 1957 & Co. (Hospitality) HK (2) Batovian Investments Limited, a wholly-owned subsidiary of Hysan (3) Chairman Food & Beverage Management Limited, a wholly owned company of Mr. Cheung Kwai Po, that holds 40% of MS HK (our subsidiary) and 60% of MS Int'l (our associated company). MS HK wholly owns Modern Shanghai, which is our subsidiary operating Modern Shanghai Restaurant
Incorporation	the parties shall take all reasonable steps with a view to incorporate the joint venture company in Hong Kong as soon as practicable and in any event on or before 30 June 2017

Business activity	to open and operate one restaurant under the brand of Modern Shanghai and/or any brand as decided by our Group in Shop 101, first floor of Lee Garden Two to provide Shanghainese cuisine
Share capital	the joint venture company shall have issued share capital of HK$100 divided into 100 shares, which shall be owned by 1957 & Co. (Hospitality) HK, Batovian Investments Limited and Chairman Food & Beverage Management Limited as to 51%, 29% and 20%, respectively ("**MS Agreed Proportion**")
Shareholders' loan	the parties shall provide interest-free initial shareholders' loan in an aggregate sum of up to HK$18 million to the joint venture company to finance its business activity as set out above ("**MS Initial Shareholders' Loan**") in accordance with the following payment schedule: (a) 50% of the MS Initial Shareholders' Loans shall be provided in the MS Agreed Proportion within three (3) Business Days after the date of incorporation of the joint venture company; (b) 40% of the MS Initial Shareholders' Loans shall be provided in the MS Agreed Proportion within three (3) Business Days after the date on which the joint venture company enters into a restaurant pre-opening consultancy service agreement with 1957 & Co. (Management) Limited; and (c) 10% of the MS Initial Shareholders' Loans shall be provided in the MS Agreed Proportion within three (3) Business Days after the date on which the new restaurant first opens for business.
Board of directors	1957 & Co. (Hospitality) HK, Batovian Investments Limited and Chairman Food & Beverage Management Limited shall be entitled to nominate three directors (one of them shall be the chairman), two directors and one director of the joint venture company, respectively. The principal terms of the Modern Shanghai (Lee Garden) JV Agreement in relation to reserved matters, transfer of shares and termination is identical to those of the Ta-ke (Lee Garden) JV Agreement. For details, please refer to "— Our Restaurants — Joint venture agreements — Ta-ke (Lee Garden) JV Agreement" in this section.
Deadlock	Where any matters discussed and proposed to be decided by resolution at a quorate meeting of the directors or shareholders (each a "**Relevant Meeting**") are not resolved and has remained unresolved upon the expiry of one (1) month after the Relevant Meeting, Botavian Investments Limited shall have the right to require Sushi Ta-ke to acquire all its relevant shares and all the shareholders' loans owing to it by the Company in accordance with the provisions of the agreement

The joint venture company, 1957 and Partners, was incorporated in Hong Kong on 30 June 2017. 1957 and Partners is a subsidiary of our Company and its results will be consolidated into our financial statements. We currently aim to open the new restaurant under a senior brand under the Modern Shanghai concept by the first quarter of 2018. As indicated above, the opening of the new restaurant will be initially funded by the MS Initial Shareholders' Loan. If additional financing is needed to operate the new restaurant or for other purposes, the relevant parties will discuss the appropriate source of financing and unanimous approval of the board of directors of the joint venture company will be required. Similarly, closing down of the new restaurant will constitute 1957 and Partners' cessation of its activities or major part thereof, and will therefore be subject to the unanimous approval of the directors of 1957 and Partners pursuant to the joint venture agreements as disclosed in paragraph (c) of the "Reserved Matters" set out above.

Breakeven and investment payback period

Up to the Latest Practicable Date, the breakeven period, being the time period required for our restaurants to achieve a breakeven point (i.e. the monthly revenue of the restaurant is at least equal to the monthly expense of that restaurant) for two consecutive months, generally ranged from two to five months. As at the Latest Practicable Date, all our restaurants had achieved a breakeven point, except one restaurant which commenced operation after the Track Record Period, namely, Paper Moon Restaurant. For the new restaurants which we planned to open or invest in as detailed in the section "Future Plan and Use of Proceeds", it is currently expected that each of these restaurants will take an average of around three months to achieve a breakeven point (for two consecutive months).

As at the Latest Practicable Date, three out of 11 of our restaurants, namely Sushi Ta-ke Restaurant, Mango Tree (Elements) Restaurant and An Nam (Lee Garden) Restaurant, had achieved the investment payback, being when the accumulated operating cashflow generated from the restaurant equals the initial cost of opening for that restaurant. The investment payback period for each of these three restaurants was around two to four years. For the rest of our existing restaurants, the currently expected investment payback period would be around two to seven years from their respective commencement of business. The variation in the investment payback period is mainly dependent on the brand, restaurant size, operating performance and initial investment costs which include the purchase of equipment, utensils and renovation and decoration work. For the new restaurants which we planned to open or invest in as detailed in the section "Future Plan and Use of Proceeds", it is currently expected that each of these restaurants will take around three to four years to achieve the investment payback which is similar to the average expected investment payback period of our existing restaurants.

For the year ended 31 December 2016, all of our restaurants that had yet to reach investment payback and operating during the year (except for Bella Vita Restaurant, Mango Tree (Cubus) Restaurant and Mango Tree Café (Taikoo) Restaurant (which was newly opened in December 2016)), recorded a positive EBITDA. As demonstrated by the past performance of our restaurants, our Directors believe that location is vital to our restaurant operation business. Given that as at the Latest Practicable Date, most of our restaurants are/will be located in shopping malls with reasonable pedestrian flow, taking into consideration of the expected costs to be incurred from our past experience, our Directors are of the view that our existing restaurants and our planned future restaurants will be able to meet the expected investment payment and/or breakeven point within the expected timeline.

Our management team has monitored, and will continue to closely monitor, the performance of all our restaurants, in particular by way of controlling different cost factors such as food costs and labour costs as well as the development and implementation of marketing plans to increase customer traffic in our restaurants. Generally, we consider a restaurant to be not able to meet our expectations if it records a negative EBITDA for two consecutive months. Where necessary and appropriate, we will take other measures such as revising the pricing of menu items, launching promotional events and sending advertising emails and/or messages to our members. If needed, we may also consider closing down or relocating or rebranding the restaurant. During the five months ended 31 May 2017, our Sushi Ta-ke Restaurant recorded negative EBITDA and decrease in revenue of approximately 20.5% as compared to the corresponding period, which was principally driven by the reduction in number of customers. We believe that the pedestrian flow to the restaurant was adversely affected by the redevelopment projects at the neighbourhood of the building. Meanwhile, we have already entered into the Ta-ke (Lee Garden) JV Agreement with a wholly-owned subsidiary of Hysan in respect of the incorporation of a joint venture company to open and operate a new restaurant in Lee Garden Two to provide fine dining Japanese cuisine and Sushi Ta-ke Restaurant will be relocated to Lee Garden Two accordingly.

Unprofitable Restaurants

During the Track Record Period, some of our restaurants were unprofitable during certain financial years or period which included An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant, Modern Shanghai Restaurant, Gonpachi Restaurant, Mango Tree Café (Taikoo) Restaurant, Hokkaidon Restaurant, Mango Tree (Cubus) Restaurant and Bella Vita Restaurant.

Each of An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant and Modern Shanghai Restaurant was opened in 2015 and we incurred expenses of approximately HK$2.3 million, approximately HK$1.4 million and approximately HK$1.8 million, respectively, for each of these restaurants prior to the respective date of commencement of business. Such expenses included all expenses incurred in relation to the respective restaurant from the date of incorporation of the respective restaurant's holding company up to the date of commencement of business of relevant restaurant. Each of An Nam (Festival Walk) Restaurant and Modern Shanghai Restaurant managed to achieve breakeven within four months from their respective opening and both of them have recorded positive operating margin for the year ended 31 December 2016.

Petit An Nam Restaurant was first opened under the brand An Nam as this was a condition imposed by the landlord when we were in the process of securing entry to YOHO Mall. Despite modification to the restaurant menu to include more casual priced food items to cater for the target customers in the Yuen Long area, the menu still carried quite a number of high priced signature items under the generic An Nam brand, in order not to cause confusion to customers of restaurants operating under the same brand. We believe that the restaurant was unable to achieve positive operating margin for the year ended 31 December 2016 for such reasons although the restaurant has already reached breakeven point. Subsequently, there were negotiations between us and the landlord and the landlord's consent was obtained to rename the restaurant under the Petit An Nam brand. In early April 2017, we had reengineered the menu to include more suitably priced food items to cater for our target customers in the Yuen Long area. The financial performance of Petit An Nam Restaurant in April and May 2017 notably improved as compared to the first three months in 2017 and the corresponding period in 2016 as evidenced by the improvement in operating margin to positive operating profit margin of approximately 3.2% for the two months ended 31 May 2017 from a negative operating margin of approximately 19.5% and 11.8% for the first three months in 2017 and the corresponding period in 2016.

Gonpachi Restaurant recorded negative operating margin for the year ended 31 December 2015. The Directors consider that such financial performance was principally due to the relatively low seat turnover rate which was only approximately 1.06 for the year ended 31 December 2015. We have exerted efforts towards the marketing and promotion of the Gonpachi Restaurant, and the seat turnover rate reached approximately 1.21 and recorded positive operating margin for the year ended 31 December 2016.

Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant only commenced operations on 15 December in 2016 and 23 January 2017, respectively, and we have incurred expenses of approximately HK$1.1 million and HK$0.7 million, respectively, prior to its date of commencement of business. As such Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant were unprofitable for the year ended 31 December 2016 and the five months ended 31 May 2017, respectively. In any case, each of such restaurants has already achieved breakeven within three months and Mango Tree Café (Taikoo) Restaurant recorded positive operating margin for the five months ended 31 May 2017.

In recent years, due to redevelopment projects at the neighbourhood of the building which our Mango Tree (Cubus) Restaurant, Bella Vita Restaurant and Sushi Ta-ke Restaurant were located, the pedestrian flow to these three restaurants was adversely affected. We believe that, as a result, Mango Tree (Cubus) Restaurant and Bella Vita Restaurant were unprofitable for the years ended 31 December 2015 and 2016 and Sushi Ta-ke Restaurant only recorded a marginal operating profit for the five months ended 31 May 2017.

In deciding the closing down of any of our restaurants, we take into account various factors, including the ability of the restaurant to meet our revised target performance, the remaining term of the lease, the expenses to be incurred for early termination of lease(where applicable) and the availability of any targeted relocation premises (where applicable).

We closed down our Bella Vita Restaurant and Mango Tree (Cubus) Restaurant during the Track Record Period and we currently intend to relocate our Sushi Ta-ke restaurant, of which we aim to open such relocated restaurant by the first quarter of 2018. Such decisions were made mainly due to the following reasons:

***Bella Vita Restaurant* —** During 2016, Bella Vita Restaurant continued to record a negative EBITDA for over two consecutive months despite various measures including cost cutting and promotional strategies. Due to the inherently low pedestrian flow at its then location and coupled with the redevelopment project of the building adjacent to it, our Directors were of the view that it would not be commercially practicable for the operation of Bella Vita Restaurant to turn around in the near future. We closed down our Bella Vita Restaurant on 15 September 2016. To the best of our Directors' understanding, the landlord managed to secure a replacement tenant, an Independent Third Party, which was willing to take up the premises upon our early termination and intended to use such premises to run a restaurant business without significant renovation. Our Directors believe that no penalty or reinstatement costs were imposed on our Group as it appeared that, with the replacement tenant, the landlord did not suffer any material loss of rental income from our early termination and that no reinstatement of premises was needed as the replacement tenant intended to continue using the premises as a restaurant without significant renovation. Accordingly, the landlord refunded the original rental deposit. Our Directors confirmed that the landlord of our Bella Vita Restaurant is an Independent Third Party, and has no relationship with any Directors, senior management or their respective associates of our Company, apart from being the landlord of such restaurant. The initial investment cost (being renovation and acquisition of operating equipment) incurred by our Bella Vita Restaurant was approximately HK$4.5 million.

Mango Tree (Cubus) Restaurant — During 2016, having recorded a negative EBITDA for over two consecutive months despite various measures including cost cutting and promotional strategies and coupled with its location and negative impact by the redevelopment project nearby, our Directors were of the view that it would not be commercially practicable for the operation of Mango Tree (Cubus) Restaurant to turn around in the near future considering our Group was in negotiation to establish a foothold at Cityplaza Taikoo Shing. In considering the high pedestrian flow at Cityplaza Taikoo Shing, despite the penalty to be incurred (being approximately three months of the then existing rental amount) as a result of the proposed early termination. Our Directors decided to close down Mango Tree (Cubus) Restaurant and opened our Mango Tree Cafe (Taikoo) Restaurant in December 2016. The initial investment cost (being renovation and acquisition of operating equipment) incurred by our Mango Tree (Cubus) Restaurant and Mango Tree Café (Taikoo) Restaurant were HK$4.4 million and HK$7.4 million, respectively.

Sushi Ta-ke Restaurant — Sushi Ta-ke Restaurant is located in the same building as that of Bella Vita Restaurant and Mango Tree (Cubus) Restaurant. Being affected by the location and its adjacent redevelopment site, the revenue of Sushi Ta-ke Restaurant has slightly decreased from approximately HK$21.3 million in 2015 to approximately HK$19.7 million in 2016 but it was still profitable for both years. In light of the deteriorating surrounding conditions near the restaurant, the Group decided to look out for suitable locations for relocation on the one hand, and renew the lease for a shorter term of one year to January 2018 principally for the purposes of keeping our existing customers during the transitional period. In August 2017, the Group entered into relevant agreements for the lease of certain premises at Lee Garden Two, Causeway Bay and it is expected that a new Japanese dining restaurant will be opened in the first quarter of 2018. The initial investment cost (being renovation and acquisition of operating equipment) incurred by our Sushi Ta-ke Restaurant was approximately HK$3.8 million.

Cost control measures adopted by us

In order to manage cost more effectively we have adopted the following measures:

Maintain stable cost to lease properties — cost to lease properties has been one of the key expenses of our Group during the Track Record Period. Our Directors are of the view that the maintenance of a stable (if not decreasing cost to lease properties) would be of importance to the financial performance of our Group. Given that all our restaurants are and will be located on leased premises, any significant increase in cost to lease properties may result in a negative impact on our Group. We generally seek to enter into leases with landlords who offer three to five years of lease term and in more desirable cases, coupled with an option to renew. As the basis for determination of lease payments would have been set at the time when our Group enters into lease agreement with the relevant landlords, our Directors will be able to better ascertain the expected costs to lease properties during the lease or renewal lease term and our Group will not be subject to any unexpected significant increases in cost to lease properties. In addition, with a longer term of lease, we can continue to operate the restaurant in the same property which will be able to save moving and renovation costs further.

Develop amicable relationship with landlords — We look to cooperate with suitable landlords which provide strategic value to our Group. As mentioned, as all of our restaurants are and will be located on leased premises, and any breakdown in our relationship with existing or potentially suitable landlords may lead to the cessation of our operation and adversely affect our business performance. Recently, we have furthered our business relationship with one of our existing landlords, i.e. Hysan, by entering into joint venture agreements with Hysan Group in relation to two of our restaurants to be opened in early 2018. Given that Hysan Group, is a key player in the Hong Kong property development market, we believe that the continuation and furtherance of our relationship with Hysan may have a beneficial effect to our Group, for example, better access to suitable premises for the opening of our future restaurants and more room for negotiation of rental terms in the future.

Monitor food ingredients cost — As we operate in the food and beverage industry, quality and timely supply of food ingredients at a reasonable cost plays a vital role in our cost management process. In order to keep the prices of various key food ingredients under control, it is our policy to compare the prices of food ingredients from our approved suppliers and procure from the supplier who provided the most competitive price ("**General Cost Control Policy**"). For details of our approved suppliers please see "Quality and safety control — Supplier selection and management" below. If we experience any material variance in the price offered by one of the suppliers, unless approval has been obtained from the management team, similar products shall be sourced from other available suppliers on our approved supplier list who offered a lower price. In cases where we experience a significant increase in any particular food ingredient and are unable to source alternatives at a reasonable price, our management team will discuss with our chefs and consider making appropriate modifications of the relevant dishes or suspend the offering of the relevant dish until the price of such food ingredient returns to a reasonable level. We have monitored, and will continue to closely monitor, the food cost of our restaurants by reviewing food costs variance reports on a weekly basis. If we identify any unusual or high purchase amounts, our management team will meet up with the relevant chef of the relevant restaurant and look for measures to control any further continuous increment in such food procurement cost.

Further, under our various franchise and sub-license agreements, we are required to purchase certain food ingredients from the relevant franchisor, sub-licensor or a supplier approved by them. Such procurement of food ingredients falls under two general categories:

1. **Procurement from suppliers designated by the relevant franchisor or sub-licensor** — These refer to food ingredients for which the relevant franchisor or sub-licensor has specifically designated a supplier. The range of such specified food ingredients is limited and includes: (a) for Mango Tree, sauces; (b) for Gonpachi, their private brand food ingredients such as soba soup and soba seeds; and (c) for Paper Moon, when permissible, their private brand wine and coffee beans. Further, the cost of such designated food ingredients only represents an immaterial part of our total cost of food ingredients. Before we entered into the relevant franchise or sub-license agreement, we discussed with the relevant franchisor or sub-licensor and assessed the pricing of such specified food ingredients based on our estimate of the costs and availability of such food ingredients and the time and skill involved in producing the ingredients, and determined whether the prices for such food ingredients are reasonable. We will also review such pricing throughout the term of such agreements. If we consider that such prices are no longer reasonable, we will discuss and negotiate with the relevant franchisor, sub-licensor or approved supplier. We consider that the prices of such designated food ingredients have been reasonable during the Track Record Period and we have not had any disagreement or dispute with such franchisors, sub-licensors or designated suppliers.

2. **Procurement from our own list of approved suppliers** — These refer to the remainder of the food ingredients (excluding the above specified food ingredients) required for the operations of our restaurants under the franchise and sub-license arrangements. For such food ingredients, we have already discussed with the relevant franchisor or sub-licensor and agreed to procure such food ingredients from our own list of approved suppliers. We will also apply our General Cost Control Policy (as described in the previous paragraph).

Notwithstanding such measures, we may not be able to respond to changes in costs and adjust our menus or find alternative suppliers in time to limit impact of cost increases. For the sensitivity analysis of changes in food and beverage prices, please refer to the section headed "Financial Information — Sensitivity analysis" in this prospectus. For the relevant risk, see "Risk Factors — Risks relating to our business — Our operations are susceptible to the fluctuation and/or the increase in prices of food ingredients, which could adversely affect our margins and results of operations" in this prospectus.

Review and adjust employee headcounts — Due to the labour intensive and service-orientated nature of the restaurant business, our employees play an important role in the success of our restaurants. During the Track Record Period, our staff costs and benefits represented a significant portion of our Group's expense. In order to retain quality employees, our Group offers competitive remuneration, incentive schemes and staff bonus scheme. We have and will continue to review the headcounts as well as the ratio of full-time employees against casual workers from time to time in order to assess whether there is any redundancy which could be removed and to ensure that all our employee could co-ordinate and work in the most efficient manner. Such reviews are in particular of higher importance after major holidays such as Christmas, New Year's Eve and summer, as customer traffic tends to be higher during these periods and more casual workers may have been employed during these periods. For the sensitivity analysis of the changes in staff costs, please refer to the section headed "Financial Information — Sensitivity analysis" in this prospectus.

RESTAURANT PRE-OPENING CONSULTANCY AND MANAGEMENT CONSULTANCY SERVICES IN HONG KONG AND THE PRC

Aside from restaurant operations, we expanded into the market of restaurant pre-opening consultancy services in 2013 and restaurant management consultancy services in 2015. We provide our services to restaurants in Hong Kong and in the PRC.

Since the commencement of our consultancy services, most of our customers under our restaurant pre-opening consultancy agreements and/or restaurant management consultancy agreements are PRC-based restaurant operators. Our Directors consider that the food and beverage industry in the PRC has significant growth potential and the demand for our consultancy services is likely to grow steadily in the near future.

Restaurant Pre-opening Consultancy Services

We work closely with our customer's project team and other consultants and professionals, such as restaurant designers, renovation and equipment installation contractors, to advise on and assist with the planning and implementation of various matters related to a new restaurant's opening. For example, we conduct feasibility studies on the restaurant's proposal, manage the fitting out works of the restaurant's premises, assist in designing the food and drinks menu, pre-opening staff training, prepare for opening of the restaurant and manage marketing events. Our scope of services are tailored towards our client's specific needs. We normally enter into a service agreement with our customer in relation to the provision of our services and divide each project into several milestone stages as agreed with our customers. We customise our service scope to fit the specific needs of the customer. The main services we provide generally include:

1. Conducting feasibility studies and designing restaurant opening plan

   (i) advise on the roadmap for setting up a restaurant;

   (ii) prepare preliminary budget estimates; and

   (iii) advise on the schedule of fitting-out works

2. *Implementation of restaurant opening plan*

   (i) co-ordinate, and monitor progress of the fitting out works on-site, including, engagement of interior designers and other consultants;

   (ii) provide detailed budget for the overall project and implement time and cost control;

   (iii) assist in the design and production of food menu and wine list;

   (iv) assist in the selection and procurement of operating equipment, POS system and accessories such as tableware and linen;

   (v) conduct manpower planning, and assist in recruitment of chef, managerial and service staff; and

   (vi) prepare operation manuals and guidelines

3. *Pre-launch of restaurant*

   (i) assist in managerial and service staff training;

   (ii) assist in the finalisation of food menu and recipes;

   (iii) set up the dining area and kitchen;

   (iv) prepare for soft opening; and

   (v) prepare public relations and marketing events and supervise the work of marketing consultant in arranging the official launch of the new restaurant

We generally charge a fixed fee for our restaurant pre-opening consultancy services and the consulting fee are usually paid in instalments upon completion of a project milestone stage as agreed with our customers and as set out in their respective agreement.

For each of the years ended 31 December 2015 and 2016 and five months ended 31 May 2017, revenue generated from our restaurant pre-opening consultancy and management consultancy services accounted for approximately 0.5%, 0.7% and 0.9% of our Group's revenue, respectively. For details of our project experience in restaurant pre-opening consultancy services, see the section headed "Our Experience in Restaurant Pre-opening and Management Consultancy Services" below.

Restaurant Management Consultancy Services

We also provide restaurant management services to our clients. With the aim of enhancing the restaurant's overall recognition and profitability, we assess the day-to-day operations and management of our customers' restaurants, and advise them on key aspects of a restaurant's operations and workflow. These include procurement and sales administration, menu development, expense control, system improvement, operation compliance, promotion and marketing, and human resources management. While we oversee the general operation of the restaurant, the primary obligation of the daily routine and hands-on operation of the restaurants rests with the relevant restaurant operators in the PRC. The owner or majority owner (in case which we hold any minority stakes) of such restaurants will still remain as the key party to bear the economic risks of its restaurant business. We normally enter into a restaurant management and consultancy service agreement with our client in relation to the provision of such services and the principal scope of such services are set out below:

1. *Restaurant Management*

   (i) advising on restaurant operations with the aim of maximising profits;

   (ii) reviewing daily sales and procurement activities of the restaurant;

   (iii) conducting regular management meetings to advise on sales promotion and expense control to achieve budget objectives;

   (iv) advising on product promotion and product development;

   (v) conducting performance briefings for the board of directors; and

   (vi) arranging and providing training for senior management.

2. *Accounting, Clerical and Basic Administration*

   (i) ensuring proper maintenance and renewal of all licences, permits, and insurance policies required for the operation of the restaurant;

   (ii) liaising with landlords in relation to issues pertaining to tenancy agreements;

   (iii) ensuring proper maintenance of sales and payment records;

   (iv) overseeing and reviewing payment; and

   (v) reviewing profit and loss statements and balance sheets on a monthly basis and assisting external auditors in yearly financial audits.

3. *Marketing and Public Relations*

   (i) conducting promotional marketing activities, handling public relations with an aim to increase market exposure and improve sales;

   (ii) engaging public relations firms and/or marketing communications professionals in relation to restaurant promotion;

   (iii) working with paper media publishers and designers on advertising material for the restaurant; and

   (iv) seeking goods or cash sponsorships from suppliers.

4. *Human Resources*

   (i) overseeing the hiring, management and dismissal of restaurant staff; and

   (ii) assisting with restaurant staff training.

Pursuant to the restaurant management and consultancy agreements entered into between our Group and our customers, we are generally remunerated with certain fixed consultancy fee and may be remunerated with management bonus of certain fixed percentage of the restaurants' operating profits as agreed with our customers. Where our customer's restaurants are operated under our self-owned brands, we also receive royalty fees for the restaurants' use of our brand names such as "Ta-ke" and "An Nam". The licence of our brand names is granted to the specific restaurant(s) managed by us, which is terminable together with the restaurant management consultancy agreement. The restaurant management consultancy agreement has no fixed term but is terminable upon reasonable notice by either party to the agreement.

Our Experience in Restaurant Pre-opening and Management Consultancy Services

During the Track Record Period and up to the Latest Practicable Date, we have entered into three pre-opening consultancy agreements to launch five restaurants and two restaurant management consultancy agreements to provide management consultancy services to two restaurants with our customers. All of these customers are Independent Third Parties and located in the PRC:

Name and/or location of Restaurant	Progress of Restaurant Pre-opening Consultancy Services	Status of Restaurant Management Consultancy services
An Nam (Qingdao) Restaurant *(Note 1)*	N/A	Commenced in April 2015 and is on-going
Mango Tree (Qingdao) Restaurant *(Notes 1, 2)*	N/A	Commenced in April 2015 and is on-going
Ta-ke (Shanghai) Restaurant *(Note 3)*	Two out of three service milestones have been completed	N/A
An Nam (Shanghai) Restaurant *(Note 3)*	Two out of three service milestones have been completed	N/A

Name and/or location of Restaurant	Progress of Restaurant Pre-opening Consultancy Services	Status of Restaurant Management Consultancy services
Five restaurants of different styles (including Japanese, South-east Asian, Hunan, Cantonese and all-day dining) located at Zichen Yuan, Fengtai District, Beijing (北京豐台區紫辰院) *(Note 4)*	Two projects have commenced in April 2017 and are expected to complete in the first quarter of 2018. Two other projects have commenced in the third quarter of 2017. The remaining project is expected to commence in the first quarter of 2018.	N/A

Notes:

(1) We previously held 20% equity interest in these companies but have ceased our investment as our Directors were of the view that the infrastructure development near the relevant restaurants suffered a serious delay in timetable and therefore was unable to support a strong economic development for the restaurants.

(2) The operating company of Mango Tree (Qingdao) Restaurant (i.e. Mango Tree (Qingdao)) has entered into a restaurant management consultancy service agreement with our Group and is required to comply with the terms of the MT PRC & Macau Franchise Agreement, including payment of royalty fees.

(3) As at the Latest Practicable Date, we were still awaiting our customers to carry out the remaining services.

(4) We entered into a restaurant pre-opening consultancy service contract with an Independent Third Party in respect of the launching of these restaurants.

Our Directors believe that our experience in operating and managing our restaurants in Hong Kong could be translated into useful knowhow to assist our clients in the PRC through the following means:

(1) we have developed our own set of staff training materials which are distributed and explained to the senior management of our clients;

(2) our management team has accumulated sufficient market intelligence on food cost commonly adopted in the food and beverage industry and is alert to the food cost control measures;

(3) we require our clients to adopt our approved point-of-sales systems, which will indirectly manage all records, such as order input and payment records in a complete and accurate manner;

(4) we have established contacts with relevant licensing agents in the PRC;

(5) our marketing team has solid experiences in formulating marketing plans and engaging appropriate PRC marketing agents to execute the plans; and

(6) with the experience of our management team, we have been conducting regular reviews on the management reports and provide analysis and advice on the restaurant's operational performances, staff management, promotional activities, etc.

During the Track Record Period, we held a minority interest of 20% in An Nam (Qingdao) and Mango Tree (Qingdao) and had subsequently disposed of such equity investments in November 2016. Such decision was made after careful consideration by us as we believe that such minority stakes investments will not bring beneficial economic benefits to our Group in the foreseeable future as the relevant restaurants suffered losses principally due to (i) delay in the construction of two nearby subway lines and one hotel and (ii) withdrawal of tenants from commercial complex where An Nam (Qingdao) Restaurant and Mango Tree (Qingdao) Restaurant are located, leading to a fall in customer traffic below expected level. We are also of the view that, not until the supporting facilities are complete and fully developed, the pedestrian traffic at the commercial complex would not be sufficient to support the retail and food and beverage business located there. For reasons as set out above, we decided to dispose of our investment in these two restaurants. We believe that the unsatisfactory performances of these restaurants were not results of our management consultancy services, but rather results of unanticipated delays and withdrawals.

As part of our future plan for our Group's development in the PRC, we will continue to expand our market in relation to the provision of restaurant pre-opening consultancy services and restaurant management consultancy services to our clients in the PRC. There may be circumstances where we may be offered or would like to consider investing in the holding companies of PRC restaurants managed by us in the future. Leveraging on our experience in investing and managing An Nam (Qingdao) Restaurant and Mango Tree (Qingdao) Restaurant, we are of the view that minority investments should only be considered, subject to other factors, where such restaurant is located at central business districts of developed areas in the PRC.

For the restaurants that we plan to invest in the PRC as stated in "Future Plans and Use of Proceeds", we aim to invest in the holding companies of restaurants to be opened in Shenzhen and Guangzhou and to be located in either developed shopping malls or commercial complex with completed infrastructure support at the heart of these first tier cities which are able to attract sufficient patronage to support such restaurant(s). Currently, we intend to invest in a minority stake of up to 25% in these holding companies. However, if any factors arise where we consider it inappropriate to continue to hold such minority interest, we may reduce our interest or not hold any interest in such holding companies.

REVENUE

Revenue

The revenue of our Group for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 amounted to approximately HK$161.8 million, HK$217.8 million, HK$87.6 million and HK$99.0 million, respectively. The following table sets forth a breakdown of our Group's revenue from each of our self-owned brands and franchised/sub-licensed brand restaurants and our restaurant management and consultancy services and the proportion of total Group revenue attributable to each restaurant for the Track Record Period:

	Year ended 31 December				Five months ended 31 May			
	2015		2016		2016		2017	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(HK$ million)		*(HK$ million)*		*(HK$ million)* (Unaudited)		*(HK$ million)*	
In operation								
Self-owned brand								
Sushi Ta-ke Restaurant	21.3	13.1	19.7	9.1	8.2	9.3	6.5	6.6
An Nam (Lee Garden) Restaurant	26.9	16.6	27.1	12.4	11.0	12.6	10.8	10.9
An Nam (Festival Walk) Restaurant *(Note 1)*	4.5	2.7	40.9	18.8	15.8	18.0	15.1	15.3
Petit An Nam Restaurant *(Note 1)*	6.0	3.7	14.1	6.5	5.9	6.7	5.1	5.1
Modern Shanghai Restaurant *(Note 1)*	8.5	5.3	23.7	10.9	9.9	11.3	10.0	10.1
Hokkaidon Restaurant *(Note 2)*	Nil	—	Nil	—	Nil	—	9.1	9.2
Franchised/sub-licensed brand								
Gonpachi Restaurant	27.9	17.3	33.7	15.5	12.8	14.6	13.8	13.9
Mango Tree (Elements) Restaurant	45.3	28.0	41.7	19.1	16.7	19.1	16.8	17.0
Mango Tree Café (Taikoo) Restaurant *(Note 3)*	Nil	—	1.3	0.6	Nil	—	10.9	11.0
Mango Tree Café (YOHO) Restaurant *(Note 4)*	Nil	—	Nil	—	Nil	—	Nil	—
Paper Moon Restaurant *(Note 5)*	Nil	—	Nil	—	Nil	—	Nil	—

	Year ended 31 December				Five months ended 31 May			
	2015		2016		2016		2017	
	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue	Revenue	% of total revenue
	(HK$ million)		*(HK$ million)*		*(HK$ million)* (Unaudited)		*(HK$ million)*	
Discontinued								
Self-owned brand								
Bella Vita Restaurant	8.7	5.4	5.3	2.4	3.0	3.5	Nil	—
Franchised brand								
Mango Tree (Cubus) Restaurant	11.9	7.4	8.7	4.0	3.9	4.5	Nil	—
Total revenue from operation of restaurants	161.0	99.5	216.2	99.3	87.2	99.6	98.1	99.1
Restaurant management and consultancy services	0.8	0.5	1.6	0.7	0.4	0.4	0.9	0.9
Total revenue	161.8	100.0	217.8	100.0	87.6	100.0	99.0	100.0

Notes:

(1) An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant and Modern Shanghai Restaurant commenced operation on 30 November 2015, 1 September 2015 and 1 September 2015, respectively.

(2) Hokkaidon Restaurant commenced operation on 23 January 2017.

(3) Mango Tree Café (Taikoo) Restaurant commenced operation on 15 December 2016.

(4) Mango Tree Café (YOHO) Restaurant commenced operation after the Track Record Period on 21 July 2017.

(5) Paper Moon Restaurant commenced operation after the Track Record Period on 23 September 2017.

Seasonality

Our business is subject to seasonality. During the Track Record Period, we recorded higher monthly revenue during major holidays, such as Christmas, New Year's Eve and summer, with lower monthly revenues during the period after major holidays as we believe many of our customers tend to dining-out less frequently after major holidays.

OUR CUSTOMERS

The revenue generated by our restaurant business accounted for over 99% of our total revenue during the Track Record Period. Due to the nature of our business, all customers of our restaurants are retail customers from the general public. As such, our Directors consider that it is not practicable to identify the top five customers of our Group for the Track Record Period. None of our customers accounted for 5% or more of our total revenue for the two years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 and we did not rely on any single customer during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not enter into any long-term contracts with our customers. Our Directors confirmed that our Group did not have any material disputes with our customers during the Track Record Period and up to the Latest Practicable Date.

OUR SUPPLIERS

Our food ingredients are mainly imported from Japan, Vietnam, the PRC, Thailand and South America. Our suppliers mainly consisted of food ingredients and beverage suppliers. The majority of food and beverage suppliers are importers or local suppliers selected by us, while we also purchase from certain suppliers appointed or recommended by our franchisors or sub-licensor. Pursuant to the franchise agreements in respect of our restaurants under the Mango Tree brand and Mango Tree Café brand, we are contractually obliged to procure certain ingredients from Coca or its designated affiliate. Pursuant to the Gonpachi Franchise Agreement, we are required to procure certain Gonpachi private brand ingredients and may choose to procure raw materials and ingredients from Japan with the help of the franchisor at handling fee of a fixed percentage of the materials. We also engaged various service providers such as marketing consultants, renovators, repair and maintenance service providers, cleaning companies and laundry companies for the maintenance of our restaurants.

Top five suppliers

The following table sets forth the details of our top five suppliers based on our total purchases attributable to them during the Track Record Period:

For the year ended 31 December 2015

Rank	Our supplier	Principal business activities	Approximate years of business with our Group as at the Latest Practicable Date	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided	Credit term	Settlement method
1	Supplier A	Seafood wholesaler in Hong Kong	4	17.6	Seafood	75 days after invoice date	Autopay & Cheque
2	Supplier B	Japanese food wholesaler in Hong Kong	6	16.6	Japanese ingredients	30 days after invoice date	Autopay & Cheque
3	Supplier C	Thai food wholesaler and retailer in Hong Kong	5	4.1	Thai ingredients	30 days after invoice date	Cheque
4	Supplier D	Seafood and frozen meat wholesaler in Hong Kong	3	3.8	Meat	70 days after invoice date	Autopay & Cheque
5	Supplier E	Vegetable wholesaler in Hong Kong	4	3.7	Fruit and vegetable	60 days after invoice date	Autopay & Cheque

For the year ended 31 December 2016

Rank	Our supplier	Principal business activities	Approximate years of business with our Group as at the Latest Practicable Date	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided	Credit term	Settlement method
1	Supplier B	Japanese food wholesaler in Hong Kong	6	15.1	Japanese ingredients	30 days after invoice date	Autopay & Cheque
2	Supplier A	Seafood wholesaler in Hong Kong	4	13.5	Seafood	75 days after invoice date	Autopay & Cheque
3	Supplier E	Vegetable wholesaler in Hong Kong	4	4.4	Fruit and vegetable	60 days after invoice date	Autopay & Cheque
4	Supplier F	Frozen meat wholesaler in Hong Kong	1	4.0	Meat	10 days after invoice date	Autopay & Cheque
5	Supplier G	Seafood wholesaler in Hong Kong	5	3.5	Grocery	30 days after invoice date	Autopay & Cheque

For the five months ended 31 May 2017

Rank	Our supplier	Principal business activities	Approximate years of business with our Group as at the Latest Practicable Date	Approximate % of our total purchases attributable to the suppliers	Food ingredients/ goods provided	Credit term	Settlement method
1	Supplier B	Japanese food wholesaler in Hong Kong	6	22.3	Japanese ingredients	30 days after invoice date	Autopay & Cheque
2	Supplier A	Seafood wholesaler in Hong Kong	4	10.5	Seafood	75 days after invoice date	Autopay & Cheque
3	Supplier E	Vegetable wholesaler in Hong Kong	4	4.5	Fruit and vegetable	60 days after invoice date	Autopay & Cheque
4	Supplier H	Japanese food wholesaler in Hong Kong	4	4.1	Japanese ingredients	30 days after monthly statement	Autopay & Cheque
5	Supplier F	Frozen meat wholesaler in Hong Kong	1	3.5	Meat	10 days after invoice date	Autopay & Cheque

We have established business relationships with most of our five largest suppliers for more than 3 years. For each of the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, the total purchases from our five largest suppliers in aggregate accounted for approximately 45.8%, 40.5% and 45.0% of our total purchases respectively, and the total purchases from our largest supplier accounted for approximately 17.6%, 15.1% and 22.3% of our total purchases, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any long-term contracts with our suppliers. Our Directors believe that this allows the Group to have greater bargaining power and flexibility to negotiate more favourable terms based on market conditions. We have established stable business relationships with our top five food suppliers during the Track Record Period and we did not experience any significant interruptions in securing the supply and sufficient quantities of our required food ingredients that had any material adverse impact on our business or results of operations. Given our established relationships with our existing suppliers and our internal policy, our Directors believe that we will not experience any difficulty in securing supply of ingredients from our existing suppliers.

None of our Directors, their respective close associates, or any Shareholder who, to the knowledge of the Board of Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017.

Credit terms

Payment terms granted by our suppliers are generally for a credit period of 30 days to 75 days after the invoice date. We will only arrange payment after the invoices and monthly statements from our suppliers have been reconciled to ensure there are no unrecognisable items. Such documents are checked by our Group's centralised accounting department. During the Track Record Period, most of the purchases made by our Group was settled and denominated in Hong Kong dollars.

Anti-bribery measures

Our executive Directors, senior management, head chef of each restaurant and each of the members of our purchasing department confirms to us that he or she is independent from the suppliers in our list of approved suppliers. We have adopted a policy to provide our employees guidance on how to prevent bribery and kickback arrangements from suppliers. Our Group believes that the standards and restrictions imposed by us are able to effectively prevent us from entering into bribery or kickback arrangements with our suppliers. Our Directors confirm that there is no rebate or kickback arrangement with any of our suppliers. To the best knowledge of our Directors, none of our Directors or employees was involved in any bribery or kickback arrangement with our suppliers during the Track Record Period.

QUALITY AND SAFETY CONTROL

With quality as one of our key success factors, we appreciate the importance of maintenance of fresh ingredients and proper food processing to satisfy our existing customers and attract new customers. We adhere to various internal control policies/practices and strive to maintain quality, consistency and food safety in our restaurants through our selection of quality food and beverage suppliers, establishment of stringent work procedures in relation to food storage and preparation, and providing comprehensive trainings to our kitchen and service staff.

Supplier selection and management

Our food ingredient and beverage suppliers are crucial to the quality and safety of the cuisines and drinks served by us. As such, we maintain a list of approved suppliers which we review from time to time. As at the Latest Practicable Date, our approved list comprised about 170 suppliers. As part of our supplier selection process, we take into account a number of factors, including (i) the supplier's market reputation and credibility; (ii) the goods' compatibility with our specifications; (iii) quality of the goods offered; (iv) the supplier's compliance with health and safety standards and regulations; (v) the price of goods offered compared to other suppliers; and (vi) time of delivery.

New suppliers are carefully examined against the criteria set by us before we place purchase orders with them. The evaluation result will be circulated to our chief operating officer or chief executive officer for further examination and approval. The performance of approved suppliers is subject to on-going evaluation by our restaurants and reviewed by our chief operating officer annually. If a supplier is unable to meet our requirements or that we have not procured from the supplier for over two years, we will remove such supplier from our approved supplier list.

On-site inspection by chefs upon delivery of food ingredients and beverages

Food ingredients

The approved supplier list will be provided to the head chef or manager of each restaurant. Each restaurant's head chef or restaurant manager is responsible for placing orders from the approved suppliers. Normally, orders for food ingredients are placed on daily basis or several times a week to ensure freshness. The goods are generally delivered to our restaurants by the next day. Our chefs are required to check the integrity of the package, temperature of frozen goods, deterioration signs for fresh produce, appearance, smell and weight of the ingredients, and the hygienic condition of the transportation vehicle. They are then required to record the type and quantity of the food ingredients received and compare details of the order with information indicated on the delivery note before accepting the goods. For goods with damaged packaging or not conforming to the agreed type or quality, we will not accept delivery and will demand replacement. Generally, suppliers will arrange for a re-delivery of the goods. During the Track Record Period and up to the Latest Practicable Date, we did not engage any external independent inspection and testing agencies to carry out testing on the food ingredients.

Beverages

Upon delivery of beverages, our restaurant manager or bar manager/supervisor will check the expiry date and integrity of the packaging before accepting delivery. For goods with damaged packaging or not conforming to the agreed type or quality, we will not accept delivery and will demand replacement.

Storage and preservation control

Our chefs and bar supervisors/managers are responsible for proper storage of food ingredients and beverages in accordance with our food safety guidelines. We implement different storage policies based on the goods' respective nature and shelf life. Our Directors believe that fresh seafood and fresh meats have shelf life of approximately three days, fruits and vegetables have shelf life of approximately five days, dried food has a shelf life as indicated in its best before date, and frozen food has a shelf life of approximately one month. For dry foods and beverages, we group them based on their types and store them in separate containers. We also perform regular checks on the packaging of goods, hygiene and ventilation conditions of the storage area to prevent any food contamination or spoilage. Food ingredients which require refrigeration and frozen storage are carefully kept at appropriate temperatures and properly labelled with storage date and expiry date. Our policy is to check refrigerated and frozen storage temperatures three times a day to ensure timely adjustments when needed. To avoid cross-contamination, we also wrap or use separate containers to store different type of refrigerated foods.

Food processing

Our head chefs are responsible for overseeing kitchen operations to ensure the quality of dishes served by our restaurant. Kitchen staff at each restaurant outlet will follow the standardised recipe prepared by the head chefs to ensure consistency of food quality across our restaurant network. Before dishes are served to customers, our kitchen staff will assess the dishes based on a number of factors including its presentation, scent, temperature and portion. We recognise that dish presentation is crucial to the enjoyment of food. As such, to ensure that our dishes are presented in a consistent manner, a photocopy of the model presentation is attached to each food recipe for the kitchen staff to follow during their food preparation. Our service staffs are also trained and required to inspect dish presentation before serving dishes to the customers.

As part of the safety control procedures of our Group, our kitchen staff and service staff are required to attend seminars about food safety and personal hygiene provided by our external training provider Ecolab and follow our internal food processing guidelines to ensure high hygiene and food safety standards. We will also perform surprise checks on the consistency of dishes as well as the hygienic conditions in the kitchen and dining area of our restaurants further guarantee the quality and safety of our dishes. We also engage third party service providers to regularly conduct "mystery shopping" at each of our restaurants in order to monitor the food and service quality offered to our customers.

Additional measures

In addition, we also perform the following measures to ensure that the food and beverage served by our restaurants are safe and clean:

- invoices and delivery notes are properly kept for seven years in accordance with applicable laws and regulations;

- monitoring procedures have been established for each important step in the catering process, including procurement, delivery acceptance, storage, preparation, cooking and serving;

- food contact surfaces and kitchen equipment are cleaned and sanitised regularly;

- all food handlers are required to maintain a high standard of personal hygiene and cleanliness;

- pest-control facilities and various sanitary measures are implemented to prevent pests;

- food waste is stored in designated places and disposed of regularly to prevent contamination;

- a hygiene manager and a hygiene supervisor are appointed for each restaurant to work together with our three operation managers and our chief operation officer to oversee our Group's overall quality control system with respect to food safety issues throughout our operations process.

Our Directors confirmed that save as disclosed in the section "Customers' feedback and complaints", during the Track Record Period and up to the Latest Practicable Date, none of our restaurants have been subject to any investigation on food hygiene by any government authorities or relevant consumer protection organisations due to any food safety incidents.

INVENTORY CONTROL

Our head chefs, bar supervisors/managers and restaurant managers are responsible for monitoring the food ingredients and beverages inventory levels at each restaurant.

For food ingredients and beverages that are accepted, delivery notes and invoices are passed to our Group's accounting department for settlement. Jet fresh seafood is consumed on a last-in-first-out basis to ensure that the freshest seafood is served to our customers. Other food ingredients are used on a first-in-first-out basis.

Our Group also maintains a list of food and beverage stocks for each restaurant to facilitate efficient inventory control. Stock counts are conducted by each restaurant on a monthly basis for valuable stocks such as wagyu, fatty tuna, truffle, prawn, spirit, sake and wine. We also perform sample checks on our inventory records from time to time. Full stock count for all stocks are generally conducted semi-annually.

We did not experience excessive accumulation of inventory of our food ingredients and beverages during the two years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 as our internal procedures match our purchases and demand.

DISH DEVELOPMENT

We develop new menus and dishes for both our new and existing brands and/or restaurants to introduce seasonal and festive dishes and to cater for the evolving preferences of our customers. In response to factors including recent market trends, changing costs of food ingredients, seasonal factors and the popularity of our menu items, our operations team works closely with head chefs of each of our restaurants in our new dish development process, which generally comprises the following steps:

- *Research:* Dish development meetings among our management team, including our chief executive officer, chief operating officer and director of marketing, together with the head chefs of our restaurants are held from time to time, where ideas on promotional theme and principal ingredients for new dishes will be discussed and preliminarily identified. After the meeting, our head chefs will create the trial dish based on the selected theme and principal ingredient.

- *Evaluation:* Our management team will evaluate the proposed new dish by reviewing the research result and carrying out tasting on the trial dishes prepared by head chefs. Recipe of the trial dishes may be adjusted based on the feedbacks provided by the management team. Second tasting may be conducted if necessary. After working out the estimated food cost of the new dishes, comparative analysis on prices of similar dishes offered by other restaurants will be conducted as part of the pricing process.

- *Approval:* The finalised dish recipe is subject to our chief executive officer or chief operating officer's approval before the dish is being included in the updated menu. In making the approval decision, factors that are taken into consideration normally include (i) cost of producing the dish; (ii) estimated profit margin; and (iii) price of similar dishes offered by our competitors.

  For our franchised or sub-licensed brands Mango Tree, Mango Tree Café, Gonpachi and Paper Moon, we will generally follow the same dish development procedure as set out above save and except that prior to the "Launch" stage, we are required to notify and obtain the consent of the respective franchisor or sub-licensor for adoption of the new menu or dish in our a-la-carte menu.

- *Launch:* Upon approval, the recipe of new dishes will be prepared by the head chef and distributed to each restaurant outlet under the relevant brand. Our kitchen staff will be trained to prepare the dish and our service staff will be trained to introduce the features of the new dishes and serve them. Our menus will be updated and reproduced to highlight the new menu choices to our customers. New dishes are usually tested in the "chef's special" menu and may be added to our a-la-carte menu if they are well received by customers.

SITE SELECTION AND NEW RESTAURANT OPENING PROCESS

Site selection

Our Directors believe that location is a key success factor in the restaurant business. Management companies of local shopping malls regularly approach us to tender for vacancies. We will generally take into consideration a number of factors before deciding whether to submit our tender including but not limited to (i) pedestrian flow; (ii) nearby public transportation for easy customer access; (iii) actual and potential competitors in the area including location of our existing restaurants serving the same type of cuisine; (iv) demographic characteristics and customer spending habits in the area and estimated profit margins; (v) break-even analyses; and (vi) lease costs and conditions.

For our franchised or sub-licensed brands, the franchisor or sub-licensor will also be involved in the site selection process and may provide additional criteria as part of the selection process.

New restaurant opening process

If our Directors determine the premises to be suitable for placing our restaurants, we will generally prepare a checklist to assess the premises based on the utilities and services available. For example, we will check whether the premises is fit for installing hot water supply equipment, ventilation systems, grease traps and drainage facilities necessary for restaurant operations. This helps us to plan our fitting out works. We may prepare a "concept" proposal outlining our brand, theme, menu and prices, for the leasing department of the shopping mall management company if so requested. Where our proposal is accepted, we will commence negotiations on rental terms including the tenancy period and lease costs. If the terms are agreed, our Group will enter into a tenancy agreement with the landlord.

Upon signing the tenancy agreement, our operations team will initiate a tender process or obtain fee quotes to engage a number of third parties for fitting out works of the site premises and other works in preparation for the restaurant's launch, including (i) interior designers for the design of restaurant layout, concept and lighting; (ii) interior renovation companies for restaurants' fitting out; (iii) contractors for kitchen renovation and equipment installation; and (iv) licensing consultant for obtaining all the government licences and permits required for the restaurant business. For details on the licensing requirements, please refer to the section headed "Regulatory overview". During the Track Record Period, the average turnaround time required for our new restaurants (being the period between the handover date of the leased premises and the opening date of the restaurants) is approximately two to three months.

Our Group will generally commence relocating employees from existing restaurants or recruiting new employees two months before the opening of the new restaurant to provide them with necessary trainings and prepare for soft-opening. During the week before the restaurant opening, we will arrange a trial run of the new restaurant to ensure staff are well prepared for the official opening and are able to serve our customers to the highest standards.

For our franchised or sub-licensed brands, the new restaurant opening procedures are generally consistent with the above save that (i) prior to entering into any tenancy agreement for new sites, the Group is required to notify and obtain the consent of the franchisor or sub-licensor, (ii) the lay-out and menu are subject to franchiser's or sub-licensor's approval, and (iii) training is also provided by the relevant franchisor or sub-licensor.

CUSTOMERS' FEEDBACK AND COMPLAINTS

At each of our restaurants, our restaurant managers conduct daily briefings to our front-line service staff to ensure quality of our service. Our customers have appropriate channels to provide feedback on our food and service quality, including (i) on-site communication with our staff; (ii) social network or food critic websites; and (iii) our restaurants' websites, hotlines or email. Our restaurant managers and our management and operation team will communicate with each other on customer feedbacks for follow up and to improve our overall operations.

During the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, we received two, five and four customer complaints, respectively, which required follow-up actions from our Group. The customers' complaints we received were on different aspects, such as the service quality of our staff or foreign objects found in our dishes served. After receiving a complaint from a customer, our restaurant manager will try to resolve the issue with the customer directly. Should this be unable to resolve the matter, a customer complaint record form will be prepared and escalated to our chief executive officer or chief operating officer for their review and follow-up. During the Track Record Period and up to the Latest Practicable Date, our Directors are not aware of any material complaints at any of our restaurants which may translate to a material adverse impact on the business and our financial position or operations. As at the Latest Practicable Date, our Directors are only aware of one outstanding customer complaint filed with the FEHD which was related to foreign object found in a dish. This incident happened in November 2016 and an on-site follow-up investigation by FEHD took place in February 2017. We have not received any further follow-up enquiry from FEHD as at the Latest Practicable Date. Our Directors are not aware of any litigation or claim initiated against us in respect of this complaint as at the Latest Practicable Date. On the basis that we have taken out insurance policy to cover such incident and that the incident has been reported to our insurance company for records, our Directors are of the view that such single incident will not have any material adverse impact on the business operation or financial result of our Group.

PRICING POLICY AND SETTLEMENT

Pricing policy

As each of our restaurants serve a different range of cuisines with individual menus at different locations, we do not adopt a standardised pricing range for all restaurants. As our pricing strategy, we will generally take into account the following factors for price reviews: (i) target profit margins for dish combinations (ii) market trend and seasonality; (iii) prices set by competitors; (iv) location of our restaurants; (v) labour cost and utility expenses; and (vi) historical and anticipated food cost.

As we carry out monthly costs reviews, we also carry out price reviews and make adjustments when it is deemed necessary or at least once a year to ensure our target gross profit margin can be achieved in response to changes in market condition, season, costs and customer spending habits. Any proposed price changes to menus of our own brands require approval by our chief operating officer or chief executive officer. For price changes in respect of restaurants under our franchised brands, approval from our franchisor prior to price adjustments is also required.

Settlement

Our customers are mostly retail customers and therefore generally settle their dining bills by way of cash or credit cards. Over 80% of our revenue during the Track Record Period were settled by credit cards, and less than 20% were settled by cash. The table below sets forth the breakdown of the revenues of our restaurant operation by type of settlement during the Track Record Period:

	Year ended 31 December		**Five months ended 31 May**	
	2015	**2016**	**2016**	**2017**
	(HK$'000)	*(HK$'000)*	*(HK$'000)* (Unaudited)	*(HK$'000)*
Settlement by way of:				
credit card	142,674	184,848	74,999	83,278
cash	18,484	29,757	11,971	13,464
loyalty programme	375	2,073	810	990
others *(Note)*	217	1,772	562	1,689
Subtotal	161,750	218,450	88,342	99,421
Less: credit to loyalty program	(740)	(2,258)	(1,097)	(1,363)
Total	161,010	216,192	87,245	98,058

Note: Others mainly represent payment made by bank recurrence or cheque, which mainly comprise (i) payment made by shopping malls to settle vouchers distributed by them and (ii) payment made by the directors of the Group for their spending in our Group's restaurants.

Credit cards

Our restaurants accept credit cards from most major credit card issuers for the settlements of bills. We usually receive remittances from the relevant credit card issuers, net of service charges, two to three working days after the day the transaction was rendered. As a treasury control measure, our finance department will conduct reconciliations between our sales records generated from our point-of-sales system with credit card receipts and bank settlements by credit card issuers to ensure all transactions and receipts are accounted for. During the Track Record Period, service charge ranging from 1.45% to 3.4% of the transaction amount was generally imposed by the credit card issuers.

Cash

Although most of our customers settle their bills by credit cards, our Group still handles certain amounts of cash every day. In order to prevent misappropriation and illegal uses of cash, we have implemented specific procedures on cash custody across all our restaurants. We have put in place security safes in each of our restaurants to ensure safe custody of cash received before depositing them into bank account. Further, we have set an internal requirement on the maximum level of cash of HK$100,000 (the "**Maximum Cash Threshold**") that can be kept in the safe in each of our restaurants. Such level has been set with reference to: (i) the insured amount under our insurance policy; and (ii) the estimated amount of cash to be received by our restaurant based on historical trends. Any cash held by any restaurant that is in excess of the Maximum Cash Threshold must be deposited into our bank account as soon as possible. As an additional security, we have a designated income audit team within our finance department to conduct random checks and cash counts at each restaurant to ensure all cash in safes is accounted for.

All cash received is generally deposited by designated staff to banks three times a week. Our chief accountant will then conduct reconciliations between our sales records generated from our point-of-sales system with actual cash receipts and cash deposits in the bank for each restaurant to ensure all cash is accounted for. In light of the above, our restaurants are unlikely to be in possession of a large amount of cash on a regular basis.

We keep certain level of petty cash in each restaurant for the purpose of settling sporadic payments such as employee reimbursement, printing and stationery expenses, as well as urgent purchasing costs. All uses of petty cash are recorded and reviewed by the management team.

Based on our Company's historical records, during the Track Record Period, there has been one incident of misappropriation of cash (the "**One-off Incident**") in the amount of HK$49,257 (which was below the Maximum Cash Threshold) by an employee at one of the Group's restaurant. However, this incident was timely identified through our income audit internal control procedures and was fully rectified. The amount was appropriated and recovered in full. The involved employee was summarily dismissed. Save for the abovementioned, our Directors confirmed that there were no incidents of material cash misappropriations during the Track Record Period.

Our Directors confirmed that at the time when the One-off Incident happened, the current existing cash management and control procedures were in place. Given that only one cash misappropriation incident happened during the Track Record Period and our Group fully recovered the misappropriated amount (which was below the Maximum Cash Threshold) due to our swift identification, our Directors are of the view that the existing cash management and control procedures are effective.

MARKETING AND PROMOTION

Media marketing

Our Directors consider that it is important for us to continue to promote our brand to gain greater market and customer recognition. Our marketing department, comprising four members, is primarily responsible for designing and implementing our marketing strategies across our Group. The team places great emphasis on press relations and social media rather than paid advertising publications. For example, for our Hong Kong restaurants, our marketing team will arrange tasting events during promotional periods, new menu introductions or new restaurant launches whereby the media, press and bloggers are invited to our restaurants to try our cuisines and provide us with feedback. Our invitees will relay their experiences through magazines, online articles and blogs to promote our brands and reach our target customer groups. We also engage third party graphic designers to update our restaurant websites to provide our customers with the latest news and promotions of our restaurants.

For each of the two financial years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, our expenses spent on advertising, promotion and marketing amounted to approximately HK$1.1 million, HK$0.7 million and HK$0.1 million respectively, representing approximately 0.7%, 0.3% and 0.1%, respectively, of our total revenue.

1957 & Co. Loyalty Programme

We value our customers and operate a loyalty programme which offers benefits and privileges to members, including cash redemptions. Our loyalty programme offers membership cards in three grades, namely gold, platinum and black, based on points accumulated by our customers from their spending amounts. Our classic membership card is intended for new customers who would be able to upgrade to our gold card level, upon spending approximately HK$8,000. Our current conversion scale is 1 point for each Hong Kong dollar spent at our restaurants. For members who have accumulated 15,000 points and 50,000 points, we offer upgrades from our gold card to platinum and black card level, respectively. Depending on the membership grading, we will offer redemptions between 5% and 15% of the accumulated points as dining credit at our restaurants, with a validity period of six months. As at the Latest Practicable Date, our loyalty programme has 15,934 gold card members, 819 platinum card members and 300 black card members.

We recognise our members' redeemable dining credit as a sales discount in our Group's income statement with the corresponding liability provision in our Group's financial position until the earlier of the utilization of the credit or the expiry of the validity period. Any expired unutilized credit will be reversed in our financial accounts and recognised as revenue.

LICENCE AND APPROVALS

In accordance with the laws and regulations of Hong Kong, our Group is required to maintain various licences in order to operate our business. These licences are obtained upon satisfactory compliance with, amongst others, the applicable laws and regulations in relation to food safety, hygiene, and the sale of liquor. All of such licences are subject to periodic examinations and verifications by the relevant authorities and are valid only for a fixed period of time subject to renewal. For further details concerning the licensing requirement in Hong Kong, please refer to the section headed "Regulatory Overview" in this prospectus.

The number of licences obtained by our Group for the operation of our restaurants as at the Latest Practicable Date are as follows:

Types of licence	Number of licences and their remaining period of validity from the Latest Practicable Date	
	Within one year	More than one year
General restaurant licence/ Provisional general restaurant licence	11	—
Liquor licence	9	2
Water pollution control licence *(Note)*	—	4

Note: As at the Latest Practicable date, we were operating eleven restaurants in Hong Kong. Water pollution control licence is only required for four of our restaurants as the other restaurants are located within premises which adopt central discharge system.

As at the Latest Practicable Date, as advised by our Hong Kong legal advisers, we had obtained all relevant licences, approvals, certificates and permits necessary to conduct our operations in Hong Kong and there is no legal impediment to renew such licenses. Please refer to the section headed "Regulatory Overview" in this prospectus for details on Hong Kong licensing requirements. As at the Latest Practicable Date, as confirmed by our Directors, no demerit point had been registered against any of our restaurants and none of our restaurants had been subject to suspension for operation.

AWARDS AND RECOGNITIONS

This table below sets forth the major awards and recognition received by our restaurants during the Track Record Period:

Restaurant	Award/Recognition	Awarding/ recognising body	Year of Grant
Sushi Ta-ke Restaurant	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2015
	MICHELIN Guide Recommended Restaurant	Michelin	2015
	100 Top Tables 2015	South China Morning Post	2015
	Singapore Tatler Regional Best Restaurants	Singapore Tatler	2015
	Hong Kong's Greatest Eats — WOM Picks — in the category of Japanese Sushi	WOM Guide	2015
	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2016
	MICHELIN Guide Recommended Restaurant	Michelin	2016
	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
	100 Top Tables 2016	South China Morning Post	2016
Mango Tree (Elements) Restaurant	Hong Kong's Greatest Eats — WOM Picks — in the category of Southeast Asian	WOM Guide	2015
	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2015
	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
Gonpachi Restaurant	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2015
	MICHELIN Guide Recommended Restaurant	Michelin	2015
	Singapore Tatler Regional Best Restaurants	Singapore Tatler	2015
	Hong Kong's Greatest Eats — WOM Picks — in the category of Japanese Casual Dining	WOM Guide	2015
	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2016

Restaurant	Award/Recognition	Awarding/ recognising body	Year of Grant
	MICHELIN Guide Recommended Restaurant	Michelin	2016
	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
An Nam (Lee Garden) Restaurant	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2015
	MICHELIN Guide Recommended Restaurant	Michelin	2015
	Taste of Hong Kong Awards 2015 — Rating of A restaurant	Metro Finance	2015
	Hong Kong's Greatest Eats — WOM Picks — in the category of Southeast Asian	WOM Guide	2015
	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2016
	MICHELIN Guide Recommended Restaurant	Michelin	2016
	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
An Nam (Festival Walk) Restaurant	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
Petit An Nam Restaurant	Hong Kong's Greatest Eats — WOM Picks — in the category of Southeast Asian	WOM Guide	2015
	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
Mango Tree (Cubus) Restaurant	Hong Kong's Greatest Eats — WOM Picks — in the category of Southeast Asian	WOM Guide	2015
	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2016
	Quality Tourism Services Scheme "Restaurants" category	Hong Kong Tourism Board	2016
Bella Vita Restaurant	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2015
	Hong Kong Tatler Best Restaurants — Hong Kong & Macau Edition	Hong Kong Tatler	2016

EMPLOYEES

The following table sets forth the number of our employees (including full-time employees, part-time employees and casual workers) by functional role as at 31 December 2015, 31 December 2016, 31 May 2017 and the Latest Practicable Date:

	As at 31 December		As at 31 May	As at the Latest Practicable Date
	2015	2016	2017	
Hong Kong				
Directors	1	1	3	3
Heads of departments/senior management	3	3	3	3
Finance, administration and human resources	7	11	12	11
Marketing	4	6	4	4
Restaurant operation	2	4	5	4
Head chefs and section chefs	9	9	10	12
Service staff	165	149	148	183
Kitchen staff	116	97	99	123
PRC	0	0	0	0
Total	307	280	284	343

Due to the labour intensive and service-orientated nature of the restaurant business, our employees play an important role in the success of our restaurants. During the Track Record Period, our staff costs and benefits represented 32.6%, 33.9% and 33.9% of revenue for the years ended 31 December 2015, 2016 and the five months ended 31 May 2017, respectively. In order to retain quality employees, our Group offers competitive remuneration and incentive schemes. We have also operated a staff bonus scheme and contributed to such scheme since December 2014. We expect to continue this remuneration policy. For the sensitivity analysis of the changes in staff costs, please refer to the section headed "Financial Information — Sensitivity analysis" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there had not been any labour strikes within our Group and we did not experience any material labour disputes or any material insurance claims related to employees' injuries. We had not set up any trade union for our staff. Our Directors believe we have maintained a good working relationship with our employees.

Due to the nature of the food and beverage industry and in light of the range of restaurants we operate, we are in high demand of labour. Therefore, employing casual labour to supplement our workforce in restaurants is necessary for our operation. One key feature of casual workers is that they may only work at a particular restaurant on an ad-hoc or day-to-day basis, or for a short period of time (of less than 60 days). As at 31 December 2015, 31 December 2016 and 31 May 2017 and the Latest Practicable Date, we employed a significant number of casual workers who mainly worked as our service staff or kitchen staff. After the Track Record Period, we have gradually employed extra full-time staff instead of using casual worker with the aim of improving consistency in restaurant staff performance. We also expect to ease our administrative workload in relation to the management and training of casual workers.

Recruitment

Recruitment of quality staff in the restaurant industry is highly competitive. Our human resources officers together with our restaurant managers are responsible for recruiting our employees. Recruitment budget is approved by our chief executive officer and all the restaurant outlets and departments' staffing are abided by the approved budget. Our budget is subject to monthly review at our head office, taking into factors including but not limited to (i) market conditions; (ii) the size of the restaurant; (iii) proportion of labour costs to total overheads; and (iv) profit margin of the restaurant. Our staffs are generally hired by way of public advertisement or referrals from our existing employees. We also work with staffing agencies to recruit our casual workers.

Our newly recruited employees (except casual workers) are generally required to undergo a three-month probation period before they officially join our Group. In order to facilitate new recruits to familiarise with the Group's operations, we assign experienced employees to guide them in the beginning weeks of their employment. We believe that this arrangement is also effective in reducing operational risks and employee turnover.

Employee training

We believe that training is necessary to ensure that all employees possess the required knowledge on our service standards as well as work and safety procedures. Our kitchen and service staff are required to attend food safety and personal hygiene training provided by external training provider Ecolab. For new front-line service staff, we provide an orientation program at our head office before assigning them to the restaurant outlet whereby a senior staff at supervisor level will be assigned as a buddy to assist the new recruit to become familiarised with our policies and procedures. For our kitchen staff, a senior chief will also act as a buddy to the new recruit and conduct tasting of dishes prepared by the new recruit during the first week of employment to ensure that standards and quality is consistent with that of the Group. We provide our staff with an employee handbook and checklists to ensure that important matters such as our Group and restaurants' general information, work disciplines, occupational safety and the individual employee's job responsibilities are properly discussed with new recruits.

Employee retention

Quality service is an important success factor to our business and employee retention is a known challenge within the fierce restaurant business. Aside from offering competitive remuneration packages, our Group has also implemented an incentive bonus scheme for our restaurant employees to encourage self-initiatives to drive sales, enhance employee retention and reduce unnecessary headcount at every outlet. Under the incentive bonus scheme, our restaurant employees are eligible to share up to 10% of the net profit of the outlet on quarterly basis, under a scaling system based on the employee's seniority. All of our employees are entitled to receive annual bonus, the level of which is at the discretion and subject to the approval of the Board.

We also conduct annual performance reviews of our employees, which is used as a basis to determine salary adjustments and suitability for promotion, subject to market conditions and business needs.

Work safety

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

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

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there were no significant incidences or accidents in relation to work safety at all of our restaurants. During the Track Record Period and up to the Latest Practicable Date, we recorded a total of 31 employee safety-related accidents, which were reported to our insurer and the Commissioner of Labour pursuant to section 15(1A) of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Compensation paid in relation to employee injuries amount to HK$356,000, HK$66,000 and HK$42,000 for the two years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017, respectively.

MPF

During the Track Record Period, due to the inadvertence and mistaken understanding on the sections 7, 7A and 7AA of the MPFSO of the then human resources and financial personnel, we did not duly enrol and make MPF contributions for our causal employees (who were merely engaged by us on a day-to-day basis) in accordance with the MPFSO. During the Track Record Period, there were 1,162 casual workers involved. Upon discovery in April 2016, we fully rectified all such issues by fully paying all outstanding MPF contributions (both on our Group's part and the relevant casual employee's part, each part being approximately HK$0.4 million) and relevant surcharges of approximately HK$42,000. As at the Latest Practicable Date, there has been no action, claim or proceeding against us in relation to such issues. Our Directors confirmed that, save as these incidents, we have been in compliance with these MPFSO requirements during the Track Record Period and up to the Latest Practicable Date. Our Legal Counsels have advised that: (i) we have taken sufficient rectification action to address these issues; and (ii) pursuant to MPFSO, all possible actions (including penalty and prosecution) against our officers and us have been time-barred.

In order to avoid reoccurrence, representatives from our Board and senior management, namely, Mr. Kwok, Mr. Lau, Mr. Fong and relevant staff from our human resources and finance departments attended training on the latest MPFSO requirements (including MPF contributions for casual workers) in March 2017. We have also tightened the management policies of our casual workers (including hiring, preparation and review of calculation of wages and MPF contributions) and implemented regular review procedures which are headed by Mr. Kwok. Reports will be made to the Board for any discrepancies found.

Employers' Returns and Notifications

Our subsidiaries historically did not timely or duly file certain notices to the IRD pursuant to section 52 of the IRO. Based on our records, during the Track Record Period and up to the Latest Practicable Date, these were: (i) the employer's returns for remuneration and pensions for 233 full time employees and 1,114 causal workers; (ii) the notices of commencement of employment of 477 full time employees and 1,500 casual workers; and (iii) the notices of cessation of employment ("**Cessation Notices**") of 752 full time employees. These incidents were not wilful, and were due to inadvertence of our finance and human resources personnel. All these issues have already been fully rectified. As at the Latest Practicable Date, there has been no action, claim, proceeding, penalty or fine in relation to such filings. Our Tax Expert has advised that, based on certain publications of the IRD (including statistics on past penalised cases for late filings) and the aforesaid, the estimated maximum penalty imposed on our Group (if any) for such incidents would be HK$246,000 (which was determined based on the estimated HK$3,000 per company and per tax assessment year during the Track Record Period and up to the Latest Practicable Date). Our Legal Counsels have advised that: (i) we were not required under the IRO to file the Cessation Notices for its causal employees; (ii) the risk of any prosecution against our Group is very low; and (iii) even if we are prosecuted, the chance of our Group being imposed the maximum penalty under the IRO (being HK$10,000 per offence) is also very low. Further, based on a verbal enquiry with the IRD, we were informed that it is unlikely for the IRD to take action against our Group after rectification. On these bases, our Directors consider that these incidents have not impacted and will not impact our business operations and financials in any material adverse manner. Moreover, in light of these incidents, we have strengthened our internal control system (including designating Mr. Kwok (our executive Director and chief executive officer) to oversee compliance in relation to such employer's returns and notifications) to avoid reoccurrence of any similar events). Training sessions on the latest IRO requirements have been conducted for representatives from our Board and senior management, namely, Mr. Kwok, Mr. Lau and Mr. Fong and relevant staff from our human resources and finance departments by an external training provider.

MARKET COMPETITION

According to the Industry Report, Hong Kong has a very competitive and highly fragmented full service restaurant industry. In 2016, there were approximately 8,600 outlets in the market mostly comprising of independent restaurants. The industry is so fragmented that the top 5 players in the industry only account for about 7% of the value sales of the market in 2016. Further, the competitive landscape of the Asian full-service restaurant industry is highly fragmented with approximately 6,700 restaurant outlets with the largest five brands comprising a combined market value share of approximately 9% in 2016.

It is also reported in Industry Report that, the full-service restaurant industry in China is highly fragmented, with around 6.8 million outlets as of end 2016. The top five full service restaurant brand owners held a meagre 0.8% combined share of the market in value sales terms in 2016. The Asian full-service restaurants sector is also highly fragmented. There are over 6.74 million outlets as of end 2016 with the top five brands making up only 0.5% of the Asian market. Four of the five leading brand owners adopt a mass market positioning.

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

LEASED PROPERTIES

As at the Latest Practicable Date, our Group did not own any property and leased 16 properties in Hong Kong and one property in the PRC. No single property interest that forms part of our Group's non-property activities has a carrying amount of 15% or more of our Group's total assets and therefore we are not subject to the disclosure requirement under Rule 8.01B(1)(b) of the GEM Listing Rules to include a valuation report. Further, pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings. Our Directors confirm that all leased properties listed in the table below were leased from Independent Third Parties.

For leases that will expire in 2017 (which are all for offices and staff quarters), our Directors currently do not expect any legal or practical impediment to renew such leases.

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

No.	Address	Our use of property	Approximate gross floor area	Tenancy period	Rental type[(1)]
			(sq.ft.)		
Hong Kong					
1.	12/F Cubus, 1 Hoi Ping Road, Causeway Bay, Hong Kong	Restaurant (Sushi Ta-ke Restaurant)	2,785	From 19 July 2014 to 18 January 2018	Turnover rent
2.	Shop 2032–2033, Second Level at Elements, 1 Austin Road West, Kowloon, Hong Kong	Restaurant (Mango Tree (Elements) Restaurant)	5,677	From 1 September 2016 to 31 August 2019	Turnover rent
3.	4F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Restaurant (Gonpachi Restaurant & An Nam (Lee Garden) Restaurant)	10,369	From 1 June 2017 to 31 May 2019	Turnover rent
4.	Shop 1058, Level 1, YOHO Mall I, 8–9 Long Yat Road & 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong	Restaurant (Modern Shanghai Restaurant)	3,688	From 1 June 2015 to 31 May 2021	Turnover rent
5.	Shop 1073, Level 1, YOHO Mall I, 8–9 Long Yat Road & 9 Yuen Lung Street, Yuen Long, New Territories, Hong Kong	Restaurant (Petit An Nam Restaurant)	3,161	From 1 June 2015 to 31 May 2021	Turnover rent
6.	Unit L1–20, Level 1, Festival Walk, 80 Tat Chee Avenue, Kowloon Tong, Kowloon, Hong Kong	Restaurant (An Nam (Festival Walk) Restaurant)	5,780	From 14 September 2015 to 13 September 2020	Turnover rent

No.	Address	Our use of property	Approximate gross floor area (sq.ft.)	Tenancy period	Rental type[(1)]
Hong Kong					
7.	Shop 1035, Level 1, YOHO Mall I, 8–9 Long Yat Road & 9 Yuen Long Street, Yuen Long, New Territories, Hong Kong	Restaurant (Mango Tree Café (YOHO) Restaurant)	5,627	From 21 April 2017 to 20 April 2023	Turnover rent
8.	Shop 314, 3/F, Cityplaza, 18 Taikoo Shing Road, Taikoo Shing, Hong Kong	Restaurant (Mango Tree Café (Taikoo) Restaurant)	3,660	From 20 October 2016 to 19 October 2021	Turnover rent
9.	Shop 313, 3/F, Cityplaza, 18 Taikoo Shing Road, Taikoo Shing, Hong Kong	Restaurant (Hokkaidon Restaurant)	2,171	From 20 November 2016 to 19 October 2021	Turnover rent
10.	Shop OTE 301, Level 3, Ocean Terminal, Harbour City, Kowloon, Hong Kong	Restaurant (Paper Moon Restaurant)	3,600	From 15 June 2017 to 14 June 2023	Turnover rent
11.	Shop No. G10, G/F Lee Garden two, 28 Yun Ping Road, Causeway Bay, Hong Kong	Restaurant under the Ta-ke (Lee Garden) JV Agreement	6,323	From 10 October 2017 to 30 September 2022	Turnover rent
12.	Shop No. 101 1/F, Lee Garden two, 28 Yun Ping Road, Causeway Bay, Hong Kong	Restaurant under the Modern Shanghai (Lee Garden) JV Agreement	6,913	From 10 October 2017 to 30 September 2022	Turnover rent
13.	Room 1002–1004, 10/F Tung Chiu Commercial Center, 193 Lockhart Road, Wanchai, Hong Kong	Office	2,063	From 16 July 2017 to 15 July 2019	Fixed rent
14.	Room H (Suite A) 12/F, Hong Kong Mansion, 1–1L Yee Wo Street, Causeway Bay, Hong Kong	Staff quarters	200	From 15 March 2017 to 14 March 2019	Fixed rent
15.	Ground Floor, 134 Tai Wai Tsuen, Yuen Long, New Territories, Hong Kong	Staff quarters	700	From 9 November 2017 to 8 November 2018	Fixed rent

No.	Address	Our use of property	Approximate gross floor area *(sq.ft.)*	Tenancy period	Rental type[(1)]
Hong Kong					
16.	Flat C (including roof thereof) 25/F, Wei King Building, 275 Chatham Road North, Kowloon, Hong Kong	Staff quarters	340 (flat C) and 340 (roof)	From 12 November 2016 to 11 November 2017 From 12 November 2017 to 11 November 2019	Fixed rent
The PRC					
17.	1303Q, 13/F, Block 3 Jiali Construction Square 1 Zhongxin 4 Road, Futian District, Shenzhen, the PRC (深圳福田區中心四路一號嘉里建設廣場第三座13層1303Q)	Office	111	From 16 April 2017 to 31 December 2017	Fixed rent

Notes:

(1) Turnover rent is a basic rent plus additional rent as a fixed percentage of the turnover of the restaurant

During the Track Record Period, our depreciation expenses accounted for approximately 7.8%, 8.2% and 8.3% of our Group's operating expenses and costs (excluding the depreciation of right-of-use assets). According to applicable accounting policies, the depreciation of leasehold improvement so invested should take a period of five financial years or the lease term, whichever is shorter. As most of our restaurants have been in operation for less than five years, significant depreciation costs had been recorded in the accounts of our restaurants over the Track Record Period. Our Directors believe that, upon the expiry of the five financial year period, and assuming all operating circumstances remains unchanged, the financial performance of our existing restaurants will be improved as a result of the reduction in depreciation expenses.

According to the Industry Report, average annual retail rental rates for Hong Kong has dropped 7% in 2016. Further, to better control the rental expenditure, for all tenancy agreements in relation to our new restaurants opened during the Track Record Period, we have been negotiating for a long lease term of five to six years with the base rent or turnover rate for each year of the lease period being fixed and agreed between us and the landlord. With longer lease term, our Directors consider that the rental expenses of these restaurants in the coming years could be ascertained and will be less susceptible to any market fluctuation. We are also open to discuss and co-operate with our landlord(s) with an aim to securing better or preferential rental terms. For example, we have recently entered into two joint venture agreements with certain members of Hysan Group. Hysan Group is also the parent group of the landlords of our An Nam (Lee Garden) Restaurant and Gonpachi Restaurant, and is listed on the Main Board of the Stock Exchange and has been one of the major players in the Hong Kong property development market. We believe that, through such joint venture co-operations, the interests of our landlord and our Group will be more aligned and as a result we may have a stronger bargaining power during the lease negotiation process in terms of rent rate, rent-free period and/or lease term. For details of these joint venture agreements, please see "Our Restaurants — Joint venture agreements".

In addition, our Directors believe that apart from us benefiting from the customer flow that a shopping mall generally has, our restaurants would also be able to attract customers to the shopping malls in which our restaurants are or will be located. This could be evidenced by the fact that, in 2015 and 2016 the majority of our restaurants incurred turnover rent during the years as the revenue of the relevant restaurants had exceeded their benchmark revenue of the month. Given the patronage our restaurants were able to bring in and the additional rent we paid as a result of the turnover rent of our restaurants, our Directors believe that we have a competitive edge in bargaining with existing or potential landlords on renewal or new lease terms.

Generally, we are required by our landlord to deliver our leased premises in vacant possession and/or to reinstate the leased premises to its original condition. We have also implemented effective measures to cater for any reinstatement cost that our Group may need to incur. It is our established practice to make an estimation of restoration costs ranging from approximately HK$80,000 to HK$200,000 for each of our restaurants upon their respective commencement of business (depending on the size of the restaurant). Such obligation is an estimated cost for reinstatement of the leased premises in case the lease is not renewed. The estimated reinstatement costs are included in lease liabilities and will be reviewed from time to time as necessary as to its sufficiency and whether the estimated amount is in line with market practice. During the Track Record Period, the addition of reinstatement costs included in our lease liabilities was approximately HK$373,000, HK$82,000, and HK$109,000 for the year ended 31 December 2015 and 2016 and for the five months ended 31 May 2017, respectively.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered or are in the process of applying for registration of trademarks for our respective self-owned brand restaurants. For further information about our intellectual property rights and trademarks, please refer to Appendix IV headed “Statutory and General Information” to this prospectus. In respect of the trademarks of Mango Tree, Gonpachi and Paper Moon franchised or sub-licensed brands, the trademarks are owned by the respective franchisor, head licensor or its associated company.

For registered domain names that will expire in 2017, given we have already successfully renewed five domain names which would have expired in June or July 2017, we currently do not expect any legal or practical impediment to renew the remaining registrations.

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

ENVIRONMENTAL PROTECTION

We are required to comply with environmental protection laws and regulations in Hong Kong. We will allocate resources to environmental compliance as required by local laws and regulations. For details of such relevant laws, please refer to paragraph headed "Regulatory overview — Environmental Regulations" in this prospectus. During the Track Record Period, our Directors confirm that the Group was in material compliance with applicable environmental laws and regulations in Hong Kong.

For the Track Record Period, we have incurred cost of compliance in respect of sewage charge and garbage collection and disposal in the approximate amount of HK$0.6 million, HK$1.1 million and HK$0.5 million, respectively, which we consider immaterial.

INSURANCE

Our Group maintains package business insurances which generally cover (i) loss or accidental damage suffered by the properties at our restaurants and office; (ii) compensation paid by our Group under the Employee's Compensation Ordinance for employee's bodily injury or death; (iii) loss as a result of business interruptions; (iv) loss of money in the custody of the Group's employee for the purpose of our business; and (v) compensation we are liable in connection with our business. Our Directors are of the view that our insurance coverage is adequate and in line with industry standard for the size and type of our business.

The insurance expenses of our Group for the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017 amounted to approximately HK$0.4 million, HK$0.6 million and HK$0.3 million, respectively. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group had not made or been subject to any material claims.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal proceedings

As at the Latest Practicable Date, our Directors were not aware of any litigation, claims or arbitration of material importance to or against any member of our Group, which may affect our Group and its operations and/or financial position in an adverse way.

Legal compliance

During the Track Record Period and up to the Latest Practicable Date, we had been in compliance in all material aspects with the applicable laws and regulations in Hong Kong and obtained all necessary approvals, permits, licences and certificates that are material to our business operations from the relevant government authorities. We are of the view that incidents set out in paragraphs headed "Non-compliance" and "Employees" in this section have no material impact on the business operation and financial position of our Group.

Non-Compliance

Nature and extent of and reasons for the non-compliance	Remedial actions	Potential maximum penalty/fine	Analysis of the risk to the Company	Internal control measure to prevent the recurrence of non-compliance
Under section 51(2) of the IRO, every person chargeable to tax for any year of assessment shall inform the commissioner in writing that he is so chargeable no later than 4 months after the end of the basis period for that year of assessment unless he has already been required to furnish a return under section 51(1). Our subsidiaries had failed to inform the IRD within the prescribed time limit, and, during the Track Record Period, three of our subsidiaries (the "**Relevant Subsidiaries**") failed to inform the IRD of its respective chargeability to tax within the prescribed time limit for the year of assessment 14/15. The earliest of these non-compliances of the Relevant Subsidiaries occurred in May 2015 and we first discovered them in August 2015. Such non-compliance were not wilful but committed due to the inadvertence of the then finance personnel and lack of proper system and control to keep track of our compliance status.	The Group has engaged the tax department of an international accounting firm as its new tax representative for its subsidiaries and notified the IRD in August 2015 regarding the chargeability of the Relevant Subsidiaries. IRD has issued the relevant profits tax returns and the Relevant Subsidiaries have completed and filed the profit tax returns within the prescribed time limit, and paid the profit tax in an aggregate amount of HK$2,046,488 based on the IRD's assessment.	Under section 80(2) of the IRO, any person who without reasonable excuse failed to comply with section 51(2) commits an offence. The maximum penalty is a fine at HK$10,000 and a further fine of treble the amount of tax which has been undercharged in consequence of such incorrect return or in consequence of the failure to file a return. In respect of the offence created by section 80(2) of the IRO, if no prosecution has been instituted, the IRD has the discretion under section 82A of the IRO to impose an additional tax of not exceeding treble the amount of tax which has been undercharged in consequence of the incorrect return or failure to file a return. Based on the penalty policy set out by the IRD which applies to profits tax cases which do not involve any field audit or investigation, there could be imposition of penalty of an amount equating to a maximum of 35% of the profits tax undercharged as a consequence of the failure to inform the IRD. In any event, the amount of penalty, if any, to be imposed is at the discretion of the IRD.	As advised by the Legal Counsels, in light of the fact that (i) the Relevant Subsidiaries had voluntarily informed the IRD of its chargeability to tax, though not within the prescribed time limit; (ii) no field audit or investigation had been conducted by the IRD on the Relevant Subsidiaries; and (iii) IRD had issued assessments for the subject year to the Relevant Subsidiaries and the Relevant Subsidiaries had settled the relevant tax payments on time, the chance of the Relevant Subsidiaries being subject to penalties at the maximum level is very low.	Our Group has formulated and adopted internal control measures to prevent recurrence of such non-compliance incident. A register to monitor the chargeability of taxes of the Group and filing details has been established by the Finance Department and will be reviewed by Mr. Fong, our chief financial officer annually. Training sessions on the latest IRO requirements have been conducted for representatives from our Board and senior management, namely, Mr. Kwok, Mr. Lau, Mr. Fong and relevant staff from our human resources and finance departments by an external training provider. Please also refer to the paragraph headed "Internal controls and risk management measures" in this section.

Non-compliance in relation to late furnishing of tax returns

Under Section 51(1) of the IRO, an assessor may give notice in writing to any person requiring him within a reasonable time stated in such notice to furnish any return. Under section 80(2) of the IRO, any person who without reasonable excuse makes an incorrect return by omitting or understating anything in respect of which he is required by the IRO to make a return, or fails to comply with the requirements of a notice given to him to file a return within the stipulated time, commits an offence. The maximum penalty is a fine at HK$10,000 and a further fine of treble the amount of tax which has been undercharged in consequence of such incorrect return or in consequence of the failure to file a return. In respect of the offence created by section 80(2) of the IRO, if no prosecution has been instituted, the IRD has the discretion under section 82A of the IRO to impose an additional tax of not exceeding treble the amount of tax which has been undercharged in consequence of the incorrect return or failure to file a return. Based on the penalty policy set out by the IRD which applies to profits tax cases which do not involve any field audit or investigation, there could be imposition of penalty of an amount equating to a maximum of 35% of the profits tax undercharged as a consequence of the failure to inform the IRD. In any event, the amount of penalty, if any, to be imposed is at the discretion of the IRD.

During the Track Record Period, some of our subsidiaries had been penalised on 8 separate occasions in relation to their late filing of such returns prior to the Track Record Period ("**8 occasions**"). The non-compliance of these 8 occasions occurred in various times from 2013 to 2015 and the earliest of them was discovered by us in mid-2015. The details of these 8 occasions are set out below:

Name of subsidiary	Year of assessment	Number of IRD notices received	Penalty(ies) fully settled within the Track Record Period
1957 & Co. (Hospitality) HK *(Note)*	2011/12	2	Yes
	2013/14	1	Yes
1957 & Co. (Management)	2012/13	1	Yes
	2013/14	1	Yes
Sushi Ta-ke	2011/12	1	Yes
MT HK	2011/12	1	Yes
Bella Vita	2011/12	1	Yes

Note: This subsidiary had been penalised twice for the non-compliance relating to the same year of assessment.

We engaged the tax department of an international accounting firm as our new tax representative for our subsidiaries and filed the relevant profits tax returns to the IRD subsequently during the period from August to December 2015. IRD has issued assessments in respect of the 8 occasions and relevant subsidiaries have paid the profit tax based on the IRD's assessments accordingly. The penalties had also been duly settled.

In addition, during the Track Record Period, 1957 & Co. (Hospitality) HK was late in the filings of its profits tax return within the stipulated time on such tax returns after receiving such returns from the IRD for the year of assessment 2014/15 as required under section 51(1) ("**Single Incident**"), and was being dealt with by way of compound of HK$3,000 and fully settled within the Track Record Period. This non-compliance occurred in May 2015 and was first discovered by us in October 2015. IRD has issued assessment and 1957 & Co. (Hospitality) HK has no chargeable profit for the relevant year of assessment and the Group had duly settled the fine.

As advised by our Legal Counsels, the 8 occasions and Single Incident were fully settled as the relevant subsidiaries had paid the penalty and/or compound amount within the prescribed time limit and there will be no risk of further prosecution.

Our Directors are of the view that such non-compliances were due to the failure of the then finance personnel to make timely report to our Board upon receipt of notices from IRD and to file proper tax returns. Upon discovery by our Board, all necessary remedial actions were taken by us. Such relevant finance personnel has already been replaced by Mr. Fong, one of our senior management. Our Directors believe that Mr. Fong is a competent personnel to handle tax filing matters as he has over 15 years of experience in in-house accounting and financial control for listed companies on the Stock Exchange and will be able to adhere to the stipulated timelines under the relevant laws and regulations. He has also attended training on the latest IRO requirements as described further below. Further, in view of our expansion plan and anticipated increase in the finance department's workload, we have also hired more employees in the finance department to support Mr. Fong's execution of work. We have also engaged an international accounting firm as our tax representative and believe that they will execute their obligation in a professional manner and report on a timely basis to our Board. Our Directors are of the view the re-occurrence of such non-compliances is not likely because we have (i) established a register to monitor the filing details of profit tax returns which will be reviewed annually by Mr. Fong, our chief financial officer; (ii) arranged representatives from our Board and senior management, namely, Mr. Kwok, Mr. Lau and Mr. Fong and relevant staff from our human resources and finance departments to attend training on the latest IRO requirements provided by external training provider; and (iii) engaged an international accounting firm as our tax representative to handle our Hong Kong profits tax filing matters and all correspondences, including notices, with the IRD will be copied to our tax representative. Due to the heightened awareness of our Board and relevant personnel and coupled with the engagement of a professional tax representative to manage all administrative work with the IRD, our Directors believe that the likelihood of the reoccurrence of any untimely reporting on tax filing matters would be very low. Our Directors confirm that since the adoption of the above mentioned measures up till the Latest Practicable Date, there was no other non-compliance incident of the same nature committed by our Group.

INTERNAL CONTROLS AND RISK MANAGEMENT MEASURES

Our Board is responsible for establishing our internal control and risk management systems and reviewing their effectiveness. In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining our internal control and risk management systems, covering areas such as corporate governance, operations, management, legal matters, finance and audit. We believe that our internal control and risk management systems are sufficient in terms of comprehensiveness, practicability and effectiveness.

To strengthen our internal control and risk management systems, ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules) after the Listing, and avoid recurrence of the incidents disclosed in paragraphs headed "Non-Compliance" and "Employees" in this section, we have adopted the following additional measures:

(i) our Board will continuously monitor, evaluate and review our internal control and risk management systems to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance our internal control and risk management systems as appropriate;

(ii) Mr. Fong, the company secretary and chief financial officer of our Group, will be responsible for overseeing our internal control and risk management systems in general and will act as the chief coordinator of matters relating to legal, regulatory and financial reporting compliance. Upon receipt of any query or report relating to legal, regulatory and financial reporting compliance, Mr. Fong will look into the matter and, if considered necessary or appropriate, seek advice, guidance or recommendation from professional advisers and report to our Board. For the qualifications and experience of Mr. Fong, see "Directors and Senior Management" in this Prospectus;

(iii) our senior management personnel have been briefed by the executive Directors on the importance of regulatory matters and will continue to monitor our compliance with relevant regulations and our senior management personnel will work closely with our staff to implement actions required to ensure our compliance with relevant regulations;

(iv) we will continue to engage an international accounting firm as our tax representative to handle our Hong Kong profits tax filing matters to prevent the reoccurrence of relevant non-compliances;

(v) we have appointed Halcyon Capital Limited as our compliance adviser upon Listing to advise us on matters relating to compliance with the GEM Listing Rules;

(vi) we will continue to identify and assess our operational, business and financial risks on an on-going basis, implement sufficient measures to minimise and mitigate such risks, and ensure that all such measures remain effective; and

(vii) we will continue to arrange various training programmes to be provided by the Hong Kong legal adviser engaged by us and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the relevant laws and regulations.

Our Directors are of the view that we have taken all reasonable steps to establish proper internal control and risk management systems to minimise risks of non-compliance and prevent future recurrence of such incidents. Our Directors are of the view that the enhanced internal control and risk management measures adopted by us are adequate and effective.

In preparation for the Listing, the Company has engaged an Independent Third Party consultant (the "**Internal Control Consultant**") to perform a review over selected areas of our internal control procedures. The review covers our entity level controls and business process level controls. At entity level, the Internal Control Consultant examined our control environment, risk assessment and management, information and communication, and monitoring systems. At business process level, the areas reviewed include revenue and receivables, purchases, procurement and payables, inventory management, cash/treasury management, human resources, financial reporting, property, plant and equipment, taxation, IT general controls, licence management, investment management, intellectual properties management and insurance management. The internal control review described above was conducted based on information provided by the Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

As at the Latest Practicable Date, we have already fully implemented the recommendations from the Internal Control Consultant. The Internal Control Consultant performed follow-up review between September 2016, March 2017 and April 2017 on our internal control measures implemented for verifying the implementation status of the system improvement recommendations and the Internal Control Consultant raised no further recommendations regarding the above non-compliant incidents. The Internal Control Consultant also reviewed the implementation status of the internal control measures taken to prevent recurrence of the non-compliance incidents. Based on the findings, recommendations and follow-up results performed by the Internal Control Consultant, our Directors evaluated the status of the remedial actions and results of the Internal Control Consultant's follow-up review, and considered that the remedial actions have been fully implemented and are sufficient to remediate the deficiencies.

View of our Directors and the Sole Sponsor

Our Directors and the Sole Sponsor are of the view that the above measures adopted by us are adequate and effective in reducing the risk of recurrence of the above mentioned non-compliance incidents (set out in the paragraph "— Legal Proceedings and Compliance" above) and the incidents set out in the paragraph "— Employees" above in the future.

Our Directors are of the view, and the Sole Sponsor concurs, that:

(a) having regard to the nature of and the circumstances pertaining to such incidents as discussed above, the non-compliances were not wilful and there was no indication that the Directors and senior management had a wilful tendency to operate the business in a non-compliant manner;

(b) having regard to the nature of and the circumstances pertaining to such incidents as discussed above, the non-compliances incidents did not involve any intentional misconduct, fraud, dishonesty or corruption on the part of the Directors; and

(c) after becoming aware of such incidents and after considering the legal advice obtained, the Directors have taken relevant remedial actions where necessary and appropriate.

Our Directors and the Sole Sponsor are satisfied that (i) the above mentioned incidents do not reflect a material defect in the character, integrity or competence of our Directors; (ii) our Directors have the standard of competence commensurate with their positions as directors of a listed issuer under Rule 5.01 and 5.02 of the GEM Listing Rules; and (iii) the above mentioned non-compliances do not affect our Group's suitability for listing under Rule 11.06 of the GEM Listing Rules.

Deed of Indemnity

Further, Mr. S Leung, Mr. T Kwan and Mr. Kwok, collectively as indemnifiers, have entered into a Deed of Indemnity in favour of our Company, whereby they jointly and severally covenant and undertake with our Company to indemnify our Group from and against losses, liabilities, damages, costs, claims and expenses incurred by our Group in relation to, among others, any non-compliance with the requirements to obtain all relevant licences, approvals, permits and certificates for conducting a business which arise at any time prior to the Listing Date, as well as in relation to the incidents set out in the paragraphs headed "Non-Compliance" and "Employees" in this section.

Further details of the Deed of Indemnity are set out in "E. Other Information — 3. Indemnities given by the Controlling Shareholders" in "Appendix IV — Statutory and General Information" to this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the share option that may be granted under the Share Option Scheme and the Offer Size Adjustment Option), Mr. S Leung, Mr. T Kwan and Mr. Kwok (through 1957 & Co., Sino Explorer, All Victory, Perfect Emperor and P.S Hospitality) will each hold 28.2%, 18.8% and 4.8% of the Company respectively. 1957 & Co., Sino Explorer and All Victory are investment holding companies wholly-owned by Mr. S Leung; Perfect Emperor is an investment holding company wholly-owned by Mr. T Kwan and P.S Hospitality is an investment holding company wholly-owned by Mr. Kwok. As such, Mr. S Leung, Mr. T Kwan and Mr. Kwok will continue to remain as the dominating group of Shareholders which will continue to hold a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue. Details of the background of our Controlling Shareholders are set out in the section headed "Directors and Senior Management" in this prospectus.

During the Track Record Period, save as disclosed in this prospectus, our Group did not have any business dealings with the companies associated with or controlled by our Controlling Shareholders and there was no overlapping business between our Group and our Controlling Shareholders.

As at the Latest Practicable Date, our Controlling Shareholders confirms that, apart from the business operated by our Group, they and their respective close associates and/or companies controlled by them do not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

AIC Confirmation

Since the incorporation of our Group, our Controlling Shareholders have been either legal owners or beneficiaries of the subsidiaries within our Group. Each of them has, in exercising and implementing management and operational decisions for each of our subsidiaries, been acting in concert with each other. For the reason that our Group previously operated as private entities, our Controlling Shareholders did not enter into any formal acting in concert arrangements in writing but relied on the long-term relationship and trust and confidence they have in each other.

On 16 February 2017, in preparation for the Listing, our Controlling Shareholders executed the AIC Confirmation, whereby they confirmed the existence of the historical acting in concert arrangement and their intention to continue to act in the same manner upon Listing to consolidate their control over the Group until the AIC Confirmation is terminated. The AIC Confirmation covers our Company and its subsidiaries. The AIC Confirmation contains the following salient terms:

The Controlling Shareholders confirm and undertake to each other that, for the entire duration since they contemporaneously have become and continue to be the legal owners and/or ultimate beneficial shareholders of our Group subsidiaries:

(a) they have agreed to, and shall continue until the termination of the AIC Confirmation to, consult each other and reach a unanimous consensus among themselves on all matters being the subject matters of any shareholders' resolution, and to vote unanimously for any resolution to be passed at any shareholders' meeting of our Group subsidiaries, and have historically voted on such resolutions in the same way;

(b) they have centralised and shall continue until the termination of this AIC Confirmation to centralise, the ultimate control and right to make final decisions with respect to their interests in the businesses and projects of our Group subsidiaries, subject to compliance with the applicable laws and regulations; and

(c) they have operated, and shall continue until the termination of this AIC Confirmation to operate, our Group subsidiaries as a single business venture.

In this regard, pursuant to the AIC Confirmation, Mr. S Leung, Mr. T Kwan and Mr. Kwok will together be entitled to exercise and control approximately 51.8% of our entire issued share capital immediately upon the completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the share option that may be granted under the Share Option Scheme and the Offer Size Adjustment Option).

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Our Group is capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders, taking into consideration the following factors:

Management independence

Our Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors. Mr. T Kwan and Mr. Kwok are our executive Directors while Mr. S Leung is our non-executive Director. Each of Mr. S Leung, Mr. T Kwan and Mr. Kwok is a Controlling Shareholder of our Group. Having considered the following factors, our Directors consider that the management of our Group is capable to operate independently free from the Controlling Shareholders after the Listing:

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

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

(c) our Group has established internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business activities;

(d) save for Sushi Ta-ke Restaurant's liquor licence, which is held by Mr. Kwok, all our restaurant licences and liquor licences are held by our restaurant operating subsidiaries or employees instead of our Controlling Shareholders;

(e) our senior management members are independent from our Controlling Shareholders and are responsible for the daily operations of our Group in relation to finance, human resources, sales and marketing, procurement, quality control and operations; and

(f) our independent non-executive Directors have sufficient and competent knowledge and experience, and will bring independent judgment to the decision making process of our Board, taking into account the advice of the senior management of our Group.

During the Track Record Period, certain entities controlled by our Controlling Shareholders entered into related party transactions with our Group in the ordinary course of our business and on normal commercial terms or better. Such related party transactions are disclosed in Note 32 to the Accountant's Report set out as Appendix I to this prospectus. Such transactions, if continued upon Listing, will constitute continuing connected transactions of our Company under the GEM Listing Rules. Details of the continuing connected transactions are set out in "Continuing Connected Transactions" in this prospectus.

Our Directors confirm that, save and except for the continuing connected transactions set out in "Continuing Connected Transactions" in this prospectus and other fully exempt de minimus transactions as defined under the GEM Listing Rules, all related party transactions with our Controlling Shareholders will be discontinued upon Listing. Our Directors (including our independent non-executive Directors) consider that such continuing connected transactions have been entered into in the ordinary and usual course of our business and are based on arm's length negotiation and on normal commercial terms that are in the interests of our Group and our Shareholders as a whole. These continuing connected transactions between our Group and entities controlled by our Controlling Shareholders are not material in value as far as our Group is concerned.

Financial independence

Our Group has its own financial management and accounting systems and the ability to operate independently from our Controlling Shareholders from the financial perspective. Our Group is capable of making financial decisions according to our own business needs. Our Directors also believe that we have sufficient capital, internal resources and credit profile in the case of future external financing needs to support our daily operations independently from our Controlling Shareholders and their respective close associates.

All the non-trade amounts due to and from our Controlling Shareholders and companies controlled by our Controlling Shareholders, as well as all guarantees, indemnities and other securities provided by us for the benefit of our Controlling Shareholders, and companies controlled by our Controlling Shareholders, or vice versa, will be fully settled or released before the Listing Date. There will be no financial assistance, security and/or guarantee provided by our Controlling Shareholders in favour of our Group or vice versa upon the Listing.

Operational independence

Our Company is capable of making business decisions independently. On the basis of the following factors, our Directors believe that our Company will continue to operate independently from our Controlling Shareholders and companies controlled by our Controlling Shareholders:

(a) our Group has established a set of internal control measures to facilitate the effective operations of our business;

(b) our Group has its own administrative and corporate governance infrastructure across each of our core functions;

(c) our Group's customers and food and beverages suppliers are all independent from our Controlling Shareholders and we do not rely on our Controlling Shareholders or their respective close associates for any access to suppliers and customers;

(d) we have an independent management team to handle our day-to-day operations;

(e) Save for Sushi Ta-ke Restaurant's liquor licence, which is held by Mr. Kwok, our Group is in possession of all relevant licences and workforce necessary to carry on and operate our business independent from the Controlling Shareholders and their associates; and

(f) Save as disclosed in the section headed "Continuing Connected Transactions" of this prospectus and the related party transactions as set out in note 32 to the Accountant's Report in Appendix I of this prospectus, immediately after the Listing there will be no continuing connected transactions and related party transactions between our Group and/or their associates.

DEED OF NON-COMPETITION

For the purpose of the Listing, the Controlling Shareholders have entered into the Deed of Non-Competition, pursuant to which each of the Controlling Shareholders has irrevocably undertaken to our Company (for itself and on behalf of each other member of our Group) that he/it would not, and would procure that his/its close associates (except any members of our Group) would not, during the restricted period set out below, directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any business which is or may be in competition with the business currently carried on or contemplated to be carried on by any member of our Group (the "**Restricted Business**").

Each of the Controlling Shareholders has also undertaken to our Company the following:

(a) to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition; and

(b) to make a declaration on compliance with his/its undertaking under the Deed of Non-Competition in the annual/interim/quarterly reports (whenever applicable) of our Company as the independent non-executive Directors think fit and/or as required by the relevant requirements under the GEM Listing Rules.

The Deed of Non-Competition does not apply to:

(a) any interests in the shares of any member of our Group since the business of such member is not in competition with our Group; and

(b) interests in the shares of a company other than our Group which shares are listed on a recognised stock exchange provided that:

   (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

   (ii) the total number of the shares held by the relevant Controlling Shareholder and/or his/its close associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholder and his/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company (together, where appropriate, with its associates) whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholder and his/its close associates in aggregate. The Controlling Shareholders have further undertaken to procure that, during the restricted period, any business investment or other commercial opportunity which competes or is likely to compete either directly or indirectly the business of our Group (the "**New Opportunity**") identified by or offered to him/it or any entity controlled by him/it, is first referred to us in the following manner:

(a) the relevant Controlling Shareholder is required to refer, or to procure the referral of, the New Opportunity to us, and shall give written notice (the "**Offer Notice**") to us of any New Opportunity containing all information reasonably necessary for us to consider whether (i) such New Opportunity would constitute competition with our core business, and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue such New Opportunity, including but not limited to the nature of the New Opportunity and the details of the investment or acquisition costs; and

(b) upon receiving the Offer Notice, the Company shall seek approval from a board committee (comprising, among others, all the independent non-executive Directors who do not have an interest in the New Opportunity) (the "**Independent Board**") as to whether to pursue or decline the New Opportunity. Any Director who has actual or potential interest in the New Opportunity shall not be a member of the Independent Board and shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, or count towards the quorum for, any meeting or part of a meeting convened to consider such New Opportunity:

    (i) the Independent Board shall consider the financial impact of pursuing the New Opportunity offered, whether the nature of the New Opportunity is consistent with our Group's strategies and development plans and the general market conditions; if appropriate, the Independent Board may appoint independent financial and legal advisers to assist in the decision-making process in relation to such New Opportunity;

    (ii) the Independent Board shall, within 20 business days of receipt of the written notice referred to in (a) above, inform the relevant Controlling Shareholder in writing on behalf of our Company its decision whether to pursue or decline the New Opportunity. Such notice period can be extended if mutually agreed in writing;

    (iii) the relevant Controlling Shareholder shall be entitled but not obliged to pursue such New Opportunity if he or it has received a notice from the Independent Board declining such New Opportunity or if the Independent Board failed to respond within such 20 business days period (or the extended period, where applicable) pursuant to (b)(ii) above; and

    (iv) if there is any material change in the nature, terms or conditions of such New Opportunity pursued by the relevant Controlling Shareholder, he or it shall refer such New Opportunity as so revised to our Company in the manner as outlined in the Deed of Non-competition as if it were a New Opportunity.

Our Independent Board will also review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders, the results of which will be disclosed in our annual/interim/quarterly reports (whenever applicable).

The "restricted period" stated in the Deed of Non-Competition refers to the period during which (i) the Shares remain listed on the Stock Exchange; (ii) the relevant Controlling Shareholder and his/its close associate holds an equity interest in our Company; and (iii) the relevant Controlling Shareholder and/or his/its close associates jointly or severally are entitled to exercise or control the exercise of not less than 30% in aggregate of the voting power at general meetings of our Company. In other words, if our Company were no longer listed on the Stock Exchange or the relevant Controlling Shareholder came to hold less than 30% of the Shares then issued, the Deed of Non-Competition would not apply. We believe the 30% threshold is justifiable as it is equivalent to the thresholds applied under the GEM Listing Rules and the Takeovers Code for the concept of "control".

CORPORATE GOVERNANCE MEASURES FOR RESOLVING ACTUAL AND/OR POTENTIAL CONFLICTS OF INTERESTS

Upon the Listing, our Company will continue to enter into connected transactions with certain companies controlled by our Controlling Shareholders. Each of our Controlling Shareholders has also undertaken to our Company under the Deed of Non-Competition that he/it shall not, and shall procure that his/its subsidiaries (other than our Company) shall not, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes, or may compete, with our business. Our Company will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholders and to safeguard the interests of our independent Shareholders:

(i) in preparation for the Listing, our Company has amended our Articles of Association to comply with the GEM Listing Rules. In particular, our Articles of Association provide that, except for certain exceptions permitted under the Articles, a Director shall not vote on any board resolution approving any contract in relation to which he has a material interest, nor shall such Director be counted in the quorum present at the meeting. Furthermore, a Director who holds directorship and/or senior management positions in the Controlling Shareholders or any of its associates (other than our Company or any member of our Group) shall not vote on any board resolution regarding any transactions proposed to be entered into between any member of our Group and the Controlling Shareholders or any of its associates (other than our Company or any member of our Group), nor shall such Director be counted in the quorum present at such meeting;

(ii) we have appointed Halcyon Capital Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the GEM Listing Rules, including but not limited to various requirements relating to Directors' duties and internal controls;

(iii) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;

(iv) each of our Controlling Shareholders has undertaken to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition;

(v) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition either through an annual report, or by way of announcement to the public;

(vi) each of our Controlling Shareholders will make an annual declaration of compliance with the Deed of Non-Competition in the annual reports of our Company;

(vii) the management structure of our Group includes an audit committee, a remuneration committee and a nomination committee, the terms of reference of each of which will require them to be alert to prospective conflict of interest and to formulate their proposals accordingly; and

(viii) pursuant to the Code of Corporate Governance Practices and Corporate Governance Report in Appendix 15 of the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

Our Company is expected to comply with the Corporate Governance Code and Corporate Governance Report in Appendix 15 of the GEM Listing Rules which sets out principles of good corporate governance in relation to, among others, Directors, chief executive, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Company will state in our interim and annual reports whether we have compiled with such code, and will provide details of, and reasons for, any deviation from it in the corporate governance reports attached to our annual reports.

OVERVIEW

Prior to the Listing Date, we entered into certain transactions with parties who will, upon the Listing, become our connected persons within the meaning given in Chapter 20 of the GEM Listing Rules. These transactions will therefore constitute connected transactions of our Company under Chapter 20 of the GEM Listing Rules.

NON-FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Leases and licence of premises from substantial shareholder of our subsidiaries

As at the Latest Practicable Date, we have entered into three leases and one licence with Hysan Group in respect of the lease or licence of certain properties or area from Hysan Group to our Group for our restaurant operations (the "**Connected Leases and Licence Agreements**"). These premises and licensed area are located in Lee Garden One and Lee Garden Two, both of which are shopping malls in Causeway Bay.

These Connected Leases and Licence Agreements were entered into by our Group in the ordinary course of business after having considered, among others, the location of these properties and the terms offered by Hysan Group.

Connected Leases and Licence Agreements

The following tables summarise the principal terms of the Connected Leases and Connected Licence Agreements between our Group and Hysan Group:

*Lease and licence for Gonpachi Restaurant and An Nam (Lee Garden) Restaurant by way of us exercising an option to renew (the "**New Gonpachi and An Nam (Lee Garden) Lease**")*

Date	9 May 2017
Landlord/Licensor	Perfect Win Properties Limited (達榮置業有限公司), a member of Hysan Group
Tenant/Licensee	1957 & Co. (Management)
Use	Gonpachi Restaurant and An Nam (Lee Garden) Restaurant
Location	*in respect of the lease:* 4/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong *in respect of the licence:* certain area on 4/F Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Term of lease/licence	1 June 2017 to 31 May 2019

Monthly rent/licence fee and other charges (exclusive of rates and other outgoings)	*in respect of the lease:* ● a fixed basic rent ● turnover rent of a fixed percentage of monthly gross sales exceeding basic rent set out above ● fixed operating charges and promotional levy *in respect of the licence:* a fixed license fee inclusive of operating charges and promotional levy

*Lease for a new restaurant to be opened under the Ta-ke brand (the "**New Ta-ke Lease**")*

Date	17 August 2017
Landlord	Barrowgate Limited, a member of Hysan Group
Tenant	L Garden and Partners
Use	a new restaurant under the Ta-ke brand (to be opened)
Location	Shop No. G01 on the Ground Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Term of lease	five years with two years option to renew, commencing on 1 October 2017 or such later date as the landlord shall notify the tenant that vacant possession of the premises is ready to be delivered whereupon the expiration date of the lease shall be postponed by the same period accordingly as at the Latest Practicable Date, this lease had not yet commenced as the vacant possession of this premise was not ready to be delivered
Monthly rent and other charges (exclusive of rates and other outgoings)	● a fixed basic rent ● turnover rent of a fixed percentage of monthly gross sales exceeding basic rent set out above ● fixed operating charges and promotional levy

*Lease for a new restaurant to be opened under the Modern Shanghai brand (the "**New Modern Shanghai Lease**")*

Date	17 August 2017
Landlord	Barrowgate Limited, a member of Hysan Group
Tenant	1957 and Partners
Use	a new restaurant providing Shanghainese cuisine (to be opened)
Location	Shop No. 101 on the First Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Term of lease	five years with two years option to renew, commencing on 1 October 2017 or such later date as the landlord shall notify the tenant that vacant possession of the premises is ready to be delivered whereupon the expiration date of the lease shall be postponed by the same period accordingly as at the Latest Practicable Date, this lease had not yet commenced as the vacant possession of this premise was not ready to be delivered
Monthly rent and other charges (exclusive of rates and other outgoings)	• a fixed basic rent • turnover rent of a fixed percentage of monthly gross sales exceeding basic monthly rent set out above • fixed operating charges and promotional levy

Relationship with Hysan Group

On 15 June 2017, we entered into the Ta-ke (Lee Garden) JV Agreement and the Modern Shanghai (Lee Garden) JV Agreement with, among others, two indirectly wholly-owned subsidiaries of Hysan in respect of the formation of two joint venture companies to open and operate the new restaurants under offering Japanese and Shanghainese cuisine in Lee Garden Two, Causeway Bay. The two joint venture companies have been incorporated and are our subsidiaries that are each also owned as to 29% by Hysan (through its relevant indirectly wholly-owned subsidiary). Therefore, Hysan Group (including the various landlords and licensor under the Connected Leases and Licence Agreements) is our connected person at the subsidiary level and the Connected Leases and Licence Agreements constitute continuing connected transactions of our Company under the GEM Listing Rules immediately upon the Listing. Please see "Business — Our Restaurants — Joint Venture Agreements" in this prospectus for more details of our joint ventures with Hysan Group.

Historical transaction amounts

For the years ended 31 December 2015 and 2016 and the eight months ended 31 August 2017, the aggregate annual rent and licence fees payment (inclusive of rent/licence fee, promotional levy and operating charges but exclusive of rates and other outgoings) made to Hysan Group by us were approximately HK$9.2 million, HK$9.5 million and HK$6.3 million, respectively.

Annual caps for the rent, licence fees and other charges

In accordance with the GEM Listing Rules, we have set annual caps for the maximum aggregate rental amount payable under Connected Leases and Licence Agreements for each of the six years ending 31 December 2022 (inclusive of rent/licence fee, promotional levy and operating charges but exclusive of rates and other outgoings), which are set out below:

	For the year ending 31 December					
	2017	**2018**	**2019**	**2020**	**2021**	**2022**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
the New Gonpachi and An Nam (Lee Garden) Lease						
Rent, Licence fees and other charges	1.5	10.9	4.6	N/A	N/A	N/A
the New Ta-ke Lease						
Rent, licence fees and other charges	1.0	7.8	7.8	7.9	8.2	8.2
the New Modern Shanghai Lease						
Rent, Licence fees and other charges	1.0	6.9	6.9	7.0	7.3	7.3
Total						
Rent, licence fees and other charges	3.5	25.6	19.3	14.9	15.5	15.5

Bases and assumptions in estimating the annual caps

The above-mentioned annual caps have been estimated primarily based on (i) the annual rent, licence fee and other charges (inclusive of rent/licence fee, promotional levy and operating charges but exclusive of rates and other outgoings) payable by us under the Connected Leases and Licence Agreements subsequent to the Listing Date; and (ii) an estimated average rent increase in respect of any renewed Connected Leases and Licence Agreements. Our Directors consider that the above-mentioned annual caps have been reasonably determined pursuant to Rule 20.51(2) of the GEM Listing Rules.

GEM Listing Rules implications

As mentioned above, Hysan Group (including the various landlords and licensor under the Connected Leases and Licence Agreements) is our connected person at the subsidiary level. Accordingly and in light of the view of our Directors (including the independent non-executive Directors) set out in this section below pursuant to Rule 20.99 of the GEM Listing Rules, the Connected Leases and Licence Agreements will constitute continuing connected transactions of our Company with connected persons at the subsidiary level which are exempt from the circular, independent financial advice and Shareholders' approval requirements but still subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 20 of the GEM Listing Rules.

Further, pursuant to Rule 20.50 of the GEM Listing Rules, the period of the New Ta-ke Lease and the New Modern Shanghai Lease should not exceed three years except in special circumstances where the nature of the transaction requires a longer period.

WAIVER

Application for waiver

We expect to continue to enter into or carry out the transactions described above in the paragraphs headed “Non-Fully Exempt Continuing Connected Transactions” above following the Listing and these transactions will constitute continuing connected transactions for us under the GEM Listing Rules following the Listing.

Scope of waiver

Under the GEM Listing Rules, the Connected Leases and Licence Agreements constitute non-exempt continuing connected transactions subject to the written agreement, announcement, annual reporting, terms of an agreement, annual caps, changes to cap or terms of agreement and annual review requirements under Chapter 20 of the GEM Listing Rules. As the Connected Leases and Licence Agreements described above are and will continue to be entered into in the ordinary and usual course of business of our Group on a continuing basis, our Directors are of the view that compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules would impose unnecessary administrative costs and burden to us and would at times be impracticable. Accordingly, the Sole Sponsor and our Directors have applied for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with the announcement requirement under Rule 20.33 of the GEM Listing Rules, as may otherwise be required of our Company in respect of the Connected Leases and Licence Agreements pursuant to Rule 20.100 and Rule 20.103 of the GEM Listing Rules. The waiver is valid provided that the total consideration for the Connected Leases and Licence Agreements do not exceed the proposed annual caps for the relevant periods set out above.

Further, in respect of the initial five year term of each of the New Ta-ke Lease and the New Modern Shanghai Lease, the Sole Sponsor and our Directors have applied for, and the Stock Exchange has granted to our Company, a waiver pursuant to Rule 20.100 of the GEM Listing Rules from strict compliance with the requirement to have a fixed term of not more than three years under Rule 20.50 of the GEM Listing Rules.

We have complied with the written agreement requirement under Rule 20.32 of the GEM Listing Rules, and will comply with the annual reporting requirement under Rule 20.47 of the GEM Listing Rules, the terms of an agreement requirement under Rule 20.49 to Rule 20.50 of the GEM Listing Rules, the annual cap requirement under Rule 20.51 of the GEM Listing Rules, the changes to cap or terms of agreement requirement under Rule 20.52 of the GEM Listing Rules and the annual review requirements under Rule 20.53 to Rule 20.57 of the GEM Listing Rules in respect of the Connected Leases and Licence Agreements.

In addition, we will comply with the reporting requirements and disclose the details of the transactions in our subsequent annual reports for each of the six years ending 31 December 2022 regarding the New Ta-ke Lease and the New Modern Shanghai Lease and for each of the three years ending 31 December 2019 regarding the New Gonpachi and An Nam (Lee Garden) Lease pursuant to Rule 20.47 of the GEM Listing Rules. Upon expiry of the waivers after 31 December 2019 or 2022 or the initial term of five years of the New Ta-ke Lease or the New Modern Shanghai Lease (as the case may be), we will comply with the applicable provisions of Chapter 20 of the GEM Listing Rules as amended from time to time or apply for relevant waivers.

In the event of any future amendments to the GEM Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the non-exempt continuing connected transactions referred to in this section including, but not limited to, a requirement that these transactions be made conditional upon our independent Shareholders' approval, we will take immediate steps to ensure compliance with such requirements.

Opinion of our Directors

We have obtained a letter from Cushman & Wakefield Limited stating that they are of the opinion that (i) the tenancy term, terms and conditions of each of the Connected Leases and Licence Agreements were/are in the usual course of business of our Group, on normal commercial terms and fair and reasonable, and tenancies of restaurant lettings with terms ranging from 3 years to 6 years are common; and (ii) the rentals and charges paid by our Group under each of the Connected Leases and Licence Agreements are within the ranges of rents and charges or better that would be offered by an independent third party for similar premises in similar locations in Hong Kong (the "**Fair Rent Letter**").

Our Board has approved the non-exempt continuing connected transactions described above. Further, with reference to the Fair Rent Letter, our independent non-executive Directors have confirmed that (i) the terms of such non-exempt continuing connected transactions are fair and reasonable, (ii) such non-exempt continuing connected transactions are on normal commercial terms or better and are in the interests of our Group and our Shareholders as a whole, (iii) such non-exempt continuing connected transactions, have been entered into and will be carried out in the ordinary and usual course of our Group's business, (iv) the proposed annual caps for these non-exempt continuing connected transactions are fair and reasonable and in the interests of our Group and Shareholders as a whole, and (v) in respect of the duration of the Connected Leases and Licence Agreements (that have a term that exceeds three years), coupled with the fact that the term of most of the restaurant leases entered into by our Group and Independent Third Parties exceed 3 years, it is normal business practice for agreements of this type to be of such duration.

Confirmation from the Sole Sponsor

With reference to the Fair Rent Letter, the Sole Sponsor is of the view that (i) the terms of such non-exempt continuing connected transactions are fair and reasonable, (ii) such non-exempt continuing connected transactions are on normal commercial terms or better and are in the interests of our Group and our Shareholders as a whole, (iii) such non-exempt continuing connected transactions are, have been entered into and will be carried out in the ordinary and usual course of our Group's business, (iv) the proposed annual caps for these non-exempt continuing connected transactions are fair and reasonable and in the interests of our Group and our Shareholders as a whole and (v) in respect of the duration of the Connected Leases and Licence Agreements (that have a term that exceeds three years), coupled with the fact that the term of most of the restaurant leases entered into by our Group and Independent Third Parties exceed 3 years, it is normal business practice for agreements of this type to be of such duration.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

Agreement with Steve Leung Design Group Limited ("SLDGL") for interior design consultancy services

Background and nature of transactions and connected relationship

During the Track Record Period, Steve Leung Designers Limited ("**SLDL**") and Steve Leung Lifestyle Limited ("**SLLL**") provided interior design consultancy services and artworks and artifacts design and procurement services to our Group. The transaction entered with SLLL during the Track Record Period was in relation to artworks and artifacts design and procurement services and we do not intend to enter into transaction with SLLL in future. SLDL is indirectly wholly owned by SLDGL which is indirectly owned as to 30% by Mr. S Leung, our non-executive Director and a Controlling Shareholder, and SLLL is wholly owned by SLDL. SLDGL, SLDL and SLLL are therefore associates of Mr. S Leung and our connected persons under the GEM Listing Rules.

Historical transaction amounts

The aggregate amounts paid by our Group to SLDL and SLLL for the years ended 31 December 2015 and 31 December 2016 and the eight months ended 31 August 2017 were approximately HK$2.1 million, HK$0.7 million and HK$1.0 million, respectively. The historical amounts were determined by the parties through arm's length negotiation with reference to the then prevailing market rate for similar services.

Typically, amounts charged by SLDL for the provision of services were determined with reference to the design area of the premises and payments were made by instalments. Amounts charged by SLLL for procurement of artworks and artifacts as well as the relevant service fees were determined with reference to the price of the procured items and the payments were typically one-off in nature.

Future services

In anticipation of the Share Offer, our Company entered into a framework agreement with SLDGL on 17 November 2017 ("**Connected Interior Designs Framework Agreement**") governing the interior design and interior decorating consultancy services to be provided by SLDGL and its subsidiaries (together, the "**SLDGL Group**") to our Group from time to time. The term of the Connected Interior Designs Framework Agreement is the period from the Listing Date to 31 December 2019. The restaurants to be covered under the Connected Interior Designs Framework Agreement for the years ending 31 December 2017, 2018 and 2019 are as follows:

Financial year	Relevant restaurant(s)
Year ending 31 December 2017	(i) Paper Moon Restaurant (ii) new restaurant to be opened under the Ta-ke (Lee Garden) JV Agreement (iii) new restaurant to be opened under the Modern Shanghai (Lee Garden) JV Agreement

Financial year	Relevant restaurant(s)
Year ending 31 December 2018	(i) remaining instalment for the new restaurant to be opened under the Ta-ke (Lee Garden) JV Agreement
	(ii) remaining instalment for the new restaurant to be opened under the Modern Shanghai (Lee Garden) JV Agreement
	(iii) new restaurant to be opened under the brand "Hokkaidon"
Year ending 31 December 2019	(i) new restaurant to be opened under the brand "Mango Tree"
	(ii) new restaurant to be opened under the brand "Modern Shanghai"

Under the Connected Interior Designs Framework Agreement, our Group has the right to terminate the Connected Interior Designs Framework Agreement at any time prior to its expiration at our Group's discretion by giving not less than two months' written notice to SLDGL. If the Connected Interior Designs Framework Agreement is renewed, our Company will ensure compliance with all relevant requirements under Chapter 20 of the GEM Listing Rules.

Pricing

Under the Connected Interior Designs Framework Agreement, the service fees for the transactions shall be negotiated on an arm's length basis, reflect the then prevailing market rates and comparable to those offered to us by independent third parties. We will also seek quotations for the same or similar services from at least two independent service providers and will take into account, among other things, the reputation, quality and reliability of the service providers when determining the appointment of the service provider.

Annual cap on future transaction amounts

The maximum annual amount of fee payable to SLDGL Group by our Group for the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 from the Listing Date shall not exceed the caps set out below:

	Proposed annual cap for the years ending 31 December		
	2017	**2018**	**2019**
		(HK$)	
Amounts payable	1,000,000	1,220,000	2,000,000

In determining the proposed annual cap for the years ending 31 December 2017, 31 December 2018 and 31 December 2019 from the Listing Date, our Directors have considered (i) the existing contracts entered into with SLDGL Group; (ii) the business expansion plan of the Group for the three years ending 31 December 2019; (iii) the average charging rates offered by SLDGL Group in respect of the provision of the interior design consultancy services to our Group during the Track Record Period; and (iv) the expected increase in service costs as well as inflation.

The actual fees incurred in 2017 (up to the Latest Practicable Date) for the interior designs consultancy in respect of our Mango Tree Café (Taikoo) Restaurant, Hokkaidon Restaurant, Mango Tree Café (Yoho) Restaurant and Paper Moon Restaurant were approximately HK$1,620,000.

Agreement with Tino Kwan Lighting Consultants Limited ("TKLC") for lighting designs consultancy services

Background and nature of transactions and connected relationship

During the Track Record Period, TKLC provided lighting designs consultancy services to our Group. TKLC is owned as to 100% by Mr. T Kwan, our executive Director and a Controlling Shareholder. TKLC is therefore an associate of Mr. T Kwan and our connected person under the GEM Listing Rules.

Historical transaction amounts

The aggregate amounts paid by our Group to TKLC for the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017 were approximately HK$0.28 million, HK$0.02 million and HK$0.13 million, respectively. The historical amounts were determined by the parties through arm's length negotiation with reference to the then prevailing market rate for similar lighting design consultancy services.

Future services

In anticipation of the Share Offer, our Company entered into a framework agreement with TKLC on 6 November 2017 (the "**Connected Lighting Designs Framework Agreement**") governing the lighting design consultancy services to be provided by TKLC to our Group from time to time. The term of the agreement granted under the Connected Lighting Designs Framework Agreement is valid from the Listing Date to 31 December 2019. The restaurants to be covered under the Connected Lighting Designs Framework Agreement for the years ending 31 December 2017, 2018 and 2019 are as follows:

Financial year	Restaurant(s)
Year ending 31 December 2017	(i) Paper Moon Restaurant
	(ii) new restaurant to be opened under the Ta-ke (Lee Garden) JV Agreement
	(iii) new restaurant to be opened under the Modern Shanghai (Lee Garden) JV Agreement
Year ending 31 December 2018	(i) new restaurant to be opened under the brand "Hokkaidon"
Year ending 31 December 2019	(i) new restaurant to be opened under the brand "Mango Tree"
	(ii) new restaurant to be opened under the brand "Modern Shanghai"

Under the Connected Lighting Designs Framework Agreement, our Group has the right to terminate the Connected Lighting Designs Framework Agreement at any time prior to its expiration at our Group's discretion by giving not less than two months' written notice to TKLC.

Should there be any renewal of the term of the Connected Lighting Designs Framework Agreement, our Company will ensure compliance with all relevant requirements under Chapter 20 of the GEM Listing Rules.

Pricing

Under the Connected Lighting Designs Framework Agreement, the service fee for the transactions, shall be negotiated on an arm's length basis, reflect the then prevailing market rates and comparable to those offered to us by Independent Third Parties. We will also seek quotations for the same or similar services from at least two independent service providers and will take into account, among other things, the reputation, quality and reliability of the service providers when determining the appointment of the service provider.

We will not purchase any such services if the price of such transactions offered by TKLC is higher than that offered by such independent service providers.

Annual cap on future transaction amounts

The maximum annual amount of fee payable to TKLC, or companies controlled by it, by our Group for the three years ending 31 December 2017, 31 December 2018 and 31 December 2019 from the Listing Date shall not exceed the caps set out below:

	Proposed annual cap for the years ending 31 December		
	2017	**2018**	**2019**
		(HK$)	
Amounts Payable	350,000	60,000	230,000

In determining the proposed annual cap for the year ending 31 December 2017, 31 December 2018 and 31 December 2019 from the Listing Date, our Directors have considered (i) the existing contracts entered into with TKLC; (ii) the business expansion plan of the Group for the three years ending 31 December 2019; and (iii) the average charging rates offered by TKLC in respect of the provision of the lighting design consultancy services to the Group during the Track Record Period. The annual cap fluctuates because the fee payable depends on the number of restaurants expected to be opened according to our expansion plan, the scale and size of each restaurant, and the stage of completion of the lighting design and fitting out work of each restaurant. The total gross floor areas of the projects being covered in 2017, 2018 and 2019 is approximately 17,700 sq. ft., 11,700 sq. ft (of which 9,900 sq ft. are from overlapping projects which commenced in 2017) and 7,000 sq. ft, respectively.

The actual fees incurred in 2017 (up to the Latest Practicable Date) for the lighting designs consultancy in respect of our Mango Tree Café (Taikoo) Restaurant, Hokkaidon Restaurant, Mango Tree Café (YOHO) Restaurant and Paper Moon Restaurant were approximately HK$380,000.

Confirmation from our Directors

Our Directors are of the opinion that (i) the fully exempt continuing connected transactions described above has been entered into and will be carried out in the ordinary and usual course of our Group's business and on normal commercial terms or better; (ii) the terms of each of the fully exempt continuing connected transactions described above are fair and reasonable and in the interests of our Shareholders as a whole; and (iii) the proposed annual caps for these continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.

INTERNAL CONTROL MEASURES IN RESPECT OF THE CONTINUING CONNECTED TRANSACTIONS

Our audit committee, which is comprised entirely of our independent non-executive Directors, will continuously monitor our Group's continuing connected transactions on an on-going basis. An annual review report on continuing connected transactions will be compiled by our audit committee.

This report will be reproduced in the annual reports for each financial year after the Listing. Our Group believes that our audit committee will carefully consider whether all of the continuing connected transactions of our Group are entered into under ordinary and usual course of business of our Group, on normal commercial terms or, if applicable, on terms no less favourable to our Group than those available to or from (as appropriate) Independent Third Parties, and are fair and reasonable to our Group and in the interests of our Company and our Shareholders as a whole.

Our audit committee also has the following functions to safeguard the annual review of the continuing connected transactions:

(i) meetings every six months to review the reports on continuing connected transactions;

(ii) power to request further information with respect to our continuing connected transactions to be provided by the senior management of our Company as it deems to be appropriate for its review;

(iii) authority to appoint any financial or legal adviser as the audit committee considers necessary for its review;

(iv) decision-making in relation to the continuance or discontinuance of any of our continuing connected transactions in accordance with the results of its review;

(v) the committee's approval being a condition precedent to the convening of a Board meeting to approve any new continuing connected transactions or the renewal of any continuing connected transactions, as the case may be;

(vi) formation of its own opinion regarding the enforcement of the continuing connected transaction agreements and disclosure of such opinion in our Company's annual report for each financial year;

(vii) initiation of legal proceedings against the respective connected person in the event any of the connected transaction agreements has been materially breached; and

(viii) the power to require alterations, modifications or changes to the terms of the continuing connected transactions in whatever manner as our Independent non-executive Directors see fit to ensure all connected transactions are carried out on an arm's length basis.

Our Directors who may be perceived to have conflicts of interests (if any), such as Directors who hold controlling interests in the connected person, will abstain from voting in any meetings or discussions of our Board and our audit committee, or be included in any decision-making processes relating to such conflicting matters.

WAIVERS IN RELATION TO NON-FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Certain members of our Group have entered into certain transactions which will constitute continuing connected transactions of our Group under the GEM Listing Rules following the Listing. Our Company has applied for the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with the announcement requirement and the requirement regarding the period of continuing connected transactions under Chapter 20 of the GEM Listing Rules with respect to the non-fully exempt continuing connected transactions described in "Continuing Connected Transactions" in this prospectus. For further details of such continuing connected transactions and the waivers, see "Continuing Connected Transactions" in this prospectus.

Our Board currently consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. It is responsible for the general management and operation of our business.

The following table sets forth information in respect of our Directors and senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as a Director or senior management member	Role and Responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Kwok Chi Po (郭志波)	54	Executive Director and chief executive officer	27 July 2009	2 March 2016	Responsible for corporate strategies, business development, and overseeing the general management and operations of our Group	Nil
Mr. Kwan Wing Kuen Tino (關永權)	67	Executive Director and vice chairman	27 July 2009	2 March 2016	Responsible for corporate strategies, business development, and overseeing the general management and operations of our Group	Nil
Mr. Lau Ming Fai (劉明輝)	45	Executive Director and chief operating officer	7 April 2014	16 February 2017	Overseeing the operations of our Group, including operating strategies and policies, recruitment and business development	Nil
Mr. Leung Nicholas Nic-hang (梁力恒)	25	Executive Director	3 August 2015	16 February 2017	Overseeing the general management and operations of our Group	Son of Mr. S Leung
Non-executive Director						
Mr. Leung Chi Tien Steve (梁志天)	60	Non-executive Director and Chairman	27 July 2009	2 March 2016	Supervising the management, operation and development of our Group	Father of Mr. N Leung

Name	Age	Position	Date of joining our Group	Date of appointment as a Director or senior management member	Role and Responsibilities	Relationship with other Directors and senior management
Independent non-executive Directors						
Mr. How Sze Ming (侯思明)	40	Independent non-executive Director	6 November 2017	6 November 2017	Supervising the management of our Company	Nil
Mr. Ng Wai Hung (吳偉雄)	54	Independent non-executive Director	6 November 2017	6 November 2017	Supervising the management of our Company	Nil
Mr. Chan Kam Kwan Jason (陳錦坤)	44	Independent non-executive Director	6 November 2017	6 November 2017	Supervising the management of our Company	Nil
Senior management						
Mr. Fong Chi Wing (方志榮)	49	Chief financial officer company secretary	11 April 2016	11 April 2016 16 February 2017	Overseeing the financial management of our Group	Nil
Ms. Chan Hang Ming Florence (陳杏明)	42	Director of Marketing Communications	1 September 2012	1 February 2016	Overseeing the marketing department of our Group	Nil

The business address of each of our senior management is Room 1004, 10/F Tung Chiu Commercial Centre, 193 Lockhart Road, Wanchai, Hong Kong.

EXECUTIVE DIRECTORS

Mr. Kwok Chi Po (郭志波)

Executive Director and chief executive officer

Mr. Kwok, aged 54, is a founder of our Group, a Controlling Shareholder and an executive Director. Mr. Kwok also serves as our chief executive officer. Mr. Kwok is primarily responsible for overseeing the general management and operations of our Group, as well as formulating corporate strategies and overseeing business development. Mr. Kwok is a member of our remuneration committee. Mr. Kwok is also a director of each other members of our Group.

Mr. Kwok has accumulated over 30 years of experience in the hospitality and food and beverage industries. He began his career at Hong Kong Cricket Club in Hong Kong in 1980 as a cook and became the senior cook at the commissary kitchen of Hang Lung Properties in 1982. From 1984 to 1999, Mr. Kwok joined Hotel Properties Ltd (Singapore) where he took up different roles (such as executive chef, regional chef and regional food and beverage director) and worked under various restaurants. From 1999 to 2004, Mr. Kwok served as executive chef for Wafi Hospitality (Dubai). Mr. Kwok then served at the Landmark Group in Dubai as the general manager of the food division from July 2006 to September 2009. Mr. Kwok also served as the general manager of the hospitality department, food and beverage division of United Development Company in Qatar from November 2009 to October 2010.

Mr. Kwan Wing Kuen Tino (關永權)

Executive Director and vice chairman

Mr. T Kwan, aged 67, is a founder of our Group, a Controlling Shareholder, our executive Director and the vice chairman of our Group. Mr. T Kwan is primarily responsible for corporate strategies, business development and overseeing the general management and operations of our Group. Mr. T Kwan is also a director of seven of our subsidiaries, namely 1957 & Co. (BVI), 1957 & Co. (Hospitality) HK, 1957 & Co. (Management), Bella Vita, Sushi Ta-ke, MT HK and MT KLN.

Mr. T Kwan is an award-winning lighting designer. His involvement in the hospitality industry includes his lighting design projects for well-known hotels and establishments. Mr. T Kwan has earned numerous awards in lighting design, including his projects for major hotel chains in Hong Kong and the PRC. He was awarded the Ten Outstanding Designers Awards in 2007. He and his wholly-owned company, Tino Kwan Lighting Consultants Limited, were awarded the Outstanding Greater China Design Awards by the Hong Kong Art & Design Festival from 2008 to 2015 for, among others, their hotel and restaurant projects.

From 1973 to 1979, Mr. T Kwan worked on various commission projects at US Spatial Light Environments Limited and also as the director of lightning design at Dale Keller & Associates. Since 1979, Mr. T Kwan has been running his own lighting design practice as described in the above paragraph.

Mr. T Kwan obtained a higher diploma in industrial design from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1973. He has held the title of president of the Asia-Pacific Hotel Design Association since 2016.

Mr. T Kwan was a director of the following five dissolved private companies incorporated in Hong Kong, which were all principally engaged in restaurant and bar businesses before dissolution due to cessation of business: (i) Stable Free House Limited, which was dissolved by deregistration on 22 July 2016; (ii) Molto Bene Limited, which was dissolved by striking off on 26 November 2010; (iii) Manful Corporation Limited, which was dissolved by striking off on 27 July 2007; (iv) Vino & Olio (1997) Limited, which was dissolved by striking off on 16 January 2006; and (v) Vino & Olio Limited, which was dissolved by creditor's voluntary winding up on 19 January 2002. Mr. T Kwan confirmed that there is no outstanding claim or liability against him in connection with these dissolved companies and that these companies were solvent at the time they were dissolved.

Mr. Lau Ming Fai (劉明輝)

Executive Director and chief operating officer

Mr. Lau, aged 45, is our executive Director and chief operating officer. Mr. Lau joined our Group in April 2014 as chief operating officer and has been in charge of overseeing the Group's operations, including recruitment, business development and formulating operating strategies and policies since then. Mr. Lau is a director of three of our subsidiaries, Hokkaidon, L Garden and Partners, and 1957 and Partners.

Mr. Lau has over 14 years of experience in the hospitality, catering, food and beverage industries. Prior to joining our Group, Mr. Lau served as the deputy general manager of restaurant operations of Lei Garden Restaurant Group from September 2013 to December 2013. He was the food and beverage manager at the Langham Place Hotel from October 2010 to September 2013. From January 2007 to October 2010, Mr. Lau served as the manager of food and beverage at the City of Dreams of Melco Crown Entertainment.

Mr. Lau obtained his postgraduate certificate in management in September 2002, postgraduate diploma in management in October 2003 and master of management in September 2004, each from the Macquarie University in Australia. Mr. Lau completed a course in liquor licencing given by the William Angliss Institute of TAFE in June 2004 and has held the WSET Level 1 Foundation Certificate in Wines awarded by the Wine and Spirit Education Trust since April 2008. He also attained a Level 3 Award in HACCP in Catering by the Chartered Institute of Environmental Health, Australia in August 2012.

Mr. Leung Nicholas Nic-hang (梁力恒)

Executive Director

Mr. N Leung, aged 25, is our executive Director and is responsible for overseeing the general management and operations of our Group. Mr. N Leung joined our Group in August 2015. Mr. N Leung is also a director of our subsidiary, 1957 and Partners. Mr. N Leung is responsible for refining and tailoring the beverage and wine menu of each of our restaurants, supervising and leading restaurant opening projects, including assessing and approving marketing materials, attending to media or press release, hosting promotional events and handling soft-launching logistic arrangements and official opening arrangements. Mr. N Leung is the son of Mr. S Leung.

Mr. N Leung graduated from the University of California, Los Angeles, USA with a bachelor's degree of arts with a major in business economics in March 2015. He was awarded the WSET Level 3 Award in Wines and Spirits (QCF) in June 2016.

NON-EXECUTIVE DIRECTOR

Mr. Leung Chi Tien Steve (梁志天)

Non-executive Director and chairman

Mr. S Leung, aged 60, is a founder of our Group, a Controlling Shareholder and a non-executive Director, chairman of our Board and the chairman of our nomination committee. Mr. S Leung is primarily responsible for supervising the management, operation and development of our Group. Mr. S Leung is also a director of nine of our subsidiaries, namely 1957 & Co. (BVI), 1957 & Co. (Hospitality) HK,1957 & Co. (Management), Bella Vita, Sushi Ta-ke, MT HK, MT KLN, MS HK and Modern Shanghai. Mr. S Leung is the father of Mr. N Leung.

Mr. S Leung has accumulated over 30 years of experience in the field of interior design. He founded Steve Leung Designers Limited and Steve Leung Architects Limited in October 1997. In the course of his career in architecture and design, Mr. S Leung has undertaken projects involving restaurant design and rebranding. Some of his notable projects include Inagiku at the Four Seasons Hotel Hong Kong, The Eight at the Grand Lisboa Hotel in Macau, Sing Yin Chinese Restaurant at W Hong Kong, London Shangri-la Hotel at the Shard and Yuan at Atlantis The Palm Dubai and Fairwood Café. Mr. S Leung's design projects had been featured in the "Andrew Martin International Interior Design Review" book 14 times during the period from 2000 to 2016. In 2015, he was awarded the 19th Andrew Martin International Interior Designer of the Year Award. In the same year, he was also included in the Global Design Power List by INTERNI and The 30 Most Influential Designers by Forbes China. Mr. S Leung and his team have been credited with a large number of design and corporate awards in Asia Pacific region and worldwide, such as Asia Pacific Commercial Property Awards, Commercial Interior Design Awards, FX International Interior Design Awards, IIDA Annual Interior Design Competition, Interior Design Best of Year Awards, Gold Key Award, Hospitality Design Awards, etc. Mr. S Leung has also been invited to be the judge of various prestigious design awards such as the Asia Pacific Interior Design Awards, iF Design Awards China and red dot award: product design.

Mr. S Leung graduated from The University of Hong Kong and obtained a bachelor of arts in Architectural Studies in November 1978, bachelor of architecture with distinction in November 1981 and a master of science in urban planning in November 1986. He has been a registered member of Hong Kong Institute of Architects since March 1983 and a full member of the Hong Kong Designer Association since July 2006. In December 2013, he was appointed as the executive director of the Design Committee of the China Interior Decoration Association. In October 2015, Mr. S Leung was appointed as the president of the International Federation of Interior Architects/Designers for the year of 2017.

Mr. S Leung was a director of the following five private companies incorporated in Hong Kong, which were dissolved due to cessation of business operations: (i) Leung & Chow Architects Planners Limited, which was principally engaged in architect business before it was dissolved by deregistration on 2 December 2005; (ii) Wintac Trading Limited, which was principally engaged in trading business before it was dissolved by striking off on 6 December 2002; (iii) Leung & Morita Designers Limited, which conducted interior design business before it was dissolved by deregistration on 12 September 2008; (iv) I-Chi Limited, which engaged in furniture design business before it was dissolved by deregistration on 13 January 2006; and (v) 1957 & Co. (Sheshan) Limited, which engaged in properties development before it was dissolved by deregistration on 10 May 2013. Mr. S Leung confirmed that there is no outstanding claim or liability against him in connection with these dissolved companies and that these companies were solvent at the time they were dissolved.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. How Sze Ming (侯思明)

Independent non-executive Director

Mr. How Sze Ming, aged 40, is an independent non-executive Director. He is also the chairman of our audit committee and a member of our remuneration committee.

Mr. How has over 15 years of experience in investment banking and business assurance industries. From September 1999 to July 2002, Mr. How worked as a senior associate in the Assurance and Business Advisory Department of PricewaterhouseCoopers and was primarily responsible for performing assurance and business advisory work. From July 2002 to June 2003, he worked as the corporate finance executive of Tai Fook Securities Company Limited (now known as Haitong International Securities Company Limited), a company which was principally engaged in securities broking, securities dealing and leveraged foreign exchange trading, where he was responsible for corporate finance advisory. From July 2003 to December 2004, Mr. How worked as the assistant manager at Tai Fook Capital Limited (now known as Haitong International Capital Limited), a company principally engaged in corporate finance advisory, where he was responsible for corporate finance advisory. From December 2004 to May 2006, he worked as the assistant vice president of CCB International Capital Limited, a company principally engaged in securities advisory, securities dealing and corporate finance advisory, where he was responsible for corporate finance advisory. From June 2006 to March 2009, Mr. How worked as the assistant vice president in the Investment Banking Division of ICEA Capital Limited, a company principally engaged in dealing in securities and corporate finance advisory, where he was responsible for corporate finance advisory. From April 2009 to February 2010, he worked as the assistant vice president in the Investment Banking Division of ICBC International Holding Limited, a company principally engaged in investment banking, where he was responsible for corporate finance advisory. From February 2010 to June 2015, Mr. How was the managing director of the Investment Banking Department of CMB International Capital Corporation Limited, a company principally engaged in investment banking, securities brokerage and asset management, where he was responsible for corporate finance advisory. From July 2015 to January 2016, Mr. How was the managing director of Zhaobangji International Capital Limited, a company principally engaged in investment banking and advisory, where he is responsible for corporate finance advisory. Mr. How is currently the managing director/co-head of corporate finance of Southwest Securities (HK) Capital Limited, a company principally engaged in investment banking and advisory, where he is responsible for corporate finance advisory.

Mr. How has held the following positions in the following companies listed on the Stock Exchange in the past three years:

Company Name	Listing on the Stock Exchange	Stock code	Period	Role(s)
Forgame Holdings Limited	Main Board	484	Since January 2016	Independent non-executive director
				Chairman of audit and compliance committee and member of remuneration committee
Million Stars Holdings Limited (formerly known as Odella Leather Holdings Limited)	GEM	8093	January 2015 to March 2017	Independent non-executive director
				Chairman of remuneration committee, member of audit committee, nomination committee and corporate governance committee
QPL International Holdings Limited	Main Board	243	September 2013 to September 2016	Independent non-executive director
				Chairman of audit committee, member of remuneration committee and nomination committee
Shanghai Zendai Property Limited	Main Board	755	Since May 2017	Independent non-executive director
				Chairman of audit committee and member of remuneration committee
World-Link Logistics (Asia) Holding Limited	Main Board	6083	Since December 2015	Independent non-executive director
			December 2015 to January 2017	Chairman of remuneration committee and member of audit committee
			Since January 2017	Chairman of audit committee

Mr. How graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration Degree (first class honour, majoring in professional accountancy) in December 1999. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Ng Wai Hung (吳偉雄)

Independent non-executive Director

Mr. Ng Wai Hung, aged 54, is an independent non-executive Director. He is also a member of our audit committee and nomination committee.

Mr. Ng is a practising solicitor and was admitted as a solicitor in Hong Kong in March 1992. He joined Iu, Lai & Li, a Hong Kong firm of solicitors, in February 1990 and has been a partner there since April 1994. Mr. Ng practises in the areas of securities law, corporate law and commercial law in Hong Kong.

Mr. Ng has held the following positions in the following companies listed on the Stock Exchange in the past three years:

Company Name	Listing on the Stock Exchange	Stock code	Period	Role(s)
Fortune Sun (China) Holdings Limited	Main Board	352	June 2006 to September 2017	Independent non-executive director
				Member of remuneration committee, audit committee and nomination committee (which was only established in 2007)
GOME Retail Holdings Limited (formerly known as GOME Electrical Appliances Holding Limited)	Main Board	493	June 2011 to May 2017	Independent non-executive director
			August 2011 to May 2017	Chairman of remuneration committee, member of audit committee, nomination committee and independent committee
Kingbo Strike Limited	Main Board	1421	June 2015 to June 2017	Independent non-executive director
			June 2015 to November 2015	Member of audit committee and remuneration committee
			November 2015 to June 2017	Member of nomination committee
Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited and KH Investment Holdings Limited)	GEM	8172	Since March 2015	Independent non-executive director
			Since April 2015	Chairman of nomination committee, member of remuneration committee and audit committee
On Time Logistics Holdings Limited	Main Board	6123	Since June 2014	Independent non-executive director
				Member of audit committee, remuneration committee, nomination committee and corporate governance committee

Company Name	Listing on the Stock Exchange	Stock code	Period	Role(s)
Sustainable Forest Holdings Limited	Main Board	723	Since February 2013	Independent non-executive director
				Member of audit committee, remuneration committee and nomination committee
Tech Pro Technology Development Limited	Main Board	3823	April 2011 to March 2017	Independent non-executive director
				Member of audit committee, nomination committee and remuneration committee
Trigiant Group Limited	Main Board	1300	August 2011 to August 2017	Independent non-executive director
				Chairman of remuneration committee, member of audit committee and corporate governance committee
Xinyi Automobile Glass Hong Kong Enterprises Limited	GEM	8328	Since June 2016	Independent non-executive director
				Member of audit committee and nomination committee

Mr. Ng obtained a bachelor's degree in laws from the University of Hong Kong in 1987.

Mr. Chan Kam Kwan Jason (陳錦坤)

Independent non-executive Director

Mr. Chan Kam Kwan Jason, aged 44, is an independent non-executive Director. Mr. Chan Kam Kwan Jason is the chairman of our remuneration committee and also a member of our audit committee and nomination committee.

Mr. Chan Kam Kwan Jason was awarded certified public accountant by the Washington State Board of Accountancy on 26 March 1999.

Mr. Chan Kam Kwan Jason has held the following positions in the following companies listed on the Stock Exchange in the past three years:

Company Name	Listing on the Stock Exchange	Stock code	Period	Role(s)
AMCO United Holding Limited (formerly known as Guojin Resources Holdings Limited and Jackin International Holdings Limited)	Main Board	630	August 2004 to June 2015	Independent non-executive director
				Member of audit committee
			April 2012 to June 2015	Member of nomination committee
			2005 to April 2012	Member of remuneration committee
Brockman Mining Limited	Main Board	159	Since December 2007	Company secretary
			Since January 2008	Executive director
Canvest Environmental Protection Group Company Limited	Main Board	1381	Since December 2014	Independent non-executive director
				Chairman of audit committee and corporate governance committee and member of nomination committee and remuneration committee
Concord New Energy Group Limited	Main Board	182	Since December 2006	Company secretary
Frontier Services Group Limited	Main Board	500	Since December 2006	Company secretary
Lajin Entertainment Network Group Limited	GEM	8172	Since November 2015	Executive director
			Since March 2015	Company secretary

Mr. Chan Kam Kwan Jason obtained a bachelor's degree in commerce from University of British Columbia in May 1995.

Mr. Chan Kam Kwan Jason was a director of the following two private companies incorporated in Hong Kong, which were idle companies: (i) Hong Kong Creations Limited and (ii) Parklane Chauffeur Limousine Limited were dissolved on 2 November 2012 and 14 December 2012, respectively. Mr. Chan Kam Kwan Jason was also the director of the following dissolved companies which were idle: (i) Netbroad Communications Limited, a company incorporated in the BVI and the date of cessation of place of business in Hong Kong was on 25 April 2003 and (ii) Tianhe New Energy Equipment Limited Islands, a company incorporated in the Cayman and was dissolved on 30 September 2013.

General

Save as disclosed, none of our Directors:

(i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date;

(ii) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and

(iii) has held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

Except for such interests disclosed in the paragraphs headed "Appendix IV — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 3. Disclosure of Interests — (a) Interests and Short Position of our Directors and the chief executive in the Shares, underlying shares or debentures of our Company and the associated companies" in this prospectus, none of our Directors have any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them or their respective close associates are engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business or has or may have any conflict of interests with our Group.

Further, our Directors believe that each of our independent non-executive Directors (having taken into account each of their other commitments as set out in this section above) will be able to fulfil his roles and obligations as an independent non-executive Director because, as an independent non-executive Director, each of them is not expected to take any active and executive role in the management and operations of our Group. Each of their role is to supervise the management of our Group and will only be required to attend meetings (either physically present or by other means of communications) as and when required. Further, each of them has confirmed that he understands his duties and obligations as required by the relevant laws and regulations, including the GEM Listing Rules, as an independent non-executive Director and confirmed that he will devote sufficient time to our Group to discharge his obligations as a Director.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Fong Chi Wing (方志榮)

Chief financial officer and company secretary

Mr. Fong, aged 49, was appointed as our chief financial officer on 11 April 2016 and was appointed as our company secretary on 16 February 2017. He is primarily responsible for overseeing the financial management of our Group.

Mr. Fong worked in international accounting and auditing firms from 1993 to 2000 and has over 15 years of experience in in-house accounting and financial control for listed companies on the Stock Exchange. Prior to joining our Group, Mr. Fong held financial-related positions in the following listed companies on the Stock Exchange:

Period	Listed company	Positions held
December 2009–August 2015	Theme International Holdings Limited (stock code: 990)	• Financial controller • Company secretary (from April 2013 to August 2015)
July 2006–November 2009	Ever Fortune International Holdings Limited (now known as China Finance Investment Holdings Limited) (stock code: 875)	• Financial controller
March 2003–April 2006	Jade Dynasty Group Limited (now known as Sparkle Roll Group Limited) (stock code: 970)	• Financial controller (from March 2003 to April 2006) • Company secretary (January 2005 to April 2006)
November 2000–August 2002	eSun Holdings Limited (stock code: 571)	• Senior accountant

Mr. Fong obtained his bachelor of arts degree in accountancy in November 1993 from the City Polytechnic of Hong Kong (now known as the City University of Hong Kong). He was admitted as an associate of The Association of Chartered Certified Accountants in January 1997. Mr. Fong is currently registered as a practising certified public accountant with the Hong Kong Institute of Certified Public Accountants.

During the three years immediately preceding the date of this prospectus, Mr. Fong has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Chan Hang Ming Florence (陳杏明)

Director of Marketing Communications

Ms. Chan, aged 42, joined our Group on 1 September 2012 as a Marketing Manager and was promoted to Director of Marketing on 1 February 2016. She is primarily responsible for overseeing marketing, communications and public relations of all brands of our Group.

Ms. Chan has over 19 years of industry experience and prior to joining us, she served in the marketing and public relations departments of various hospitality groups and public relations firm in Hong Kong, including The Royal Garden, Hotel Nikko, Eaton Hotel, Langham Hospitality Group, JC Group, Furama Hotel and PR Concepts Company Limited and Miramar Group, where she planned and managed the opening of many renowned restaurants, including Inakaya, Teppanyaki Kaika and Dong Lai Shun.

Ms. Chan completed her higher diploma in hotel management from Hong Kong Polytechnic University in 1997 and received her master of arts in communication from Hong Kong Baptist University in 2006.

During the three years immediately preceding the date of this prospectus, Ms. Chan has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Pursuant to Rule 5.14 and Rule 11.07 of GEM Listing Rules, the secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. The Stock Exchange considers (a) an ordinary member of The Hong Kong Institute of Company Secretaries, (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong), or (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) as acceptable academic and professional qualifications.

We have appointed Mr. Fong who satisfies the qualification requirement under Rules 5.14 and 11.07 of the GEM Listing Rules as the company secretary of our Company. See " — Senior Management — Mr. Fong Chi Wing (方志榮)" in this section above for his biographical details.

COMPLIANCE OFFICER

We have appointed Mr. Kwok as the compliance officer of our Company on 16 February 2017 for the purpose of the GEM Listing Rules. See " — Executive Directors — Mr. Kwok Chi Po (郭志波)" in this section above for his biographical details.

REMUNERATION POLICY

The aggregate amounts of remuneration of our Directors for the two years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017 were approximately HK$1.5 million, HK$1.7 million and HK$1.2 million respectively. Details of the arrangement for remuneration are set out in Note 33 to the sectioned headed "Appendix I — Accountant's Report" to this prospectus. Under such arrangement and pursuant to our Directors' service contracts and letters of appointment referred to in the section headed "Appendix IV — Statutory and General Information — C. Further Information about our Directors and substantial Shareholders — 1. Particulars of Directors' service agreements" to this prospectus, the aggregate amount of Directors' fee and other emoluments payable to our Directors (excluding any discretionary bonuses) for the year ending 31 December 2017 is estimated to be approximately HK$3.4 million.

Our principal policies concerning remuneration of Directors or staff of high caliber are determined based on the relevant Director's or staff's duties, responsibilities, experience and skills. Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to our performance. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management. We regularly provide discretionary bonuses to our senior management and key employees as incentive.

After Listing, the remuneration committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and our performance. We have conditionally adopted a Share Option Scheme on 6 November 2017, and its Eligible Participants include our Directors and senior management. See paragraphs headed "Statutory and General Information — D. Share Option Scheme" for further details of the Share Option Scheme.

During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors as an inducement to join or upon joining our Company.

BOARD COMMITTEES

Our audit committee, remuneration committee and nomination committee were approved to be established by resolutions passed by our Board on 6 November 2017. The membership of such committees is as follows:

Name of Director	Audit committee	Remuneration committee	Nomination committee
Executive Directors			
Mr. Kwok	—	Member	—
Mr. T Kwan	—	—	—
Mr. Lau	—	—	—
Mr. N Leung	—	—	—
Non-executive Director			
Mr. S Leung	—	—	Chairman
Independent non-executive Directors			
Mr. How Sze Ming	Chairman	Member	—
Mr. Ng Wai Hung	Member	—	Member
Mr. Chan Kam Kwan Jason	Member	Chairman	Member

Each of the above three committees has written terms of reference. The functions of the above three committees are summarised as follows:

Audit committee

Our audit committee has written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are mainly to make recommendations to our Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of our Company.

Remuneration committee

Our remuneration committee has written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. The primary functions of the remuneration committee are to make recommendation to our Board on the overall remuneration policy and the structure relating to all Directors and our senior management, review performance-based remuneration and ensure none of our Directors determine their own remuneration.

Nomination Committee

Our nomination committee has written terms of reference in compliance with the CG Code. The primary functions of the nomination committee are to review the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually and make recommendation to our Board on any proposed changes to the Board to complement our Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to our Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; and make recommendations to our Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of our Chairman and the Chief Executive Officer.

COMPLIANCE ADVISER

We have appointed Halcyon Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us on, among other matters, the following:

(i) (before its publication) any regulatory announcement, circular or financial report;

(ii) a transaction, which might be a notifiable or connected transaction or will involve share issues and share repurchases;

(iii) where our Company proposes to use the net proceeds of the Share Offer in a manner different from that set out in this prospectus or where our business activities, development or results deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes any inquiry of us under Rule 17.11 of the GEM Listing Rules.

The term of appointment of our compliance adviser will commence on the Listing Date and will end on the date of despatch of our annual report in respect of our financial results for the second full financial year commencing after the Listing Date. Such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the share options that may be granted under the Share Option Scheme and the Offer Size Adjustment Option), the following persons will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Interests in our Company

Name of shareholder	Capacity/Nature of interest	Number of Shares	Approximate shareholding
Mr. S Leung *(Notes 1 and 2)*	Interest in controlled corporations	90,256,800	28.21%
Chan Siu Wan *(Note 2)*	Deemed interest as a spouse	90,256,800	28.21%
1957 & Co. *(Note 1)*	Interest in controlled corporations	90,256,800	28.21%
Sino Explorer *(Note 1)*	Beneficial interest	67,576,800	21.12%
All Victory *(Note 1)*	Beneficial interest	22,680,000	7.09%
Mr. T Kwan *(Notes 3 and 4)*	Interest in a controlled corporation	60,000,000	18.75%
Kwan Wai Ling Alicia *(Note 4)*	Deemed interest as a spouse	60,000,000	18.75%
Perfect Emperor *(Note 3)*	Beneficial interest	60,000,000	18.75%
Ms. Leung *(Notes 5 and 6)*	Interest in a controlled corporation	19,764,000	6.18%
Mr. Poon *(Note 6)*	Deemed interest as a spouse	19,764,000	6.18%
Pearl Global *(Note 5)*	Beneficial interest	19,764,000	6.18%

Notes:

(1) Our Company will be directly owned as to 21.12% by Sino Explorer and 7.09% by All Victory immediately upon the completion of the Capitalisation Issue and Share Offer. By virtue of 1957 & Co.'s 100% shareholding in Sino Explorer and All Victory, 1957 & Co. is deemed to be interested in the aggregated number of Shares held by Sino Explorer and All Victory. 1957 & Co. is wholly owned by Mr. S Leung. Therefore, Mr. S Leung is deemed to be interested in the same number of Shares that 1957 & Co. is interested in.

(2) Ms. Chan Siu Wan is the spouse of Mr. S Leung and is deemed to be interested in the same number of Shares held by Mr. S Leung.

(3) Our Company will be directly owned as to 18.75% by Perfect Emperor immediately upon the completion of the Capitalisation Issue and Share Offer. Perfect Emperor is wholly owned by Mr. T Kwan. Therefore, Mr. T Kwan is deemed to be interested in the same number of Shares held by Perfect Emperor accordingly.

(4) Ms. Kwan Wai Ling Alicia is the spouse of Mr. T Kwan and is deemed to be interested in the same number of shares held by Mr. T Kwan.

(5) Our Company will be directly owned as to 6.18% by Pearl Global immediately upon the completion of the Capitalisation Issue and Share Offer. Pearl Global is owned as to 99.99% by Ms. Leung and 0.01% by Mr. Poon. Ms. Leung is deemed to be interest in the same number of Shares held by Pearl Global.

(6) Mr. Poon is the husband of Ms. Leung and is deemed to be interested in the same number of Shares held by Ms. Leung accordingly.

Interests in our subsidiaries

Name of shareholder	Name of relevant subsidiary	Number of shares	Approximate shareholding
Chairman Food & Beverage Management Limited	MS HK	40,000	40%
	1957 and Partners	20	20%
Food Master (HK) Company Limited	Hokkaidon	28,000	40%
Jarrett Investments Limited	L Garden and Partners	29	29%
Batovian Investments Limited	1957 and Partners	29	29%

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the share options that may be granted under the Share Option Scheme and the Offer Size Adjustment Option), have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of the subsidiaries.

SHARE CAPITAL

The following is a summary of the authorised and issued share capital of our Company as at the date of this prospectus and immediately after completion of the Share Offer and the Capitalisation Issue:

Number		Aggregate par value *(HK$)*
Authorised share capital:		
3,800,000,000	Shares	380,000

Assuming the Offer Size Adjustment Option is not exercised, the issued share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer will be as follows (without taking into account any Shares which may be issued and allotted pursuant to any exercise of the options which may be granted under the Share Option Scheme):

Issued and to be issued, fully paid or credited as fully paid:		
100,000	Shares in issue at the date of this prospectus	10
239,900,000	Shares to be issued pursuant to the Capitalisation Issue	23,990
80,000,000	Shares to be issued pursuant to the Share Offer	8,000
320,000,000	Shares	32,000

Assuming the Offer Size Adjustment Option is exercised in full, the share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer will be as follows (without taking into account any Shares which may be issued and allotted pursuant to any exercise of the options which may be granted under the Share Option Scheme):

Issued and to be issued, fully paid or credited as fully paid:		
100,000	Shares in issue at the date of this prospectus	10
239,900,000	Shares to be issued pursuant to the Capitalisation Issue	23,990
92,000,000	Shares to be issued pursuant to the Share Offer (inclusive of any Shares which may be issued under the Offer Size Adjustment Option)	9,200
332,000,000	Shares	33,200

Assumptions

The above table assumes the Share Offer and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto are made as described above. It does not take into account any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

MINIMUM PUBLIC FLOAT

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 total issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares and the 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 will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus, except for entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. See "Appendix IV — Statutory and General Information — D. Share Option Scheme" in this prospectus for the summary of the principal terms of the Share Option Scheme.

ISSUING MANDATE

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate ("**Issuing Mandate**") to allot, issue and deal in unissued Shares with an aggregate number of not exceeding the sum of:

(i) 20% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, but excluding any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any option that may be granted under the Share Option Scheme; and

(ii) the aggregate number of Shares repurchased by our Company (if any) pursuant to the repurchase mandate as described below.

The Issuing Mandate does not apply to situations where our Directors allot, issue or deal in Shares by way of a rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or pursuant to the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares, or pursuant to the exercise of any options that may be granted under the Share Option Scheme, or under the Share Offer or the Capitalisation Issue or upon the exercise of the Offer Size Adjustment Option. Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in Shares pursuant to a rights issue, the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements or the exercise of any options that may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

The Issuing Mandate will expire upon the earliest occurrence of any of the following:

- at the conclusion of our next annual general meeting;
- on the date by which our next annual general meeting is required by the Articles or any applicable laws to be held; or

- when the authority given to our Directors is revoked or varied by an ordinary resolution passed by our Shareholders in general meeting.

For further details of the Issuing Mandate, see "Appendix IV Statutory and General Information — A. Further Information About Our Group — 4. Written resolutions passed by our Shareholders on 6 November 2017" in this prospectus.

REPURCHASE MANDATE

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total number of not more than 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, but excluding any Shares that may be issued upon the exercise of the Offer Size Adjustment Option and any option that may be granted under the Share Option Scheme ("**Repurchase Mandate**"). The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the GEM Listing Rules. Please see "Appendix IV Statutory and General Information — A. Further Information About Our Group — 6. Repurchase by our Company of its own securities" in this prospectus for the summary of the relevant requirements under the GEM Listing Rules.

The Repurchase Mandate will expire upon the earliest occurrence of any of the following:

- at the conclusion of our next annual general meeting;

- on the date by which our next annual general meeting is required by the Articles or any applicable laws to be held; or

- when the authority given to our Directors is revoked or varied by an ordinary resolution passed by our Shareholders in general meeting.

For further details of the Repurchase Mandate, see "Appendix IV Statutory and General Information — A. Further Information About Our Group — 4. Written resolutions passed by our Shareholders on 6 November 2017" in this prospectus.

*You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the Accountant's Report set out in Appendix I to this prospectus. Our Group's consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"). You should read the entire Accountant's Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section "Risk Factors" of this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

As at the Latest Practicable Date, we operated a total of eleven (11) full-service restaurants comprising six (6) under our self-owned brands and five (5) under our franchised/sub-licensed brands. During the Track Record Period, we had three (3) restaurants that commenced business during the year ended 31 December 2015, two (2) restaurants that closed down during the year ended 31 December 2016, one (1) restaurant that commenced business during the year ended 31 December 2016 and one (1) restaurant that commenced business during the five months ended 31 May 2017. Subsequent to the Track Record Period, two (2) restaurant carrying our franchised/sub-licensed brand also commenced operation in the third quarter of 2017.

In addition to operating our restaurants, we also provide restaurant management and consultancy services, which include restaurant pre-opening consultancy services and restaurant management consultancy services. During the Track Record Period, we managed the operation of two restaurants, one of which carried our franchised brand, Mango Tree, and the other one carried our self-owned brand, An Nam, in Qingdao, the PRC, and consulted the pre-opening of two restaurants, namely Ta-ke (Shanghai) Restaurant and An Nam (Shanghai) Restaurant, in Shanghai and two other restaurants in Beijing.

Our revenue for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 were approximately HK$161.8 million, HK$217.8 million and HK$99.0 million, respectively, among which over 99% were derived from operating our own restaurants. Before taking into account the Listing expenses which are non-recurring in nature, our profit before taxation for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 were approximately HK$16,000, HK$6.5 million and HK$1.8 million, respectively. After taking into account the Listing expenses of approximately HK$4.7 million and HK$8.6 million charged for the year ended 31 December 2016 and the five months ended 31 May 2017, respectively, and the tax expenses for the respective years and period, our profit for the years ended 31 December 2015 and 2016 were approximately HK$31,000 and HK$0.6 million, respectively, and our loss for the five months ended 31 May 2017 was approximately HK$7.1 million.

BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, our Group's business is controlled and operated by the Controlling Shareholders. Our Group's business is conducted through the subsidiaries of our Company. Pursuant to the Reorganisation, our Group's business are transferred to and held by our Company. Our Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of our Group's business with no change in management of such business and the ultimate owners of our Group's business remain the same. Accordingly, the financial information of the Group for the two years ended 31 December 2016 and five months ended 31 May 2017 has been prepared on a consolidated basis. Details of the basis of preparation are set out in note 3 to the Accountant's Report as set out in Appendix I to this Prospectus.

FACTORS AFFECTING OUR GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial performance have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed "Risk Factors" of this prospectus and those set forth below.

Restaurant sales

Restaurant sales are primarily affected by the number of customer visits and the average spending per customer. The table below sets forth our restaurant sales over the Track Record Period:

	For the year ended 31 December			For the five months ended 31 May		
	2015	2016	Increase/ (decrease)	2016	2017	Increase/ (decrease)
	HK$'000	*HK$'000*		*HK$'000* (Unaudited)	*HK$'000*	
An Nam (Lee Garden) Restaurant	26,909	27,089	0.7%	11,041	10,787	(2.3%)
An Nam (Festival Walk) Restaurant *(Note 1)*	4,437	40,937	822.6%	15,791	15,108	(4.3%)
Gonpachi Restaurant	27,912	33,745	20.9%	12,822	13,762	7.3%
Hokkaidon Restaurant *(Note 2)*	—	—	—	—	9,103	N/A
Mango Tree Cafe (Taikoo) Restaurant *(Note 3)*	—	1,317	N/A	—	10,914	N/A
Mango Tree (Elements) Restaurant	45,332	41,702	(8.0)%	16,741	16,808	0.4%
Modern Shanghai Restaurant *(Note 4)*	8,510	23,679	178.2%	9,865	10,027	1.6%
Petit An Nam Restaurant *(Note 5)*	5,991	14,082	135.1%	5,867	5,062	(13.7%)
Sushi Ta-ke Restaurant	21,270	19,665	(7.5)%	8,164	6,487	(20.5%)
Closed restaurants:						
Bella Vita Restaurant *(Note 6)*	8,729	5,269	(39.6)%	3,017	—	N/A
Mango Tree (Cubus) Restaurant *(Note 7)*	11,920	8,707	(27.0)%	3,937	—	N/A

Notes:

1. An Nam (Festival Walk) Restaurant commenced business on 30 November 2015.

2. Hokkaidon Restaurant commenced business on 23 January 2017.

3. Mango Tree Café (Taikoo) Restaurant commenced business on 15 December 2016.

4. Modern Shanghai Restaurant commenced business on 1 September 2015.

5. Petit An Nam Restaurant commenced business on 1 September 2015.

6. Bella Vita Restaurant was closed down for business on 15 September 2016.

7. Mango Tree (Cubus) Restaurant was closed down for business on 6 December 2016.

The overall number of our customers increased by approximately 72.0% from approximately 503,000 for the year ended 31 December 2015 to approximately 865,000 for the year ended 31 December 2016, which was primarily attributable to the continuing growth in the operations of our An Nam (Festival Walk) Restaurant, Modern Shanghai Restaurant and Petit An Nam Restaurant in 2016 following their respective opening in or after September 2015 and the increase in number of customers of Gonpachi Restaurant in 2016. The overall number of our customers increased by approximately 28.0% from approximately 341,000 for the five ended 31 May 2016 to approximately 437,000 for the year ended 31 May 2017, principally due to more customer visits in Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant (which were opened in December 2016 and January 2017, respectively), as compared to Bella Vita Restaurant and Mango Tree (Cubus) Restaurant (which were closed down for business in the second half of 2016).

On the other hand, the average spending per our customer reduced by approximately 21.9% from approximately HK$320.0 for the year ended 31 December 2015 to approximately HK$250.0 for the year ended 31 December 2016, which was also principally attributable to the continuing growth in the operations of An Nam (Festival Walk) Restaurant, Modern Shanghai Restaurant and Petit An Nam Restaurant during the year ended 31 December 2016 whose average spending per customer was lower as compared to the average spending per customer of the Group's 2015 restaurant portfolio for the year ended 31 December 2015. The average spending per our customer reduced by approximately 12.2% from approximately HK$255.5 for the five months ended 31 May 2016 to approximately HK$224.4 for the five months ended 31 May 2017, which was principally attributable to the relatively lower spending per customer for Mango Tree Café (Taikoo) Restaurant and Hokkaidon Restaurant (which were opened in December 2016 and January 2017, respectively) as compared to that of Bella Vita Restaurant and Mango Tree (Cubus) Restaurant (which were closed down for business in the second half of 2016) due to the difference in target customer spending of the restaurants.

We recorded decrease in revenue for both Mango Tree (Elements) Restaurant and Sushi Ta-ke Restaurant for the year ended 31 December 2016, as compared to 2015. The decrease in revenue of Mango Tree (Elements) Restaurant was principally due to the decrease in customer visits which we believed to be affected by the intensified competition from some new casual dining restaurants opened in the Elements mall during the year. The decrease in revenue of Sushi Ta-ke Restaurant was principally driven by the decrease in average spending per customer as the customers tended to order less high-value items during the year. We recorded further decrease in revenue for Sushi Ta-ke Restaurant for the five months ended 31 May 2017, as compared to the corresponding period in 2016. Such decrease in revenue was principally due to the decreases in both customer visits and average spending per customer. The Company believed that the decrease in customers was mainly driven by the adverse effect on the pedestrian flow as a result of the redevelopment projects at the neighbourhood of the building, while the decrease in spending per customer was mainly due to the reduction in orders for high-value items during the period. For details of the average spending per customer of our restaurants, please refer to the tables set forth under the section headed "Business — Our Restaurants — Operational Performance of our Restaurants" in this prospectus.

Economic growth and condition of Hong Kong

All of our restaurants are located in Hong Kong and, therefore, the results of our operations are vulnerable to the economy of Hong Kong. If Hong Kong experiences any adverse economic conditions due to circumstances such as global economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, customer spending in Hong Kong may become more conservative and our overall business and results of operations may be materially and adversely affected.

The number of restaurants in our restaurants network and their operating hours

We generate the majority of our revenue from food and beverage sales at our restaurants. Food and beverage sales are affected by, among other things, the number of our restaurants in operation and the number of total operating days of our restaurants, which in turn are affected by the openings, temporary suspension of operations due to renovation and closings of our restaurants.

As at the Latest Practicable Date, we owned and operated eleven restaurants. During the Track Record Period, three restaurants commenced operation during the year ended 31 December 2015, two restaurants were closed and one restaurant was opened during the year ended 31 December 2016 and one restaurant was opened during the five months ended 31 May 2017, while none of our restaurants were temporary closed for renovations. In addition, two restaurants commenced operation after the Track Record Period and up to the Latest Practicable Date.

The performance of our new restaurants

We generally incur capital expenditures and operating expenses such as fitting out expenses, staff costs, restaurant supplies costs, and promotion and advertising expenses prior to the commencement of business of our new restaurants. Moreover, certain management charges, rates and outgoings in connection with our leased premises are charged after the commencement of the lease term which include the rent-free period set out in the relevant lease agreements. A new restaurant may generate lower profit margin due to higher startup operating costs incurred in the first financial year of commencement of business. The amount of time it takes for each new restaurant to reach the planned operating levels, revenue level, breakeven point and payback point varies. For details of the breakeven and payback periods of our restaurants, please see the paragraph headed "Business — Operational Performance of our Restaurants — Breakeven period and investment payback period" in this prospectus.

During the year ended 31 December 2015, all three newly opened restaurants were loss making, while two of them were able to record operating profit for the year ended 31 December 2016. During the year ended 31 December 2016, the restaurant which we newly opened was also loss making for the financial year while it was able to record operating profit for the five months ended 31 May 2017. During the five months ended 31 May 2017, the restaurant which we newly opened was also loss making during the period.

For illustration purpose, we set out below the summary of number of days between the handover date of the relevant leased premises and the date of commencement of business of our three newly opened restaurants during the year ended 31 December 2015, the restaurant which we newly opened during the year ended 31 December 2016 and the restaurant which we newly opened during the five months ended 31 May 2017:

Restaurant	Handover date	Date of commencement of business	Pre-opening period
Modern Shanghai Restaurant	1 June 2015	1 September 2015	92 days
Petit An Nam Restaurant	1 June 2015	1 September 2015	92 days
An Nam (Festival Walk) Restaurant	14 September 2015	30 November 2015	77 days
Mango Tree Café (Taikoo) Restaurant	20 October 2016	15 December 2016	56 days
Hokkaidon Restaurant	17 November 2016	23 January 2017	67 days

We intend to open three new restaurants in the year ending 31 December 2018 and two new restaurants in the year ending 31 December 2019 in Hong Kong. The number of new restaurants we intend to open during any period may affect our overall results of operations and our ability to successfully open new restaurants in the future is subject to a number of uncertainties. If we are not able to attract enough customers to our new restaurants, our financial performance may be adversely affected.

Hong Kong regulatory environment for restaurant business

If local authorities adopt regulations that place additional restrictions or burdens on our Group or on the food and beverage industry in general, our overall business and results of operations may be materially and adversely affected.

Staff costs

All of our restaurants are full-service restaurants and we placed emphasis on our customers' dining experiences in our restaurants. In order to achieve this goal, we have to maintain sufficient number of staff both on the floor and in the kitchen for each of our restaurants. Our staff costs were one of the largest components of our operating expenses, and were approximately HK$52.8 million, HK$73.8 million and HK$33.6 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, and accounted for approximately 46.8%, 49.3% and 48.8% of our total operating expenses for each of the two years ended 31 December 2016 and the five months ended 31 May 2017, respectively. We offer competitive remuneration packages, career development and promotion opportunities to our staff with a target to reduce the employee turnover levels of our restaurants.

Meanwhile, the statutory minimum wage in Hong Kong increased from HK$30.0 per hour in 2013 to HK$32.5 per hour in 2015 and increased to HK$34.5 per hour from May 2017. The salary level in Hong Kong and the catering service industry is expected to maintain an upward trend.

For the sensitivity analysis of the changes in staff costs, please refer to the section headed "Sensitivity analysis" below.

Food and beverage prices

The cost of inventories sold is the second largest component of our operating expenses and the food and beverage prices have direct impact on our cost of inventories sold, which in turn affect our results of operations. The principal food ingredients used in our operations are, but not limited to, meats, seafood, frozen food, vegetables and beverages, and the price and supply of these ingredients are subject to a number of factors that are beyond our control especially some of our food ingredients are priced and ordered on daily basis.

Our cost of inventories sold were approximately HK$46.0 million, HK$58.8 million and HK$26.7 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively.

According to the Industry Report, the increase in consumer price indices of major raw ingredients relevant to our restaurant operation ranged from approximately 0.2% to 13.5% in 2015 and approximately -3.0% to 10.7% in 2016. If we are unable to reengineer our menu or change our price to cope with the changes in cost of our raw ingredients, our results of operation might be adversely affected.

For the sensitivity analysis of the changes in food and beverage prices, please refer to the section headed "Sensitivity analysis" below.

Property leases and related expenses

We operate all of our restaurants in leased premises with lease terms ranging from two years to six years, and the changes in the level of costs to lease properties will have a direct impact on our profitability. The costs of leasing of our restaurants, premises are reflected in the rent (which are mainly represented by the depreciation of right-of-use assets, rental expenses and interest expenses on lease liabilities in our consolidated income statements), rates, service charges and other outgoings payable by us. The aggregate of our rental expenses, depreciation of right-of-use assets and interest expenses on lease liabilities were approximately HK$30.0 million, HK$38.3 million and HK$17.7 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, and accounted for approximately 26.5%, 25.6% and 25.7% of our total operating expenses during the two years ended 31 December 2016 and the five months ended 31 May 2017, respectively.

The monthly rent of our leased properties are either fixed or composed of a fixed amount as basic rent and the surplus between a designated percentage, ranging from 11% to 13.5%, of the gross turnover generated by the relevant restaurant of the month and the basic rent as turnover rent, with some of the basic rent may be subject to rent escalation clauses. During the year ended 31 December 2015, other than Mango Tree (Cubus) Restaurant (which was not subject to turnover rent) and An Nam (Festival Walk) Restaurant (which commenced business on 30 November 2015), all of our restaurants in operation during the year have incurred turnover rent which amounted to approximately HK$3.2 million in aggregate. During the year ended 31 December 2016, other than Mango Tree (Cubus) Restaurant (which was not subject to turnover rent), Bella Vita Restaurant (which was closed down during the year) and Mango Tree Café (Taikoo) Restaurant (which commenced business on 15 December 2016), all of our restaurants in operation during the year have incurred turnover rent which amounted to approximately HK$3.1 million in aggregate. During the five months ended 31 May 2017, other than An Nam (Festival Walk) Restaurant and Mango Tree

(Element) Restaurant, all of our restaurants in operation during the period have incurred turnover rent which amounted to approximately HK$1.4 million in aggregate. Details of our lease agreements are set out in paragraph headed "Business — Leased properties" of this prospectus.

Major costs as compared to industry peers

According to the Industry Report, prime cost (being the aggregation of cost of goods sold and compensation of employees) of the industry players averaged at approximately 62% of overall business receipts whilst rental costs was estimated to average at approximately 14% over the period of 2011–2015. For each of the two years ended 31 December 2016 and the five months ended 31 May 2017, the aggregate of our cost of inventories sold and employee benefit expenses represented approximately 61.1%, 60.9% and 60.9%, respectively, of our revenue, and our rental costs (being the aggregate the our rental expenses, depreciation of right-of-use assets and the interest expenses on lease liabilities) represented approximately 18.5%, 17.6% and 17.9%, respectively, of our revenue. Our prime cost was slightly below the industry average while our rental costs were higher than the industry average. The Directors consider that as most of our restaurants were located in shopping malls in Causeway Bay, Tsim Sha Tsui, Takioo Shing, Kowloon Tong and Yuen Long during the Track Record Period with relatively high pedestrian flow and the rental costs also covered the pre-opening period of our new restaurants, the rental costs of our restaurants were also relatively higher as compared to the industry average.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our financial information has been prepared in accordance with HKFRSs. We have identified certain accounting policies that are critical to the preparation of our financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in note 4 "Summary of significant accounting policies" to the Accountant's Report in Appendix I to this prospectus.

In addition, the preparation of the financial information may require our management to make significant and subjective estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, carrying amounts of assets and liabilities, and the disclosure of contingent liabilities at the end of each of the two years ended 31 December 2016 and the five months ended 31 May 2017. The estimates and associated assumptions are based on our experience and other factors that are considered to be relevant.

However, uncertainties about these assumptions, estimates and judgments could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities in the future. These key assumptions and estimates are set forth in note 6 "Critical accounting estimates and assumptions" to the Accountant's Report in Appendix I to this prospectus.

We believe the following critical accounting policies and accounting estimates involve the most significant or subjective judgments and estimates used in the preparation of the that our management considers to be critical in the portrayal of the financial position and results of operations.

Revenue recognition

We measure revenue at fair value of the consideration received or receivable by us in return of our goods supplied and services provided in the ordinary course of business and net of discount (including deferred revenue) and returns. We recognize revenue from our restaurant operations and restaurant management and consultancy services in the accounting period in which the goods and services are rendered.

Contract liabilities in respect of customer loyalty programme

We maintain a customer loyalty programme which grants customer loyalty award credits to members of the customer loyalty programme based on the relevant members' spending at our restaurants. Amounts received in the sales transaction that grants the customer loyalty award credits are allocated, based on relative standalone selling price, between the loyalty award credits earned by members of our customer loyalty programme and other components of the sales transaction. The value attributed to the customer loyalty award credits is deferred as a liability, within contract liabilities, until the award credit are redeemed or expired. For details of the customer loyalty programme, please refer to the paragraph headed "Business — Marketing and Promotion — 1957 & Co. Loyalty Programme" in this Prospectus.

Property, plant and equipment

During the Track Record Period, our property, plant and equipment comprised right-of-use assets, leasehold improvements, furniture and fixtures, kitchen and operating equipment and computer equipment. Our property, plant and equipment, except for right-of-use assets (which will be further elaborated below), are stated at cost less subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs. The initial costs of right-of-use assets include (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date; (iii) any initial direct costs, and (iv) restoration costs. Depreciation is recognised so as to allocate the cost of items of property, plant and equipment to their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period. The carrying amount of an item is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined using first-in first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

During the Track Record Period, there was no significant change in the estimates, and we did not notice significant deviation of our accounting estimates compared with the actual results. Apart from the critical accounting estimates and judgments as mentioned above, we do not expect our accounting estimates to change materially in the coming financial year.

Early adoption of HKFRS 15 and 16

HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 16 "Leases" are mandatorily effective for annual periods beginning on or after 1 January 2018 and 1 January 2019, respectively. HKFRS 16 will replace HKAS 17 "Leases" and related interpretations. Under HKAS 17, operating lease commitments are disclosed separately in a note to the consolidated financial statement and are recognised outside of the consolidated statement of financial position. Under HKFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognised in the form of an asset (being the right-of-use assets in our financial statements) and a financial liability (being the lease liabilities in our financial statements), and, accordingly, each lease will be mapped in our consolidated statements of financial position.

After due and careful consideration and taking into account of, among other things, the significance of operating leases to our Group, the consolidated statement of financial position prepared under HKFRS 16 will provide more information to the financial statement users and the potential impact of the adoption of such standards in a later stage, our Directors decided to early adopt the HKFRS 16 in our first published audited consolidated financial statements.

As further set out in HKFRS 16, earlier application is permitted for entities that apply HKFRS 15 "Revenue from Contracts with Customers" at or before the date of initial application of HKFRS 16. Accordingly, we have early adopted each of HKFRS 15 and HKFRS 16, while the adoption of HKFRS 15 has not resulted in any material changes to the Group's consolidated results and financial position.

Following the early adoption of HKFRS 16, leases are recognized in the form of an asset (being the right-of-use assets) together with financial liabilities (being lease liabilities) and in respect of which depreciation expenses and finance costs are charged instead of rental expenses. Accordingly, certain financial ratios are also affected. The table set forth below summarised the impacts of the adoption of HKFRS 15 and 16 on certain key items of our consolidated financial statements:

(in HK$'000)	**Revenue**			**Net profit**		
	Year ended 31 December		**Five months ended 31 May**	**Year ended 31 December**		**Five months ended 31 May**
	2015	**2016**	**2017**	**2015**	**2016**	**2017**
As if reported under HKAS 17 and HKAS 18	161,750	217,793	98,950	1,537	454	(7,460)
Currently reported under HKFRS 15 and HKFRS 16	161,750	217,793	98,950	31	550	(7,131)
Difference	—	—	—	(1,506)	96	329

(in HK$'000)	**Total assets**			**Total liabilities**		
	As at 31 December		**As at 31 May**	**As at 31 December**		**As at 31 May**
	2015	**2016**	**2017**	**2015**	**2016**	**2017**
As if reported under HKAS 17 and HKAS 18	104,243	103,490	95,086	73,697	48,699	47,795
Currently reported under HKFRS 15 and HKFRS 16	207,367	202,998	204,820	183,902	155,192	164,185
Difference	103,124	99,508	109,734	110,205	106,493	116,390

(in HK$'000)	Operating cash flows before changes in working capital			Net cash generated from/(used in) financing activities		
	Year ended 31 December		Five months ended 31 May	Year ended 31 December		Five months ended 31 May
	2015	2016	2017	2015	2016	2017
As if reported under HKAS 17 and HKAS 18	10,955	14,915	(1,078)	13,613	280	(7,390)
Currently reported under HKFRS 15 and HKFRS 16	34,968	48,724	14,821	(9,844)	(30,154)	(21,777)
Difference	24,013	33,809	15,899	(23,457)	(30,434)	(14,387)

In particular, the above-mentioned differences are principally due to the differences in our property, plant and equipment, lease liabilities, depreciation and amortisation and rental expenses during the Track Record Period as a result of the adoption of HKFRS 15 and HKFRS 16, and the impact of which are further summarised below:

(in HK$'000)	Property, plant and equipment			Lease liabilities		
	As at 31 December		As at 31 May	As at 31 December		As at 31 May
	2015	2016	2017	2015	2016	2017
As if reported under HKAS 17 and HKAS 18	41,637	41,238	38,860	—	—	—
Currently reported under HKFRS 15 and HKFRS 16	154,867	152,353	160,079	114,069	112,051	121,994
Difference	113,230	111,115	121,219	114,069	112,051	121,994

(in HK$'000)	Depreciation, amortisation and impairment			Rental expenses		
	For the year ended 31 December		For the five months ended 31 May	For the year ended 31 December		For the five months ended 31 May
	2015	2016	2017	2015	2016	2017
As if reported under HKAS 17 and HKAS 18	8,987	12,501	5,814	27,974	38,109	18,040
Currently reported under HKFRS 15 and HKFRS 16	32,106	43,737	19,931	3,961	4,216	2,141
Difference	23,119	31,236	14,117	(24,013)	(33,893)	(15,899)

Turnover rents will not be projected and included in lease liabilities and, instead, will be recognised as rental expenses when incurred.

RESULTS OF OPERATION OF OUR GROUP

Consolidated income statements

The following table sets forth our consolidated income statements for the two years ended 31 December 2016 and the five months ended 31 May 2017, as derived from the Accountant's Report of our Group in Appendix I to this prospectus.

	For the year ended 31 December		For the five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	161,750	217,793	87,585	98,950
Other income and gains/(loss), net	40	1,018	10	(46)
Cost of inventories sold	(46,038)	(58,845)	(24,101)	(26,662)
Employee benefit expenses	(52,807)	(73,804)	(31,541)	(33,575)
Depreciation, amortisation and impairment	(32,106)	(43,737)	(18,055)	(19,931)
Royalty fees	(2,561)	(2,519)	(996)	(1,251)
Rental expenses	(3,961)	(4,216)	(2,341)	(2,141)
Utilities	(4,489)	(6,253)	(2,282)	(2,619)
Other operating expenses	(16,955)	(19,033)	(7,512)	(9,336)
Listing expenses	—	(4,696)	—	(8,597)
Operating profit/(loss)	2,873	5,708	767	(5,208)
Finance income	5	4	—	13
Finance costs	(2,742)	(3,443)	(1,509)	(1,619)
Finance costs, net	(2,737)	(3,439)	(1,509)	(1,606)
Share of losses of associates	(120)	(509)	(239)	(6)
Profit/(loss) before income tax	16	1,760	(981)	(6,820)
Income tax credit/(expense)	15	(1,210)	108	(311)
Profit/(loss) for the year/period	31	550	(873)	(7,131)
Profit/(loss) for the year/period attributable to:				
— owners of our Company	643	359	(909)	(7,091)
— non-controlling interests	(612)	191	36	(40)
	31	550	(873)	(7,131)

Revenue

We generated our revenue from our restaurant operations and our restaurant management and consultancy service during the Track Record Period. Our revenue from restaurant operations during the Track Record Period was generated from sales of food and beverages at our restaurants in Hong Kong. Our revenue from our restaurant management and consultancy service during the Track Record Period was principally generated from our restaurant management consultancy services provided to two restaurants in Qingdao, in which we had 20% interest prior to the disposal thereof during the year ended 31 December 2016, and our restaurant pre-opening consultancy service provided to two restaurants in Shanghai and two restaurants in Beijing.

The following table sets forth the breakdown of our revenue from our restaurant operations by restaurant, and revenue from our restaurant management and consultancy service for the periods indicated.

	For the year ended 31 December				For the five months ended 31 May			
	2015		2016		2016		2017	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000* (Unaudited)	*% of total*	*HK$'000*	*% of total*
An Nam (Lee Garden) Restaurant	26,909	16.6	27,089	12.4	11,041	12.6	10,787	10.9
An Nam (Festival Walk) Restaurant *(Note 1)*	4,437	2.7	40,937	18.8	15,791	18.0	15,108	15.3
Gonpachi Restaurant	27,912	17.3	33,745	15.5	12,822	14.6	13,762	13.9
Hokkaidon Restaurant *(Note 2)*	—	—	—	—	—	—	9,103	9.2
Mango Tree Café (Taikoo) Restaurant *(Note 3)*	—	—	1,317	0.6	—	—	10,914	11.0
Mango Tree (Elements) Restaurant	45,332	28.0	41,702	19.1	16,741	19.1	16,808	17.0
Modern Shanghai Restaurant *(Note 1)*	8,510	5.3	23,679	10.9	9,865	11.3	10,027	10.1
Petit An Nam Restaurant *(Note 1)*	5,991	3.7	14,082	6.5	5,867	6.7	5,062	5.1
Sushi Ta-ke Restaurant	21,270	13.1	19,665	9.1	8,164	9.3	6,487	6.6
Closed restaurants:								
Bella Vita Restaurant	8,729	5.4	5,269	2.4	3,017	3.5	—	—
Mango Tree (Cubus) Restaurant	11,920	7.4	8,707	4.0	3,937	4.5	—	—
Subtotal	*161,010*	*99.5*	*216,192*	*99.3*	*87,245*	*99.6*	*98,058*	*99.1*
Restaurant management consultancy service	334	0.2	458	0.2	205	0.2	180	0.2
Restaurant pre-opening consultancy service	406	0.3	1,143	0.5	135	0.2	712	0.7
Subtotal	*740*	*0.5*	*1,601*	*0.7*	*340*	*0.4*	*892*	*0.9*
Total	161,750	100.0	217,793	100.0	87,585	100.0	98,950	100.0

Notes:

(1) These restaurants were opened during the year ended 31 December 2015.

(2) Hokkaidon Restaurant was opened during the five months ended 31 May 2017.

(3) Mango Tree Café (Taikoo) Restaurant was opened during the year ended 31 December 2016.

In terms of revenue contributions, our top five restaurants contributed revenue of approximately HK$133.3 million, HK$167.2 million and HK$67.4 million, representing approximately 82.4%, 76.7% and 68.1% of our total revenue for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively. The fact that the revenue contributed by our top five restaurants was increased in monetary terms but reduced as a total percentage of our revenue demonstrated the continuous growth in our restaurant group with reduction in reliance on a few restaurants.

The majority of our restaurant sales was settled through credit cards. The following table sets forth the approximate percentages of our revenue from restaurant operations settled by various settlement methods during the Track Record Period.

	For the year ended 31 December				For the five months ended 31 May			
	2015		2016		2016		2017	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000* (Unaudited)	*% of total*	*HK$'000*	*% of total*
Credit card	142,674	88.2	184,848	84.6	74,999	84.9%	83,278	83.8%
Cash	18,484	11.4	29,757	13.6	11,971	13.6%	13,464	13.5%
Loyalty programme	375	0.2	2,073	0.9	810	0.9%	990	1.0%
Others *(Note)*	217	0.2	1,772	0.9	562	0.6%	1,689	1.7%
Subtotal	*161,750*	*100.0*	*218,450*	*100.0*	*88,342*	*100.0%*	*99,421*	*100.0%*
Less: credit to loyalty program	(740)		(2,258)		(1,097)		(1,363)	
Total	161,010		216,192		87,245		98,058	

Note: Payment made by bank recurrence or cheque, which represented (1) payment made by shopping malls to settle vouchers distributed by them and (2) payment made by the directors of the Group for their spending in our Group's restaurants.

The increase in cash-settled restaurant sales was in line with the decrease in average spending per customer for the year ended 31 December 2016 as the three new restaurants opened in or after September 2015 had a relatively lower average spending per customer as compared to the then existing restaurant portfolio of our Group.

Furthermore, we have implemented a loyalty programme in May 2015 and, as a result of which, revenue of approximately HK$0.7 million, HK$2.3 million and HK$1.4 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, were deferred. The increase in such amount was principally due to the fact that the programme was only implemented in May 2015 and the increase in number of members reaching the designated spending level in our restaurants. For details of the customer loyalty programme, please refer to the paragraph headed "Business — Marketing and Promotion — 1957 & Co. Loyalty Programme" in this Prospectus.

Other income and gains/(losses), net

During the Track Record Period, our other income and gains/(losses), net represented less than 0.5% of our revenue of the respective financial year and primarily consisted of our gain on disposal of fixed assets. The following table sets forth the components of our other income and gains/(losses), net for the periods indicated:

	For the year ended 31 December				For the five months ended 31 May			
	2015		2016		2016		2017	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000* (Unaudited)	*% of total*	*HK$'000*	*% of total*
Gain/(loss) on disposal of property, plant and equipment	11	27.5	588	57.8	—	—	(98)	N/A
Gains on early termination of a lease contract	—	—	147	14.4	—	—	—	—
Loss on disposal of associates	—	—	(14)	(1.4)	—	—	—	—
Sundry income	29	72.5	297	29.2	10	100.0	52	N/A
Total	40	100.0	1,018	100.0	10	100.0	(46)	N/A

Cost of inventories sold

Our cost of inventories sold primarily represents the cost of all the food ingredients and beverages used in our restaurant operations. Cost of inventories sold is the second largest component of our operating expenses. The principal food ingredients used in our operations mainly includes seafood, meat, vegetable, and condiments. For the two years ended 31 December 2016, our cost of inventories sold amounted to approximately HK$46.0 million and HK$58.8 million, respectively, representing 28.5% and 27.0% of our revenue for such periods, respectively. For the five months ended 31 May 2016 and 2017, our cost of inventories sold amounted to approximately HK$24.1 million and HK$26.7 million, representing approximately 27.5% and 26.9% of our revenue for such periods, respectively.

Employee benefit expenses

Our employee benefits expenses comprise salaries and benefits, primarily including salaries, bonuses, retirement benefit costs and other allowances and benefits payable to all our employees. Our employee benefits expenses are the largest component of our operating expenses during the Track Record Period. The average number of our full-time employees (calculated based on the average number of employee as at each month-end) increased by approximately 64, or 36.6%, from approximately 175 for the year ended 31 December 2015 to approximately 239 for the year ended 31 December 2016 and increased by approximately 15 or 6.2%, from approximately 242 for the five months ended 31 May 2016 to approximately 257 for the five months ended 31 May 2017. Our staff costs amounted to approximately HK$52.8 million and HK$73.8 million for the years ended 31 December 2015 and 2016, respectively, representing approximately 32.6% and 33.9% of our revenue for such periods, respectively. For the five months ended 31 May 2016 and 2017, our staff costs amounted to approximately HK$31.5 million and HK$33.6 million, representing approximately 36.0% and 33.9% of our revenue for such periods, respectively.

The table below sets forth the staff costs by category during the Track Record Period:

	For the year ended 31 December				For the five months ended 31 May			
	2015		2016		2016		2017	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000* (Unaudited)	*% of total*	*HK$'000*	*% of total*
Wages, salaries, bonus and other benefits	50,501	95.6	70,607	95.7	29,989	95.1	32,200	95.9
Pension costs — defined contribution plans	2,306	4.4	3,197	4.3	1,552	4.9	1,375	4.1
Total	52,807	100.0	73,804	100.0	31,541	100.0	33,575	100.0

Depreciation, amortisation and impairment

Our depreciation, amortisation and impairment principally represents depreciation charges for our property, plant and equipment which comprise right-of-use assets, leasehold improvements, furniture and fixtures, kitchen equipment and computer equipment, and amortisation charges for our franchise and licensing rights acquired. For the two years ended 31 December 2016, our depreciation, amortisation and impairment amounted to approximately HK$32.1 million and HK$43.7 million, respectively, representing 19.8% and 20.1% of our revenue for such periods, respectively. For the five months ended 31 May 2016 and 2017, our depreciation and amortisation amounted to approximately HK$18.1 million and HK$19.9 million, representing approximately 20.6% and 20.1% of our revenue for such periods, respectively.

During the Track Record Period, depreciation charged on our right-of-use assets amounted to approximately HK$23.3 million, HK$31.0 million and HK$14.2 million, respectively. The depreciation of our right-of-use assets was charged on a straight-line basis over the lease term.

The lease terms of our leased premises are generally between one to six years, with some lease agreements provide an option for us to renew such lease terms, exercisable at our discretion. Please refer to the paragraph headed "Business — Leased Properties" in this Prospectus for the terms of our current leases for our leased premises as at the Latest Practicable Date and related information.

During the Track Record Period, depreciation charged for our leasehold improvements amounted to approximately HK$6.5 million, HK$9.4 million and HK$4.3 million, respectively. The depreciation of our leasehold improvements was charged on a straight-line basis over the shorter of five years or the remaining lease terms. As a result, if we were able to extend or renew the lease term of our restaurants without incurring a renovation cost exceeding the original renovation costs of the relevant restaurants, the then depreciation of leasehold improvements attributable to the relevant restaurant will be reduced. During the Track Record Period and up to the Latest Practicable Date, we were able to renew our lease for four of our restaurants without incurring material renovation costs.

Royalty fees

Our royalty fees principally represent the monthly royalty fees payable to the franchisors for the rights to use our franchised brands "Gonpachi" and "Mango Tree" and the opening fee for the opening of restaurants under such franchised brands pursuant to the relevant franchise agreements. For details of the franchise agreements, please refer to the paragraph headed "Business — Our Business Model — Our Restaurants — Franchise Agreements" in this prospectus. For the two years ended 31 December 2016 and the five months ended 31 May 2017, our royalty fees amounted to approximately HK$2.6 million, HK$2.5 million and HK$1.3 million, respectively, representing 1.6%, 1.2% and 1.3% of our revenue for such periods, respectively.

Rental expenses

Our rent, rate and building management fee primarily represents the turnover rents of our restaurants and the government rates of our restaurants, office premises, staff quarters and warehouses. For each of the two years ended 31 December 2016 and the five months ended 31 May 2017, our rental expense amounted to approximately HK$4.0 million, HK$4.2 million and HK$2.1 million, respectively.

For the two years ended 31 December 2016 and the five months ended 31 May 2017, the monthly rental expenses of our leased premises are either fixed or composed of a fixed amount as basic rent and the surplus between a designated percentage, ranging from 11% to 13.5%, of the gross turnover generated by the relevant restaurant of the month and the basic rent as turnover rent.

Utility expenses

Our utilities expenses primarily consist of expenses incurred for electricity, gas and water utilities. For the two years ended 31 December 2016, our utility expenses amounted to approximately HK$4.5 million and HK$6.3 million, respectively, representing approximately 2.8% and 2.9% of our revenue for such periods, respectively. For the five months ended 31 May 2016 and 2017, our utility expenses amounted to approximately HK$2.3 million and HK$2.6 million, representing approximately 2.6% and 2.6% of our revenue for such periods, respectively.

Other operating expenses

Our other operating expenses primarily comprise cleaning and laundry expenses, credit card charges, repair and maintenance expenses, legal and professional fees, restaurant supplies expenses, printing expenses, advertising and promotion expenses, travelling expenses, paper and related supplies and auditors' remuneration during the Track Record Period. Set out below is the breakdown of our other operating expenses for each of the two years ended 31 December 2016 and the five months ended 31 May 2016 and 2017:

	For the year ended 31 December				For the five months ended 31 May			
	2015		2016		2016		2017	
	HK$'000	*% of total*	*HK$'000*	*% of total*	*HK$'000* (Unaudited)	*% of total*	*HK$'000*	*% of total*
Cleaning and laundry expenses	4,614	27.2	5,763	30.3	2,449	32.6	2,969	31.8
Credit card charges	2,808	16.6	3,492	18.3	1,440	19.2	1,603	17.2
Repair and maintenance expenses	1,206	7.1	1,489	7.8	622	8.3	773	8.3
Legal and professional fees	340	2.0	1,286	6.8	192	2.5	308	3.3
Restaurant supplies expenses	1,738	10.3	1,167	6.1	538	7.2	850	9.1
Printing expenses	924	5.4	835	4.4	435	5.8	365	3.9
Advertising and promotion expenses	1,088	6.4	723	3.8	236	3.1	144	1.5
Travelling expenses	585	3.5	713	3.7	201	2.7	254	2.7
Paper and related supplies	426	2.5	588	3.1	270	3.6	224	2.4
Auditor's remuneration	697	4.1	456	2.4	160	2.1	341	3.7
Staff training, recruitment and uniform	535	3.2	422	2.2	179	2.4	99	1.1
Decoration	495	2.9	337	1.8	167	2.2	188	2.0
Others	1,499	8.8	1,762	9.3	623	8.3	1,218	13.0
Total	16,955	100.0	19,033	100.0	7,512	100.0	9,336	100.0

During the Track Record Period, cleaning and laundry expenses, credit card charges, as well as restaurant supplies expenses were the major components of our other operating expenses. Our cleaning and laundry expenses principally represented the cleaning and laundry expenses of our restaurants, table clothes and staff uniforms. Our credit card charges represented the service charge imposed by the credit card issuers as the majority of our restaurant sales were settled by credit card. During the Track Record Period, such service charge was charged at rates ranging from 1.45% to 3.4%. Our restaurant supplies principally represented the tableware and the consumables of our restaurants.

Listing expenses

Our Listing expenses principally represent the professional fees incurred in the course of preparation of the Listing, which are non-recurring in nature and amounted to approximately HK$4.7 million and HK$8.6 million for the year ended 31 December 2016 and the five months ended 31 May 2017, respectively.

Finance costs, net

Our finance costs represent interest expenses on our lease liabilities, bank borrowings, net of interest income of our deposits. For the two years ended 31 December 2016 and the five months ended 31 May 2017, our finance costs, net amounted to approximately HK$2.7 million, HK$3.4 million and HK$1.6 million, respectively.

Share of losses of associates

Our share of losses of associates principally arouse from our share of the financial results of our three associated companies, namely An Nam (Qingdao), Mango Tree (Qingdao) and MS Int'l during the Track Record Period. We have disposed of our entire interests in An Nam (Qingdao) and Mango Tree (Qingdao) during the year ended 31 December 2016 while we continue to provide restaurant management consultancy service to the two restaurants operated under these two companies. We continue to hold minority interests in MS Int'l, the entity we established to develop the brand Modern Shanghai in the Philippines, which has ceased its business operations as a result of the termination of the MS Franchise Agreement.

Income tax expense

Our operations in Hong Kong are subject to Hong Kong profits tax of 16.5% on estimated assessable profit arising in Hong Kong and we have no tax obligation arising from other jurisdictions during the Track Record Period. For more details, please see note 13 to the Accountant's Report set out in Appendix I to this prospectus.

Our effective tax rate, calculated based on income tax expenses divided by profit before income tax, was approximately 68.8%, for the year ended 31 December 2016 while we record a marginal profit before and after tax for the year ended 31 December 2015 and loss before and after taxation for the five months ended 31 May 2017. Further analyses of income tax expense are set out below in this section.

Non-HKFRS measures

In addition to the HKFRS measures in our consolidated financial statements, we also use the non-HKFRS financial measure of adjusted profit/(loss) (excluding listing expenses) to evaluate our operating performance. We believe that this non-HKFRS measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five months ended 31 May 2017 compared to five months ended 31 May 2016

Revenue

Our revenue increased by approximately HK$11.4 million, or 13.0%, from approximately HK$87.6 million for the five months ended 31 May 2016 to approximately HK$99.0 million for the five months ended 31 May 2017.

The increase in our revenue was principally attributable to the increase in revenue from our restaurant operation, which increased by approximately HK$10.8 million to approximately HK$98.1 million for the five months ended 31 May 2017. The increase in revenue from restaurant operation was principally attributable to the revenue contributed by two restaurants (one opened in December 2016 and the other opened in January 2017) which recorded revenue of approximately HK$20.0 million in aggregate for the five months ended 31 May 2017, while partially offset by the decrease in revenue due to the closure of Mango Tree (Cubus) Restaurant and Bella Vita Restaurant in second half of 2016 which recorded revenue of approximately HK$7.0 million in aggregate for the five months ended 31 May 2016, and the decrease in revenue of Sushi Ta-ke Restaurant during the period. The decrease in revenue of Sushi Ta-ke Restaurant was attributable to the decrease in both number of customer visits and average spending per customer. We believe that the decrease in number of customer visits to Sushi Ta-ke Restaurant was principally due to the redevelopment projects at the neighbourhood of the building and the closure of restaurants in the same building.

On the other hand, we also recorded increase in revenue derived from our restaurant management and consultancy service business from approximately HK$0.3 million for the five months ended 31 May 2016 to approximately HK$0.9 million for the five months ended 31 May 2017. The restaurant management and consultancy service revenue for the five months ended 31 May 2017 was principally derived from our restaurant pre-opening consultancy service provided to two restaurants in Beijing.

Other income and gains/(losses), net

We recorded insignificant amount of other income and gains/(losses), net for each of the five months ended 31 May 2016 and 2017. Our other income and loss, net of approximately HK$46,000 for the five months ended 31 May 2017 was principally attributable to the net loss on disposal of property, plant and equipment of approximately HK$98,000.

Cost of inventories sold

Our costs of inventories sold increased by approximately HK$2.6 million, or 10.6%, from approximately HK$24.1 million for the five months ended 31 May 2016 to approximately HK$26.7 million for the five months ended 31 May 2017, which was generally in line with the increase in revenue of our Group for the five months ended 31 May 2017. The increase in our costs of inventories sold was principally attributable to our food costs which recorded an increase of approximately HK$2.7 million. Nevertheless, the growth rate in our revenue exceeded the growth rate in our costs of inventories sold as we engineered the menus of our two new restaurants (one of which opened in December 2016 and the other one opened in January 2017) to achieve a higher profit margin as compared to the Bella Vita Restaurant, which closed down in September 2016, and Mango Tree (Cubus) Restaurant, which closed down in December 2016.

Employee benefit expenses

Our employee benefit expenses increased by approximately HK$2.1 million, or 6.4%, from approximately HK$31.5 million for the five months ended 31 May 2016 to approximately HK$33.6 million for the five months ended 31 May 2017. The increase in employee benefit expenses was primarily due to an increase in the average headcounts of full-time employees for the five months ended 31 May 2017 of approximately 6.2% principally due to more staff being employed for the new restaurants opened in December 2016 and January 2017 as compared to the two restaurants closed in the second half of 2016.

Depreciation, amortisation and impairment

Our depreciation, amortisation and impairment increased by approximately HK$1.9 million, or 10.4%, from approximately HK$18.1 million for the five months ended 31 May 2016 to approximately HK$19.9 million for the five months ended 31 May 2017. The increase was primarily attributable to the additional depreciation charged in relation to the property, plant and equipment (including the right-of-use assets) of the new restaurants opened in December 2016 and January 2017.

Rental expenses

Our rental expenses, which mainly represented the turnover rent of our restaurants and government rates, slightly reduced by approximately HK$0.2 million, or 8.5% from approximately HK$2.3 million for the five months ended 31 May 2016 to approximately HK$2.1 million for the five months ended 31 May 2017.

Utility expenses

Our utilities expenses increased by approximately HK$0.3 million, or 14.8%, from approximately HK$2.3 million for the five months ended 31 May 2016 to approximately HK$2.6 million for the five months ended 31 May 2017, which was in line with the overall increase of our revenue.

Other operating expenses

Our other operating expenses increased by approximately HK$1.8 million, or 24.3%, from approximately HK$7.5 million for the five months ended 31 May 2016 to approximately HK$9.3 million for the five months ended 31 May 2017. We experienced increases in a few of our major other operating expenses items including cleaning and laundry expenses, credit card charges, repair and maintenance expenses, restaurant supplies and auditor's remuneration, which increased by approximately HK$1.3 million in aggregate for the five months ended 31 May 2017 as compared to the corresponding period in 2016. The increases are generally in line with the continuous development of our restaurant portfolio, increase in revenue and the opening of a new restaurant during the five months ended 31 May 2017.

Listing expenses

We have incurred non-recurring listing expenses of approximately HK$8.6 million for the five months ended 31 May 2017 in the course of preparation of our Listing. For details of the Listing expenses, please refer to the paragraph headed "Listing expenses" in this section below.

Finance costs, net

Our finance costs, net increased slightly from approximately HK$1.5 million for the five months ended 31 May 2016 to approximately HK$1.6 million for the five months ended 31 May 2017.

Income tax expense

We incurred income tax credit of approximately HK$0.1 million for the five months ended 31 May 2016 and income tax expenses of approximately HK$0.3 million for the five months ended 31 May 2017, respectively. We recorded tax credit for the five months ended 31 May 2016 as we recorded loss before taxation of approximately HK$1.0 million for the same period. We also recorded loss before taxation of approximately HK$6.8 million for the five months ended 31 May 2017, while Listing expenses (which were non-recurring and non-tax deductible) of approximately HK$8.6 million were recorded in the same period. If the impact of the Listing expenses were excluded, we would have recorded an adjusted profit before taxation of approximately HK$1.8 million and the effective tax rate would be approximately 17.5%.

Our current income tax charged based on the assessable profits of our subsidiaries was approximately HK$0.5 million and HK$0.9 million for the five months ended 31 May 2016 and 2017, respectively. However, given certain of our subsidiaries were loss-making during the periods and there were differences between the tax basis and accounting basis in relation to our depreciation charged, the aforesaid income tax was partially offset by the deferred tax in relation to tax losses and temporary difference in depreciation charged and leases of approximately HK$0.6 million and HK$0.6 million for the five months ended 31 May 2016 and 2017, respectively.

Loss attributable to owners of our Company

As a result of the cumulative effect of the above factors, the loss attributable to owners of our Company increased by approximately HK$6.2 million from approximately HK$0.9 million for the five months ended 31 May 2016 to approximately HK$7.1 million for the five months ended 31 May 2017. Nevertheless, if the impact of the Listing expenses were excluded, we would have recorded profit attributable to owners of approximately HK$1.5 million, representing an improvement of approximately HK$2.4 million as compared to the five months ended 31 May 2016.

The net profit margins of the Group were approximately -1.0% and -7.2% for the five months ended 31 May 2016 and 2017, respectively. If the impact of the Listing expenses were excluded, the net profit margin of the Group would be approximately 1.5% for the five months ended 31 May 2017.

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue increased by approximately HK$56.0 million, or 34.6%, from approximately HK$161.8 million for the year ended 31 December 2015 to approximately HK$217.8 million for the year ended 31 December 2016.

The increase in our revenue was principally attributable to the increase in revenue from our restaurant operation, which increased by approximately HK$55.2 million to approximately HK$216.2 million for the year ended 31 December 2016. The increase in revenue from our restaurant operation was principally due to the continuing growth in the operations of our An Nam (Festival Walk) Restaurant, Petit An Nam Restaurant and Modern Shanghai Restaurant in 2016 following their respective opening in the second half of 2015 and increase in revenue of our Gonpachi Restaurant in 2016. The three new restaurants recorded an aggregate revenue of approximately HK$18.9 million for the year ended 31 December 2015, while the aggregate revenue recorded by these three restaurants increased to approximately HK$78.7 million for the year ended 31 December 2016, representing an increase of approximately HK$59.8 million, such increase was principally due to the increase in number of customer visits driven by the increase in number of operation days. The increase in revenue of our Gonpachi Restaurant was principally attributable to the increases in both the number of customers and average spending per customer which was in line with the marketing and promotional efforts in relation to the Gonpachi Restaurant during the year. The increase in our revenue due to the abovementioned drivers was partially offset by the decrease in revenue derived from Mango Tree (Elements) Restaurant which was principally due to the decrease in customer visits which was in line with the intensified competition from some new casual dining restaurants opened in the Elements mall during the year, and the decrease in revenue derived from Mango Tree (Cubus) Restaurant and Bella Vita Restaurant which were closed during the year.

Meanwhile, we also recorded an increase of approximately HK$0.9 million in revenue from our restaurant management and consultancy service business from approximately HK$0.7 million for the year ended 31 December 2015 to approximately HK$1.6 million for the year ended 31 December 2016. The increase was principally attributable to the increase in revenue derived from our services provided in the new restaurant pre-opening consultancy projects in Shanghai.

Other income and gains, net

Our other income and gain, net increased by approximately HK$0.98 million from approximately HK$0.04 million for the year ended 31 December 2015 to approximately HK$1.02 million for the year ended 31 December 2016. The increase was principally attributable to the disposal of property, plant and equipment of our Bella Vita Restaurant to the new tenant who filled in Bella Vita Restaurant's premises in Cubus, Causeway Bay following its close of business, which generated gain of approximately HK$0.6 million during the year ended 31 December 2016.

Cost of inventories sold

Our costs of inventories sold increased by approximately HK$12.8 million, or 27.8%, from approximately HK$46.0 million for the year ended 31 December 2015 to approximately HK$58.8 million for the year ended 31 December 2016, which was generally in line with the increase in revenue of our Group for the year ended 31 December 2016. The increase in our costs of inventories sold was principally attributable to our food costs which recorded an increase of approximately HK$12.4 million. Nevertheless, the growth rate in our revenue exceeded the growth rate in our costs of inventories sold as we engineered the menus of our three new restaurants which opened in the second half of 2015 to achieve a higher profit margin as compared to the Bella Vita Restaurant, which closed down in September 2016, and Mango Tree (Cubus) Restaurant, which closed down in December 2016.

Employee benefit expenses

Our employee benefit expenses increased by approximately HK$21.0 million, or 39.8%, from approximately HK$52.8 million for the year ended 31 December 2015 to approximately HK$73.8 million for the year ended 31 December 2016. The increase in employee benefit expenses was primarily due to an increase in the average headcounts of full-time employees for the year ended 31 December 2016 of approximately 36.6% and in line with the expansion of our restaurant network during the Track Record Period.

Depreciation, amortisation and impairment

Our depreciation, amortisation and impairment increased by HK$11.6 million, or 36.2%, from approximately HK$32.1 million for the year ended 31 December 2015 to HK$43.7 million for the year ended 31 December 2016. The increase was primarily due to the full year effect of depreciation amount allocated to the property, plant and equipment (including right-of-use assets) of our three new restaurants in 2016 of approximately HK$17.5 million following their respective opening in the second half of 2015 where depreciation costs incurred by the three new restaurants were approximately HK$6.1 million in 2015.

Rental expenses

Our rental expenses increased by approximately HK$0.2 million, or 6.4% from approximately HK$4.0 million for the year ended 2015 to approximately HK$4.2 million for the year ended 2016. The increase was primarily due to the full year effect of the rental expenses incurred by our three new restaurants in 2016 following their respective opening in or after September 2015.

Utility expenses

Our utilities expenses increased by approximately HK$1.8 million, or 39.3%, from approximately HK$4.5 million for the year ended 31 December 2015 to HK$6.3 million for the year ended 31 December 2016, which was primarily due to the full year effect of the electricities, water and gas expenses incurred by our three new restaurants in 2016 following their respective opening in or after September 2015.

Other operating expenses

Our other operating expenses increased by approximately HK$2.0 million, or 12.3%, from approximately HK$17.0 million for the year ended 31 December 2015 to approximately HK$19.0 million for the year ended 31 December 2016. The increase was primarily attributable to the increase in cleaning and laundry expenses of approximately HK$1.1 million which was in line with our expansion of restaurant network during the Track Record Period, the increase in legal and professional fee of approximately HK$0.9 million mainly due to the costs incurred in relation to our Reorganisation and increase in credit card charges of approximately HK$0.7 million which was in line with the increase in the amount settled through credit cards resulting from the growth of revenue from our restaurant operation. The increases were partially offset by the reduction in restaurant supplies costs of approximately HK$0.6 million as only one new restaurant was opened during the year ended 31 December 2016 as compared to the opening of three new restaurants during the year ended 31 December 2015.

Listing expenses

We have incurred non-recurring listing expenses of approximately HK$4.7 million for the year ended 31 December 2016 in the course of preparation of our Listing. For details of the Listing expenses, please refer to the paragraph headed "Listing expenses" in this section below.

Finance costs, net

Our finance costs, net increased from approximately HK$2.7 million for the year ended 31 December 2016 to approximately HK$3.4 million for the year ended 31 December 2017. The increase was principally attributable to the increase in interest expenses on both bank borrowings and lease liabilities, which was principally attributable to the three new restaurants that opened in the second half of 2016, and the increase in interest expenses on bank borrowings due to the increase in borrowing level.

Income tax expense

We incurred income tax credit of approximately HK$0.02 million for the year ended 31 December 2015 and income tax expense of approximately HK$1.2 million for the year ended 31 December 2016. Our effective income tax rate for the year ended 31 December 2016 was approximately 68.8% which was mainly due to the charging Listing expenses of approximately HK$4.7 million which were non-deductible expenses for Hong Kong tax reporting purpose. If the impact of the aforesaid expenses were excluded, the effective income tax rate of the Group for the year ended 31 December 2016 would be approximately 18.7%.

Our current income tax charged based on the assessable profits of our subsidiaries was approximately HK$2.4 million and HK$2.2 million for the years ended 31 December 2015 and 2016, respectively. However, given certain of our subsidiaries were loss-making and there were differences between the tax basis and accounting basis in relation to our depreciation charged, the aforesaid income tax was partially offset by the deferred tax in relation to tax losses and temporary difference in depreciation charged and leases of approximately HK$2.5 million and HK$1.0 million for the years ended 31 December 2015 and 2016, respectively. The decrease in deferred tax in relation to tax losses credited to income statement of the Group was in line with the improvement in financial results of certain of our subsidiaries that were loss-making in 2015.

Profit attributable to owners of our Company

As a result of the cumulative effect of the above factors, the profit attributable to owners of our Company reduced by approximately HK$0.2 million from approximately HK$0.6 million for the year ended 31 December 2015 to approximately HK$0.4 million for the year ended 31 December 2016. Nevertheless, if the impact of the Listing expenses were excluded, the profit attributable to owners of our Company for the year ended 31 December 2016 would have grown by approximately HK$4.4 million, representing an increase of approximately 686.2%, as compared to the year ended 31 December 2015.

The net profit margins of the Group were approximately 0.02% and 0.3% for the two years ended 31 December 2016, respectively. If the impact of the Listing expenses were excluded, the net profit margin of the Group would be approximately 2.4% for the year ended 31 December 2016. The relatively low profit level and net profit margin recorded in the year ended 31 December 2015 was mainly attributable to various operating expenses incurred in the turnaround period (being the period between the handover date of the leased premises and the opening date of the restaurant, during which period no revenue was generated while expenses including rental costs, staff costs and advertising and promotion costs were charged to our consolidated income statement) of our three new restaurants opened during the year ended 31 December 2015.

ACQUISITIONS AND DISPOSALS

During the two years ended 31 December 2016 and the five months ended 31 May 2017, except for the subscription of new shares in Hokkaidon and the disposal of our entire equity interest in our two associated companies in the PRC, we did not make any material acquisitions or disposals of subsidiaries or associated companies.

On 23 December 2016, we disposed our entire equity interest held by our wholly-owned subsidiaries, MT KLN and An Nam (Lee Garden), being 20% equity interest, in each of An Nam (Qingdao) and Mango Tree (Qingdao) to an Independent Third Party purchaser at a consideration of RMB200,000 and RMB200,000, respectively.

On 31 December 2016, Gonpachi, one of our wholly-owned subsidiaries, subscribed 42,000 new shares in Hokkaidon (representing 60% of the then enlarged issued share capital of Hokkaidon) at a consideration of HK$4,200,000.

SENSITIVITY ANALYSIS AND BREAKEVEN ANALYSIS

As our pricing strategy, we generally take into account the following factors when determining the pricing of the foods and beverages served at our restaurants: (i) target profit margins for dish combinations; (ii) market trend and seasonality; (iii) prices set by competitors; (iv) location of our restaurants; (v) labour cost and utility expenses; and (vi) historical and anticipated food cost. Accordingly, we would engineer the menu of our restaurants when there are changes in the abovementioned factors.

Sensitivity analysis

We have experienced increases in employee benefits expenses and rental expenses and depreciation of right-of-use assets during the Track Record Period principally due to the increase in average number of staff and opening of new restaurants, respectively. We further noted from one of our landlords that it saw overall negative rental reversions of around 25% on renewals, reviews and new lettings which became effective in the first three months of 2017, when compared to existing leases. Moreover, according to the Rating and Valuation Department, the average rents for private retail properties in Hong Kong Island, Kowloon and New Territories experienced (i) a drop of approximately 1.0%, a drop of approximately 1.0% and an increase of approximately 2.7%, respectively, from 2014 to 2015; and (ii) a drop of approximately 6.9%, a drop of approximately 11.9% and an increase of approximately 1.2%, respectively, from 2015 to 2016.

For illustration purpose only, the following sensitivity analysis demonstrates the impact of hypothetical fluctuations in our (i) cost of inventories sold; (ii) employee benefit expenses; and (iii) rental expenses, depreciation of right-of-use assets and interest expenses on lease liabilities on our profit before income tax and profit for the year during the Track Record Period, assuming that (i) the cost of inventories sold increased by 13.5% based on highest rate of increase in food price index of major food ingredients as stated in the Industry Report; (ii) the employee benefit expenses increased by 6.2% (be the higher of (a) the proposed increase in minimum wage from HK$32.5 to HK$34.5 in 2017 and (b) the increase in cost per staff which was calculated based on the employee benefit expenses of the relevant year divided by the average number of our employees (calculated based on the average number of employee as at each month end) of the relevant year); and (iii) the rental expenses, depreciation of right-of-use assets and interest expenses on lease liabilities increased by 2.7% (being the highest annual percentage increase in average rents among private retail properties in Hong Kong Island, Kowloon and New Territories for 2015 and 2016 based on the annual average rent in Hong Kong Island, Kowloon and New Territories as published by the Rating and Valuation Department), while all other variables, including our revenue and all other expenses, remained constant and assuming that our menu and operation were not adjusted to cater for such changes and the income tax rate is 16.5%:

Assumptions	**Year ended 31 December**		**For the five months ended 31 May**
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
(i) Cost of inventories sold	(46,038)	(58,845)	(26,662)
(ii) Employee benefit expenses	(52,807)	(73,804)	(33,575)
(iii) Rental expenses, depreciation of right-of-use assets and interest expenses on lease liabilities	(29,969)	(38,299)	(17,726)
Profit/(loss) before income tax	16	1,760	(6,820)
(i) 13.5% increase in cost of inventories sold	(6,199)	(6,184)	(10,419)
(ii) 6.2% increase in employee benefit expenses	(3,258)	(2,816)	(8,902)
(iii) 2.7% increase in rental expenses, depreciation of right-of-use assets and interest expenses on lease liabilities	(793)	726	(7,299)
Profit/(loss) for the year/period	31	550	(7,131)
(i) 13.5% increase in cost of inventories sold	(5,159)	(6,083)	(10,136)
(ii) 6.2% increase in employee benefit expenses	(2,703)	(3,271)	(8,869)
(iii) 2.7% increase in rental expenses and depreciation of right-of-use assets and interest expenses on lease liabilities	(645)	(313)	(7,531)

Breakeven analysis

For illustration purpose only, the following table summarised the result of breakeven analysis on the combined effects of the increases in (i) depreciation of right-of-use assets, rental expenses and interest expenses on lease liabilities; and (ii) staff costs on our profit before taxation (excluding the non-recurring Listing expenses) and operating cashflow before changes in working capital after taking into account of depreciation charged for the right-of-use and the interest expenses on lease liabilities assets while excluding the Listing expenses, with all other variables remaining constant and assuming that our menu and operation were not adjusted to cater for such changes:

	For the year ended 31 December		For the five months ended 31 May
	2015	**2016**	**2017**
Break-even on profit before taxation	0.02%	5.8%	3.5%
Break-even on operating cashflow before changes in working capital after taking into account of depreciation charged for the right-of-use assets and the interest expenses on lease liabilities	10.8%	17.3%	15.3%

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our liquidity and capital requirements primarily through a combination of internally generated funds from our operating activities, bank borrowings and capital contributions and loans from our Shareholders. We had net cash generated from operating activities of approximately HK$37.6 million, HK$37.4 million and HK$15.1 million for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, respectively, after taking into account of the non-recurring Listing expenses of approximately HK$4.7 million and HK$8.6 million for the year ended 31 December 2016 and the five months ended 31 May 2017, respectively. We require cash primarily for financing our general working capital needs, payment of lease liabilities and capital expenditures for opening and renovating our restaurants. As at 31 December 2015, 31 December 2016 and 31 May 2017, we had cash and cash equivalents of approximately HK$28.0 million, HK$23.9 million and HK$8.2 million, respectively, which had excluded pledged bank deposits of approximately HK$1.3 million, HK$6.1 million and HK$9.1 million as at 31 December 2015 and 2016 and 31 May 2017, respectively. Substantially all of our Group's cash and cash equivalents are held in Hong Kong dollars.

Working capital sufficiency

Taking into account:

(i) net cash inflows to be generated from our operating activities;

(ii) the existing available banking facilities;

(iii) the cash and cash equivalents available, which were approximately HK$8.2 million as at 31 May 2017; and

(iv) net proceeds to be received by our Group from the Share Offer,

our Directors believe that we will have sufficient funds for our present working capital requirements for at least the next 12 months from the date of this prospectus.

For more information on our expected capital expenditure requirements, please refer to the sub-section headed "Capital expenditure" in this section below.

Cash flows of our Group

The following table sets forth the selected cash flow data from the consolidated statements of cash flows for the Track Record Period:

	Year ended 31 December		Five months ended 31 May	
	2015	**2016**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Operating cash flows before changes in working capital	34,968	48,724	18,822	14,821
Net cash generated from operating activities	37,559	37,428	12,211	15,144
Net cash used in investing activities	(24,656)	(11,389)	(6,317)	(9,070)
Net cash used in financing activities	(9,844)	(30,154)	(16,471)	(21,777)
Net increase/(decrease) in cash and cash equivalents	3,059	(4,115)	(10,577)	(15,703)
Cash and cash equivalents at 31 December/ 31 May	28,021	23,906	17,444	8,203

Operating cash flows

Our cash inflow from operating activities is principally derived from the income generated from our restaurant operation and our restaurant management and consultancy services, while our cash outflow from operating activities is principally attributable to our operating expenses which included, among other things, cost of inventories sold, employee benefit expenses, rental expenses (but excluding depreciation of right-of-use assets), utilities, royalty fees, cleaning and laundry expenses, credit card charges and Listing expenses that charged to our profit and loss statement.

Operating cash inflows before changes in working capital

Our operating cash inflows before changes in working capital was approximately HK$35.0 million and HK$48.7 million for the two years ended 31 December 2016, respectively, which has already taken into account of the non-recurring Listing expenses of approximately HK$4.7 million in 2016 and adjusted for the depreciation of right-of-use assets and interest expenses on lease liabilities for both years of approximately HK$60.1 million in aggregate. If the effects of the Listing expenses and the depreciation of right-of-use assets were excluded, we would have recorded approximately HK$28.3 million aggregate operating cash inflows before changes in working capital for the two years ended 31 December 2016. Furthermore, our operating cash inflow before working capital changes for the five months ended 31 May 2017 was approximately HK$14.8 million which has already taken into account of the non-recurring Listing expenses of approximately HK$8.6 million and adjusted for the depreciation of right-of-use assets of approximately HK$14.2 million and interest expenses on lease liabilities of approximately HK$1.4 million. If the effects of the Listing expenses, the depreciation of right-of-user assets and the interest expenses on lease liabilities were excluded, we would have recorded operating cash inflows before working capital changes of approximately HK$7.8 million for the five months ended 31 May 2017, as compared to an adjusted operating cash inflow before working capital changes of approximately HK$4.6 million for the corresponding period in 2016.

For the year ended 31 December 2015, our profit before income tax was approximately HK$16,000. The difference between our operating cash inflows before changing in working capital and our profit before income tax was approximately HK$35.0 million, which primarily represents adjustments of depreciation, amortisation and impairment charged during the year of approximately HK$32.1 million and finance expenses of approximately HK$2.7 million. For the year ended 31 December 2016, our profit before income tax was approximately HK$1.8 million. The difference between our operating cash inflows before changing in working capital and our profit before income tax was approximately HK$47.0 million, which primarily represents adjustments of depreciation, amortisation and impairment charged during the year of approximately HK$43.7 million, finance expenses of approximately HK$3.4 million and share of losses of associates of approximately HK$0.5 million, which were partially offset by our gain on disposal of property, plant and equipment of approximately HK$0.6 million from our Bella Vita Restaurant to the new tenant who filled in its premise following its close of business.

For the five months ended 31 May 2016, our loss before income tax was approximately HK$1.0 million. The difference between the operating cash inflows before working capital changes and our loss before income tax was approximately HK$19.8 million, which primarily represents adjustments of depreciation and amortisation charged for the period of approximately HK$18.1 million and finance expenses of approximately HK$1.5 million. For the five months ended 31 May 2017, our loss before income tax was approximately HK$6.8 million. The difference between the operating cash inflows before working capital changes and our loss before income tax was approximately HK$21.6 million, which primarily represents adjustments of depreciation and amortisation charged for the period of approximately HK$19.9 million and finance expenses of approximately HK$1.6 million.

Net cash generated from operating activities

For the year ended 31 December 2015, our net cash generated from operating activities was approximately HK$37.6 million. The difference between our net cash generated from operating activities and our operating cash flows before changes in working capital was approximately HK$2.6 million, which was resulting from working capital change of approximately HK$10.1 million and interest and income tax payment of approximately HK$7.5 million. Within the working capital change, the approximately HK$10.0 million increase in trade and other payable was in line with the expansion of our restaurant network during the year ended 31 December 2015 and the increasing amount of credit purchases. We also paid income tax of approximately HK$4.7 million and interest expenses of approximately HK$2.7 million during the year.

For the year ended 31 December 2016, our net cash generated from operating activities was approximately HK$37.4 million. The difference between our net cash generated from operating activities and our operating cash flows before working capital changes was approximately HK$11.3 million, which was principally attributable to our income tax paid of approximately HK$4.1 million which comprised both current and provisional income tax, interest expenses of approximately HK$3.4 million, increase in trade and other receivables of approximately HK$2.4 million mainly due to the prepayment of part of the Listing expenses and the increase in trade receivables reflecting the increase in credit card payments receivable from banks as a result of our expanded operation as well as the restaurant management and consultancy service fee due from our customers.

For the five months ended 31 May 2016, our net cash generated from operating activities was approximately HK$12.2 million. The difference between our net cash generated from operating activities and our operating cash flows before working capital changes was approximately HK$6.6 million, which was principally attributable to the decrease in trade and other payables of approximately HK$3.0 million mainly due to settlement thereof, interest expenses of approximately HK$1.5 million, the increase in trade and other receivables of approximately HK$1.5 million mainly due to the increase in other receivables and our income tax paid of approximately HK$1.1 million.

For the five months ended 31 May 2017, our net cash generated from operating activities was approximately HK$15.1 million. The difference between our net cash generated from operating activities and our operating cash outflows before working capital changes was approximately HK$0.3 million, which was principally attributable to the increase in trade and other payables of approximately HK$3.6 million mainly due to the increase in Listing expenses payable and partially offset by interest expenses of approximately HK$1.6 million and the increase in trade and other receivables of approximately HK$1.2 million mainly due to the increase in prepaid listing expenses.

Investing cash flows

During the year ended 31 December 2015, our net cash used in investing activities of approximately HK$24.7 million principally represented the purchase of property, plant and equipment of approximately HK$21.7 million mainly related to our three new restaurants opened during the year and the investments in An Nam (Qingdao) and Mango Tree (Qingdao) of approximately HK$3.0 million which included both capital contribution and shareholder's loan to such associates.

During the year ended 31 December 2016, our net cash used in investing activities of approximately HK$11.4 million principally represented the purchases of property, plant and equipment of approximately HK$12.1 million mainly related to Mango Tree Café (Taikoo) Restaurant opened during the year and the addition of pledged bank deposit of approximately HK$1.8 million as guarantee for lease payments under a lease agreement, which were partially offset by the proceeds from disposal of our minority interests in, and repayment of our remaining shareholder's loan from, An Nam (Qingdao) and Mango Tree (Qingdao) of approximately HK$2.3 million.

During the five months ended 31 May 2016, our net cash used in investing activities of approximately HK$6.3 million principally represented the purchase of property, plant and equipment of approximate HK$4.5 million mainly related to our three new restaurants opened in the second half of 2015 and the increase in pledged bank deposits of approximately HK$1.8 million as guarantee for lease payments under a lease agreement.

During the five months ended 31 May 2017, our net cash used in investing activities of approximately HK$9.1 million principally represented the purchase of property, plant and equipment of approximate HK$5.3 million mainly related to our Hokkaidon Restaurant which was opened in January 2017 and the prepayment for purchase of property, plant and equipment and intangible assets of approximately HK$3.8 million mainly in relation to our Mango Tree Café (YOHO) Restaurant which were opened in July 2017 and our Paper Moon Restaurant opened in September 2017.

Financing cash flows

During the year ended 31 December 2015, our net cash used in financing activities of approximately HK$9.8 million principally represented payment of lease liabilities of approximately HK$23.5 million and repayment of loans from the shareholders of Sushi Ta-ke and MT KLN of approximately HK$4.8 million, which were partially offset by the proceeds from our bank borrowings of approximately HK$12.0 million, capital contribution from the then shareholders of An Nam (Festival Walk), Petit An Nam, and Modern Shanghai and the non-controlling shareholder of Modern Shanghai in relation to the three new restaurants operated under these three companies of approximately HK$4.4 million, loans from the then shareholders of Petit An Nam of approximately HK$2.6 million.

During the year ended 31 December 2016, our net cash used in financing activities of approximately HK$30.2 million principally represented payment of lease liabilities of approximately HK$30.4 million, the addition of pledged bank deposit as security for the bank borrowings of approximately HK$3.0 million, repayment of bank borrowings of approximately HK$2.4 million, dividends paid of approximately HK$1.8 million, repayment of loans to the shareholders of MT KLN and 1957 & Co. (Hospitality) of approximately HK$1.6 million and the part of Listing expenses paid and expected to be capitalised upon Listing of approximately HK$0.9 million which were partially offset by the proceeds from bank borrowings of approximately HK$10.0 million.

During the five months ended 31 May 2016, our net cash used in financing activities of approximately HK$16.5 million principally represented payment of lease liabilities of approximately HK$12.2 million, repayment of loans from shareholders of our subsidiaries of approximately HK$1.6 million, dividends paid of approximately HK$1.8 million and repayment of bank borrowings of approximately HK$0.9 million.

During the five months ended 31 May 2017, our net cash used in financing activities of approximately HK$21.8 million principally represented payment of lease liabilities of approximately HK$14.4 million, the repayment of bank borrowings of approximately HK$10.6 million (including the loan facility granted to An Nam (Lee Garden) which we repaid in full during the period), the addition of pledged bank deposit for bank borrowings of approximately HK$3.0 million, Listing expenses (the portion which was expected to capitalized upon Listing) paid of approximately HK$1.7 million and partially offset by the proceeds from bank borrowings of approximately HK$8.0 million. For details of our borrowings, please refer to the paragraphs headed "Indebtedness — Borrowings" in this section.

Material non-cash transactions

As set out under the consolidated statement of cash flows contained in the Accountant's Report set out in Appendix I to this prospectus, advances to our then shareholders of approximately HK$5.9 million were settled through capital reduction of certain of our subsidiaries and loans from our then shareholders of approximately HK$28.4 million were capitalized during the year ended 31 December 2016, and approximately HK$1.5 million of the dividends declared during the year ended 31 December 2016 were settled through offsetting with loans from our then shareholders.

WORKING CAPITAL

The table below sets forth the breakdown of our current assets and current liabilities as at 31 December 2015, 31 December 2016, 31 May 2017 and 30 September 2017:

	As at 31 December		As at 31 May	As at 30 September
	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)
Current assets				
Amounts due from related parties	6,317	40	—	91
Inventories	1,386	1,096	1,213	1,401
Prepayments, deposits and other receivables	3,488	5,713	7,962	9,711
Trade receivables	1,161	3,788	1,635	805
Tax recoverable	326	532	286	713
Pledged bank deposits	1,265	6,078	9,090	12,827
Cash and cash equivalents	28,021	23,906	8,203	15,671
Total current assets	**41,964**	**41,153**	**28,389**	**41,219**
Current liabilities				
Trade payables	9,431	9,148	10,930	15,676
Accruals and other payables	15,561	13,317	12,900	13,330
Lease liabilities	33,952	37,925	41,173	48,469
Contract liabilities	453	411	784	1,305
Tax payable	2,305	566	825	237
Amount due to related parties	28,441	280	—	—
Dividend payable	1,800	—	—	—
Bank borrowings	11,813	11,436	4,292	15,539
Total current liabilities	**103,756**	**73,083**	**70,904**	**94,556**
Net current liabilities	**(61,792)**	**(31,930)**	**(42,515)**	**(53,337)**

Our total current assets as at 31 December 2015, 31 December 2016, 31 May 2017 and 30 September 2017 amounted to approximately HK$42.0 million, HK$41.2 million, HK$28.4 million and HK$41.2 million, respectively, which primarily comprise cash and cash equivalents, prepayments, deposits and other receivables, pledged bank deposits, trade receivables and amounts due from related parties. Our total current liabilities as at 31 December 2015, 31 December 2016, 31 May 2017 and 30 September 2017 amounted to approximately HK$103.8 million, HK$73.1 million, HK$70.9 million and HK$94.6 million, respectively, which primarily comprise lease liabilities accruals and other payables, bank borrowings, trade payables and amount due to related parties.

We recorded net current liabilities of approximately HK$61.8 million as at 31 December 2015 and we have recognized significant lease liabilities as all of the restaurants we owned and operated in Hong Kong were located in a leased premises. We funded our liquidity and capital requirements primarily through a combination of internally generated funds from our operating activities, bank borrowings and capital contributions and loans from our Shareholders during the Track Record Period. The loans from our shareholders and the current portion of bank borrowings, which were principally utilized in financing our capital expenditures, amounted to approximately HK$28.4 million and HK$11.8 million as at 31 December 2015, while our current assets amounted to approximately HK$42.0 million, as compared to non-current assets of approximately HK$165.4 million, as at 31 December 2015.

We recorded improvement in reduction of net current liabilities position from approximately HK$61.8 million as at 31 December 2015 to approximately HK$31.9 million as at 31 December 2016. The improvement was primarily attributable to the capitalisation of loans from our then shareholders of approximately HK$28.4 million and partially offset by the settlement of advances to our then shareholders of approximately HK$5.9 million through capital reduction, and was in line with our ability to generate operating profit of approximately HK$5.7 million for the year ended 31 December 2016.

During the five months ended 31 May 2017, we recorded increase in net current liabilities to approximately HK$42.5 million as at 31 May 2017. The change was primarily attributable to the allocation of current assets to non-current assets including non-current prepayments and deposits which increased by approximately HK$6.3 million, additions of property, plant and equipment (other than right-of-use assets) of approximately HK$3.4 million which was mainly related to Hokkaidon Restaurant and the recording of operating loss for the period of approximately HK$5.2 million after taking into account of the Listing expenses of approximately HK$8.6 million, and partially offset by the decrease in current portion of the bank borrowings of approximately HK$7.1 million when we repaid the loan facility granted to An Nam (Lee Garden) and obtained another 48-month installment loan of HK$8.0 million (part of such loan was classified as our non-current liabilities as at 31 May 2017).

Our net current liabilities position increased by approximately HK$10.8 million during the four months ended 30 September 2017 to approximately HK$53.3 million as at 30 September 2017 mainly attributable to the increase in lease liabilities in relation to the new restaurant opened in September 2017.

Please refer to "Discussion of selected statements of financial position items" below for the discussions of our major current assets and current liabilities items.

DISCUSSION OF SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly comprised leasehold improvements, furniture and fixtures, and kitchen and operating equipment. As at 31 December 2015 and 2016 and 31 May 2017, our property, plant and equipment were approximately HK$154.9 million, HK$152.4 million and HK$160.1 million, respectively. During the year ended 31 December 2015, we recorded additions of approximately HK$92.9 million in our property, plant and equipment which was principally attributable to the additions of right-of-use assets of approximately HK$67.8 million, leasehold improvement of approximately HK$20.4 million and the kitchen and operating equipment of approximately HK$3.8 million mainly in connection with our three new restaurants opened in 2015. We also recorded depreciation of approximately HK$32.1 million for the year ended 31 December 2015. The decrease in the carrying value of our property, plant and equipment of approximately HK$2.5 million during the year ended 31 December 2016 was primarily due to the depreciation charged of approximately HK$43.2 million in 2016, which was partially offset by our addition of right-of-use assets of approximately HK$17.7 million, leasehold improvements of approximately HK$6.5 million and kitchen and operating equipment of approximately HK$1.6 million mainly in connection with our Mango Tree Café (Taikoo) Restaurant, which was opened in 2016, and the addition of right-of-use assets of approximately HK$11.9 million and leasehold improvements and furniture and fixture in aggregate of approximately HK$2.6 million attributable to our Hokkaidon Restaurant, which was opened in January 2017, following our subscription of majority equity interests in Hokkaidon in 2016. During the five months ended 31 May 2017, we recorded increase in carrying value of our property, plant and equipment of approximately HK$7.7 million. The increase was primarily attributable to the addition of right-of-use assets of approximately HK$24.3 million when we entered into new lease agreements or renew our lease agreements for our restaurants and the addition of other property, plant and equipment of approximately HK$3.4 million which was mainly related to our Hokkaidon Restaurant which opened in January 2017 and partially offset by the depreciation charge of approximately HK$19.9 million for the period.

Interests in associates

During the Track Record Period, we had three associated companies and we disposed our entire equity interest in two of the associated companies, namely An Nam (Qingdao) and Mango Tree (Qingdao) during the year ended 31 December 2016. As at 31 December 2016, our interest in associate only represented our 40% equity interest in MS Int'l which had no business operation since the termination of the MS Franchise Agreement in July 2016. We currently have no immediate plan regarding MS Int'l.

Each of An Nam (Qingdao) and Mango Tree (Qingdao) is principally engaged in restaurant operation business in the PRC through operating An Nam (Qingdao) Restaurant and Mango Tree (Qingdao) Restaurant, respectively. We invested 20% equity interest in each of An Nam (Qingdao) and Mango Tree (Qingdao) during the year ended 31 December 2015 at aggregate cost of RMB400,000 and made shareholder's loan to these associates in the same year. In addition, we also entered into restaurant consultancy and management services contracts with these two companies to provide restaurant management consultancy services to the two restaurants. We set out below a summary of our investment in and revenue derived from An Nam (Qingdao) and Mango Tree (Qingdao) during the Track Record Period:

	HK$'000
Investment costs and shareholder's loan to associates	2,979
Share of losses of associates	
— For the year ended 31 December 2015	(138)
— For the year ended 31 December 2016	(527)
Consideration and repayment of shareholder's loan to associates upon disposal thereof	(2,300)
Loss on disposal of associates	(14)
Restaurant management consultancy service revenue	
— For the year ended 31 December 2015	334
— For the year ended 31 December 2016	458
— For the five months ended 31 May 2017	180

Inventories

Our inventories primarily comprised food and beverages used in our restaurant. The level of food and beverages kept by us during the Track Record Period was not material, which only amounted to approximately HK$1.4 million, HK$1.1 million and HK$1.2 million, respectively, as at 31 December 2015 and 2016 and 31 May 2017.

Our inventories turnover days (calculated by dividing average inventory by cost of inventories sold and multiplied by 365 days for each of the years ended 31 December 2015 and 2016, or 151 days for the five months ended 31 May 2017, while the average inventory is calculated by dividing the sum of inventory at the beginning of the period plus the inventory at the end of the period by two) was approximately 11.5 days, 7.7 days and 6.5 days as at 31 December 2015 and 2016 and 31 May 2017, respectively. We recorded higher inventories turnover days as at 31 December 2015 as the inventories level as at 31 December 2015 was attributable to all nine restaurants in operation as at 31 December 2015 while three of such nine restaurants were only opened in or after September 2015.

As at 30 September 2017, approximately 79.7% of our inventories as at 31 May 2017 were subsequently utilised.

Trade receivables

During the Track Record Period, our trade receivables primarily comprised (i) receivables from banks in connection with credit card payments made by our restaurant customers and (ii) receivables from our customers in connection with our restaurant management and consultancy services. The table below sets forth our trade receivables by operations, during the Track Record Period:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Restaurant operations	1,135	1,844	1,465
Restaurant management and consultancy service	—	1,944	170
Other	26	—	—
Subtotal	1,161	3,788	1,635
Receivable turnover days *(Note)*	2.7	4.1	4.1

Note: We calculate trade receivables turnover days by dividing average trade receivables by revenue and multiplied by 365 days for each of the years ended 31 December 2015, or 2016 and 151 days for the five months ended 31 May 2017. Average trade receivables is calculated by dividing by two the sum of trade receivables, net of bad and doubtful debts allowance, at the beginning of the period and trade receivables at the end of the period.

An aging analysis of our trade receivables, based on the invoice date, as at 31 December 2015 and 2016 and 31 May 2017, is as follows:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	1,079	2,606	700
31 to 60 days	41	196	411
61 to 90 days	8	186	220
Over 90 days	33	800	304
Total	1,161	3,788	1,635

The amount of trade receivable recorded by us as at 31 December 2015 and 2016 and 31 May 2017 were not material as compared to our total assets and our receivable turnover days was below 5 days for each of the two years ended 31 December 2016 and the five months ended 31 May 2017. The increase in our trade receivables in 2016 was principally attributable to the unsettled restaurant management and consultancy service fee by our customers, which is also reflected by the increase in the level of outstanding trade receivable with over 90 days as at 31 December 2016. The service fee has been subsequently settled in January 2017.

As at 30 September 2017, approximately HK$1.6 million, representing approximately 97.3%, of our trade receivables as at 31 May 2017 have been subsequently settled.

Prepayment, deposits and other receivables

Our prepayments, deposits and other receivables principally comprised long-term and short-term deposits, prepayments, prepaid listing expenses and other receivables. Long-term deposits are principally rental deposits utility deposits which are refundable or recoverable in more than 12 months, while short-term deposits are principally deposits paid in respect of utilities. Our prepayment are principally attributed to our prepaid rental and insurance expenses. Our other receivables are principally related to amount receivable in relation to the disposal of property, plant and equipment and employee insurance claims. The table below sets forth the information of our prepayment, deposits and other receivables as at 31 December 2015 and 2016 and 31 May 2017:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Short-term deposits	1,890	2,223	2,130
Other receivables	216	955	350
Prepayments	1,382	1,295	1,846
Prepaid Listing expenses	—	1,240	3,636
Subtotal	**3,488**	**5,713**	**7,962**
Long-term deposits	—	—	2,867
Prepayments for property, plant and equipment	190	551	3,997
Subtotal	**190**	**551**	**6,864**

The increase in other receivable as at 31 December 2016 as compared to 31 December 2015 mainly reflected the amount receivable arising from the disposal of property, plant and equipment in relation to our Bella Vita Restaurant during the year ended 31 December 2016. The increase in current portion of prepayments, deposits and other receivables for the five months ended 31 May 2017 was principally attributable to the prepayment of Listing expenses of approximately HK$2.4 million. The increase in non-current portion of prepayments and deposits for the five months ended 31 May 2017 was principally attributable to the increase in prepayment for property, plant and equipment of approximately HK$3.4 million in relation to our Mango Tree Café (YOHO) Restaurant which was opened in July 2017 and the increase in long-term deposits of approximately HK$2.9 million mainly due to the prepayment of rental deposits for leasing the premises for our restaurants.

Amounts due from related parties

The following table sets forth an analysis of the amounts due from related parties as at 31 December 2015 and 2016 and 31 May 2017:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Advances to our shareholders	5,940	—	—
Others	377	40	—
Total	**6,317**	**40**	**—**

Our amounts due from related companies mainly represented advances to the then shareholders as certain of our profitable subsidiaries made advances to the then shareholders with surplus cash as a form of reduction of investment by the then shareholders. Such advances have been settled through capital reduction of certain of our subsidiaries during the year ended 31 December 2016.

Trade payables

During the Track Record Period, our trade payables were primarily related to our purchases of food ingredients and beverages. The payment terms granted to us by our suppliers are generally 30 to 75 days after the monthly statement is issued. The table below sets out an aging analysis of our trade payables and our trade payables turnover days as at 31 December 2015 and 2016 and 31 May 2017:

	As at 31 December		As at 31 May
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	5,563	4,980	5,355
31 to 60 days	2,707	4,052	5,381
61 to 90 days	1,010	46	12
Over 90 days	151	70	182
Total	**9,431**	**9,148**	**10,930**
Trade payables turnover days *(Note)*	55.6	57.6	56.9

Note: We calculate trade payables turnover days by dividing average trade payables by cost of inventories sold and multiplied by 365 days for each of the years ended 31 December 2015 and 2016, or 151 days for the five months ended 31 May 2017. Average trade payables is calculated by dividing by two the sum of trade payables at the beginning of the period and trade payables at the end of the period.

Our trade payable levels as at 31 December 2015 and 2016 and 31 May 2017 were relatively stable. We only recorded slight decrease of approximately HK$0.3 million from approximately HK$9.4 million as at 31 December 2015 to approximately HK$9.1 million as at 31 December 2016 and increase of approximately HK$1.8 million to approximately HK$10.9 million as at 31 May 2017. The increase during the five months ended 31 May 2017 was in line with the increase in our revenue and cost of inventories sold.

Our trade payables turnover days were also relatively stable and amounted to approximately 55.6 days, 57.6 days and 56.9 days as at 31 December 2015 and 2016 and 31 May 2017, respectively, which was in line with the general range of credit period being granted by our suppliers.

As at 30 September 2017, all of our trade payables as at 31 May 2017 have been subsequently settled.

Accruals and other payables

Our accruals and other payables mainly comprised accruals for our staff costs, rents and operating expenses as well as payable for purchases of property, plant and equipment. The table below sets forth the information of our accruals and other payables as at 31 December 2015 and 2016 and 31 May 2017:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	HK$'000	HK$'000
Accrued staff costs	5,623	5,773	4,270
Payable for contingency rent	722	532	554
Payable for purchases of property, plant and equipment	4,800	3,240	782
Other accrued operating expenses	3,577	2,593	2,956
Accrued Listing expenses	—	951	3,829
Others	839	228	509
Total	**15,561**	**13,317**	**12,900**

We recorded a decrease in accruals and other payables of approximately HK$2.3 million from approximately HK$15.6 million as at 31 December 2015 to approximately HK$13.3 million as at 31 December 2016. The decrease was primarily due to reduction in outstanding amount payable for the additions of property, plant and equipment in 2016 as we had opened three new restaurants in the second half of 2015, while we only opened one restaurant in the fourth quarter of 2016 with another restaurant opened in January 2017, and lower accrued operating expenses in relation to the promotion expenses, repair and maintenance costs and other payable to service providers, which were partially offset by the accrued Listing expenses. We recorded a slight decrease in accruals and other payables of approximately HK$0.4 million from approximately HK$13.3 million as at 31 December 2016 to approximately HK$12.9 million as at 31 May 2017. The decrease was principally attributable to the decrease in payable for purchase of property, plant and equipment of approximately HK$2.5 million due to the settlement thereof and decrease in accrued staff costs of approximately HK$1.5 million due to mainly due to decrease in accrued bonus due to settlement thereof subsequent December 2016 which were partially offset by the increase in accrued Listing expenses of approximately HK$2.9 million.

Amounts due to related parties

The following table sets forth an analysis of the amounts due to related parties as at 31 December 2015 and 2016 and 31 May 2017:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	HK$'000	HK$'000
Loans from our shareholders	28,413	—	—
Amount due to an associate	28	103	—
Amount due to a non-controlling shareholder of a subsidiary	—	177	—
Total	**28,441**	**280**	**—**

Our amounts due to related companies principally represented loans from the then shareholders which had been fully settled and capitalised during the year ended 31 December 2016.

Capital structure

Based on the unaudited consolidated management account of the Company which contained our unaudited statement of financial position as at 30 September 2017, we had net assets of approximately HK$53.2 million, comprising non-current assets of approximately HK$220.1 million (mainly comprising property, plant and equipment (including right-of-use assets), long term deposits and intangible assets), net current liabilities of approximately HK$53.3 million and non-current liabilities of approximately HK$113.6 million (mainly comprising bank borrowings and lease liabilities in relation to our restaurants).

INDEBTEDNESS

Borrowings

As at 31 December 2015 and 2016, 31 May 2017 and 30 September 2017, our borrowings mainly comprised loans from our shareholders and bank borrowings. The following table sets forth a breakdown of our borrowings by scheduled payment, without considering the event of default clause, as at the dates indicated below:

	As at 31 December		As at 31 May	As at 30 September
	2015	2016	2017	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*
Loans from shareholders	28,413	—	—	—
Bank borrowings				
— Within 1 year	2,264	4,220	4,292	6,101
— Between 1 and 2 years	2,333	4,348	4,292	6,302
— Between 2 and 5 years	7,216	10,826	8,168	15,089
Total	**40,226**	**19,394**	**16,752**	**27,492**

All our borrowings are denominated in Hong Kong dollars. Our loans from shareholders are interest-free and had been capitalized during the year ended 31 December 2016. The weighted average effective interest rate of our bank borrowings was approximately 3%, 3% and 3.1% as at 31 December 2015 and 2016 and 31 May 2017, respectively.

As at 31 December 2015, our bank borrowing only comprised a loan facility granted to An Nam (Lee Garden) at variable interest rate of 2% below the best lending rate of Hong Kong dollars. Such facility is guaranteed by the then shareholders of An Nam (Lee Garden), some remained as our existing Shareholders or Group entity while some have withdrawn from our Group upon the completion of the Reorganisation. Meanwhile, we breached two of the loan covenants during the Track Record Period when An Nam (Lee Garden) failed to (i) transfer from other banks and maintain at least 80% of its operating account in such bank, and (ii) maintain a prescribed adjusted tangible net worth of no less than HK$7,000,000 which excludes the amount due to related company. We have obtained the consent from the relevant bank confirming that such breaches have not triggered any default or event of default to recourse such bank loan. The Company has repaid such facility in full in March 2017 and the facility line was then terminated under mutual agreement among the Group and the relevant bank.

As at 31 December 2016, in addition to the loan facility granted to An Nam (Lee Garden), the bank borrowings of our Group also comprised the loan facility granted to MT KLN during the year. The facility contains overdraft at variable interest rate of 0.5% below the prime rates for lending Hong Kong dollars and installment loan at variable interest rate of 2.25% below the prime rates for lending Hong Kong dollars. This bank facility was secured by pledged bank deposit and personal guarantee of certain Controlling Shareholders. Such personal guarantee will be released and replaced by a corporate guarantee to be provided by the Company upon Listing.

In addition to the above-mentioned bank facilities, we have also entered into another bank facility letter on 1 March 2017 with a view to replace the aforesaid repaid facility. Such additional facility is a 48-month installment loan of HK$8,000,000, carried interest rate of 2% per annum below the prime rates for lending Hong Kong dollars and is secured by pledged bank deposit and guaranteed by certain Controlling Shareholders. Nevertheless, such personal guarantee will be released and replaced by a corporate guarantee to be provided by the Company upon Listing.

Subsequent to 31 May 2017, the Group has been granted two long-term borrowing facilities in the amount of HK$12.0 million each from two banks. These borrowing facilities are repayable in 60 monthly instalments from the first day of drawdown and the Group has drawn all of these borrowing facilities as at the Latest Practicable Date.

Save as disclosed above, we have not breached any loan covenants during the Track Record Period and up to the Latest Practicable Date and we expect that we will be able to meet the existing covenants. Meanwhile, we have considered the requirements under Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the borrower of a Term Loan that contains a repayable on demand clause" in determining the classification of our borrowings.

As at 31 December 2015 and 2016, 31 May 2017 and 30 September 2017, our lease liabilities amounted to approximately HK$114.1 million, HK$112.1 million, HK$122.0 million and HK$150.0 million, respectively. The increasing trend in our lease liabilities was in line with increase in our leased properties as a result of the expansion of our restaurant portfolio.

Indebtedness as at 30 September 2017

As at 30 September 2017, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this prospectus, the Group had (i) a 60-month installment loan from a bank with drawdown value of HK$10 million and overdraft facility of HK$2 million secured by the Group's bank deposit of not less than HK$3 million and personal guarantee of certain Controlling Shareholders with an aggregate outstanding amount of installment loan of approximately HK$8.4 million as at 30 September 2017 and the overdraft facility of HK$2 million remained unutilised; (ii) a 48-month installment loan from a bank with drawdown value of HK$8 million and secured by the Group's bank deposit of not less than HK$3 million and personal guarantee of certain Controlling Shareholders with an aggregate outstanding amount of approximately HK$7.1 million as at 30 September 2017; (iii) a 60-month installment loan from a bank with drawdown value of HK$12 million and secured by the Group's bank deposit of not less than HK$3 million and personal guarantee of certain Controlling Shareholders with an aggregate outstanding amount of approximately HK$12.0 million as at 30 September 2017; and (iv) lease liabilities of approximately HK$150.0 million.

Save as disclosed above and apart from intra-group liabilities, as at 30 September 2017, we did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingent liabilities or guarantees.

Subsequent to 30 September 2017, we have also drawdown another 60-month installment loan from a bank with drawdown value of HK$12 million and secured by the Group's bank deposit of not less than HK$2 million and personal guarantee of certain Controlling Shareholders.

All of the aforesaid personal guarantee of certain Controlling Shareholders will be released and replaced by corporate guarantee to be provided by the Company upon Listing.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to expenditures on (i) leasehold improvements for our new restaurants; and (ii) purchase of furniture, fixtures and equipment used in our operations. Our capital expenditures amounted to approximately HK$25.0 million, HK$9.0 million and HK$3.4 million for the two years ended 31 December 2016 and the five months ended 31 May 2017, respectively.

We anticipate that our future capital expenditures may increase as we intended to open new restaurants and expand our operations. We currently plan to open or invest in and manage seven and four new restaurants under our self-owned brands or franchised brands in the years ending 31 December 2018 and 31 December 2019, respectively. We will own and operate three and two of these new restaurants to be opened in the years ending 31 December 2018 and 31 December 2019, respectively, in Hong Kong. We expect to invest in minority stake of up to 25% in the operating companies of the remaining restaurants which will be located in the PRC and we will also manage such restaurants. Our projected capital expenditures and investment costs in respect of the aforesaid restaurants for the year ending 31 December 2017 and 2018 are currently expected to be approximately HK$26.4 million and HK$15.9 million, respectively. We expect that our planned capital expenditures for the two years ending 31 December 2018 will be primarily used for the opening of restaurants in Hong Kong, and principally be applied to the acquisitions of leasehold improvements and equipments. Amongst which, the aggregate expected capital expenditure of approximately HK$26.1 million for the two years ending 31 December 2018 is expected to be financed by the net proceeds from the Share Offer and the remaining is expected to be financed by our internal resources and capital contribution from the relevant joint venture partners.

According to applicable accounting policies, the deprecation of leasehold improvement should take a period of five financial years or the lease term, whichever is shorter. Accordingly, the investment in leasehold improvement will also result in increase in depreciation expenses over the relevant depreciation period. Nevertheless, subsequent to the depreciation period of the initial leasehold improvement and if we are able to renew the relevant lease agreements, the financial performance of the relevant restaurants would be improved as a result of the reduction in depreciation charged.

Our internal resources include our cash and cash equivalents and cash flows derived from operating activities. As at 30 September 2017, we had approximately HK$15.7 million in cash and cash equivalents available and pledged deposits of approximately HK$12.8 million. Furthermore, during the Track Record Period, we had been able to generate net cash from operating activities with an aggregate amount of approximately HK$90.1 million, after taking into account of the non-recurring Listing expenses of approximately HK$13.3 million while adjusted for the depreciation of right of use assets of approximately HK$68.5 million in aggregate. Taking into account of the aforesaid and the capital contribution from the joint venture partners and shareholders' loan pursuant to the relevant joint venture agreements, we believe that we would have sufficient internal resources, including our cash and cash equivalents and cash flows derived from operating activities, to utilise for such actual capital expenditure.

Our expansion plans have been set out in "Future Plans and Use of Proceeds" in this Prospectus.

As at 31 May 2017, our capital commitment represented our capital expenditure in relation to the purchase of property, plant and equipment contracted for but not yet incurred of approximately HK$5.2 million, all of which were related to our new restaurants.

Our planned capital expenditures are projections only and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We may make necessary adjustments depending on the existing market conditions and status of the various expansion plans.

LEASE COMMITMENTS

Our lease commitments for leases not yet commenced as at the respective reporting date is as follows:

	As at 31 December		As at 31 May
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Not later than one year	—	2,054	—
Later than one year and not later than five years	15,277	18,006	—
Later than five years	11,310	6,527	—
	26,587	**26,587**	**—**

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. The Directors confirm that as at the Latest Practicable Date, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

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

	As at or for the year/period ended		
	31 December		**31 May**
	2015	**2016**	**2017**
Current ratio[1]	0.40	0.56	0.40
Quick ratio[2]	0.39	0.55	0.38
Debt to equity ratio[3]	0.47	N/A	N/A
Gearing ratio[4]	179.2%	41.2%	41.2%
Interest coverage ratio[5]	100.8%	151.3%	N/A
Return on assets[6]	0.01%	0.3%	(3.5)%
Return on equity[7]	3.1%	0.9%	(20.4)%

Notes:

1. Current ratio is calculated as the total current assets divided by the total current liabilities as at the respective dates.

2. Quick ratio is calculated as the current assets excluded inventories divided by the total current liabilities as the respective dates.

3. Debt to equity ratio is calculated as total borrowings net of cash and bank balances and pledged bank deposits divided by total equity as at the respective dates.

4. Gearing ratio is calculated as the payables incurred not in the ordinary course of business (being dividend payable, amounts due to related parties and bank borrowings) divided by total equity as at the respective dates and multiplied by 100%.

5. Interest coverage ratio is calculated based on the profit before interest and tax divided by interest expense of the respective years/period and multiplied by 100%.

6. Return on assets is calculated as the net profit divided by the total assets as at the respective years/period and multiplied by 100%.

7. Return on equity is calculated as the net profit attributable to our owners divided by the equity attributable to our owners as at the respective years/period and multiplied by 100%.

Investors should note that the above financial ratios are derived from the financial positions and results of the Group following the adoption of HKFRS 15 and HKFRS 16. For details of the impact of the adoption of HKFRS 15 and HKFRS 16 on our consolidated financial statements, please refer to the sub-section headed "Early adoption of HKFRS 15 and 16" in this section above.

Current ratio and quick ratio

We recorded relatively low level of current ratios and quick ratios following the adoption of HKFRS 15 and HKFRS 16. Current portion of the lease liabilities, which accounted for approximately 32.7%, 51.9% and 58.1% of our current liabilities as at 31 December 2015 and 2016 and 31 May 2017, were recognised as a result of the adoption of HKFRS 16.

During the Track Record Period, we did not maintain inventory levels at material amounts and therefore, our current ratios were close to our quick ratios. Our current ratio improved from approximately 0.40 as at 31 December 2015 to approximately 0.56 as at 31 December 2016, whereas our quick ratio also improved from approximately 0.39 as at 31 December 2015 to approximately 0.55 as at 31 December 2016. The improvement was principally attributable to the capitalization of loans from our Shareholders of approximately HK$28.4 million during the year ended 31 December 2016, and was in line with our ability to generate operating profit of approximately HK$5.7 million for the year ended 31 December 2016.

Our current ratio reduced from approximately 0.56 as at 31 December 2016 to approximately 0.40 as at 31 May 2017, whereas our quick ratio also reduced from approximately 0.55 as at 31 December 2016 to approximately 0.38 as at 31 May 2017. The reduction is primarily attributable to the allocation of current assets to non-current assets including non-current prepayments and deposits which increased by approximately HK$6.3 million, additions of property, plant and equipment (other than right-of-use assets) of approximately HK$3.4 million which was mainly related to Hokkaidon Restaurant and the charging of Listing expenses of approximately HK$8.6 million, and partially offset by the decrease in current portion of the bank borrowings of approximately HK$7.1 million when we repaid the loan facility granted to An Nam (Lee Garden) and obtained another 48-month installment loan of HK$8.0 million (part of such loan was classified as our non-current liabilities as at 31 May 2017) and our ability to record an adjusted operating profit of approximately HK$3.4 million for the period after excluding the Listing expenses.

Debt to equity ratio

Our debt to equity ratio was approximately 0.47 as at 31 December 2015, while we were no longer in net debt position as at 31 December 2016 and 31 May 2017 as the aggregate of our cash and cash equivalents and pledged bank deposits has exceeded our borrowing level as at 31 December 2016 and 31 May 2017. The improvement in our debt to equity ratio was principally attributable to the decrease in our borrowing level due to capitalization of loans from our Shareholders of approximately HK$28.4 million during the year ended 31 December 2016 and our repayment of bank borrowings during the year ended 31 December 2016, which were partially offset by the additional bank borrowing of approximately HK$10.0 million to finance the capital expenditure of our restaurant operations.

Gearing ratio

Our gearing ratio improved from approximately 179.2% as at 31 December 2015 to approximately 41.2% as at 31 December 2016. The significant improvement in our gearing ratio was principally attributable to the capitalization of loans from our Shareholders of approximately HK$28.4 million during the year ended 31 December 2016 which reduced our total liabilities but enlarged our total equity.

Our gearing ratio remained to be approximately 41.2% as at 31 May 2017.

Interest coverage ratio

Our interest coverage ratio increased from approximately 100.8% for the year ended 31 December 2015 to approximately 151.3% for the year ended 31 December 2016. The increase in such ratio was principally attributable to the improvement of our profit before interest and tax and partially offset by the increase in finance costs due to the increase in interest expenses on lease liabilities.

On the other hand, given we have recorded loss before interest and tax for the five months ended 31 May 2017 after taking into account of the Listing expenses, no interest coverage ratio was presented. However, if the Listing expenses of approximately HK$8.6 million were being excluded, we would have recorded profit before interest and tax of approximately HK$3.4 million and our interest coverage ratio would be approximately 211.5% for the five months ended 31 May 2017.

Return on assets

Our return on assets increased from approximately 0.01% for the year ended 31 December 2015 to approximately 0.3% for the year ended 31 December 2016. If the effect of the non-recurring Listing expenses for the year ended 31 December 2016 were being excluded, our return on assets would have been improved to approximately 2.6%. On the other hand, we recorded negative return on assets of approximately 3.5% for the five months ended 31 May 2017. However, if the effect of the non-recurring Listing expenses for the five months ended 31 May 2017 were being excluded, we would have recorded positive return on assets of approximately 0.7% for the five months ended 31 May 2017.

The relatively low level of return on assets recorded in the year ended 31 December 2015 was mainly attributable to the costs incurred in the turnaround period (being the period between the handover date of the leased premises and the opening date of the restaurant during which period no revenue was generated while expenses including rental costs, staff costs and advertising and promotion costs were charged to our consolidated income statement) of our three new restaurants opened during the year ended 31 December 2015.

The relatively low level of return on assets recorded for the five months ended 31 May 2017 after exclusion of the non-recurring Listing expenses was in line with the seasonality that we generally recorded higher monthly revenue during major holidays, such as Christmas, New Year's Eve and summer, with lower monthly revenues during the period after major holidays, and the charging of pre-opening expenses of the new restaurant opened during the period.

Return on equity

Our return on equity decreased from approximately 3.1% for the year ended 31 December 2015 to approximately 0.9% for the year ended 31 December 2016. If the effect of the non-recurring Listing expenses for the year ended 31 December 2016 were being excluded, our return on equity would have been improved to approximately 12.1%. Such improvement was principally attributable to the improvement of our financial results for the year ended 31 December 2016 and partially offset by the increase in our equity mainly due to the capitalization of loans from our shareholders during the year ended 31 December 2016.

On the other hand, we recorded negative return on equity of approximately 20.4% for the five months ended 31 May 2017. However, if the effect of the non-recurring Listing expenses for the five months ended 31 May 2017 were being excluded, we would have recorded positive return on equity of approximately 4.3% for the five months ended 31 May 2017.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in note 32 to the Accountant's Report to Appendix I to this prospectus, our Directors confirm that each transaction set forth therein were conducted in accordance with terms as agreed between us and the respective related parties, were conducted on an arm's length basis and did not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, save as disclosed herein, we had no other material off-balance sheet arrangements.

MARKET AND OTHER FINANCIAL RISKS

Our operating activities expose us to a variety of financial risks, namely credit risk, liquidity risk, interest rate risk and foreign exchange risk. Our overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance. It is our policy not to enter into derivative transaction for speculative purposes.

We set financial risk management policies in accordance with policies and procedures approved by the Board of Directors. Our treasury function serves as a centralised unit for providing cost efficient funding and managing major risks.

(a) Credit risk

As over 90% of our revenue was derived from a large number of retail customers through our restaurant operation, we did not have significant concentration of credit risk with respect of our trade receivables.

On the other hand, although we maintained cash at banks and pledged bank deposits of over HK$17 million as at 31 December 2015 and 2016 and 31 May 2017, our credit risk is also limited as our counterparties are registered banks in Hong Kong with high credit rating.

Other than concentration of credit risk on liquid funds, we do not have any other significant concentration of credit risk.

(b) Liquidity risk

We closely monitor and manage our liquidity by maintaining sufficient cash balance to meet our financial commitments. Given that we have successfully obtained bank borrowings during and subsequent to the Track Record Period, were able to generate operating cash inflows before working capital changes and recorded the aggregate of our cash and cash equivalents and pledged bank deposits exceeded our borrowing level as at 31 May 2017, we consider that we do not have significant liquidity risk.

(c) Interest rate risk

Given both of our bank borrowings and our bank deposits are subject to variable rate interests, the interest rate risk arouse from our bank borrowings was partially offset by our bank deposits. As stated in the Accountant's Report set out in Appendix I to this Prospectus, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis higher/lower with all other variables held constant, post-tax profit for the year/period would have been HK$0.05 million, HK$0.08 million and HK$0.07 million lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(d) Foreign exchange rate risk

As at 31 December 2016 and 31 May 2017, we did not have any material investment or asset in the PRC or denominated in RMB or other foreign country or currency. Therefore, we consider that our foreign exchange rate risk is low.

DIVIDEND AND DISTRIBUTABLE RESERVES

We may distribute dividends by way of cash or by other means that our Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

We cannot assure you that we will be able to distribute dividends of the above amount or any amount, or at all, in any year. The declaration and payment of dividends may also be subject to legal restrictions or loan or other agreements that our Company and our subsidiaries have entered into or may enter into in the future.

During the two years ended 31 December 2016, we had declared approximately HK$2.2 million, HK$1.5 million dividend to our shareholder. However, this should not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Nevertheless, we currently have no predetermined dividend payout ratio after the Listing.

Our share premium, net of accumulated loss, at the Company level as at 31 May 2017 amounted to approximately HK$33.2 million. Such amount represents our distributable reserve as at the same date.

LISTING EXPENSES

Our estimated listing expenses primarily consist of underwriting commissions and professional fees paid to the Sole Sponsor, legal advisors, the reporting accountant and other professionals for their services rendered in relation to the Listing and Share Offer. Assuming the Offer Size Adjustment Option is not exercised and assuming an Offer Price of HK$0.75 per Share, being the mid-point of our indicative price range for the Share Offer stated in this prospectus, the total listing expenses will be HK$28.5 million, of which approximately HK$10.2 million is directly attributable to the issue of the Offer Shares and is expected to be capitalised after the Listing. The remaining amount of approximately HK$18.3 million is chargeable to the consolidated income statements, of which approximately HK$4.7 million and HK$8.6 million was recognised in our Group's consolidated income statements for the year ended 31 December 2016 and the five months ended 31 May 2017, respectively, and approximately HK$5.0 million is expected to be charged for the seven months ending 31 December 2017. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

EFFECT ON OUR FINANCIAL PERFORMANCE DUE TO LISTING EXPENSES

Our financial result for the year ending 31 December 2017 will be considerably affected by the listing expenses. Among the total estimated listing expenses of approximately HK$28.5 million, (i) approximately HK$10.2 million will be capitalized in equity and reduce the share premium of the Company; (ii) approximately HK$4.7 million has been charged to the statement of comprehensive income of the Group for the year ended 31 December 2016; and (iii) the remaining HK$13.6 million is expected to be charged to the statement of comprehensive income of the Group for the year ending 31 December 2017 (of which approximately HK$8.6 million had been changes to our statement of comprehensive income for the five months ended 31 May 2017).

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of our Group attributable to equity holders of our Company as if the Listing had taken place on 31 May 2017 assuming that the Offer Size Adjustment Option is not exercised. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as at 31 May 2017 or any future dates following the Share Offer.

	Audited consolidated net tangible assets attributable to the Company's shareholder as at 31 May 2017[1]	Estimated net proceeds from the Share Offer[2]	Unaudited pro forma adjusted consolidated net tangible assets attributable to the Company's shareholder	Unaudited pro forma adjusted net tangible assets per Share[3]
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on an Offer Price of HK$0.625 per Offer Share	33,676	35,694	69,370	0.22
Based on an Offer Price of HK$0.875 per Offer Share	33,676	53,894	87,570	0.27

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 May 2017 has been extracted from the Accountant's Report of our Company as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 31 May 2017 of HK$34,696,000 with an adjustment for the intangible assets (after deduction of the proportionate share of the non-controlling interest) of HK$1,020,000.

(2) The estimated net proceeds from the Share Offer are based on 80,000,000 Offer Shares and the indicative Offer Price of HK$0.625 per Share and HK$0.875 per Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of HK$13,293,000, which have been accounted for prior to 31 May 2017) and takes no account of any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the issuing mandate and repurchase mandate as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 320,000,000 Shares were in issue assuming that the Share Offer and Capitalisation Issue had been completed on 31 May 2017 but takes no account of any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the issuing mandate and repurchase mandate as described in the section headed "Share Capital" in this prospectus.

(4) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 May 2017.

DISCLOSURE UNDER RULES 17.15 TO 17.21 OF THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

REASONS FOR THE SHARE OFFER

Our Directors believe that the Listing will enhance the Group's profile, recognition and the brand image of our restaurants and provide additional resources for the Group to expand the restaurant network. In addition, the Board is also of the view that despite the fact that the estimated net proceeds from the Share Offer (based on the midpoint of the indicative Offer Price range) only amount to approximately HK$36.2 million, such proceeds would be sufficient to finance us in opening four new restaurants based on our expansion plan, and the Listing and the Share Offer will provide our Company with additional channel to raise capital for its future business expansion and long-term development, and expand and diversify our Company's capital base and shareholders base as institutional funds and retail investors in Hong Kong can participate in the equity of our Company. Furthermore, our corporate image enhancement through the Listing may also enhance the recognition of our brand and services in the PRC, which would be beneficial to our restaurant management and consultancy service business in the PRC. The net proceeds from the Share Offer will strengthen our Group's financial position.

NO MATERIAL ADVERSE CHANGE

The impact of the listing expenses on our profit and loss accounts have posted a material adverse change in the financial or trading position or prospect of our Group since 31 May 2017 (being the date the latest audited consolidated financial statements were made up). Prospective investors should be aware of the impact of the listing expenses on the financial performance of our Group for the year ending 31 December 2017.

Save as disclosed above, our Directors confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading positions or prospects of our Group since 31 May 2017 (being the date of which our Group's latest audited financial statements were made up as set out in the Accountant's Report in Appendix I to this prospectus) and there had been no event since 31 May 2017 which would materially affect the information shown in the Accountant's Report in Appendix I to this prospectus.

BUSINESS OBJECTIVES AND STRATEGIES

For a detailed discussion of our business strategies, please refer to the paragraph headed "Business — Business strategies".

IMPLEMENTATION PLANS

We set forth below our implementation plans for our business strategies. Prospective investors should note that the following implementation plans are formulated on the bases and assumptions as referred to in the paragraph "Bases and key assumptions" below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" of this prospectus. Our actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that our plans will materialise in accordance with the expected time frame or that our objectives will be accomplished at all.

		Source of funding	
		Net proceeds from Share Offer	**Internal resources/ contribution from joint venture partners**
For the period from the Latest Practicable Date to 31 December 2017			
1.	Continue to develop our brand portfolio and expand our restaurant network		
	(a) Settlement of part of the setting up and opening costs of Paper Moon Restaurant	HK$2.70 million	Nil
	(b) Open a restaurant under the Modern Shanghai brand in Lee Garden Two, Causeway Bay Hong Kong	HK$6.53 million	HK$5.10 million (from joint venture partners)
	(c) Open a restaurant under a refined Ta-ke brand in Lee Garden Two, Causeway Bay Hong Kong	HK$9.09 million	HK$3.02 million (from joint venture partner)
2.	Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	HK$0.35 million	Nil
3.	Enhance our brand recognition and further develop our business by continuing to bring high quality ingredients and new dishes to our customers	Nil	HK$0.10 million
	Total	**HK$18.67 million**	**HK$8.22 million**

	Source of funding	
	Net proceeds from Share Offer	Internal resources/ contribution from joint venture partner
For the six month ending 30 June 2018		
1. Continue to develop our brand portfolio and expand our restaurant network		
(a) Settlement of part of the setting up and opening costs of Paper Moon Restaurant	HK$0.30 million	Nil
(b) Open a restaurant under the Modern Shanghai brand in Lee Garden Two, Causeway Bay Hong Kong	HK$1.63 million	HK$1.27 million (from joint venture partners)
(c) Open a restaurant under a refined Ta-ke brand in Lee Garden Two, Causeway Bay Hong Kong	HK$2.27 million	HK$0.75 million (from joint venture partner)
(d) Setting up a restaurant under the Modern Shanghai brand in a shopping mall in Guangzhou	Nil	HK$1.53 million
(e) Setting up a restaurant under the Mango Tree brand in a shopping mall in Guangzhou	Nil	HK$1.81 million
2. Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	HK$0.35 million	Nil
3. Enhance our brand recognition and further develop our business by continuing to bring high quality ingredients and new dishes to our customers	Nil	HK$0.10 million
Total	**HK$4.55 million**	**HK$5.46 million**

	Source of funding	
	Net proceeds from Share Offer	Internal resources/ contribution from joint venture partner
For the six months ending 31 December 2018		
1. Continue to develop our brand portfolio and expand our restaurant network		
(a) *Open a restaurant under the Hokkaidon brand in a shopping mall in Hong Kong*	HK$3.60 million	Nil
(b) *Setting up a restaurant under the Modern Shanghai brand in a shopping mall in Guangzhou*	Nil	HK$1.39 million
(c) *Setting up a restaurant under the Mango Tree Café brand in a shopping mall in Guangzhou*	Nil	HK$1.39 million
2. Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	HK$0.35 million	Nil
3. Enhance our brand recognition and further develop our business by continuing to bring high quality ingredients and new dishes to our customers	Nil	HK$0.10 million
Total	**HK$3.95 million**	**HK$2.88 million**
For the six months ending 30 June 2019		
1. Continue to develop our brand portfolio and expand our restaurant network		
(a) *Open a restaurant under the Mango Tree brand in a shopping mall in Hong Kong*	HK$6.50 million	Nil
2. Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	HK$0.35 million	Nil
3. Enhance our brand recognition and further develop our business by continuing to bring high quality ingredients and new dishes to our customers	Nil	HK$0.10 million
Total	**HK$6.85 million**	**HK$0.10 million**

		Source of funding	
		Net proceeds from Share Offer	Internal resources/ contribution from joint venture partner
For the six months ending 31 December 2019			
1.	Continue to develop our brand portfolio and expand our restaurant network		
	(a) Open a restaurant under the Modern Shanghai brand in a shopping mall in Hong Kong	HK$2.18 million	HK$7.29 million
	(b) Setting up a restaurant under the Mango Tree Café brand in a shopping mall in Shenzhen	Nil	HK$1.82 million
	(c) Setting up a restaurant under a refined Ta-ke brand in a shopping mall in Shenzhen	Nil	HK$2.23 million
2.	Further develop our restaurant pre-opening consultancy and management consultancy services in the PRC	Nil	HK$0.35 million
3.	Enhance our brand recognition and further develop our business by continuing to bring high quality ingredients and new dishes to our customers	Nil	HK$0.10 million
	Total	**HK$2.18 million**	**HK$11.79 million**

BASES AND KEY ASSUMPTIONS

Prospective investors should note that the attainability of our business objectives depends on the following general assumptions and specific assumptions:

- we are not materially or adversely affected by any change(s) in existing governmental policies or political, legal (including changes in legislations, regulations or rules), fiscal or economic conditions in Hong Kong or any other countries or territories in which we carry or will carry on business;
- we are not materially or adversely affected by any change(s) in bases or rates of taxation or duties in Hong Kong or any other countries or territories in which we carry or will carry on business or is incorporated;
- there will be no disasters, natural, political or otherwise, which would materially disrupt our business or operations or cause substantial loss, damage or destruction to our properties or facilities;
- our operating activities will not be adversely affected by critical labour shortages and disputes, or any other factors outside the control of our management such as government act;
- we are not adversely affected by any of the risk factors set out in the section headed "Risk Factors" of this prospectus;
- there will be no change in the funding requirements for each of the near term business objectives described in this section from the amount as estimated by our Directors;
- we will continue to be able to renew all licences; and
- we will be able to continue our operations in substantially the same manner as it has been operating during the Track Record Period and we will also be able to carry out our development plans without disruptions.

REASONS FOR THE SHARE OFFER

We consider that operating and opening restaurants is generally capital intensive and believe that the Listing will provide the required funding for and facilitate the implementation of our business strategies by enabling us to access the capital market for raising funds at the time of the Listing and at later stages.

As at 31 May 2017, our cash and cash equivalents was approximately HK$8.2 million with pledged deposits of approximately HK$9.1 million and total borrowings was approximately HK$16.8 million. We consider that while we maintain a healthy cash level to support our existing operations and expansion, the net proceeds from the Share Offer are necessary for the implementation of our future plans which requires considerable additional financial resources. According to the implementation plans as disclosed in this section, the total expenditure for the implementation of our future plans is estimated to be approximately HK$64.7 million during the period from the Latest Practicable Date and up to 31 December 2019, which will be partly financed by the net proceeds from the Share Offer.

As stated in the paragraph headed "Business — Business strategies" in this prospectus, we plan to leverage our leading position to expand our operations by opening restaurants in various shopping malls in Hong Kong, Shenzhen and Guangzhou. A public listing status will enhance our corporate profile and recognition and assist us in reinforcing our brand awareness and image. We believe that such enhanced corporate image could facilitate us in opening new restaurants and be conducive to the development of our franchise business line in the PRC. It will also help maintain business relationships with our existing suppliers and attract potential suppliers who are more willing to establish business relationships with listed companies. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing.

USE OF PROCEEDS

The net proceeds of the Share Offer, after deducting the underwriting fees and estimated expenses payable in connection thereto for the year ending 31 December 2017, are estimated to be approximately HK$36.2 million (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any option(s) which may be granted under the Share Option Scheme and assuming an Offer Price of HK$0.75 per Share, being the mid-point of the indicative Offer Price range).

We intend to apply such net proceeds as follows:

- approximately 8.3% of the net proceeds, or approximately HK$3.0 million will be applied for the settlement of part of the setting up and opening costs of Paper Moon Restaurant under the sub-licensed Italian brand in Hong Kong. Although our Paper Moon Restaurant opened in September 2017, as a common general practice in restaurant renovation and refurbishment projects, payments to various service providers (including electrical and mechanical, kitchen design, interior design, lighting design and fitting-out works), will only be fully settled within a certain period, ranging from a few months to a year, upon completion of their respective work. Such arrangements allow us to decide whether any follow up, improvement or rectification work will have to be performed by such service providers before making full settlement of their payments. The amount applied towards the settlement of part of the setting up and opening costs of Paper Moon Restaurant represented part of the payments to the electrical and mechanical service providers, kitchen design service provider and fitting-out service provider of our Paper Moon Restaurant, which are Independent Third Parties of our Group;

- approximately 28.5% of the net proceeds, or approximately HK$10.3 million will be applied for the set up and opening of two restaurants under Modern Shanghai brand in Hong Kong;

- approximately 31.5% of the net proceeds, or approximately HK$11.4 million will be applied for the set up and opening of one restaurant under a refined Ta-ke brand in Hong Kong;

- approximately 9.9% of the net proceeds, or approximately HK$3.6 million will be applied for the set up and opening of one Hokkaidon restaurant in Hong Kong;

- approximately 17.9% of the net proceeds, or approximately HK$6.5 million will be applied for the set up and opening of one Mango Tree restaurant in Hong Kong; and

- approximately 3.9% of the net proceeds, or approximately HK$1.4 million will be applied for the development of restaurant pre-opening consultancy and management consultancy services in the PRC.

In the event that the net proceeds from Share Offer is insufficient to finance the capital expenditure as mentioned above, we will finance our remaining business plans from internal resources.

If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Share Offer (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any option(s) which may be granted under the Share Option Scheme) will increase to approximately HK$45.3 million or decrease to approximately HK$27.1 million, respectively. In such event, we will increase or decrease the net proceeds allocated to the setting up and opening of restaurants in Hong Kong for the six months ending 31 December 2019 and, if applicable, the six months ending 30 June 2019 and the six months ending 31 December 2018.

If the Offer Size Adjustment Option is exercised in full, the net proceeds of the Share Offer (after deducting the underwriting fees and estimated expenses payable in connection thereto for the year ending 31 December 2017) will increase to approximately HK$44.4 million, assuming the Offer Price of HK$0.75, being the mid-point of the indicative Offer Price range . If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, such net proceeds to be received by us from the Share Offer (including the proceeds from the exercise of the Offer Size Adjustment Option) will increase to approximately HK$54.9 million or decrease to approximately HK$33.9 million, respectively. In such event, we will increase or decrease the net proceeds allocated to the setting up and opening of restaurants in Hong Kong for the six months ending 30 June 2018 and, if applicable, the six months ending 31 December 2018, the six months ending 30 June 2019 and the six months ending 31 December 2019.

To the extent that the net proceeds of the Share Offer are not immediately applied to the above purposes, we intend that such proceeds will be deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

PUBLIC OFFER UNDERWRITERS

The Public Offer Underwriters are:

Halcyon Securities Limited
Opus Capital Limited
Astrum Capital Management Limited
Ping An Securities Limited

PLACING UNDERWRITERS

The Placing Underwriters are expected to be:

Halcyon Securities Limited
Opus Capital Limited
Astrum Capital Management Limited
Ping An Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

The Public Offer Underwriting Agreement was entered into on 22 November 2017. As described in the Public Offer Underwriting Agreement, we are offering the Public Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Division granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed severally to subscribe or procure subscribers to subscribe for the Public Offer Shares which are being offered but are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional upon and subject to (among other things) the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers to subscribe for the Public Offer Shares under the Public Offer Underwriting Agreement will be subject to termination with immediate effect by notice (orally or in writing) from the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) if at any time prior to 8:00 a.m. on the Listing Date:

(a) there develops, occurs, exists or comes into effect:

(i) any event, circumstance, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanction, withdrawal of trading privileges, strike, lock-out, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or

(ii) any change or development involving a prospective change, or any event, circumstance or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (as a whole), Japan or any other jurisdiction relevant to any member of our Group ("**Relevant Jurisdictions**"); or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent administrative, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign ("**Authority**")), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union (as a whole), Japan or any other jurisdiction relevant to any member of our Group or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or

(v) any new law or regulation or any change or development involving a prospective change in existing law or regulation or any event or circumstance resulting in a change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (as a whole) on Hong Kong or the PRC or any other jurisdiction relevant to any member of our Group; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the United States dollar, Euro, Hong Kong dollar, Japanese Yen or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(viii) any litigation, legal action, claim or legal proceeding of any third party being threatened or instigated against any member of our Group; or

(ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of our Company; or

(x) any of the executive Directors vacating his or her office; or

(xi) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than any breach thereof by any of the Public Offer Underwriters or the Placing Underwriters); or

(xii) an Authority or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or

(xiii) save as disclosed in this prospectus, the Application forms and any other document issued, given or used in connection with the offering and sale of the Offer Shares or otherwise in connection with the Share Offer, including all amendments or supplements thereto, a contravention by any member of our Group of the GEM Listing Rules or applicable laws; or

(xiv) a prohibition on our Company for whatever reason from offering, allotting, issuing, selling or delivering the Shares (including the Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) and the options to be granted under the Share Option Scheme pursuant to the terms of the Share Offer; or

(xv) any adverse change or development involving a reasonably likely material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position, prospects or condition, financial or otherwise, or performance of our Group taken as a whole of any of the risks set out in the section "Risk Factors" in this prospectus; or

(xvi) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable law or regulation; or

(xvii) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xviii) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to these paragraphs; or

(xix) an order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with our creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole opinion of the Joint Bookrunners:

(1) has or will or may have a material adverse affect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(2) has or will have or may have a material adverse effect on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or

(3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Share Offer to proceed or to market the Share Offer; or

(4) has or will have or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Bookrunners:

(i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the 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 in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of this prospectus or the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions in any material respect; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus, the Application Forms, and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Public Offer (including any supplement or amendment thereto); or

(iii) any material adverse change or development involving a prospective material adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or

(iv) any breach of, or any event or circumstance rendering untrue, incorrect or misleading in any material respect, any of the warranties given under the Public Offer Underwriting Agreement (other than any such breach thereof by the Public Offer Underwriters); or

(v) approval by the Listing Division of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Offer Size Adjustment Option) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vi) our Company withdraws this prospectus (and/or any other offering document issued or used in connection with the Share Offer) or the Share Offer; or

(vii) any expert named in "Appendix IV — Statutory and General Information — E. Other Information — 8. Qualifications of experts" to this prospectus has withdrawn its consent to being named in any of this prospectus or the Application Forms or to the issue of any of this prospectus or the Application Forms; or

(viii) that, as a result of material adverse and abrupt change in market conditions or otherwise, any material order placed by any investor immediately before the Price Determination Agreement is entered into, has been withdrawn or cancelled, and the Joint Bookrunners, in their sole and absolute discretion after due consideration, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Share Offer. For the avoidance of doubt, the right to terminate under this paragraph (viii) is exercisable only from 3:00 p.m. on the day immediately before the Listing Date to 8:00 a.m. on the Listing Date.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by us

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as prescribed under Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to each of us, the Stock Exchange, the Sole Sponsor, the Joint Bookrunners and the Underwriters that, except pursuant to the Share Offer, it/he/she shall not and shall procure that the relevant registered shareholder(s) shall not:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (but save pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan), any of those Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owners (the "**Parent Shares**"); or

(b) in the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (but save pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan), any of the Parent Shares, if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be controlling shareholders (as defined in the GEM Listing Rules).

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has also undertaken to each of us, the Stock Exchange, the Sole Sponsor, the Joint Bookrunners and the Underwriters that, during the First Six-month Period and the Second Six-month Period, it/he/she will:

(a) when it/he/she pledges or charges any Shares or other securities or interests in any securities of our Company beneficially owned by it/him/her in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when it/he/she receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities or interests in any securities of our Company will be disposed of, immediately inform us of such indications.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the GEM Listing Rules as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to the Joint Bookrunners, the Sole Sponsor and the Public Offer Underwriters that, and our Controlling Shareholders have agreed to procure that, except for the offer and sale of the Offer Shares pursuant to the Share Offer (including pursuant to the Offer Size Adjustment Option), during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Half-Year Period**"), our Company will not, and will procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the GEM Listing Rules:

(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 any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). Further, in the event that, during the period of eighteen months commencing on the date on which the First Half-year Period expires (the "**Second 18-Month Period**"), our Company enters into any of the transactions specified in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertakings by our Controlling Shareholders

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has undertaken to each of our Company, the Joint Bookrunners, the Sole Sponsor and the Public Offer Underwriters that, without the prior written consent of the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the GEM Listing Rules:

(a) at any time during the First Half-Year Period, it/he/she will not:

(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 an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, or any such other securities or any interest in any of the foregoing, as applicable) (the "**Relevant Shares**") or any interest in any company or entity holding, directly or indirectly, any of the Relevant Shares (the "**Holding Entity**"); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares or an interest in any Holding Entity; or

(iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (i), (ii) or (iii) above;

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

(b) at any time during the Second 18-Month Period, it/he/she will not 18-Month enter into any of the transactions specified in paragraph (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder (if applicable) of our Company;

(c) until the expiry of the Second 18-Month Period, in the event that it/he/she enters into any of the transactions specified in paragraph (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company;

(d) without prejudice to the undertaking given in the above, in the event that our Controlling Shareholders (or any of them) pledge or charge, either directly or indirectly, any of the shares or debt capital or other securities of our Company or any interest therein or pursuant to any consent given by the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters), at any time during the relevant periods specified in the paragraph (a) or paragraph (b) above, the Controlling Shareholders must inform the Company and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(e) having pledged or charged any interest in securities under paragraph (d) above, our Controlling Shareholders must inform the Company and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) immediately in the event that our Controlling Shareholders (or any of them) become aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of securities affected.

Undertakings by various Shareholders pursuant to a deed of lock-up undertaking

Each of Inner Horizon, Pearl Global, Coca, City Brilliant, Mooncrest Global and Mr. Yu has entered into a deed of lock-up undertaking dated 17 November 2017, pursuant to which each of them has undertaken to each of our Company, the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) that, he/she/it will not and, will procure that none of his/her/its associates and companies controlled by it and any nominee or trustee holding in trust for it will, without the prior written consent of the Joint Bookrunners (for themselves and on behalf of the Underwriters), at any time during the period commencing from the date of this deed and ending on, and including, the date that is six months from the Listing Date (the "**Six-Month Period**"):

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any of the Relevant Shares; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Shares;

(c) enter into or effect any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

(d) offer or agree or contract to, or publicly announce any intention to enter into or effect, any transaction described in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions described in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the Six-Month Period).

Indemnity

We, our Controlling Shareholders and our executive Directors have agreed to indemnify the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by us, our Controlling Shareholders or our executive Directors of the Public Offer Underwriting Agreement.

The Placing

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and our executive Directors will enter into the Placing Underwriting Agreement with the Sole Sponsor, the Joint Bookrunners and the Placing Underwriters. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions set out therein, severally agree to purchase the Placing Shares or procure purchasers to purchase such Placing Shares.

We will grant to the Placing Underwriters the Offer Size Adjustment Option, exercisable by the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters), to require us to offer up to an aggregate of 12,000,000 additional Shares, together representing 15% of the number of Shares initially being offered under the Share Offer, at the Offer Price to solely cover over-allocations in the Placing, if any.

Under the Placing Underwriting Agreement, our Company, our Controlling Shareholders and our executive Directors will agree to indemnify the Placing Underwriters against certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the Placing Underwriters.

Underwriting commission and expenses

Under the terms and conditions of the Public Offer Underwriting Agreement, the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) will receive an underwriting commission equal to 9.0% of the aggregate Offer Price payable in respect of all of the Public Offer Shares (excluding any Placing Shares reallocated to the Public Offer and any Public Offer Shares reallocated to the Placing). The respective entitlements of the Public Offer Underwriters to the underwriting commission will be paid as separately agreed between the Joint Bookrunners and the Public Offer Underwriters. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the relevant Placing Underwriters (but not the Public Offer Underwriters).

Assuming the Offer Size Adjustment Option is not exercised at all and based on an Offer Price of HK$0.75 per Share (being the mid-point of the indicative Offer Price range), the total listing expenses (based on the mid point of the offer price range stated in this prospectus) are estimated to be approximately HK$28.5 million.

Public Offer Underwriters' interests in our Company

Save for their respective obligations under the Public Offer Underwriting Agreement or as otherwise disclosed in this prospectus, none of the Underwriters is interested legally or beneficially in any shares of any of our members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members in the Share Offer.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Public Offer Underwriting Agreement.

Independence of the Sole Sponsor

Halcyon Capital Limited satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

Compliance Adviser's Agreement

Under the compliance adviser's agreement dated 8 April 2017 between Halcyon Capital Limited and our Company ("**Compliance Adviser's Agreement**"), our Company appoints Halcyon Capital Limited, and Halcyon Capital Limited agrees to act, as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a period from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the Compliance Adviser 's Agreement is terminated, whichever is earlier.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus 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.

In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in China.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer which forms part of the Share Offer. Halcyon Capital Limited is the Sole Sponsor for the listing of the Shares on the Stock Exchange. Halcyon Securities Limited and Opus Capital Limited are the Joint Bookrunners of the Share Offer.

The Share Offer initially consists of:

(i) the Public Offer of 8,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in "Public Offer" in this section below; and

(ii) the Placing of 72,000,000 Offer Shares (subject to reallocation and the Offer Size Adjustment Option as mentioned below).

Investors may apply for Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received Offer Shares in the Placing, and to identify and reject indications of interest in the Placing from investors who have applied for Public Offer Shares in the Public Offer. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The Placing will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up and to cease on or around, the last day of lodging applications under the Public Offer.

The number of Offer Shares to be offered under the Public Offer and Placing respectively may be subject to adjustment and, in the case of the Placing only, the Offer Size Adjustment Option as set out in "Structure and Conditions of the Share Offer — Placing — Offer Size Adjustment Option" in this section below.

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the Placing Underwriting Agreement relating to the Placing on the Price Determination Date. Details of the underwriting arrangements are summarised in "Underwriting".

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares pursuant to the Share Offer will be conditional on, among others:

(i) the Listing Division granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the options to be granted under the Share Option Scheme, and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on the Stock Exchange;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the Placing Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Wednesday, 29 November 2017 and in any event, not later than Sunday, 3 December 2017.

If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company by Sunday, 3 December 2017, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Public Offer to be published in The Standard (in English) and the Hong Kong Economic Journal (in Chinese) and on our website (**www.1957.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**) on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Public Offer Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Monday, 4 December 2017 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 5 December 2017 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Public Offer Underwriting Agreement — Grounds for termination" has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

PUBLIC OFFER

Number of Offer Shares initially offered

Our Company is initially offering 8,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Share Offer (assuming that the Offer Size Adjustment Option is not exercised). Subject to the reallocation of Shares between the Placing and the Public Offer as mentioned below, the number of the Public Offer Shares will represent 2.50% of our Company's issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

Completion of the Public Offer is subject to the conditions as set out in "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this section above.

Allocation

Allocation of Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications and any application for more than 8,000,000 Public Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Public Offer is (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be increased to 24,000,000 Offer Shares (in the case of (i)), 32,000,000 Offer Shares (in the case of (ii)) and 40,000,000 Offer Shares (in the case of (iii)), representing 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively (before any exercise of the Offer Size Adjustment Option). In each case, the additional Offer Shares reallocated to the Public Offer will be allocated and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deem appropriate. In addition, in certain prescribed circumstances, the Joint Bookrunners may, at its sole and absolute discretion, reallocate Placing Shares as it deems appropriate from the Placing to the Public Offer to satisfy in whole or in part the excess valid application in the Public Offer.

If the Public Offer Shares are not fully subscribed for, the Joint Bookrunners may, at its sole and absolute discretion, reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportion as the Joint Bookrunners deems appropriate.

Applications

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum price of HK$0.875 per Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "Structure and Conditions of the Share Offer — Price Determination of the Share Offer" in this section below, is less than the maximum price of HK$0.875 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for Public Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the Placing will be 72,000,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer (subject to reallocation and the Offer Size Adjustment Option). Subject to any reallocation of Offer Shares between the Placing and the Public Offer, the Placing Shares will represent 22.5% of our enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue.

The Placing is subject to the same conditions as stated in "Structure and Conditions of the Share Offer — Conditions of the Share Offer" above in this section.

Allocation

The Placing will include selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in "Structure and Conditions of the Share Offer — Price Determination of the Share Offer" in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Offer Size Adjustment Option

In connection with the Share Offer and pursuant to the Placing Underwriting Agreement, we expect to grant an Offer Size Adjustment Option to the Placing Underwriters. Pursuant to the Offer Size Adjustment Option, the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters) will have the right, exercisable at any time before 5:00 p.m. on the business day immediately before the date of the announcement of the results of allocation and the basis of allocation of the Public Offer Shares, to require our Company to issue, at the Offer Price, up to an aggregate of 12,000,000 additional Shares, representing 15% of the initial Offer Shares to cover over-allocations in the Placing, subject to the terms of the Placing Agreement. If the Offer Size Adjustment Option is exercised in full, the additional Shares will represent approximately 3.61% of the enlarged issued share capital of our Company immediately following the completion of the Share Offer, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option (but before any exercise of the options that may be granted under the Share Option Scheme).

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Joint Bookrunners to meet any excess demand in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilisation activities of the Shares in the secondary market after the Listing and will not be subject to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the laws of Hong Kong). No purchase of the Shares in the secondary market will be effected to cover any excess demand in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

Our Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by then, the Offer Size Adjustment Option will lapse and cannot be exercised on any future date. The allotment results announcement will be published on the Stock Exchange website (**www.hkexnews.hk**) and our Company's website (**www.1957.com.hk**).

PRICE DETERMINATION OF THE SHARE OFFER

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Wednesday, 29 November 2017, and in any event not later than Sunday, 3 December 2017, by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will be not more than HK$0.875 per Share and is expected to be not less than HK$0.625 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published in The Standard (in English) and the Hong Kong Economic Journal (in Chinese), and our website (**www.1957.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**) notices of the reduction in the indicative Offer Price range. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Joint Bookrunners (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the levels of indication of interest in the Share Offer, the results of applications and the basis of allotment of Offer Shares under the Public Offer, are expected to be announced on Monday, 4 December 2017 in the manner set out in "How to Apply for Public Offer Shares — 11. Publication of Results" in this prospectus.

DEALINGS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 5 December 2017, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 5 December 2017, and will be traded in board lots of 4,000.

1. HOW TO APPLY

If you apply for the Public Offer Shares, then you may not apply for or indicate an interest for the Placing Shares.

To apply for the 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, 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 FOR THE PUBLIC OFFER SHARES

You can apply for the 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 Unites States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid email 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 or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept or reject it at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares and/or any of our subsidiaries;
- are a Director or chief executive officer of our Company and/or any of our subsidiaries;

- are a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- are an associate of any of the above; and/or
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form 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 Thursday, 23 November 2017 until 12:00 noon on Tuesday, 28 November 2017 from:

(a) any of the following addresses of the Public Offer Underwriters:

Halcyon Securities Limited	11/F, 8 Wyndham Street Central Hong Kong
Opus Capital Limited	18th Floor, Fung House 19–20 Connaught Road Central Central Hong Kong
Astrum Capital Management Limited	Room 2704, 27/F, Tower 1, Admiralty Centre 18 Harcourt Road Hong Kong
Ping An Securities Limited	Unit 02, 2/F, China Merchants Building 152–155 Connaught Road Central Hong Kong

(b) or any of the following branches of **DBS Bank (Hong Kong) Limited**:

	Branch Name	Address
Hong Kong Island	United Centre Branch	Shops 1015–1018 on 1/F & Shops 2032–2034 on 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point
	Happy Valley Branch	G/F, 18A–22 King Kwong Street, Happy Valley
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574–576 Nathan Road, Mongkok
	Kowloon Bay — SME Banking Centre	Shop 6, G/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay
New Territories	Tuen Mun Town Plaza — SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 23 November 2017 until 12:00 noon on Tuesday, 28 November 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 "Ting Hong Nominees Limited — 1957 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:

Thursday, 23 November 2017 — 9:00 a.m. to 5:00 p.m.
Friday, 24 November 2017 — 9:00 a.m. to 5:00 p.m.
Saturday, 25 November 2017 — 9:00 a.m. to 1:00 p.m.
Monday, 27 November 2017 — 9:00 a.m. to 5:00 p.m.
Tuesday, 28 November 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 Tuesday, 28 November 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 below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, you (and if you are joint applicants, each of you jointly and severally for yourself or as an agent or a nominee on behalf of each person for whom you act:

- undertake to execute all relevant documents and instruct and authorise our Company, the Joint Bookrunners and/or the Sole Sponsor (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;

- agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

- confirm that you are aware of the restrictions on the Share Offer in this prospectus;

- agree that none of our Company, the Joint Bookrunners, the Sole Sponsor, the Underwriters, their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

- agree to disclose to our Company, the Hong Kong Share Registrar, receiving bank, the Joint Bookrunners, the Sole Sponsor, 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;

- 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 Sole Sponsor, 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;

- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- agree that your application will be governed by the laws of Hong Kong;

- represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

- warrant that the information you have provided is true and accurate;

- agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

- authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

- understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Underwriters and their respective agents and nominees will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "2. Who can Apply for the Public Offer Shares" in this section above, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for submitting applications under the HK eIPO White Form

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 Thursday, 23 November 2017 until 11:30 a.m. on Tuesday, 28 November 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 28 November 2017 or such later time under the "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**, 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 monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System at **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the **electronic application instructions** are given for your behalf) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners and their respective agents and nominees 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 Sole Sponsor, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, 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 a 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 a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the 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 our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles; 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:

(a) 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;

(b) instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and 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 final Offer Price is less than the Offer Price per Public Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

(c) instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

Thursday, 23 November 2017 — 9:00 a.m. to 8:30 p.m.(1)
Friday, 24 November 2017 — 8:00 a.m. to 8:30 p.m.(1)
Monday, 27 November 2017 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, 28 November 2017 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 23 November 2017 until 12:00 noon on Tuesday, 28 November 2017 (24 hours daily, except on Saturday 25 November 2017 and on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 28 November 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banker, the Joint Bookrunners, 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 Joint Bookrunners, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or persons applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 28 November 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.

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 the Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through **HK eIPO White Form** service in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and 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 — Price Determination of the Share Offer".

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 Tuesday, 28 November 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 Tuesday, 28 November 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", 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 the level of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Monday, 4 December 2017 (a) in The Standard (in English) and the Hong Kong Economic Journal (in Chinese); (b) on our Company's website (**www.1957.com.hk**) and (c) the Stock Exchange's website (**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 our website (**www.1957.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**) by no later than 9:00 a.m. on Monday, 4 December 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 Monday, 4 December 2017 to 12:00 midnight on Friday, 8 December 2017;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 4 December 2017 to Thursday, 7 December 2017 (excluding Saturday, Sunday and Public Holiday); and
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 4 December 2017 to Wednesday, 6 December 2017 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which we 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" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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:

(a) 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 a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may withdraw 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, such acceptance will be subject to the satisfaction of such conditions.

(b) If our Company or our agents exercise their discretion to reject your application:

Our Company, the Joint Bookrunners, 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.

(c) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

(i) within three weeks from the closing date of the application lists; or

(ii) within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

(i) you make multiple applications or suspected multiple applications;

(ii) 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;

(iii) your Application Form is not completed in accordance with the stated instructions;

(iv) 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;

(v) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

(vi) the Underwriting Agreements do not become unconditional or are terminated;

(vii) our Company or the Joint Bookrunners believes that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or

(viii) your application is for more than 8,000,000 Public Offer Shares.

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$0.875 per Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with "Structure and Conditions of the Share Offer — Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 4 December 2017.

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:

(a) 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

(b) 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 final Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the final Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, 4 December 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 order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 5 December 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting — Public Offer underwriting arrangements and expenses — Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(a) 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 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 Monday, 4 December 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 4 December 2017, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 4 December 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 Monday, 4 December 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*

  We will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 4 December 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.

(c) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 4 December 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions on Monday, 4 December 2017 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 Monday, 4 December 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.

(d) If you apply via Electronic Application Instructions to HKSCC

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 4 December 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 Shares in the manner specified in "Publication of Results" above on Monday, 4 December 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 4 December 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 Monday, 4 December 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 initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 4 December 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 set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 1957 & CO. (HOSPITALITY) LIMITED AND HALCYON CAPITAL LIMITED

Introduction

We report on the historical financial information of 1957 & Co. (Hospitality) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-58, which comprises the consolidated statements of financial position as at 31 December 2015 and 2016 and 31 May 2017, the company statements of financial position as at 31 December 2016 and 31 May 2017, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-58 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 November 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's 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 accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an

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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 purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2016 and 31 May 2017 and the consolidated financial position of the Group as at 31 December 2015 and 2016 and 31 May 2017 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 3 and 4.1 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 of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 34 to the Historical Financial Information which states that no dividends have been paid by 1957 & Co. (Hospitality) Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 23 November 2017

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is in HK dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

(A) Consolidated Statements of Financial Position

		As at 31 December		As at 31 May
		2015	2016	2017
	Note	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*15*	154,867	152,353	160,079
Intangible assets	*16*	793	1,230	1,212
Interest in associates	*18*	2,828	36	30
Prepayments and deposits	*19*	190	551	6,864
Deferred tax assets	*27*	6,725	7,675	8,246
		165,403	161,845	176,431
Current assets				
Inventories	*20*	1,386	1,096	1,213
Trade receivables	*19*	1,161	3,788	1,635
Prepayments, deposits and other receivables	*19*	3,488	5,713	7,962
Amounts due from related parties	*32(b)*	6,317	40	—
Tax recoverable		326	532	286
Pledged bank deposits	*21*	1,265	6,078	9,090
Cash and cash equivalents	*21*	28,021	23,906	8,203
		41,964	41,153	28,389
Total assets		207,367	202,998	204,820

	Note	As at 31 December 2015 HK$'000	As at 31 December 2016 HK$'000	As at 31 May 2017 HK$'000
EQUITY				
Capital and reserves attributable to owners of the Company				
Share capital	22	—	—	—
Share premium	22	—	46,483	46,483
Capital reserve		21,080	(2,983)	(2,983)
Currency translation reserve		(31)	—	—
Accumulated losses		(572)	(1,713)	(8,804)
		20,477	41,787	34,696
Non-controlling interest		2,988	6,019	5,939
Total equity		23,465	47,806	40,635
LIABILITIES				
Non-current liabilities				
Bank borrowings	26	—	7,958	12,460
Lease liabilities	24	80,117	74,126	80,821
Deferred income tax liabilities	27	29	25	—
		80,146	82,109	93,281
Current liabilities				
Trade payables	23	9,431	9,148	10,930
Accruals and other payables	23	15,561	13,317	12,900
Lease liabilities	24	33,952	37,925	41,173
Contract liabilities	25	453	411	784
Income tax payable		2,305	566	825
Amounts due to related parties	32(b)	28,441	280	—
Dividends payable		1,800	—	—
Bank borrowings	26	11,813	11,436	4,292
		103,756	73,083	70,904
Total liabilities		183,902	155,192	164,185
Total equity and liabilities		207,367	202,998	204,820

(B) Statements of Financial Position of the Company

	Note	As at 31 December 2016 HK$'000	As at 31 May 2017 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	17	46,483	46,483
Current assets			
Prepayments	19	1,240	3,636
Total assets		47,723	50,119
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	22	—	—
Share premium	22	46,483	46,483
Accumulated losses		(4,696)	(13,293)
Total equity		41,787	33,190
LIABILITIES			
Current liabilities			
Accruals	23	951	3,829
Amount due to a subsidiary		4,985	13,100
		5,936	16,929
Total liabilities		5,936	16,929
Total equity and liabilities		47,723	50,119

(C) Consolidated Income Statements

	Note	Year ended 31 December 2015 HK$'000	Year ended 31 December 2016 HK$'000	Five months ended 31 May 2016 HK$'000 (Unaudited)	Five months ended 31 May 2017 HK$'000
Revenue	8	161,750	217,793	87,585	98,950
Other income and gains/(losses), net	9	40	1,018	10	(46)
Cost of inventories sold		(46,038)	(58,845)	(24,101)	(26,662)
Employee benefit expenses	12	(52,807)	(73,804)	(31,541)	(33,575)
Depreciation, amortisation and impairment		(32,106)	(43,737)	(18,055)	(19,931)
Royalty fees		(2,561)	(2,519)	(996)	(1,251)
Rental expenses		(3,961)	(4,216)	(2,341)	(2,141)
Utilities		(4,489)	(6,253)	(2,282)	(2,619)
Other operating expenses	11	(16,955)	(19,033)	(7,512)	(9,336)
Listing expenses		—	(4,696)	—	(8,597)
Operating profit/(loss)		2,873	5,708	767	(5,208)
Finance income		5	4	—	13
Finance costs		(2,742)	(3,443)	(1,509)	(1,619)
Finance costs, net	10	(2,737)	(3,439)	(1,509)	(1,606)
Share of losses of associates		(120)	(509)	(239)	(6)
Profit/(loss) before income tax		16	1,760	(981)	(6,820)
Income tax expense	13	15	(1,210)	108	(311)
Profit/(loss) for the year/period		31	550	(873)	(7,131)
Profit/(loss) for the year/period attributable to:					
— Owners of the company		643	359	(909)	(7,091)
— Non-controlling interests		(612)	191	36	(40)
		31	550	(873)	(7,131)
Earnings/(losses) per share attributable to owners of the company for the year/period (expressed in HK$ per share)					
— Basic and diluted	14	0.31	5.50	(8.73)	(71.31)

Note: The earnings/(losses) per share presented above has not taken into account the proposed capitalisation issue pursuant to the resolution in writing of the shareholders passed on 6 November 2017 because the proposed capitalisation issue has not become effective.

(D) Consolidated Statements of Comprehensive Income

	Year ended 31 December 2015 HK$'000	Year ended 31 December 2016 HK$'000	Five months ended 31 May 2016 HK$'000 (Unaudited)	Five months ended 31 May 2017 HK$'000
Profit/(loss) for the year/period	31	550	(873)	(7,131)
Other comprehensive (loss)/ income				
Items that may be reclassified to profit or loss				
— Currency translation differences	(31)	31	(3)	—
Total comprehensive income/ (loss) for the year/period	—	581	(876)	(7,131)
Total comprehensive income/ (loss) for the year/period attributable to:				
— Owners of the company	612	390	(912)	(7,091)
— Non-controlling interests	(612)	191	36	(40)
	—	581	(876)	(7,131)

(E) Consolidated Statements of Changes in Equity

	Attributable to the owners of the Company							
	Share capital *(Note 22)* HK$'000	Share premium *(Note 22)* HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2015	–	–	20,280	–	985	21,265	–	21,265
Comprehensive income								
Profit/(loss) for the year	–	–	–	–	643	643	(612)	31
Other comprehensive loss								
Currency translation differences	–	–	–	(31)	–	(31)	–	(31)
Total comprehensive (loss)/income	–	–	–	(31)	643	612	(612)	–
Transactions with owners								
Capital contribution from shareholders and non-controlling shareholder of a subsidiary *(Note (a))*	–	–	800	–	–	800	3,600	4,400
Dividends	–	–	–	–	(2,200)	(2,200)	–	(2,200)
Total transactions with owners	–	–	800	–	(2,200)	(1,400)	3,600	2,200
Balance at 31 December 2015	–	–	21,080	(31)	(572)	20,477	2,988	23,465

	Attributable to the owners of the Company							
	Share capital (Note 22) HK$'000	Share premium (Note 22) HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2016	—	—	21,080	(31)	(572)	20,477	2,988	23,465
Comprehensive income								
Profit for the year	—	—	—	—	359	359	191	550
Other comprehensive income								
Currency translation differences	—	—	—	31	—	31	—	31
Total comprehensive income	—	—	—	31	359	390	191	581
Transactions with owners								
Capitalisation of loans from shareholders and non-controlling shareholder of a subsidiary *(Note (b))*	—	—	22,420	—	—	22,420	40	22,460
Issuance of ordinary shares and effects of reorganisation *(Note 2)*	—	46,483	(46,483)	—	—	—	—	—
Non-controlling interests arising on business combination *(Note 31)*	—	—	—	—	—	—	2,800	2,800
Dividends	—	—	—	—	(1,500)	(1,500)	—	(1,500)
Total transactions with owners	—	46,483	(24,063)	—	(1,500)	20,920	2,840	23,760
Balance at 31 December 2016	—	46,483	(2,983)	—	(1,713)	41,787	6,019	47,806
(Unaudited)								
Balance at 1 January 2016	—	—	21,080	(31)	(572)	20,477	2,988	23,465
Comprehensive income								
(Loss)/profit for the period	—	—	—	—	(909)	(909)	36	(873)
Other comprehensive loss								
Currency translation differences	—	—	—	(3)	—	(3)	—	(3)
Total comprehensive (loss)/income	—	—	—	(3)	(909)	(912)	36	(876)
Balance at 31 May 2016	—	—	21,080	(34)	(1,481)	19,565	3,024	22,589

	Attributable to the owners of the Company							
	Share capital (Note 22) HK$'000	Share premium (Note 22) HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interest HK$'000	Total equity HK$'000
Balance at 1 January 2017	—	46,483	(2,983)	—	(1,713)	41,787	6,019	47,806
Comprehensive loss								
Loss for the period	—	—	—	—	(7,091)	(7,091)	(40)	(7,131)
Transactions with owners								
Capital reduction of a subsidiary *(Note (c))*	—	—	—	—	—	—	(40)	(40)
Balance at 31 May 2017	—	46,483	(2,983)	—	(8,804)	34,696	5,939	40,635

Notes:

(a) The amount represents capital contribution from shareholders and a non-controlling shareholder of the three subsidiaries incorporated during the year ended 31 December 2015.

(b) During the year ended 31 December 2016, advances to shareholders of HK$5,940,000 (included in amounts due from related parties) were settled through capital reduction and the loans from shareholders of HK$28,360,000 (included in amounts due to related parties) were capitalised in capital reserve.

(c) During the five months ended 31 May 2017, amount due from a non-controlling interest shareholder of a subsidiary of HK$40,000 was settled through capital reduction.

(F) Consolidated Statements of Cash Flows

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Cash flows from operating activities				
Profit/(loss) before income tax	16	1,760	(981)	(6,820)
Adjustments for:				
— Depreciation, amortisation and impairment	32,106	43,737	18,055	19,931
— (Gain)/loss on disposal of property, plant and equipment	(11)	(588)	—	98
— Share of losses of associates	120	509	239	6
— Loss on disposal of associates	—	14	—	—
— Gains on early termination of a lease contract	—	(147)	—	—
— Finance income	(5)	(4)	—	(13)
— Finance expenses	2,742	3,443	1,509	1,619
Operating cash flows before changes in working capital	34,968	48,724	18,822	14,821
Changes in working capital:				
— Inventories	119	290	163	(117)
— Trade and other receivables	(366)	(2,448)	(1,508)	(1,228)
— Trade and other payables	10,017	(1,117)	(2,991)	3,596
— Contract liabilities	453	(42)	87	373
— Amount due to a non-controlling shareholder of a subsidiary	—	—	—	(177)
— Amounts due from associates	—	(502)	161	—
— Amount due to an associate	(162)	75	94	(103)
Cash generated from operations	45,029	44,980	14,828	17,165
Interest paid	(2,742)	(3,443)	(1,509)	(1,619)
Income tax paid	(4,728)	(4,109)	(1,108)	(402)
Net cash generated from operating activities	37,559	37,428	12,211	15,144

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Cash flows from investing activities				
Acquisition of interest in associates	(2,979)	—	—	—
Acquisition of a subsidiary, net of cash acquired *(Note 31)*	—	10	—	—
Pledged bank deposit	—	(1,813)	(1,813)	—
Purchase of property, plant and equipment	(21,696)	(12,088)	(4,504)	(5,276)
Prepayment for purchase of property, plant and equipment and intangible assets	—	—	—	(3,807)
Proceeds from disposal of property, plant and equipment	14	198	—	—
Proceeds from disposal of associates	—	2,300	—	—
Interest received	5	4	—	13
Net cash used in investing activities	(24,656)	(11,389)	(6,317)	(9,070)
Cash flows from financing activities				
Capital contribution from shareholders and non-controlling shareholder of a subsidiary	4,400	—	—	—
Loans from shareholders	2,600	—	—	—
Repayment of loans from shareholders	(4,800)	(1,553)	(1,553)	—
Dividends paid	(400)	(1,800)	(1,800)	—
Proceeds from bank borrowings	12,000	10,000	—	8,000
Repayment of bank borrowings	(187)	(2,419)	(886)	(10,642)
Addition of pledged bank deposit for bank borrowings	—	(3,000)	—	(3,012)
Payment of lease liabilities	(23,457)	(30,434)	(12,232)	(14,387)
Listing expenses paid	—	(948)	—	(1,736)
Net cash used in financing activities	(9,844)	(30,154)	(16,471)	(21,777)
Net increase/(decrease) in cash and cash equivalents	3,059	(4,115)	(10,577)	(15,703)
Cash and cash equivalents at 1 January	24,962	28,021	28,021	23,906
Cash and cash equivalents at 31 December/31 May	28,021	23,906	17,444	8,203

Major non-cash transactions:

During the year ended 31 December 2016, advances to shareholders of HK$5,940,000, (included in amounts due from related parties) were settled through capital reduction and the loans from shareholders of HK$28,360,000 (included in amounts due to related parties) were capitalised in capital reserve.

Dividends declared during the year ended 31 December 2016 amounting HK$1,500,000 were settled through offsetting with loans from shareholders.

During the five months ended 31 May 2017, amount due from a non-controlling shareholder of a subsidiary of HK$40,000 was settled through capital reduction.

The reconciliation of liabilities arising from financing activities is as follows:

	Borrowings (current) *HK$'000*	**Borrowings (non-current)** *HK$'000*	**Loans from shareholders** *HK$'000*	**Lease liabilities** *HK$'000*	**Total** *HK$'000*
At 1 January 2015	—	—	30,613	69,685	100,298
Cash flows					
— Inflow from financing activities	12,000	—	2,600	—	14,600
— Outflow from financing activities	(187)	—	(4,800)	(23,457)	(28,444)
— Outflow from operating activities	(44)	—	—	(2,698)	(2,742)
Non-cash changes					
— Finance cost	44	—	—	2,698	2,742
— Additions of lease liabilities	—	—	—	67,841	67,841
At 31 December 2015	11,813	—	28,413	114,069	154,295
Cash flows					
— Inflow from financing activities	2,000	8,000	—	—	10,000
— Outflow from financing activities	(2,377)	(42)	(1,553)	(30,434)	(34,406)
— Outflow from operating activities	(349)	—	—	(3,094)	(3,443)
Non-cash changes					
— Dividend	—	—	1,500	—	1,500
— Capitalisation in capital reserve	—	—	(28,360)	—	(28,360)
— Finance cost	349	—	—	3,094	3,443
— Additions of lease liabilities	—	—	—	17,705	17,705
— Acquisition of a subsidiary *(Note 31)*	—	—	—	11,279	11,279
— Reversal of lease liabilities	—	—	—	(568)	(568)
At 31 December 2016	11,436	7,958	—	112,051	131,445
Cash flows					
— Inflow from financing activities	2,000	6,000	—	—	8,000
— Outflow from financing activities	(9,144)	(1,498)	—	(14,387)	(25,029)
— Outflow from operating activities	(231)	—	—	(1,388)	(1,619)
Non-cash changes					
— Finance cost	231	—	—	1,388	1,619
— Additions of lease liabilities	—	—	—	24,330	24,330
At 31 May 2017	4,292	12,460	—	121,994	138,746
(Unaudited)					
At 1 January 2016	11,813	—	28,413	114,069	154,295
Cash flows					
— Outflow from financing activities	(886)	—	(1,553)	(12,232)	(14,671)
— Outflow from operating activities	(143)	—	—	(1,366)	(1,509)
Non-cash changes					
— Finance cost	143	—	—	1,366	1,509
— Additions of lease liabilities	—	—	—	84	84
At 31 May 2016	10,927	—	26,860	101,921	139,708

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

1957 & Co. (Hospitality) Limited (the "Company") was incorporated in the Cayman Islands on 3 February 2016 as an exempted company with limited liability under Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Room 1004, 10/F, Tung Chiu Commercial Centre, 193 Lockhart Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in operation of restaurants and catering management and consultancy services (the "Listing Business"). During the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, the Listing Business was carried out through the subsidiaries of the Company.

Kwan Wing Kuen Tino, Kwok Chi Po ("Mr. Kwok") and Leung Chi Tien Steve, directors of the Company, are controlling shareholders of the Group.

2 REORGANISATION

In preparation for the listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation which principally involved the following steps:

a. On 3 February 2016, the Company was incorporated in the Cayman Islands and one share was allotted and issued to a first subscriber which was then transferred to Mr. Kwok.

b. On 4 February 2016, 1957 & Co. (BVI) Hospitality Limited was incorporated in the British Virgin Islands (the "BVI") and one share was allotted and issued to a first subscriber which was then transferred to the Company.

c. On 3 August 2016, 1957 & Co. (Management) Limited transferred 60% of its equity interest in Modern Shanghai (Hong Kong) Food & Beverage Limited and 40% of its equity interest in Modern Shanghai (International) Food & Beverage Limited to 1957 & Co. (Hospitality) HK Limited, a company incorporated in Hong Kong, at an aggregate consideration of HK$130,000.

d. On 28 December 2016, the Company acquired entire equity interest in 1957 & Co. (Hospitality) HK Limited and 1957 & Co. (Management) Limited from their then equity holders and the consideration was settled by the issuance of an aggregate of 62,199 shares of the Company to the then equity holders or their wholly owned private companies. The Company then nominated 1957 & Co. (BVI) Hospitality Limited to take up the shares acquired.

e. On 28 December 2016, the Company acquired 40% equity interest in Sushi Ta-ke Limited, Mango Tree (HK) Limited, Mango Tree (Kowloon) Limited, Gonpachi Restaurant Limited, An Nam Restaurant Limited, Petit An Nam (YOHO Midtown) Restaurant Limited, An Nam (Festival Walk) Restaurant Limited and Bella Vita Limited from their then equity holders and the consideration was settled by the issuance of an aggregate of 37,800 shares of the Company to the then equity holders or their wholly owned private companies. The Company then nominated 1957 & Co. Hospitality HK Limited to take up the shares acquired.

f. On 28 December 2016, P.S Hospitality Limited, a company incorporated in the BVI and wholly owned by Mr. Kwok, acquired 1 share of the Company from Mr. Kwok at a consideration of HK$0.0001.

After the completion of the Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Principal activities and place of operation	Issued and fully paid share capital	Effective interest held by the Group 31 December 2015	31 December 2016	31 May 2017	At the date of this report	Name of statutory auditors 2015	2016
Direct Interests:									
1957 & Co. (BVI) Hospitality Limited	BVI; 4 February 2016	Investment holding in BVI	N/A	N/A	100%	100%	100%	N/A	(c)
Indirect Interests:									
1957 & Co. (Hospitality) HK Limited	Hong Kong; 27 July 2009	Investment holding and ownership of trade marks	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
1957 & Co. (Management) Limited	Hong Kong; 27 July 2009	Restaurant management and consultancy services in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
1957 & Co. (Shenzhen) Restaurant Management Limited	The PRC; 11 November 2016	Restaurant management and consultancy services in the PRC	US$200,000	N/A	100%	100%	100%	N/A	(a)
An Nam (Festival Walk) Restaurant Limited	Hong Kong; 23 March 2015	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
An Nam Restaurant Limited	Hong Kong; 31 May 2013	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
Bella Vita Limited	Hong Kong; 5 July 2010	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
1957 and Partners Limited	Hong Kong; 30 June 2017	Restaurant operation in Hong Kong	HK$100	N/A	N/A	N/A	51%*	N/A	N/A
Gonpachi Restaurant Limited	Hong Kong; 31 May 2013	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
Hokkaidon Restaurant Limited	Hong Kong; 16 August 2016	Restaurant operation in Hong Kong	HK$7,000,000	N/A	60%	60%	60%	N/A	(a)
L Garden and Partners Limited	Hong Kong; 30 June 2017	Restaurant operation in Hong Kong	HK$100	N/A	N/A	N/A	71%*	N/A	N/A
Mango Tree (HK) Limited	Hong Kong; 6 July 2011	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
Mango Tree (Kowloon) Limited	Hong Kong; 28 August 2012	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
Modern Shanghai (Hong Kong) Food & Beverage Limited	Hong Kong; 7 January 2015	Restaurant operation in Hong Kong	HK$100,000	60%	60%	60%	60%	(b)	(b)
Modern Shanghai (YOHO Midtown) Restaurant Limited	Hong Kong; 19 March 2015	Restaurant operation in Hong Kong	HK$100,000	60%	60%	60%	60%	(b)	(b)
Petit An Nam (YOHO Midtown) Restaurant Limited	Hong Kong; 27 March 2015	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)
Sushi Ta-ke Limited	Hong Kong; 16 April 2010	Restaurant operation in Hong Kong	HK$1,000,000	100%	100%	100%	100%	(b)	(b)

* The companies were newly incorporated during the period subsequent to 31 May 2017.

(a) No audited statutory financial statements have been issued for the subsidiary as it is newly incorporated in the year ended 31 December 2016.

(b) The statutory auditor for the years ended 31 December 2015 and 2016 was PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

(c) No audited statutory financial statements have been issued for the subsidiary as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

3 BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, the Listing Business is controlled and operated by the controlling shareholders. The Listing Business is conducted through the subsidiaries of the Company. Pursuant to the Reorganisation, the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management and the ultimate owners of the Listing Business remain the same.

Accordingly, for the purpose of this report, the Historical Financial Information has been presented as follows:

(a) The consolidated statements of financial position of the Group as at 31 December 2015 and 2016 and 31 May 2017, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 have been prepared as if the current group structure had been in existence throughout the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

(b) The financial information of the companies has been included in the Historical Financial Information from their respective dates of incorporation, or since the dates when they first came under the control of controlling shareholders, whichever is a shorter period.

(c) Inter-company transactions and balances have been eliminated.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA. The consolidated financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Group had current liabilities of HK$70,904,000 as at 31 May 2017 of which HK$41,173,000 were lease liabilities where the corresponding right-of-use assets were included in property, plant and equipment within non-current assets. Setting aside the lease liabilities of HK$41,173,000, the Group's current liabilities exceeded its current assets by HK$1,342,000 as at 31 May 2017. Subsequently, the Group has obtained long-term borrowing facilities in the amounts of HK$12,000,000 and HK$12,000,000, respectively, from two banks. These borrowing facilities are repayable in 60 monthly instalments from the first day of drawdown and the Group has utilised HK$24,000,000 of these borrowing facilities as of the date of this report. The directors of the Company have considered the Group's consolidated financial position and available long term borrowing facilities to conclude that the Group has sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months. Accordingly, the Group's Historical Financial Information has been prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

4.2 New standards and amendments to standards and interpretations

(i) New standards early adopted by the Group

HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") and HKFRS 16 "Leases" ("HKFRS 16") are mandatorily effective for annual periods beginning on or after 1 January 2018 and 1 January 2019, respectively. The Group decided to early adopt HKFRS 15 and HKFRS 16. The adoption has been applied retrospectively in the financial statements throughout the Track Record Period.

(ii) New standards and amendments to standards and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations have been issued but not effective during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017 and have not been early adopted by the Group in preparing these Historical Financial Information:

		Effective for annual periods beginning on or after
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HK (IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

HKFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The Group assesses that adopting HKFRS 9 will not have a material impact to the Group's financial information.

4.3 Subsidiaries

4.3.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss.

Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.3.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4.4 Non-controlling interests

Non-controlling interests at the date of statement of financial position, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position separately from equity attributable to owners of the Company. The results of the Group are presented on the face of the consolidated income statement as an attribution of the Group's profit or loss for the year between non-controlling interests and owners of the Company.

4.5 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

4.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Executive Directors, who make strategic decisions.

4.7 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Hong Kong dollars ("HK$"), which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the income statement within 'other operating expenses'.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income.

4.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statements during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Shorter of 5 years or remaining lease term
Furniture and fixture	5 years
Kitchen and operating equipment	3 to 5 years
Computer equipment	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in "Other gains, net" in the consolidated income statements.

Right-of-use assets included the rights to use certain properties under leases which are measured at cost. The initial costs of right-of-use assets include the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4.9 Intangible assets

Separately acquired intangible assets are recognised at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. The Group's franchise and licensing rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of franchise and licensing rights over their estimated useful lives of 20 years.

4.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.11 Financial assets

4.11.1 Classification

Management determines the classification of its financial assets at initial recognition. The Group classifies its financial assets into loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprises 'trade receivables', 'deposits and other receivables', 'amounts due from related parties', 'pledged bank deposits' and 'cash and cash equivalents' in the consolidated statements of financial position.

4.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

4.11.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4.12 Impairment of financial assets carried at amortised cost

The Group assesses at the date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors 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 where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivable category, the amount of the loss 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 been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated income statements. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statements.

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is determined using the first-in first-out (FIFO) method. The cost of inventories comprises purchase costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.14 Trade and other receivables

Trade receivables are amounts due from customers for catering services or management and consultancy services provided in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

4.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, if applicable.

4.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4.17 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

4.19 Borrowing costs

All borrowing costs are recognised in the consolidated income statements in the period in which they are incurred since no borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets.

4.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.21 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of service rendered by employees up to the date of statement of financial position.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(c) Pension obligations

The Group contributed to a mandatory provident fund scheme (the "MPF Scheme") which is a defined contribution plan and is available to all employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are calculated as a percentage of employees' basic salaries. The MPF Scheme cost charged to profit or loss represents contributions payable by the Group to the MPF Scheme.

The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

(d) Long service payments

In Hong Kong, employees who have completed a required number of years of service to the Group are eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment, provided that such termination meet the circumstances specified in the Hong Kong Employment Ordinance.

4.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.23 Revenue recognition

(a) Revenue from operation of restaurants

The Group operates restaurants to provide catering services. Revenue from catering services is recognised when the related catering services are rendered.

Payment of the transaction is due immediately when the catering services are provided to customers.

(b) Revenue from catering management and consultancy services

The Group provides catering management and consultancy services to other restaurant operators. For catering management and consultancy services, revenue is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(c) Customer loyalty programme

The Group maintains a customer loyalty programme which grants customer loyalty award credits to members of the customer loyalty programme based on the relevant members' spending at the Group's restaurants. The award credits entitle the customers to discount on future spending.

Amounts received in the sales transaction that grants the customer loyalty award credits are allocated to the loyalty award credits earned by members of the Group's customer loyalty programme and other components of the sales transaction on a relative standalone selling price basis. The standalone selling price per credit is estimated on the basis of the discount granted when the credits are redeemed and on the basis of the likelihood of redemption, based on past experience. The value attributed to the customer loyalty award credits is deferred as a contract liability. Revenue from the award credits is recognised when the credits are redeemed or when they expire.

4.24 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

4.25 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the company's shareholders or directors, where appropriate.

4.26 Leases

The Group leases various properties to operate its restaurants. Property leases are typically made for fixed periods of one to six years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Property leases are recognised as right-of-use assets (included in property, plant and equipment) and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of less than 12 months. Low-value assets comprise IT-equipment and small items of office furniture.

Extension options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Group and not by the respective Lessor. The Group considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks factors: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. The management monitors and manages the financial risks through internal risk assessment which analyses exposures by degree and magnitude of risks.

(a) Market risk

(i) Foreign exchange risk

The Group has investment in associated companies in the PRC, whose net assets is exposed to foreign currency translation risk.

(ii) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash at banks held at variable rates. As at 31 December 2015 and 2016 and 31 May 2017, the Group's borrowings at variable rate were denominated in the HK$.

At 31 December 2015 and 2016 and 31 May 2017, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis higher/lower with all other variables held constant, post-tax profit for the year/period would have been HK$49,000, HK$80,000 and HK$70,000 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group has no significant concentration of credit risk with respect to trade receivables as the Group mainly sells to a large number of customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds, the Group does not have any other significant concentration of credit risk.

(c) Liquidity risk

The liquidity of the Group is adequately managed and monitored by maintaining sufficient cash balance to meet its financial commitments. Accordingly, the directors are of the opinion that the Group does not have significant liquidity risk.

The contractual maturity for the Group's financial liabilities at the date of statement of financial position is as follows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due equal their carrying amounts as the impact of discounting is not significant.

As at 31 December 2015, bank borrowing only comprised a loan facility granted to a subsidiary at variable interest rate of 2% below the best lending rate of Hong Kong dollars. Such facility was guaranteed by the then shareholders of the subsidiary. Meanwhile, the subsidiary breached two of the loan covenants of this bank borrowing when it failed to (i) transfer from other banks and maintain at least 80% of its operating account in such bank, and (ii) maintain a prescribed adjusted tangible net worth of no less than HK$7,000,000 which excluded the amount due to related company.

On 10 August 2016, the Group have obtained the consent from the relevant bank confirming that such breaches have not triggered any default or event of default to recourse such bank loan for the year ended 31 December 2015 only. Hence, this bank borrowing was classified as current liabilities as at 31 December 2015 and 2016. The Group has repaid such facility in full in May 2017 and the facility line was then terminated under mutual agreement among the Group and the relevant bank.

	Less than 1 year *HK$'000*	**Between 1 and 2 years** *HK$'000*	**Between 2 and 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
At 31 December 2015					
Trade payables	9,431	—	—	—	9,431
Other payables and accruals	14,678	—	—	—	14,678
Lease liabilities	33,952	29,911	56,051	1,346	121,260
Dividend payable	1,800	—	—	—	1,800
Bank borrowings	12,720	—	—	—	12,720
Amounts due from related parties	28,441	—	—	—	28,441
	101,022	29,911	56,051	1,346	188,330
At 31 December 2016					
Trade payables	9,148	—	—	—	9,148
Other payables and accruals	11,473	—	—	—	11,473
Lease liabilities	37,925	36,318	43,964	—	118,207
Bank borrowings	12,289	2,156	6,289	—	20,734
Amounts due to related parties	280	—	—	—	280
	71,115	38,474	50,253	—	159,842
At 31 May 2017					
Trade payables	10,930	—	—	—	10,930
Other payables and accruals	11,343	—	—	—	11,343
Lease liabilities	41,173	36,534	47,195	4,239	129,141
Bank borrowings	4,760	4,638	8,492	—	17,890
	68,206	41,172	55,687	4,239	169,304

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner to procure adequate financial resumes from the owner. The Group's overall strategy remains consistent during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owner or issue new shares.

The capital structure of the Group consists of shareholders' equity and total borrowings. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statements of financial position and excluding lease liabilities) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statements of financial position plus net debt.

The gearing ratios as at 31 December 2015 and 2016 and 31 May 2017 are as follows:

	As at 31 December 2015	**As at 31 December 2016**	**As at 31 May 2017**
	HK$'000	*HK$'000*	*HK$'000*
Total borrowings	11,813	19,394	16,752
Less: cash and cash equivalents	(28,021)	(23,906)	(8,203)
Net (cash)/debt	(16,208)	(4,512)	8,549
Total equity	23,465	47,806	40,635
Total capital	7,257	43,294	49,184
Gearing ratio	N/A	N/A	17.4%

As at 31 December 2015 and 2016, the Group had a net cash position and its cash and cash equivalents exceeded the total balance of borrowings by HK$16,208,000 and HK$4,512,000 respectively. Accordingly, the analysis on the Group's gearing ratio is not presented in the Historical Financial Information.

5.3 Fair value estimation

The carrying values less impairment provision of trade and other receivables, and trade and other payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, unless the effect of discounting is insignificant.

6 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Customer loyalty award credits

The amount of revenue attributable to the customer loyalty award credits earned by the members of the Group's customer loyalty programmes is estimated based on the fair value of the credits awarded and the expected redemption rate. The fair value of the credits awarded is estimated by reference to revenue. The expected redemption rate was estimated based on historical experience and anticipated redemption pattern.

(b) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may be not recoverable. The recoverable amounts have been determined based on fair value less costs to sell or value-in-use valuations. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying amount of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) 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 in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of its operations.

(c) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group consider future taxable income and ongoing prudent and appropriate tax planning strategies. In the event that the Group's estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current income tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of tax loss carry-forwards in the future, adjustments to the recorded amount of net deferred income tax assets and income tax expense would be made.

7 SEGMENT INFORMATION

The CODM has been identified as the Executive Directors of the Company who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of segment profit, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that other income and gains, net, finance income, finance costs, share of losses of associates as well as head office expenses are excluded from such measurement.

The Group is principally engaged in operation of restaurants and provision of catering management and consultancy services.

The following is an analysis of the Group's revenue, results, assets and liabilities by operating and reportable segments:

Segment revenue and results

Year ended 31 December 2015

	Operation of restaurants *(Note)* *HK$'000*	Catering management and consultancy services *HK$'000*	Total *HK$'000*
Total segment revenue	161,010	8,743	169,753
Inter-segment revenue	—	(8,003)	(8,003)
Revenue	161,010	740	161,750
Timing of revenue recognition			
Over time	161,010	740	161,750
Result			
Segment profit	7,718	262	7,980
Other income and gains/(losses), net			40
Unallocated staff costs			(6,206)
Unallocated depreciation and amortisation			(645)
Unallocated utilities and consumables			(55)
Unallocated other expenses			(978)
Share of losses of associates			(120)
Profit before income tax			16

Year ended 31 December 2016

	Operation of restaurants *(Note)* *HK$'000*	Catering management and consultancy services *HK$'000*	Total *HK$'000*
Total segment revenue	216,192	9,435	225,627
Inter-segment revenue	—	(7,834)	(7,834)
Revenue	216,192	1,601	217,793
Timing of revenue recognition			
Over time	216,192	1,601	217,793
Result			
Segment profit	16,035	801	16,836
Other income and gains/(losses), net			1,011
Unallocated staff costs			(8,603)
Unallocated depreciation and amortisation			(738)
Unallocated utilities and consumables			(61)
Unallocated other expenses			(1,480)
Share of losses of associates			(509)
Listing expenses			(4,696)
Profit before income tax			1,760

The five months ended 31 May 2016 (Unaudited)

	Operation of restaurant *(Note)* *HK$'000*	Catering management and consultancy services *HK$'000*	Total *HK$'000*
Total segment revenue	87,245	3,592	90,837
Inter-segment revenue	—	(3,252)	(3,252)
Revenue	87,245	340	87,585
Timing of revenue recognition			
Over time	87,245	340	87,585
Result			
Segment profit	3,003	241	3,244
Other income and gains/(losses), net			10
Unallocated staff costs			(3,108)
Unallocated depreciation and amortisation			(307)
Unallocated utilities and consumables			(31)
Unallocated other expenses			(550)
Share of losses of associates			(239)
Loss before income tax			(981)

The five months ended 31 May 2017

	Operation of restaurant *(Note)* *HK$'000*	Catering management and consultancy services *HK$'000*	Total *HK$'000*
Total segment revenue	98,058	6,290	104,348
Inter-segment revenue	—	(5,398)	(5,398)
Revenue	98,058	892	98,950
Timing of revenue recognition			
Over time	98,058	892	98,950
Result			
Segment profit	7,082	539	7,621
Other income and gains/(losses), net			(46)
Unallocated staff costs			(4,735)
Unallocated depreciation and amortisation			(307)
Unallocated utilities and consumables			(26)
Unallocated other expenses			(724)
Share of losses of associates			(6)
Listing expenses			(8,597)
Loss before income tax			(6,820)

Note: The following table sets out the disaggregation by restaurant of Group's revenue from operation of restaurants in Hong Kong.

	Year ended 31 December 2015	Year ended 31 December 2016	Five months ended 31 May 2016	Five months ended 31 May 2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Restaurant A	21,270	19,665	8,164	6,487
Restaurant B	26,909	27,089	11,041	10,787
Restaurant C	4,437	40,937	15,791	15,108
Restaurant D	5,990	14,082	5,867	5,062
Restaurant E	8,510	23,679	9,865	10,027
Restaurant F	27,912	33,745	12,822	13,762
Restaurant G	45,333	41,702	16,741	16,808
Restaurant H	8,729	5,269	3,017	—
Restaurant I	11,920	8,707	3,937	—
Restaurant J	—	1,317	—	10,914
Restaurant K	—	—	—	9,103
	161,010	216,192	87,245	98,058

Information about major customers

There are no single external customers contributed to more than 10% revenue of the Group during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

Segment assets and liabilities

At 31 December 2015

	Operation of restaurants	Catering management and consultancy services	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	207,849	14,354	(14,836)	207,367
Elimination of inter-segment receivables	(8,012)	(6,824)	14,836	—
	199,837	7,530	—	207,367
Segment liabilities	187,933	10,805	(14,836)	183,902
Elimination of inter-segment payables	(6,824)	(8,012)	14,836	—
	181,109	2,793	—	183,902

At 31 December 2016

	Operation of restaurants HK$'000	Catering management and consultancy services HK$'000	Elimination HK$'000	Total HK$'000
Segment assets	211,157	25,391	(33,550)	202,998
Elimination of inter-segment receivables	(21,955)	(11,595)	33,550	—
	189,202	13,796	—	202,998
Segment liabilities	164,468	24,274	(33,550)	155,192
Elimination of inter-segment payables	(11,595)	(21,955)	33,550	—
	152,873	2,319	—	155,192

At 31 May 2017

	Operation of restaurant HK$'000	Catering management and consultancy services HK$'000	Elimination HK$'000	Total HK$'000
Segment assets	226,346	32,708	(54,234)	204,820
Elimination of inter-segment receivables	(29,834)	(24,400)	54,234	—
	196,512	8,308	—	204,820
Segment liabilities	187,027	31,392	(54,234)	164,185
Elimination of inter-segment payables	(24,400)	(29,834)	54,234	—
	162,627	1,558	—	164,185

Geographical information

The Group's revenue from operation of restaurants is mainly derived from customers in Hong Kong and revenue from catering management and consultancy services is mainly derived from customers in Hong Kong and the PRC. The principal assets of the Group were also located in Hong Kong as at 31 December 2015 and 2016 and 31 May 2017. Accordingly, no analysis by geographical segment is provided.

8 REVENUE

Revenue represents income from operation of restaurants and catering management and consultancy services.

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	HK$'000	HK$'000 (Unaudited)	HK$'000
Operation of restaurants	161,010	216,192	87,245	98,058
Catering management and consultancy services	740	1,601	340	892
	161,750	217,793	87,585	98,950

9 OTHER INCOME AND GAINS/(LOSSES) NET

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment	11	588	—	(98)
Gains on early termination of a lease contract	—	147	—	—
Loss on disposal of associates	—	(14)	—	—
Sundry income	29	297	10	52
	40	1,018	10	(46)

10 FINANCE COSTS, NET

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Finance income				
Interest income	5	4	—	13
Finance cost				
Interest expenses on bank borrowings	(44)	(349)	(143)	(231)
Interest expenses on lease liabilities	(2,698)	(3,094)	(1,366)	(1,388)
	(2,742)	(3,443)	(1,509)	(1,619)
Finance costs, net	(2,737)	(3,439)	(1,509)	(1,606)

11 OTHER OPERATING EXPENSES

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Auditor's remuneration				
— Audit services	403	305	110	226
— Non-audit services	294	151	50	115
Advertising and promotion	1,088	723	236	144
Cleaning and laundry expenses	4,614	5,763	2,449	2,969
Credit card charges	2,808	3,492	1,440	1,603
Commission	—	218	44	248
Decoration	495	337	167	188
Legal and professional fees	340	1,286	192	308
Paper and related supplies	426	588	270	224
Printing expenses	924	835	435	365
Restaurant supplies	1,738	1,167	538	850
Repair and maintenance	1,206	1,489	622	773
Staff training, recruitment and uniform	535	422	179	99
Travelling expenses	585	713	201	254
Others	1,499	1,544	579	970
	16,955	19,033	7,512	9,336

12 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Wages, salaries, bonus and other benefits	50,501	70,607	29,989	32,200
Pension costs — defined contribution plans	2,306	3,197	1,552	1,375
	52,807	73,804	31,541	33,575

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for both of the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 included two directors whose emoluments are reflected in the analysis presented in Note 33. The emoluments payable to the remaining three individuals during both of the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 are as follows:

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Basic salaries, allowances and benefits	1,539	1,712	690	854
Discretionary bonuses	331	302	66	72
Employer's contribution to pension scheme	54	50	23	23
	1,924	2,064	779	949

The emoluments of the three individuals fell within the following bands:

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016 (Unaudited)	2017
Emolument bands (in HK dollar)				
Less than HK$500,000	—	—	3	3
HK$500,001–HK$1,000,000	3	3	—	—

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

13 INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

The amount of income tax expense charged/(credited) to the income statement represents:

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong profits tax				
— Current income tax	2,437	2,164	534	907
Deferred tax *(Note 27)*	(2,452)	(954)	(642)	(596)
Income tax	(15)	1,210	(108)	311

The taxation on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, as follows:

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Profit/(loss) before income tax	16	1,760	(981)	(6,820)
Share of results of associates	120	509	239	6
	136	2,269	(742)	(6,814)
Tax calculated at a tax rate of 16.5%	22	374	(122)	(1,124)
Tax reduction	(97)	(80)	(25)	(33)
Income not subject to tax	(2)	(1)	—	(2)
Expenses not deductible for tax purposes	62	917	39	1,470
Income tax	(15)	1,210	(108)	311

14 EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

In determining the weighted average number of shares in issue during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, 100,000 shares were deemed to have been in issue on 1 January 2015 as if the Company has been incorporated by then.

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
			(Unaudited)	
Profit/(loss) attributable to owners of the Company *(HK$'000)*	31	550	(873)	(7,131)
Weighted average number of ordinary shares in issue *(in thousands)*	100	100	100	100
Basic and diluted earnings/(losses) per share *(HK$)*	0.31	5.50	(8.73)	(71.31)

Diluted earnings/(losses) per share for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 were the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years/periods.

15 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Leasehold improvements HK$'000	Furniture and fixture HK$'000	Kitchen and operating equipment HK$'000	Computer equipment HK$'000	Total HK$'000
At 1 January 2015						
Cost	109,659	35,077	4,195	5,574	713	155,218
Accumulated depreciation	(40,345)	(16,663)	(1,466)	(2,302)	(367)	(61,143)
Net book amount	69,314	18,414	2,729	3,272	346	94,075
Year ended 31 December 2015						
Opening net book amount	69,314	18,414	2,729	3,272	346	94,075
Additions	67,841	20,431	154	3,808	624	92,858
Disposal	—	—	—	—	(3)	(3)
Depreciation	(23,310)	(6,542)	(807)	(1,234)	(170)	(32,063)
Closing net book amount	113,845	32,303	2,076	5,846	797	154,867
At 31 December 2015						
Cost	177,053	55,508	4,349	9,382	1,324	247,616
Accumulated depreciation	(63,208)	(23,205)	(2,273)	(3,536)	(527)	(92,749)
Net book amount	113,845	32,303	2,076	5,846	797	154,867
Year ended 31 December 2016						
Opening net book amount	113,845	32,303	2,076	5,846	797	154,867
Additions	17,705	6,526	617	1,574	294	26,716
Acquisition of a subsidiary *(Note 31)*	11,913	2,635	447	—	—	14,995
Disposal	(421)	(6)	(18)	(5)	(81)	(531)
Depreciation	(30,989)	(9,432)	(791)	(1,793)	(234)	(43,239)
Impairment	(455)	—	—	—	—	(455)
Closing net book amount	111,598	32,026	2,331	5,622	776	152,353
At 31 December 2016						
Cost	199,036	61,286	4,993	10,649	1,436	277,400
Accumulated depreciation and impairment	(87,438)	(29,260)	(2,662)	(5,027)	(660)	(125,047)
Net book amount	111,598	32,026	2,331	5,622	776	152,353
The five months ended 31 May 2017						
Opening net book amount	111,598	32,026	2,331	5,622	776	152,353
Additions	24,330	2,292	296	665	154	27,737
Disposal	—	(52)	(6)	(35)	(5)	(98)
Depreciation	(14,197)	(4,328)	(407)	(854)	(127)	(19,913)
Closing net book amount	121,731	29,938	2,214	5,398	798	160,079
At 31 May 2017						
Cost	206,046	63,578	5,289	11,314	1,590	287,817
Accumulated depreciation and impairment	(84,315)	(33,640)	(3,075)	(5,916)	(792)	(127,738)
Net book amount	121,731	29,938	2,214	5,398	798	160,079

16 INTANGIBLE ASSETS

	Year ended 31 December		Five months ended 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
At 1 January			
Cost	854	854	1,334
Accumulated amortisation	(18)	(61)	(104)
Net book amount	836	793	1,230
Opening net book amount	836	793	1,230
Acquisition of a subsidiary *(Note 31)*	—	480	—
Amortisation charge	(43)	(43)	(18)
Closing net book amount	793	1,230	1,212
At 31 December/31 May			
Cost	854	1,334	1,334
Accumulated amortisation	(61)	(104)	(122)
Net book amount	793	1,230	1,212

The intangible assets mainly represent the franchise and licensing rights acquired. The intangible assets have estimated useful lives of 20 years and are amortised on a straight-line basis over the estimated useful lives.

17 SUBSIDIARIES

The Company

The investment in a subsidiary of the Company represents the carrying values of the net assets of the Listing Business attributable to owners of the Company transferred under the Company upon the completion of the Reorganisation (Note 2).

The Group

The list of principal subsidiaries is disclosed in Note 2.

(a) Material non-controlling interests

The total non-controlling interests as at 31 December 2015 and 2016 and 31 May 2017 represents net equity shared by non-controlling shareholders of HK$2,988,000, HK$6,019,000 and HK$5,939,000, respectively. The non-controlling interests are attributable to Modern Shanghai (HK) Food & Beverage Limited and its subsidiary, Modern Shanghai (YOHO Midtown) Restaurant Limited (collectively, "Modern Shanghai Group") and Hokkaidon Restaurant Limited ("Hokkaidon"). On 31 December 2016, the Group acquired 60% equity interests of Hokkaidon from a third party.

Summarised financial information on subsidiary with material non-controlling interests

Set out below are the summarised financial information for subsidiaries that have non-controlling interests that are material to the Group.

Summarised statements of financial position

	Modern Shanghai Group			Hokkaidon	
	As at 31 December		**As at 31 May**	**As at 31 December**	**As at 31 May**
	2015	**2016**	**2017**	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current					
Assets	2,387	4,518	5,390	4,288	2,221
Liabilities	(4,675)	(5,179)	(5,059)	(4,252)	(4,973)
Total net current (liabilities)/assets	(2,288)	(661)	331	36	(2,752)
Non-current					
Assets	21,554	17,994	16,236	15,908	17,186
Liabilities	(11,797)	(9,285)	(8,178)	(8,944)	(7,976)
Total net non-current assets	9,757	8,709	8,058	6,964	9,210
Net assets	7,469	8,048	8,389	7,000	6,458

Summarised income statements

	Modern Shanghai Group				Hokkaidon
	Year ended 31 December		**Five months ended 31 May**	**Five months ended 31 May**	**Five months ended 31 May**
	2015	**2016**	**2016**	**2017**	**2017**
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*
Revenue	8,510	23,679	9,865	10,027	9,103
(Loss)/profit before income tax	(1,830)	590	111	538	(662)
Income tax credit/(expense)	300	(113)	(21)	(86)	109
(Loss)/profit and total comprehensive (loss)/ income for the year/period	(1,530)	477	90	452	(553)
(Loss)/profit and total comprehensive (loss)/ income for the year/period allocated to non-controlling interests	(612)	191	36	181	(221)

Summarised statements of cash flows

	Modern Shanghai Group				Hokkaidon
	Year ended 31 December 2015	2016	Five months ended 31 May 2016	Five months ended 31 May 2017	Five months ended 31 May 2017
	HK$'000	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*
Cash flows from operating activities					
Cash generated from/(used in) operations	1,947	2,796	2,072	743	(120)
Interest paid	(266)	(405)	(177)	(147)	(138)
Net cash used in investing activities	(7,130)	(846)	(385)	(11)	(2,668)
Net cash generated from/ (used in) financing activities	7,426	(2,383)	(985)	(1,015)	(722)
Net increase/(decrease) in cash and cash equivalents	1,977	(838)	525	(430)	(3,648)
Cash and cash equivalents at date of incorporation/ beginning of year/period	—	1,977	1,977	1,139	4,210
Cash and cash equivalents at end of year/period	1,977	1,139	2,502	709	562

The information above is the amount before inter-company eliminations.

18 INTEREST IN ASSOCIATES

	As at 31 December 2015	2016	As at 31 May 2017
	HK$'000	*HK$'000*	*HK$'000*
Investment in associates	361	36	30
Loans to associates *(Note)*	2,467	—	—
	2,828	36	30

Note: Loans to associated companies are unsecured, interest free and has no fixed terms of repayment. The carrying value of loans to associated companies approximates its fair value.

Movement of interest in associates during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 are analysed as below:

	Year ended 31 December		Five months ended 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January	—	361	36
Capital injection to associated companies	496	—	—
Share of losses of associates	(120)	(318)	(6)
Currency translation differences	(15)	(7)	—
As at 31 December/31 May	361	36	30

The Group's investment in associates represents the 20% equity interest in An Nam (Qingdao) Restaurant Limited and Mango Tree (Qingdao) Restaurant Limited, and 40% equity interest in Modern Shanghai International Food & Beverage Limited. An Nam (Qingdao) Restaurant Limited and Mango Tree (Qingdao) Restaurant Limited are entities established in the People's Republic of China (the "PRC"). Modern Shanghai International Food & Beverage Limited is an entity established in Hong Kong.

During the year ended 31 December 2016, the Group disposed the interests in An Nam (Qingdao) Restaurant Limited and Mango Tree (Qingdao) Restaurant Limited.

Set out below are the associates of the Group as at 31 December 2015 and 2016 and 31 May 2017 which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the subsidiaries of the Company; the country of incorporation or registration is also their principal place of business.

Nature of investment in associates as at 31 December 2015 and 2016 and 31 May 2017

			% of ownership interest			
		Place of business/	As at		As at	
		country of	31 December		31 May	Measurement
Name of entity	Principal activity	incorporation	2015	2016	2017	method
An Nam (Qingdao) Restaurant Limited	Restaurant operation	The PRC	20%	—	—	Equity
Mango Tree (Qingdao) Restaurant Limited	Restaurant operation	The PRC	20%	—	—	Equity
Modern Shanghai International Food & Beverage Limited	Investment holding	Hong Kong	40%	40%	40%	Equity

An Nam (Qingdao) Restaurant Limited, Mango Tree (Qingdao) Restaurant Limited and Modern Shanghai International Food & Beverage Limited are private companies and there are no quoted market price available for their shares.

There are no contingent liabilities relating to the Group's interest in the associates.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its investment in associates

	As at 31 December 2015				As at 31 December 2016	As at 31 May 2017
	An Nam (Qingdao) Restaurant Limited	Mango Tree (Qingdao) Restaurant Limited	Modern Shanghai International Food & Beverage Limited	Total	Modern Shanghai International Food & Beverage Limited	Modern Shanghai International Food & Beverage Limited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current						
Cash and cash equivalents	1,050	1,446	21	2,517	15	114
Other current assets (excluding cash)	1,006	1,154	173	2,333	2	2
Total current assets	2,056	2,600	194	4,850	17	116
Financial liabilities (excluding trade payables)	12,800	12,253	387	25,440	156	271
Other current liabilities (including trade payables)	710	801	—	1,511	—	—
Total current liabilities	13,510	13,054	387	26,951	156	271
Non-current						
Assets	11,919	11,705	238	23,862	229	229
Net assets	465	1,251	45	1,761	90	74

Summarised statements of comprehensive income

	Year ended 31 December 2015			Period from 1 January 2016 to 23 December 2016 (date of disposal)		Year ended 31 December 2016	Five months ended 31 May 2017
	An Nam (Qingdao) Restaurant Limited	Mango Tree (Qingdao) Restaurant Limited	Modern Shanghai International Food & Beverage Limited	An Nam (Qingdao) Restaurant Limited	Mango Tree (Qingdao) Restaurant Limited	Modern Shanghai International Food & Beverage Limited	Modern Shanghai International Food & Beverage Limited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	7,000	8,894	416	8,823	10,637	103	—
Depreciation and amortisation	(858)	(878)	—	(1,254)	(1,216)	—	—
Interest income	4	5	—	4	4	—	—
(Loss)/profit before income tax	(750)	67	264	(1,390)	(1,095)	53	(16)
Income tax expense	—	(7)	(127)	(65)	(83)	(8)	—
(Loss)/profit after tax	(750)	60	137	(1,455)	(1,178)	45	(16)
Other comprehensive loss	(25)	(48)	—	(19)	(16)	—	—
Total comprehensive (loss)/ income	(775)	12	137	(1,474)	(1,194)	45	(16)

Note: During the year ended 31 December 2015, profit of Modern Shanghai International Food & Beverage Limited shared by the Group was HK$18,000 and HK$37,000 was offset against the unrecognised share of losses relating to the year ended 31 December 2014.

During the year ended 31 December 2016 and the five months ended 31 May 2016, amounts of HK$191,000 and HK$41,000 were credited to loans to associates to reflect the share of losses of associates respectively.

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its investment in associates

	As at 31 December 2015				As at 31 December 2016	As at 31 May 2017
	An Nam (Qingdao) Restaurant Limited	Mango Tree (Qingdao) Restaurant Limited	Modern Shanghai International Food & Beverage Limited	Total	Modern Shanghai International Food & Beverage Limited	Modern Shanghai International Food & Beverage Limited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Opening net assets	1,240	1,239	(92)	2,387	45	90
(Loss)/profit for the year	(750)	60	137	(553)	45	(16)
Currency translation differences	(25)	(48)	—	(73)	—	—
Closing net assets at 31 December/31 May	465	1,251	45	1,761	90	74
Investment in associate	93	250	18	361	36	30
Goodwill	—	—	—	—	—	—
Carrying value at 31 December/31 May	93	250	18	361	36	30

19 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		As at 31 May
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	1,161	3,788	1,635
Deposits	1,890	2,223	4,997
Prepayments	1,572	1,846	5,843
Prepaid listing expenses	—	1,240	3,636
Other receivables	216	955	350
	3,678	6,264	14,826
Less non-current portion:			
Deposits	—	—	(2,867)
Prepayments for purchase of property, plant and equipment and intangible assets	(190)	(551)	(3,997)
	(190)	(551)	(6,864)
Current portion	3,488	5,713	7,962

The Company

	As at 31 December 2016	As at 31 May 2017
	HK$'000	*HK$'000*
Prepaid listing expenses	1,240	3,636

The credit periods granted to customers other than credit card companies were 30 to 60 days.

The carrying amounts of trade receivables, prepayments, deposits and other receivables approximate their fair values and are denominated in HK$.

As at 31 December 2015 and 2016 and 31 May 2017, the Group does not have any trade and other receivables that are impaired.

The aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December		As at 31 May
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
1 to 30 days	1,079	2,606	700
31 to 60 days	41	196	411
61 to 90 days	8	186	220
Over 90 days	33	800	304
	1,161	3,788	1,635

As at 31 December 2015 and 2016 and 31 May 2017, trade receivables of HK$30,000, HK$1,095,000 and HK$614,000 were past due but not impaired, respectively. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
1 to 30 days	15	232	230
31 to 60 days	12	96	317
61 to 90 days	3	136	34
Over 90 days	—	631	33
	30	1,095	614

20 INVENTORIES

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Food and beverages	1,386	1,096	1,213

The cost of inventories recognised as expense and included in 'cost of inventories sold' amounted to HK$46,038,000, HK$58,845,000, HK$24,101,000 and HK$26,662,000 for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, respectively.

21 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Cash at banks	27,104	23,233	7,648
Cash on hand	917	673	555
Cash and cash equivalents	28,021	23,906	8,203
Pledged bank deposits *(Note)*	1,265	6,078	9,090
Denominated in:			
Hong Kong Dollar	28,738	29,457	16,986
Renminbi	266	245	24
US Dollar	282	282	283
	29,286	29,984	17,293
Maximum exposure on credit risk	28,369	29,311	16,738

Note:

As at 31 December 2015 and 2016 and 31 May 2017, bank deposits of HK$1,265,000, HK$3,078,000 and HK$3,078,000 respectively were pledged as guarantee for payments under lease agreement.

As at 31 December 2016 and 31 May 2017, bank deposits of HK$3,000,000 and HK$6,012,000 were pledged for bank borrowings (31 December 2015: Nil).

22 SHARE CAPITAL

	Number of shares of the Company	Share Capital HK$'000	Share premium HK$'000
Authorised:			
Ordinary share capital of HK$0.0001 each on 3 February 2016 (the date of incorporation of the Company) and as at 31 December 2016	3,800,000,000	380	—
Issued and fully paid:			
At 1 January 2016	—	—	—
Issue of shares at date of incorporation of the Company	1	—	—
Issue of shares pursuant to the Reorganisation	99,999	—	46,483
At 31 December 2016 and 31 May 2017	100,000	—	46,483

23 TRADE AND OTHER PAYABLES

The Group

	As at 31 December 2015 HK$'000	As at 31 December 2016 HK$'000	As at 31 May 2017 HK$'000
Trade payables *(Note (a))*	9,431	9,148	10,930
Accrued staff costs	5,623	5,773	4,270
Accrued listing expenses	—	951	3,829
Payable for contingent rent *(Note (b))*	722	532	554
Payable for purchase of property, plant and equipment	4,800	3,240	782
Other accrued operating expenses	3,577	2,593	2,956
Other payables	839	228	509
	15,561	13,317	12,900
Total trade and other payables	24,992	22,465	23,830

The Company

	As at 31 December 2016 HK$'000	As at 31 May 2017 HK$'000
Accrued listing expenses	951	3,829

The carrying amounts of trade and other payables approximate their fair value and are denominated in HK$.

Notes:

(a) Payment term on majority of purchase of goods is 30 to 60 days.

An ageing analysis of trade payables based on invoice date as at the dates of statements of financial position is as follows:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
1 to 30 days	5,563	4,980	5,355
31 to 60 days	2,707	4,052	5,381
61 to 90 days	1,010	46	12
Over 90 days	151	70	182
	9,431	9,148	10,930

(b) Contingent rents determined with reference to the Group's revenue from relevant restaurant operations that are not included in lease liabilities are recognised as 'rental expenses'. The Group recognised HK$3,184,000, HK$3,132,000, HK$1,161,000 and HK$1,357,000 contingent rent for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, respectively.

24 LEASE LIABILITIES

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Minimum lease payments due			
— Within 1 year	33,952	37,925	41,173
— Between 1 and 2 years	29,911	36,318	36,534
— Between 2 and 5 years	56,051	43,964	47,195
— Later than 5 years	1,346	—	4,239
	121,260	118,207	129,141
Less: future finance charges	(7,191)	(6,156)	(7,147)
Present value of lease liabilities	114,069	112,051	121,994

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	33,952	37,925	41,173
Between 1 and 2 years	27,769	37,470	34,509
Between 2 and 5 years	51,005	36,656	42,134
Later than 5 years	1,343	—	4,178
	114,069	112,051	121,994

The Group leases various properties to operate its restaurants and these lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. Extension options are included in a number of property leases across the Group. Periods covered by extension options were included in the lease terms as the Group was reasonably certain to exercise the options.

The total cash outflows for leases including payments of lease liabilities, payments of interest expenses on leases and payments of contingent rents for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017 were HK$29,339,000, HK$36,660,000, HK$14,759,000 and HK$17,132,000.

25 CONTRACT LIABILITIES

Contract liabilities represent the unutilised credits under the customer loyalty programme.

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
As at 1 January	—	453	411
Additional provision during the year/period	944	2,258	1,363
Redemption	(375)	(2,073)	(990)
Expired	(116)	(227)	—
As at 31 December/31 May	453	411	784

26 BANK BORROWINGS

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Non-current			
Bank borrowings due for repayment between 1 and 2 years	—	1,944	3,946
Bank borrowings due for repayment between 2 and 5 years	—	6,014	8,514
	—	7,958	12,460
Current			
Bank borrowings due for repayment within 1 year	11,813	11,436	4,292
	11,813	19,394	16,752

The Group's bank borrowings as at 31 December 2015 and 2016 and 31 May 2017 were all denominated in HK$.

As at 31 December 2015, the Group's bank borrowing was secured by personal guarantees given by the shareholders of the Group. As at 31 December 2016 and 31 May 2017, the Group's bank borrowings were secured by personal guarantees given by the shareholders of the Group and pledged bank deposits of HK$3,000,000 and HK$6,012,000 respectively (2015: Nil) (Note 21).

The weighted average effective interest rates of the bank borrowings as at 31 December 2015 and 2016 and 31 May 2017 was 3%, 3% and 3.1%, respectively.

The carrying amounts of the Group's bank borrowings at 31 December 2015 and 2016 and 31 May 2017 approximate their fair values as the discounting effect is insignificant.

As at 31 December 2015, bank borrowings only comprised a loan facility granted to a subsidiary at variable interest rate of 2% below the best lending rate of Hong Kong dollars. Such facility is guaranteed by the then shareholders of the subsidiary. Meanwhile, the subsidiary breached two of the loan covenants of this borrowing when it failed to (i) transfer from other banks and maintain at least 80% of its operating account in such bank, and (ii) maintain a prescribed adjusted tangible net worth of no less than HK$7,000,000 which excluded the amount due to related company.

On 10 August 2016, the Group have obtained the consent from the relevant bank confirming that such breaches have not triggered any default or event of default to recourse such bank loan for the year ended 31 December 2015 only. Hence, this bank borrowing was classified as current liabilities as at 31 December 2015 and 2016. The Group has repaid such facility in full in May 2017 and the facility line was then terminated under mutual agreement among the Group and the relevant bank.

According to the repayment schedule of the bank borrowings, without considering the event of default, bank borrowings were repayable as follows:

	As at 31 December 2015	As at 31 December 2016	As at 31 May 2017
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	2,264	4,220	4,292
Between 1 and 2 years	2,333	4,348	4,292
Between 2 and 5 years	7,216	10,826	8,168
	11,813	19,394	16,752

The Group has considered the requirements under Hong Kong Interpretation 5 "Presentation of Financial Statements — Classification by the borrower of a Term Loan that contains a repayable on demand clause" in determining the classification of its borrowing.

27 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legal enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes related to the same fiscal authority.

	As at 31 December 2015	As at 31 December 2016	As at 31 May 2017
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax assets			
— to be recovered after more than 12 months	6,397	7,654	8,223
— to be recovered within 12 months	328	21	23
	6,725	7,675	8,246
Deferred income tax liabilities			
— to be recovered after more than 12 months	(29)	—	—
— to be recovered within 12 months	—	(25)	—
	(29)	(25)	—
Deferred income tax assets (net)	6,696	7,650	8,246

The movements in the net deferred income tax assets are as follows:

	Year ended 31 December 2015	Year ended 31 December 2016	Five months ended 31 May 2017
	HK$'000	*HK$'000*	*HK$'000*
At 1 January	4,244	6,696	7,650
Credited to income statement *(Note 13)*	2,452	954	596
At 31 December/31 May	6,696	7,650	8,246

Deferred income tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% prevailing at the time when the temporary differences are expected to realise or settle.

The movement in deferred income tax assets and liabilities during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Year ended 31 December		Five months ended 31 May	
	2015	2016	2016	2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Deferred tax assets				
Decelerated tax depreciation:				
At 1 January	1,339	2,275	2,275	2,494
Credited to income statement	936	219	357	544
31 December/31 May	2,275	2,494	2,632	3,038
Tax losses:				
1 January	1,819	3,536	3,536	3,910
Credited to income statement	1,717	374	52	505
31 December/31 May	3,536	3,910	3,588	4,415
Leases:				
At 1 January	1,101	1,399	1,399	1,380
Credited/(charged) to income statement	298	(19)	44	(65)
At 31 December/31 May	1,399	1,380	1,443	1,315
Deferred income tax assets as at 31 December/31 May	7,210	7,784	7,663	8,768
Deferred tax liabilities				
Accelerated tax depreciation:				
At 1 January	(15)	(514)	(514)	(134)
(Charged)/credited to income statement	(499)	380	189	(388)
At 31 December/31 May	(514)	(134)	(325)	(522)

28 FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables		
	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables excluding prepayments	3,267	6,966	6,982
Amounts due from related parties *(Note 32(b))*	6,317	40	—
Pledged bank deposits *(Note 21)*	1,265	6,078	9,090
Cash and cash equivalents *(Note 21)*	28,021	23,906	8,203
	38,870	36,990	24,275

	Financial liabilities		
	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	24,109	20,621	22,273
Lease liabilities	114,069	112,051	121,994
Amounts due to related parties *(Note 32(b))*	28,441	280	—
Bank borrowings *(Note 26)*	11,813	19,394	16,752
Dividends payable	1,800	—	—
	180,232	152,346	161,019

29 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year/period but not yet incurred is as follows:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	—	2,433	5,169

(b) Lease commitments — as lessee

Lease commitments of the Group for leases not yet commenced is as follows:

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Not later than one year	—	2,054	—
Later than one year and not later than five years	15,277	18,006	—
Later than five years	11,310	6,527	—
	26,587	26,587	—

30 CONTINGENCIES

The Group did not have any significant contingent liabilities as at 31 December 2015 and 2016 and 31 May 2017.

31 ACQUISITION OF A SUBSIDIARY

On 31 December 2016, the Group acquired 60% equity interests of Hokkaidon from a third party at a consideration of HK$4,200,000.

The fair value of the identifiable assets and liabilities of the subsidiary at the date of completion of the acquisition are as follows:

	HK$'000
Total consideration transferred	
— Cash paid	4,200
Recognised amounts of identifiable assets acquired and liabilities assumed	
Intangible assets	480
Property, plant and equipment *(Note)*	14,995
Cash and cash equivalents	4,210
Other assets	439
Accruals and other liabilities	(1,845)
Lease liabilities	(11,279)
Total identifiable net assets	7,000
Non-controlling interest	(2,800)
	4,200

Note: Property, plant and equipment at the date of completion of the acquisition included right-of-use asset of HK$11,913,000.

The net cash inflow as a result of the acquisition is analysed as follows:

	HK$'000
Cash and cash equivalents held by Hokkaidon as at 31 December 2016	4,210
Total consideration paid	(4,200)
Net cash inflow from the acquisition	10

Loss from Hokkaidon for the period from 16 August 2016, date of incorporation, to 31 December 2016, date of acquisition, amounting HK$480,000 is not included in the Group's profit for the year ended 31 December 2016.

32 RELATED PARTY TRANSACTIONS

The major related parties that had transactions and balances with the Group were as follows:

Name of related parties	Relationship with the Group
Kwan Wing Kuen, Tino	Director and shareholder
Kwok Chi Po	Director and shareholder
Kwan Nicholas Alexander Yan Tat	Director and shareholder
Luk Yuen Man	Director and shareholder before Reorganisation
Lee Kwok Sun, Bernard	Shareholder
Yu Kam Shui	Shareholder
Yu Lai Si	Shareholder
1957 & Co. Ltd	Shareholder
All Victory Global Limited	Shareholder
City Brilliant Limited	Shareholder
Coca Holding International Co. Ltd	Shareholder
Pearl Global Development Ltd	Shareholder
Leadgoal Investments Ltd	Shareholder of subsidiaries before Reorganisation
Occabiz Lifestyle Pte Ltd	Shareholder of subsidiaries before Reorganisation
An Nam (Qingdao) Restaurant Limited	Associate of a fellow subsidiary
Mango Tree (Qingdao) Restaurant Limited	Associate of a fellow subsidiary
Modern Shanghai International Food & Beverage Limited	Associate of the Company
Chairman Food & Beverage Management Limited	Non-controlling interest shareholder of a subsidiary
Food Master (HK) Limited	Non-controlling interest shareholder of a subsidiary
Steve Leung Designers Limited	Related company controlled by a director
Steve Leung Lifestyle Limited	Related company controlled by a director
Tino Kwan Lighting Consultants Limited	Related company controlled by a director

(a) Key management compensation

The directors are regarded as the key management of the Group. The compensation paid or payable to the key management for employment services is disclosed in Note 33.

(b) Balances with related parties

	As at 31 December		As at 31 May
	2015	2016	2017
	HK$'000	*HK$'000*	*HK$'000*
Amounts due from associates for management consultancy services *(Note)*			
Trading balances:			
— An Nam (Qingdao) Restaurant Limited	175	—	—
— Mango Tree (Qingdao) Restaurant Limited	202	—	—
	377	—	—
Non-trading balance:			
Amount due from a non-controlling interest shareholder of a subsidiary			
— Chairman Food & Beverage Management Limited	—	40	—
Non-trading balances:			
Advances to shareholders			
— Coca Holding International Co. Ltd	370	—	—
— Leadgoal Investments Ltd	1,820	N/A	N/A
— Lee Kwok Sun, Bernard	1,250	—	—
— Yu Kam Shui	1,250	—	—
— Yu Lai Si	1,250	—	—
	5,940	—	—
Amounts due from related parties	6,317	40	—

	As at 31 December 2015 HK$'000	As at 31 December 2016 HK$'000	As at 31 May 2017 HK$'000
Amount due to an associate			
Non-trading balances:			
— Modern Shanghai International Food & Beverage Limited	(28)	(103)	—
Non-trading balances:			
Amount due to a non-controlling interest shareholder of a subsidiary			
— Food Master (HK) Limited	—	(177)	—
Non-trading balances:			
Loans from shareholders			
— 1957 & Co. Limited	(7,962)	—	—
— Kwan Wing Kuen, Tino	(5,669)	—	—
— Kwok Chi Po	(1,195)	—	—
— Kwan Nicholas Alexander Yan Tat	(1,287)	—	—
— All Victory Global Limited	(3,250)	—	—
— City Brilliant Limited	(3,250)	—	—
— Luk Yuen Man	(1,570)	—	—
— Occabiz Lifestyle Pte. Ltd	(1,550)	N/A	N/A
— Pearl Global Development Ltd	(2,680)	—	—
	(28,413)	—	—
Amounts due to related parties	(28,441)	(280)	—
Trading balances:			
Prepayment for purchase of property, plant and equipment			
— Steve Leung Designers Limited	190	190	190
— Tino Kwan Lighting Consultants Limited	—	—	26
	190	190	216
Trading balances:			
Payable for purchase of property, plant and equipment			
— Steve Leung Designers Limited	—	(225)	—
— Tino Kwan Lighting Consultants Limited	—	(112)	(8)
	—	(337)	(8)

Note:

An Nam (Qingdao) Restaurant Limited and Mango Tree (Qingdao) Restaurant Limited ceased to be the associates of the Group during the year ended 31 December 2016. The disposal of associates were completed on 23 December 2016 (Note 18).

The amounts due from and due to associates, a non-controlling interest shareholder of a subsidiary and advances to and loans from shareholders are unsecured, interest-free and repayable on demand. The carrying amount of these balances approximate their fair values and are denominated in HK$.

(c) Transactions with related parties

	Year ended 31 December 2015 HK$'000	Year ended 31 December 2016 HK$'000	Five months ended 31 May 2015 HK$'000 (Unaudited)	Five months ended 31 May 2016 HK$'000
Purchases of property, plant and equipment from related companies *(Note (a))*				
— Steve Leung Designers Limited	1,907	740	—	—
— Steve Leung Lifestyle Limited	200	—	—	—
— Tino Kwan Lighting Consultants Limited	277	80	—	74
	2,384	820	—	74
Management consultancy fee *(Note (b))*				
— An Nam (Qingdao) Restaurant Limited	146	217	—	—
— Mango Tree (Qingdao) Restaurant Limited	188	241	—	—
	334	458	—	—

Notes:

(a) Purchases of property, plant and equipment from related companies was conducted in the normal course of business at prices and terms as agreed between the Group and the respective parties.

(b) Management fee is charged in accordance with the agreement entered into between the relevant parties.

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remunerations of each director for the year ended 31 December 2015 are set out below:

Name	Fee HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Employer's contribution to a retirement benefit scheme contributions HK$'000	Remunerations paid or receivable in respect of accepting office as director HK$'000	Total HK$'000
Executive directors:								
Kwok Chi Po *(Chief Executive Officer) (Note (i))*	—	1,073	270	180	—	18	—	1,541
Kwan Wing Kuen Tino *(Note (i))*	—	—	—	—	—	—	—	—
Lau Ming Fai *(Note (ii))*	—	768	195	—	—	18	—	981
Non-executive directors:								
Leung Chi Tien Steve *(Note (iii))*	—	—	—	—	—	—	—	—
	—	1,841	465	180	—	36	—	2,522

The remunerations of each director for the year ended 31 December 2016 are set out below:

Name	Fee	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme contributions	Remunerations paid or receivable in respect of accepting office as director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:								
Kwok Chi Po *(Chief Executive Officer) (Note (i))*	—	1,245	263	180	—	18	—	1,706
Kwan Wing Kuen Tino *(Note (i))*	—	—	—	—	—	—	—	—
Lau Ming Fai *(Note (ii))*	—	890	188	—	—	18	—	1,096
Non-executive director:								
Leung Chi Tien Steve *(Note (iii))*	—	—	—	—	—	—	—	—
	—	2,135	451	180	—	36	—	2,802

The remuneration of each director for the five months ended 31 May 2016 are set out below:

Name	Fee	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme contributions	Remunerations paid or receivable in respect of accepting office as director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Unaudited)								
Executive directors:								
Kwok Chi Po *(Chief Executive Officer) (Note (i))*	—	585	50	75	—	8	—	718
Kwan Wing Kuen Tino *(Note (i))*	—	—	—	—	—	—	—	—
Lau Ming Fai *(Note (ii))*	—	365	31	—	—	8	—	404
Non-executive director:								
Leung Chi Tien Steve *(Note (iii))*	—	—	—	—	—	—	—	—
	—	950	81	75	—	16	—	1,122

The remunerations of each director for the five months ended 31 May 2017 are set out below:

Name	Fee	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme contributions	Remunerations paid or receivable in respect of accepting office as director	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:								
Kwok Chi Po *(Chief Executive Officer)* *(Note (i))*	—	600	56	75	—	8	—	739
Kwan Wing Kuen Tino *(Note (i))*	—	—	—	—	—	—	—	—
Lau Ming Fai *(Note (ii))*	—	365	31	—	—	8	—	404
Non-executive director:								
Leung Chi Tien Steve *(Note (iii))*	—	—	—	—	—	—	—	—
	—	965	87	75	—	16	—	1,143

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as directors of the companies comprising the Group during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

Notes:

(i) Mr. Kwok Chi Po and Mr. Kwan Wing Kuen Tino were appointed as executive directors of the Company on 2 March 2016.

(ii) Mr. Lau Ming Fai was appointed as executive director of the Company on 16 February 2017.

(iii) Mr. Leung Chi Tien Steve was re-designated to non-executive director of the Company on 16 February 2017.

(iv) Mr. Leung Nicholas Nic-hang was appointed as executive director of the Company on 16 February 2017. During the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, Mr. Leung Nicholas Nic-hang has not yet been appointed and received nil director's remuneration in the capacity of executive directors.

(v) Mr. Kwan Nicholas Alexander Yan Tat was appointed as non-executive director of the Company on 16 February 2017 and resigned as non-executive director of the Company on 24 August 2017.

(vi) Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason were appointed as the Company's independent non-executive directors on 6 November 2017. During the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, the independent non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of independent non-executive directors.

(vii) During the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017, no directors waived or agreed to waived any emoluments.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits under a defined benefit scheme or termination benefits during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

(c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the years ended 31 December 2015 and 2016 and the five months ended 31 May 2016 and 2017.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the periods or at any time during the years/periods.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year/period.

34 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividends during each of the years ended 31 December 2015 and 2016 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for each of the years ended 31 December 2015 and 2016, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

35 SUBSEQUENT EVENTS

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 31 May 2017:

(a) By a shareholders' resolution dated 6 November 2017 and conditional on the share premium account of the Company being credited as a result of issue of new shares pursuant to the proposed offering of the Company's shares, the Company will issue additional 239,900,000 shares, credited as fully paid, to the existing shareholders of the Company.

(b) By a shareholders' resolution dated 6 November 2017, the Company conditionally adopted a share option scheme under which the board of directors may grant options to employees, directors or other selected participants of the Group to acquire shares of the Company. No options have been granted up to the date of this report.

(c) On 15 June 2017, the Group entered into an agreement with Jarrett Investment Limited to incorporate L Garden and Partners Limited where the Group owns 71% equity interest. On the same date, the Group also entered into an agreement with Batovian Investments Limited and Chairman Food & Beverage Management Limited, a company wholly-owned by a non-controlling shareholder of a subsidiary of the Group, to incorporate 1957 and Partners Limited where the Group owns 51% equity interest. On 17 August 2017, each of L Garden and Partners Limited and 1957 and Partners Limited entered into a lease agreement with Barrowgate Limited to operate their respective restaurants. Barrowgate Limited, Batovian Investments Limited and Jarrett Investment are all subsidiary members of a group that principally engages in property development and investment in Hong Kong.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2017 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2017.

The information set out in this appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules and on the basis of notes set out below for the purpose of illustrating the effect of the Share Offer and the Capitalisation Issue on the net tangible assets of the Group attributable to the equity holders of the Company as of 31 May 2017 as if the Share Offer and the Capitalisation Issue had taken place on 31 May 2017.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 May 2017 or at any future dates following the Share Offer and the Capitalisation Issue.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 May 2017	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company as at 31 May 2017**	**Unaudited pro forma adjusted net tangible assets per Share**
	(Note 1)	*(Note 2)*		*(Note 3)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
Based on the Offer Price of HK$0.625 per Share	33,676	35,694	69,370	0.22
Based on the Offer Price of HK$0.875 per Share	33,676	53,894	87,570	0.27

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at 31 May 2017 has been extracted from the Accountant's Report of our Company as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 31 May 2017 of HK$34,696,000 with an adjustment for the intangible assets (after deduction of the proportionate share of the non-controlling interest) of HK$1,020,000.

(2) The estimated net proceeds from the Share Offer are based on 80,000,000 Offer Shares and the indicative Offer Price of HK$0.625 per Share and HK$0.875 per Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding listing expenses of HK$13,293,000, which have been accounted for prior to 31 May 2017) and takes no account of any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the issuing mandate and repurchase mandate as described in the section headed "Share Capital" in this prospectus.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 320,000,000 Shares were in issue assuming that the Share Offer and the Capitalisation Issue had been completed on 31 May 2017 but takes no account of any Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the issuing mandate and repurchase mandate as described in the section headed "Share Capital" in this prospectus.

(4) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 May 2017.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of 1957 & Co. (Hospitality) Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of 1957 & Co. (Hospitality) Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 May 2017, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-2 of the Company's prospectus dated 23 November 2017, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 May 2017 as if the proposed initial public offering had taken place at 31 May 2017. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 May 2017, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 May 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 November 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 3 February, 2016 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 6 November 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly 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 8 March, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments 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) Register of Beneficial Ownership

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The register of beneficial ownership is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the Company is listed on the Stock Exchange, it is not required to maintain a register of beneficial ownership.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Takeovers

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Cayman Islands Companies Law on 3 February 2016. Our principal place of business is Room 1004, Tung Chiu Commercial Centre, 193 Lockhart Road, Wanchai, Hong Kong. We have been registered as an overseas company in Hong Kong under Part 16 of the Companies Ordinance on 15 February 2017. Mr. Kwok Chi Po has been appointed as our authorised representative in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the Cayman Island Companies Law and to the constitution comprising the Memorandum and Articles of Association. A summary of certain provisions of our Company's constitution and relevant aspects of the Cayman Island Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

Our Company was incorporated on 3 February 2016 with an authorised share capital of HK$380,000 divided into 3,800,000,000 Shares of HK$0.0001 each. On the same day, one Share was issued for cash at par to the initial subscriber, who subsequently transferred the said Share to Mr. Kwok.

On 28 December 2016, our Company entered into the Share Swap Agreement to implement part of our Reorganisation, pursuant to which our Company issued 99,999 Shares as consideration shares. The 99,999 Shares were issued for cash at par and credited as fully paid. As at the Latest Practicable Date, a total of 100,000 Shares were issued. The Shareholder composition of our Company is set out in the section headed "History, Development and Reorganisation" in this prospectus.

Conditional upon the share premium account of our Company being credited with the proceeds of the Share Offer, an appropriate sum will be capitalised and applied in paying up in full such number of shares in our Company to be allotted and issued to the then existing shareholders of our Company so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by them, will constitute 75.0% of the issued share capital of our Company.

Assuming that the Share Offer and the Capitalisation Issue become unconditional and the issue of Shares is made pursuant thereto without taking into account any Shares which have been or may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued and allotted pursuant to any exercise of the options which may be granted under the Share Option Scheme) will be HK$32,000 divided into 320,000,000 Shares, fully paid or credited as fully paid.

Saved as disclosed above and in the paragraphs headed "History, Development and Reorganisation — Reorganisation" in this prospectus and this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of our subsidiaries

Our subsidiaries are listed in the section headed “History, Development and Reorganisation” in this prospectus. The following alterations in the share capital of our subsidiaries have taken place within two years preceding the date of this prospectus:

1957 & Co. (BVI)

On 4 February 2017, one subscriber share was allotted and issued to our Company. On 28 February 2017, one share was allotted and issued to our Company pursuant to the Share Swap Agreement.

1957 & Co. (Hospitality) HK

On 6 June 2016, the share capital of 1957 & Co. (Hospitality) HK increased from HK$10,000,000 divided into 10,000,000 shares to HK$33,500,000 divided into 33,500,000 shares

On 21 July 2016, the share capital of 1957 & Co. (Hospitality) HK decreased from HK$33,500,000 divided into 33,500,000 shares to HK$1,000,000 divided into 33,500,000 shares

Sushi Ta-ke

On 19 July 2016, the share capital of Sushi Ta-ke decreased from HK$8,000,000 divided into 8,000,000 shares to HK$1,000,000 divided into 8,000,000 shares

Bella Vita

On 14 July 2016, the share capital of Bella Vita decreased from HK$8,000,000 divided into 8,000,000 shares to HK$1,000,000 divided into 8,000,000 shares

MT HK

On 6 June 2016, the share capital of MT HK increased from HK$4,200,000 divided into 4,200,000 shares to HK$7,000,000 divided into 7,000,000 shares

On 21 July 2016, the share capital of MT HK decreased from HK$7,000,000 divided into 7,000,000 shares to HK$1,000,000 divided into 7,000,000 shares

MT KLN

On 6 June 2016, the share capital of MT KLN increased from HK$1,000,000 divided into 1,000,000 shares to HK$13,000,000 divided into 13,000,000 shares

On 21 July 2016, the share capital of MT KLN decreased from HK$13,000,000 divided into 13,000,000 shares to HK$1,000,000 divided into 13,000,000 shares

Gonpachi

On 6 June 2016, the share capital of Gonpachi increased from HK$1,000,000 divided into 1,000,000 shares to HK$18,000,000 divided into 18,000,000 shares

On 21 July 2016, the share capital of Gonpachi decreased from HK$18,000,000 divided into 18,000,000 shares to HK$1,000,000 divided into 18,000,000 shares

An Nam (Lee Garden)

On 13 June 2016, the share capital of An Nam (Lee Garden) increased from HK$1,000,000 divided into 1,000,000 shares to HK$10,000,000 divided into 10,000,000 shares

On 28 July 2016, the share capital of An Nam (Lee Garden) decreased from HK$10,000,000 divided into 10,000,000 shares to HK$1,000,000 divided into 10,000,000 shares

Petit An Nam

On 13 June 2016, the share capital of Petit An Nam increased from HK$1,000,000 divided into 1,000,000 shares to HK$7,500,000 divided into 7,500,000 shares

On 28 July 2016, the share capital of Petit An Nam decreased from HK$7,500,000 divided into 7,500,000 shares to HK$1,000,000 divided into 7,500,000 shares

MS HK

On 16 November 2016, the share capital of MS HK increased from HK$100,000 divided into 100,000 shares to HK$9,100,000 divided into 9,100,000 shares

On 6 January 2017, the share capital of MS HK decreased from HK$9,100,000 divided into 9,100,000 shares to HK$100,000 divided into 9,100,000 shares

Modern Shanghai

On 16 November 2016, the share capital of Modern Shanghai increased from HK$100,000 divided into 100,000 shares to HK$9,000,000 divided into 9,000,000 shares

On 6 January 2017, the share capital of Modern Shanghai decreased from HK$9,000,000 divided into 9,000,000 shares to HK$100,000 divided into 9,000,000 shares

Hokkaidon

On 31 December 2016, the share capital of Hokkaidon increased from HK$2,000,000 divided into 20,000 shares to HK$7,000,000 divided into 70,000 shares.

1957 and Partners

On 30 June 2017, 100 shares were allotted and 51 shares were issued to 1957 & Co (Hospitality) HK.

L Garden and Partners

On 30 June 2017, 100 shares were allotted and 71 shares were issued to Sushi Ta-ke.

4. Written resolutions passed by our Shareholders on 6 November 2017

Our Shareholders passed written resolutions on 6 November 2017 to resolve that, amongst other things:

(a) the Articles were approved and adopted in substitution for and to the exclusion of the then existing articles of association of our Company with effect from the Listing Date;

(b) conditional on the share premium account of our Company being credited as a result of the issue of new Shares under the Share Offer, the Directors were authorised to capitalise HK$23,990 (or any such amount any one Director may determine) and apply the same in paying up in full at par 239,900,000 Shares (or any such number of Shares any one Director may determine) for allotment and issue, on the Listing Date to Shareholders whose names appear on the register of members of our Company at the close of business on 4 December 2017 in proportion to their existing holding in our Company and such Shares to be allotted and issued shall rank pari passu in all respects with the existing issued shares;

(c) conditional upon: (i) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the Offer Size Adjustment Option and the Share Option Scheme); (ii) the Offer Price having been determined; (iii) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified under the Underwriting Agreements,

(1) the Share Offer and the Offer Size Adjustment Option as stated in and upon the terms set out in this prospectus were approved;

(2) the Listing was approved;

(3) the Share Option Scheme, the principal terms of which are set forth in the paragraph headed "— D. Share Option Scheme" in this Appendix, was approved and adopted and the Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

(4) a general unconditional mandate (the "**Issuing Mandate**") was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or other arrangements regulated by Chapter 23 of the GEM Listing Rules or any specific authority granted by the Shareholders in general

meetings, Shares with an aggregate number not exceeding the sum of 20% of the aggregate number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue, such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest;

(5) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors to exercise all powers of our Company to purchase Shares with total number not exceeding 10% of the total number of Shares in issue and to be issued immediately following the completion of the Share Offer and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever is the earliest; and

(6) the extension of the general mandate to allot, issue and deal with the Shares as mentioned in sub-paragraph (d) by the addition to the aggregate number of Shares of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares of our Company repurchased by our Company pursuant to sub-paragraph (e) above.

5. Reorganisation

In preparation for the listing of the Shares on the Stock Exchange, the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group.

See "History, Development and Reorganisation — Reorganisation" in this prospectus for details of the Reorganisation arrangements undergone by our Group in preparation for the Listing, and the chart showing our Group's structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Share Offer.

6. Repurchase by our Company of its own securities

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association of our Company and the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under the Companies Law any repurchases by our Company may be made out of our Company's profits, out of our Company's share premium account and/or out of the proceeds of a new issue of Shares made 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 or from sums standing to the credit of our Company's share premium account. Subject to the Companies Law, a repurchase may also be made out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The GEM Listing Rules also prohibit a listed company from repurchasing its securities which would result in the number of the listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchase

A listed company shall not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half year, quarterly or any other interim period (whether or not required under the GEM Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Core connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to our Company.

(b) Reasons for repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of repurchases and impact on working capital or gearing position

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

However, our Directors do not propose to exercise the general 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.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 320,000,000 Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue, could accordingly result in up to approximately 32,000,000 Shares being repurchased by our Company during the period prior to the earliest occurrence of any of the following:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the GEM Listing Rules requirements regarding the public shareholding. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she 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

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are, or may be, material:

(a) the Deed of Non-Competition;

(b) the Deed of Indemnity; and

(c) the Public Offer Underwriting Agreement.

2. Our material intellectual property rights

Set out below is a summary of our material intellectual property rights. Our material intellectual property rights were determined by our Directors on the basis of their materiality to our business operation, financial position and prospects.

(a) Trademarks

As at the Latest Practicable Date, we were the registered owner of the following trademarks which we believe are material to our business:

Trademark	Place of Registration	Class	Registration Number	Registration Date	Expiry Date
1957 &CO.	Hong Kong	35, 36, 39, 42, 43 and 44	301894258	20 April 2011	19 April 2021
An Nam 安南 By 1957 &CO.	Hong Kong	43	303928195	12 October 2016	11 October 2026
	Hong Kong	43	301922887	23 May 2011	22 May 2021
家·上海	Hong Kong	43	303148515	25 September 2014	24 September 2024
家上海 MODERN SHANGHAI	Hong Kong	43	303929842	13 October 2016	12 October 2026
家上海 MODERN SHANGHAI	Hong Kong	43	303929851	13 October 2016	12 October 2026

Trademark	Place of Registration	Class	Registration Number	Registration Date	Expiry Date
HOKKAIDON HOKKAIDON	Hong Kong	43	304032954	25 January 2017	24 January 2027
1957 &CO.	PRC	35	9388673	14 May 2012	13 May 2022
1957 &CO.	PRC	36	9388674	14 May 2012	13 May 2022
1957 &CO.	PRC	39	9388675	14 May 2012	13 May 2022
1957 &CO.	PRC	42	9388676	21 May 2012	20 May 2022
1957 &CO.	PRC	43	9388677	21 May 2012	20 May 2022
1957 &CO.	PRC	44	9388678	21 May 2012	20 May 2022

(b) Domain Names

As at the Latest Practicable Date, we were the registered owner of the following domain names which are material to our business:

Domain Name	Expiry Date
www.1957.com.hk	30 June 2018
www.sushitake.com.hk	24 November 2018
www.gonpachi.com.hk	10 June 2018
www.mangotree.com.hk	12 July 2018
www.annam.com.hk	10 June 2018
www.modernshanghai.com.hk	29 June 2018
www.hokkaidon.com.hk	3 November 2018
www.papermoonhk.com	27 July 2018

The contents of these websites, registered or licensed, do not form part of this prospectus.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' service agreements

Each of our executive Directors has entered into a service agreement with our Company for an initial term of three years, commencing from Listing Date (subject to termination in certain circumstances as stipulated in the relevant service agreement).

The annual remuneration payable to our executive Directors by our Group (excluding any discretionary bonus) is as follows:

Executive Director	Remuneration (per annum)
Mr. Kwok Chi Po	HK$1,698,000
Mr. Kwan Wing Kuen Tino	HK$60,000
Mr. Lau Ming Fai	HK$1,098,000
Mr. Leung Nicholas Nic-hang	HK$315,000

Each of our non-executive Director and independent non-executive Directors has signed a letter of appointment with our Company for an initial term of three years, commencing from Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointment).

The annual remuneration payable to each of our non-executive Director and independent non-executive Directors under the relevant letters of appointment is as follows:

Non-executive Director	Remuneration (per annum)
Mr. Leung Chi Tien Steve	Nil

Independent non-executive Director	Remuneration (per annum)
Mr. How Sze Ming	HK$120,000
Mr. Ng Wai Hung	HK$120,000
Mr. Chan Kam Kwan Jason	HK$120,000

All of our Directors are covered by the directors' and officers' liability insurance purchased by our Company.

2. Directors' and senior management's remuneration

(i) The aggregate emoluments paid and benefits in kind granted by our Group to the Directors in respect of the two financial years ended 31 December 2016 were approximately HK$1.5 million and HK$1.7 million respectively. The aggregate emoluments paid and benefits in kind granted by our Group to our senior management (excluding our Directors) in respect of the two financial years ended 31 December 2016 were approximately HK$2.4 million and HK$2.7 million respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Director in his respective capacity as a Director) for the year ending 31 December 2017 are expected to be approximately HK$3.4 million.

(iii) None of the Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 December 2016 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 December 2016.

3. Disclosure of Interests

(a) Interests and short position of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and the associated corporations

Immediately following the completion of the Share Offer and the Capitalisation Issue and without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Share Option Scheme, the interests or short positions of the Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered into in the register referred to in that section, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

Long Position

Name of Director	Nature of interest/ Capacity	Number of Shares (or, as the case may be, amount of registered capital) in the relevant company	Approximate percentage of shareholding
Mr. S Leung(1)	Controlled corporation	90,256,800	28.21%
Mr. T Kwan(2)	Controlled corporation	60,000,000	18.75%
Mr. Kwok(3)	Controlled corporation	15,362,400	4.80%

Notes:

(1) Among the 90,256,800 Shares, 67,576,800 Shares are held by Sino Explorer and 22,680,000 Shares are held by All Victory. Both Sino Explorer and All Victory are wholly owned by 1957 & Co., which is in turn wholly owned by Mr. S Leung. As such, Mr. S Leung is deemed to be interested in all the Shares held by Sino Explorer and All Victory pursuant to Part XV of the SFO.

(2) The 60,000,000 Shares are held by Perfect Emperor which is wholly owned by Mr. T Kwan. As such, Mr. T Kwan is deemed to be interested in all the Shares held by Perfect Emperor pursuant to Part XV of the SFO.

(3) The 15,362,400 Shares are held by P.S Hospitality which is wholly owned by Mr. Kwok. As such, Mr. Kwok is deemed to be interested in all the Shares held by P.S Hospitality pursuant to Part XV of the SFO.

Save as disclosed in the sections headed "History, Development and Reorganisation", "Relationship with Controlling Shareholders" and the paragraph headed "— C. Further information about our Directors and substantial Shareholders — 1. Particulars of Directors' service agreements" in this Appendix in this prospectus, none of our Directors or their close associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Interests of Substantial Shareholders

Save as disclosed in the section headed "Substantial and Significant Shareholders — Interests in our Company" of this prospectus, so far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue and without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Share Option Scheme, the following persons will have an interest or short position in the Shares or the 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 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.

4. Disclaimers

(a) save as disclosed in the sections headed "History, Development and Reorganisation", "Relationship with Controlling Shareholders" and "— A. Further Information about Our Group — 5. Reorganisation" of this Appendix, none of our Directors nor any of the persons listed in "— E. Other Information — 8. Qualification of experts" below 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;

(b) save as disclosed in sections headed "History, Development and Reorganisation", "Relationship with Controlling Shareholders" and "— A. Further Information about our Group — 5. Reorganisation" of this Appendix, none of our Directors is materially interested in any contract or arrangement with he Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group; and

(c) save as disclosed in "— 1. Particulars of Directors' service agreements" above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

D. SHARE OPTION SCHEME

1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a written resolution passed by our then Shareholders on 6 November 2017:

(i) Purposes of the scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, the Directors and other selected participants for their contributions to our Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the GEM Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

(a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity ("**Invested Entity**") in which any member of our Group holds an equity interest;

(b) any non-executive directors (including independent non-executive directors) of our Company, any of our 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 any member of our Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of 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 any member of our Group or any Invested Entity;

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to an offer for the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of our Group.

(iii) Maximum number of the Shares

(a) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.

(b) The total number of the Shares which may be allotted and issued upon the 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 share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date (i.e. 32,000,000 Shares) ("**General Scheme Limit**").

(c) Subject to (a) above but without prejudice to (d) below, our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

(d) Subject to (a) above and without prejudice to (c) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in (c) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of our Company with such grantee and his close associates abstaining from voting. Our Company 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), the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders 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 exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

(v) Grant of options to the Directors, chief executive or Substantial Shareholders of our Company or their respective close associates

(a) Any grant of options under the Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective close associates must be approved by independent non-executive Directors (excluding the independent non-executive Director who or whose close associates is the proposed grantee of the options).

(b) Where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective close associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(1) representing in aggregate over 0.1% of the Shares in issue; and

(2) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK$5 million;

such further grant of options must be approved by Shareholders in general meeting. Our Company must send a circular to the Shareholders. All connected persons of our Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a Substantial Shareholder or an independent non-executive Director or any of their respective close associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the 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 and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but 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 for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

(ix) Ranking of the Shares

(a) The Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been entered on the register of members of our Company as the holder thereof.

(b) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(x) Restrictions on the time of the offer for the grant of options

No offer for grant of options shall be made after inside information has come to our Company's knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules), and (bb) the deadline for our Company to publish an announcement of its results for any year, half-year, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, no option for the grant of options may be made.

The Directors may not make any offer for the grant of option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and shall not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

"Eligible Employee" means any employee (whether full time or part time employee, including any executive director but not any non-executive director) of our Company, any of our subsidiaries or any Invested Entity.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his close associate has committed any breach of any contract entered into between the grantee or his close associate on the one part and our Group or any Invested Entity on the other part; or (2) 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; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above, his option will lapse automatically on the date on which the Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of takeovers offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company 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 or such scheme or arrangement is formally proposed to Shareholders of our Company, 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 our Company in exercise of his option at any time thereafter and up to 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. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolutions to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

(a) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

(b) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the options so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iv) notwithstanding (i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in the accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 23.03(13) of the GEM Listing Rules as set out in the letter issued by the Stock Exchange dated 5 September 2005; and (v) any adjustment must be made in compliance with the GEM Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the GEM Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions 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.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreements so to do.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(a) the expiry of the option period in respect of such option;

(b) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); and

(c) the date on which the Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Miscellaneous

(a) The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(b) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.

(c) 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.

(d) The terms of the Share Option Scheme and any amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

(e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the shareholders of our Company in general meeting.

2. Present status of the Share Option Scheme

(i) Approval of the Listing Division required

The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the Listing Division of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) Grant of options

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

(v) Compliance with GEM Listing Rules

The Share Option Scheme complies with Chapter 23 of the GEM Listing Rules.

E. OTHER INFORMATION

1. Estate Duty

We have been advised by that no material liability for estate duty us likely to fall on us or any of our subsidiaries and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

2. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of our Shares being sold or transferred. Profits from the dealings in Shares arising in or derived from Hong Kong may also be subject to profits tax in Hong Kong. Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of shares of companies incorporated in the Cayman Islands. No stamp duties or similar documentary taxes imposed by or in the BVI are payable by our Company and our Company will not be required by any law of the BVI to make any deduction or withholding from any payment it may make. Notwithstanding any provisions in the Income Tax Ordinance of the BVI, (a) our Company; (b) all dividends, interests, rents, royalties, compensations and other amounts paid by our Company; and (c) capital gains realised with respect to any shares, debt obligations or other securities of our Company, are exempt from all provisions of the Income Tax Ordinance of the BVI. The BVI currently levies no estate, inheritance, succession or gift tax in respect of any shares, debt obligations or other securities of our Company.

Intending holders of our Shares are recommended 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 our Shares. 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 form purchase, holding, disposal or dealing in our Shares.

3. Indemnities given by our Controlling Shareholders

Under the Deed of Indemnity, Mr. S Leung, Mr. T Kwan and Mr. Kwok, each being a Controlling Shareholder (together the "**Indemnifiers**") have jointly and severally undertaken to and covenanted with our Company that they will indemnify and at all times keep our Group fully indemnified against any actions, claims, losses, liabilities, damages, costs, charges or expenses which may be made, suffered or incurred by any of them in respect of or arising directly or indirectly from any claims which are covered by the indemnities in relation to taxation, estate duty and claims (as set out below) including, but not limited to, all reasonable costs (including legal costs), charges, expenses, penalties and other liabilities which our Group may reasonably and properly incur in connection with:

(a) the investigation, assessment or the contesting of any claim;

(b) the settlement of any claim;

(c) any legal proceedings in which our Group claims under or in respect of the Deed of Indemnify and in which judgment is given in favour of our Group;

(d) the enforcement of any such settlement or judgment in respect of any claim; or

(e) the non-compliance incidents as disclosed in the sections headed "Business — Legal Proceedings and Compliance" and "Business — Employees" in this prospectus.

4. Litigation

As of the Latest Practicable Date, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group member, that would have a material adverse effect on our results of operations or financial condition of our Group.

5. Promoters

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Sponsor and the application for listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and Share Offer and 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 Sole Sponsor is independent from our Company pursuant to Rule 6A.07 of the GEM Listing Rules.

7. Preliminary expenses and the Sole Sponsor's fees

The preliminary expenses of our Company are estimated to be approximately HK$70,000 and are payable by our Company.

The Sole Sponsor will be paid by our Company an aggregate fee of HK$4.2 million to act as the sole sponsor to the Share Offer.

8. Qualifications of experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
Halcyon Capital Limited	Licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activities under the SFO
Deacons	Qualified Hong Kong lawyers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
PricewaterhouseCoopers	Certified Public Accountant
Euromonitor	Independent industry consultants
Chan Chung	Barrister-at-law of Hong Kong
Kong Siu Ching Cindy	Barrister-at-law of Hong Kong
Russell Bedford Hong Kong	Tax adviser
Cushman & Wakefield Limited	Property valuer

9. Consents of experts

Each of the experts referred to above has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears. Each of the experts' statements have been made on the date of this prospectus and were made by such expert for incorporation in this prospectus.

As at the Latest Practicable Date, none of the experts referred to above has any shareholding in any member of our Group or the right (whether legally enforceable for not) to subscribe for or nominate persons to subscribe for securities in any member of our Group, and none of such experts 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.

10. 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 insofar as applicable.

11. Miscellaneous

Except as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid for either cash or a consideration other than cash;

(b) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(d) since 31 May 2017 (being the date to which the latest audited consolidated financial statements of our Group were made up) there has not been any material adverse effect in the financial or trading position of our Group;

(e) no founder, management or deferred shares or debentures of our Company or any of our subsidiaries have been issued or agreed to be issued;

(f) no company within our Group is presently listed on any stock exchange or traded or any trading system;

(g) there is no arrangement under which future dividends are waived or agreed to be waived;

(h) 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 twenty-four (24) months immediately preceding the date of this prospectus; and

(i) our Company has no outstanding convertible debt securities as at the Latest Practicable Date.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(A) the Application Forms,

(B) the written consents referred to under "Appendix IV Statutory and General Information — E. Other Information — 9. Consents of experts" in this prospectus, and

(C) copies of the material contracts referred to in "Appendix IV Statutory and General Information — B. Further Information about Our Business — 1. Summary of material contracts" in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Deacons at 5/F, Alexandra House, 18 Chater Road, Central, Hong Kong, during normal business hours from 9:00 a.m. up to 5:00 p.m. up to and including the date which falls on 14 days from the date of this prospectus:

(a) our Memorandum and Articles;

(b) the Accountant's Report from PricewaterhouseCoopers in respect of our historical financial information for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of our Group for the years ended 31 December 2015 and 2016 and the five months ended 31 May 2017;

(d) the report on the unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(e) the Companies Law;

(f) the Hong Kong legal opinion prepared by Deacons, our legal adviser as to Hong Kong law, summarizing the Hong Kong laws and regulations applicable to our Group and referred to in "Regulatory Overview" and in respect of our operational and corporate matters in Hong Kong;

(g) the joint legal opinion issued by Mr. Chan Chung and Ms. Kong Siu Ching Cindy, our Legal Counsels, in relation to certain non-compliances of our Group;

(h) the Industry Report;

(i) the tax report prepared by the Tax Expert, in relation to certain non-compliances of our Group;

(j) the fair rent letter from Cushman & Wakefield, our property valuer, relating to the rentals and charges payable under the Connected Leases and Licence Agreements;

(k) the letter of advice prepared by Conyers Dill & Pearman, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

(l) the material contracts referred to in "Appendix IV Statutory and General Information — B. Further Information about Our Business — 1. Summary of material contracts" in this prospectus;

(m) the written consents referred to "Appendix IV Statutory and General Information — E. Other Information — 9. Consents of experts" in this prospectus;

(n) the service contracts and appointment letters referred to in "Appendix IV Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Particulars of Directors' service agreements" in this prospectus; and

(o) the rules of the Share Option Scheme.

1957 & Co. (Hospitality) Limited