



Food Wise Holdings Limited

膳源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 1632

*Global Offering*

Sole Sponsor:



信達國際  
CINDA INTERNATIONAL

Cinda International Capital Limited

Sole Global Coordinator,  
Sole Bookrunner and Sole Lead Manager:



華金國際  
Huajin International

Huajin Securities (International) Limited



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## IMPORTANT

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



### FOOD WISE HOLDINGS LIMITED

膳源控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

#### GLOBAL OFFERING

|                                                  |                                                                                                                                                                                                            |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Offer Shares under the Global Offering | : 50,000,000 Shares (subject to the Adjustment Options)                                                                                                                                                    |
| Number of Hong Kong Offer Shares                 | : 5,000,000 Shares (subject to reallocation)                                                                                                                                                               |
| Number of International Offer Shares             | : 45,000,000 Shares (subject to reallocation and the Adjustment Options)                                                                                                                                   |
| Maximum Offer Price                              | : HK\$2.15 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund) |
| Nominal value                                    | : HK\$0.01 per Share                                                                                                                                                                                       |
| Stock code                                       | : 1632                                                                                                                                                                                                     |

#### Sole Sponsor



Cinda International Capital Limited

Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



Huajin Securities (International) 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 "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator, on behalf of the Underwriters, and our Company on or about Tuesday, 22 November 2016 or such later time as may be agreed between the parties, but in any event, no later than Friday, 25 November 2016. If, for any reason, the Sole Global Coordinator, on behalf of the Underwriters, and our Company are unable to reach an agreement on the Offer Price by Friday, 25 November 2016, the Global Offering will not proceed and will lapse immediately. The Offer Price will be not more than HK\$2.15 per Share and is expected to be not less than HK\$1.67 per Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum offer price of HK\$2.15 for each Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the Offer Price is lower than HK\$2.15. The Sole Global Coordinator, on behalf of the Underwriters, may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of such reduction will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.foodwise.hk](http://www.foodwise.hk) as soon as practicable but in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

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

Pursuant to the termination provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Sole Global Coordinator, on behalf of the Underwriters, have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — (a) Hong Kong Underwriting Agreement — Grounds for Termination". It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, or to, or for the account or benefit of U.S. persons, except that the Offer Shares may be offered, sold or delivered (i) within the United States in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A under the U.S. Securities Act or another exemption from registration under the U.S. Securities Act; and (ii) in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act.

17 November 2016

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## EXPECTED TIMETABLE

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*We will issue an announcement in Hong Kong to be published at the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.foodwisehl.com](http://www.foodwisehl.com) if there is any change in the following expected timetable of the Global Offering.*

Latest time to complete electronic applications under  
the **HK eIPO White Form** service through the  
designated website at [www.hkeipo.hk](http://www.hkeipo.hk) (note 4) . . . . . 11:30 a.m. on Tuesday, 22 November 2016

Application lists for the Hong Kong Public Offering open  
(note 2) . . . . . 11:45 a.m. on Tuesday, 22 November 2016

Latest time for lodging **WHITE** and **YELLOW** Application  
Forms and giving **electronic application instructions** to  
HKSCC (note 3) . . . . . 12:00 noon on Tuesday, 22 November 2016

Latest time to complete payments for **HK eIPO White**  
**Form** applications by effecting internet banking  
transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday, 22 November 2016

Application lists close (note 2) . . . . . 12:00 noon on Tuesday, 22 November 2016

Expected Price Determination Date on or about (note 6) . . . . . Tuesday, 22 November 2016

Announcement of the Offer Price, the indications of the  
level of interest in the International Offering to be  
published at the websites of the Stock Exchange at  
[www.hkexnews.hk](http://www.hkexnews.hk) and our Company at  
[www.foodwisehl.com](http://www.foodwisehl.com) on or before (note 7) . . . . . Monday, 28 November 2016

Results of allocations in the Hong Kong Public Offering  
(with successful applicants' identification document  
numbers, where appropriate) to be available through a  
variety of channels (See "How to Apply for Hong Kong  
Offer Shares — Publication of Results") from . . . . . Monday, 28 November 2016

Results of allocations in the Hong Kong Public Offering  
will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a  
"search by ID" function . . . . . Monday, 28 November 2016

Despatch/Collection of share certificates in respect of  
wholly or partially successful applications pursuant to the  
Hong Kong Public Offering on or before (notes 5 & 8) . . . . . Monday, 28 November 2016

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## EXPECTED TIMETABLE

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### Despatch/Collection of **HK eIPO White Form** e-Auto

Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong

Public Offering on or before (*notes 7 & 11*) . . . . . Monday, 28 November 2016

### Dealings in Shares on the Main Board of the Stock

Exchange to commence on . . . . . 9:00 a.m. on Tuesday, 29 November 2016

#### *Notes:*

- (1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering”.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 22 November 2016, the application lists will not open and close on that day. Further information is set out in “How to Apply for Hong Kong Offer Shares — Effect of bad weather on the opening of the application lists”. If the application lists do not open and close on Tuesday, 22 November 2016, the dates mentioned in this section headed “Expected Timetable” may be affected. A press announcement will be made by us in such event.
- (3) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS” for details.
- (4) You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (5) Share certificates for the Hong Kong Offer Shares will become valid certificates of title at 8:00 a.m. on Tuesday, 29 November 2016, provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates become valid certificates do so entirely at their own risk.
- (6) The Offer Price is expected to be determined by Tuesday, 22 November 2016 but in any event, the expected time for determination of the Offer Price will not be later than Friday, 25 November 2016. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator, on behalf of the Underwriters, and our Company by Friday, 25 November 2016, the Global Offering will not proceed and will lapse.
- (7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, the refund cheque.

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## EXPECTED TIMETABLE

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- (8) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all information required on their Application Forms, they may collect any refund cheque(s) and/or share certificate(s) in person from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 28 November 2016. Applicants being individuals who is eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations which is eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chop. Identification and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar, Tricor Investor Services Limited, must be produced at the time of collection.
- (9) Applicants who apply on **YELLOW** Application Forms may collect their refund cheque(s), where applicable, in person but may not collect their share certificate(s), which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheque(s) for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants specified in note (8) above.
- (10) Applicants who apply for Hong Kong Offer Shares via **HK eIPO White Form** should refer to the section headed "How to Apply for Hong Kong Offer Shares — Refund of Application Monies".
- (11) Uncollected share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified on the relevant applications. Further details are set out in the section headed "How to apply for Hong Kong Offer Shares — Despatch/Collection of Share Certificates and Refund Monies".

For details of the structure of the Global Offering, including the conditions thereof, please refer to the section headed "Structure of the Global Offering".

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### IMPORTANT NOTICE TO INVESTORS

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

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, any of the Underwriters, any of their respective directors, officers, representatives or advisors or any other person involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.*

### OVERVIEW

As at 31 December 2015, we operated 22 restaurants under our Viet’s Choice Brands in Hong Kong, and we had the largest number of Vietnamese-style restaurants within the Southeast Asian full-service restaurant segment in Hong Kong for the year ended 31 December 2015, according to the Euromonitor Report. As at the Latest Practicable Date, we operated 20 restaurants under our Viet’s Choice Brands in Hong Kong, of which, three were located in the Hong Kong Island, five were located in Kowloon and the remaining were located in the New Territories, with a majority of our restaurants located within shopping malls. During the Track Record Period, we operated our restaurants under our Viet’s Choice Brands, namely, our main brand, Viet’s Choice , and sub-brands Home Viet  and VC Cafe’ . We generated all of our revenue from our restaurant operations which amounted to HK\$181.3 million, HK\$210.1 million, HK\$200.9 million and HK\$86.2 million for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, respectively.

Our first restaurant operation could be traced back to 2003 when Mr. Wong and Mrs. Wong, through Goody Limited, set up our first Viet’s Choice restaurant in Wan Chai, Hong Kong. At the time, it was in the midst of the economic downturn due to the severe acute respiratory syndrome epidemic in Hong Kong and Mr. Wong believed it was an opportunity to open restaurants targeting the mass-market segment. With the success of our first Viet’s Choice restaurant, Mr. Wong and his then business partners, decided to expand into other districts. It was Mr. Wong’s vision to open a Vietnamese-style casual dining restaurant chain across different districts in Hong Kong. We then opened our first restaurant in the New Territories in 2003 and our first restaurant in Kowloon in 2004. Since then, we gradually expanded our Vietnamese-style casual dining restaurant chain into other districts in Hong Kong.

### Our Restaurant Network

During the Track Record Period, we principally owned and operated our Viet’s Choice Brands restaurants in Hong Kong as well as four Hong Kong style restaurants, *Cha Chaan Teng*, under the name of “Classic Choice 菊花園”. As at 31 August 2016, we closed all of our Classic Choice restaurants as they were underperforming or due to the expiry of the lease. We realigned our resources to focus on our operation of Vietnamese-style casual dining restaurants and our future plans as disclosed in “Business — Our Business Strategies”, including to expand our Viet’s Choice Brands restaurant network and to broaden our cuisine offerings through opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants, in order to maximize our profitability. See also “Business — Our Business Strategies” for more details.



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## SUMMARY

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We owned and operated 26, 25, 23, 22 and 20 restaurants in Hong Kong as at 31 March 2014, 2015 and 2016, 31 August 2016 and the Latest Practicable Date, respectively. Seating capacity of these restaurants ranges between 46 seats to 140 seats. Out of the 20 existing restaurants, three of them were located in Hong Kong Island, five of them in Kowloon and 12 of them in the New Territories and our restaurant network covers 14 districts in Hong Kong. See also “Our Restaurants — Our Restaurant Network” for further details.

### **Restaurant Operations and Management**

With the growth of our business in operating our Vietnamese-style casual dining restaurant chain, we have established standardised restaurant operations and management procedures for the Viet’s Choice Brands restaurants. We have also established our food processing centre in 2009 to support the operations of our restaurants. Our standardised restaurant operation procedures cover aspects such as daily operations of our restaurants, procurement of food ingredients and beverages, quality control and food standardisation across all of our Viet’s Choice Brands restaurants. As for our food processing centre, it plays an important role on our restaurant operations as it supplies semi-processed food ingredients to our restaurants, such as pre-cut meats, marinated meats and sauce bases. We are able to leverage on our food processing centre to carry out pre-processing of our food ingredients as we have standardised our food and menu at our restaurants. Our food processing centre also centralises procurement and storage of certain food ingredients and consumables for our Group, including beef bones, soup seasoning and takeout boxes and utensils. In terms of our standardised menu, we price our menu taking into account our food ingredients prices, average cost structure of our restaurants, target operating margin and pricing of our major competitors.

In terms of our standardised restaurant management procedures, the procedures cover aspects such as the clear definition of responsibilities and reporting lines of our restaurant employees, and interaction with the management including reporting and scheduled meetings with the management.

See also “Business — Restaurant Operations and Management” for further details.

### **Food Processing Centre**

Our food processing centre supports our restaurant operations by pre-processing certain food ingredients for delivery to our restaurants, such as semi-processed food ingredients, pre-cut meats and sauce bases, centralising procurement of certain food ingredients and other consumables, and warehousing. It allows us to reduce kitchen staff and space requirements at our restaurants, achieve economics of scale, reduce inventory management expense and provide a platform for our future expansions. Hence, our restaurants would only need to process fresh ingredients that have been procured by the restaurants onsite and prepare the dishes according to our standardised recipes. For the five months ended 31 August 2016, our food processing centre prepared and supplied over 60% of our food ingredients used at our restaurants. See also “Business — Our Food Processing Centre” for further details.

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## SUMMARY

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### Opening and Closing of Our Restaurants

At the beginning of the Track Record Period, we operated 22 restaurants, namely, 19 Viet's Choice Brands restaurants and three *Cha Chaan Teng* restaurants under the brand of Classic Choice. For the years ended 31 March 2014, 2015, and 2016, for the five months ended 31 August 2016 and from 1 September 2016 up to the Latest Practicable Date, we opened five, four, two, two and nil restaurants, respectively.

For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, we had eleven, ten, six and seven loss making restaurants. For the year ended 31 March 2014, we closed one restaurant as such restaurant was loss making and the financial performance was below our expectation. We consider a restaurant to be loss making if such restaurant has negative operating margin. For the year ended 31 March 2015, we closed five restaurants, of which, two restaurants were closed as these restaurants were loss making and their financial performance were below our expectation, two other restaurants were closed due to the leases had expired and one other restaurant was closed as we have relocated such restaurant to another location within the same shopping mall. For the year ended 31 March 2016, we closed four restaurants, of which, three restaurants were closed as these restaurants were loss making and their financial performance were below our expectation, and another restaurant was closed as we replaced this restaurant with a new restaurant in the same district. For the five months ended 31 August 2016, we closed three restaurants, of which, one restaurant was closed as it was loss making and its financial performance was below our expectation, one other restaurant was closed due to the lease had expired and another restaurant was closed as we replaced this restaurant with a new restaurant in the same district. Since 1 September 2016 and up to the Latest Practicable Date, we closed two other restaurants, one of which was loss making and the other was closed upon expiry of the lease. See also "Business — Historical Changes of our Restaurants" for details.

### Breakeven and Investment Payback

We consider a restaurant to achieve a breakeven point when the monthly revenue is at least equal to the monthly expenses of that restaurant. During the Track Record Period, most of our restaurants had reached the breakeven point in the first full month of operations. As at the Latest Practicable Date, 31 of our 35 restaurants operated during the Track Record Period have achieved a breakeven. The remaining restaurants operated during the Track Record Period that had never achieved a breakeven were permanently closed except for one which was newly opened in June 2016.

We define the investment payback period of a restaurant to be the amount of time it takes for the accumulated operating cashflow generated from the restaurant equates the initial costs of opening the restaurant. As at the Latest Practicable Date, the average investment payback period was approximately ten months for 22 out of the 35 restaurants operated during the Track Record Period. Our investment in the remaining 13 restaurants had not yet achieved payback as at the Latest Practicable Date, see "Business — Our Restaurants — Performance, Breakeven and Investment Payback" for details.

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## SUMMARY

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We expect the breakeven point and investment payback period for our new restaurants to be similar to those of our Viet's Choice Brands restaurants operated during the Track Record Period.

### **Leased Premises of Our Restaurants**

As at the Latest Practicable Date, we leased 22 premises for our restaurants, of which, two of our restaurants located in such premises had been closed in October 2016 and undergoing reinstatement work. Out of the remaining 20 leased premises for our restaurants in operation as at the Latest Practicable Date, three of our restaurant leases will expire by 31 March 2017, five of the leases will expire during the year ending 31 March 2018, and the remaining 12 restaurant leases will expire after 31 March 2018 and we have an option to renew the term of five of these leases for a range of two to four years. See also "Business — Properties" for details.

### **Site Selection and Restaurant Development**

We have a systematic restaurant opening procedures, which include (i) selecting sites based on locations with easy access through the public transportation systems and close-by residential areas for the convenience of our targeted customers in the mass market segment; (ii) carrying out feasibility study; (iii) developing the design and concepts of the restaurants, and carrying out renovations; (iv) obtaining necessary licences and certificates for the restaurant; (v) staffing the restaurant based on results of the feasibility study; and (vi) soft and official openings of the restaurant. See "Business — Site Selection and Restaurant Development" for further details.

### **Customers**

As we target the mass-market customers and have a large and diverse customers base in Hong Kong, coupled with the nature of our business, we do not rely on any single customer during the Track Record Period.

### **Raw Materials and Suppliers**

Our major raw materials are food ingredients and beverages. For the years ended 31 March 2014, 2015, and 2016, and the five months ended 31 August 2016, our cost of food and beverages accounted for 26.2%, 26.2%, 23.6% and 23.1% of our total revenue, respectively. We principally procure our food ingredients from our pre-approved suppliers. We generally procure our food ingredients as and when we need them, but at times, we may place bulk purchase orders for food ingredients with longer shelf life. For the years ended 31 March 2014, 2015, and 2016, and the five months ended 31 August 2016, our purchases from our top five suppliers amounted to HK\$28.2 million, HK\$32.8 million, HK\$28.3 million and HK\$12.8 million, respectively, representing 61.9%, 62.5%, 62.7% and 69.6% of our total purchases of food and beverages during the same periods, respectively and we have between one to eight years of business relationship with them. During the Track Record Period, none of our Directors or their close associates or Shareholders who owned more than 5% of our issued share capital had any interest in any of our five largest suppliers. See also "Business — Raw Materials and Suppliers" for further details.



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## SUMMARY

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### OUR COMPETITIVE STRENGTHS

Our competitive strengths include:

- we operate the largest Vietnamese restaurant chain in Hong Kong;
- our standardised restaurant operations and management support our existing operations and future growth;
- our restaurants are strategically located in convenient locations mainly close to residential areas to target mass-market customers, which allow us to be more capable in mitigating the impact of economic downturns on our business; and
- we have an experienced management team with extensive industry knowledge.

See also “Business — Our Competitive Strengths” for further details.

### OUR BUSINESS STRATEGIES

Our objective is to become a leading full-service casual dining restaurant chain operator in Hong Kong. To achieve our objective, we intend to implement the following strategies:

- maintaining our market share and continue to expand our network of Vietnamese-style casual dining restaurants in Hong Kong by replacement of restaurants planned to close and opening of new Vietnamese-style casual dining restaurants as well as further refurbish our existing restaurants;
- leveraging on our standardised operations and management and broadening our cuisine offerings to capture a larger market share in Hong Kong by developing different lines of casual dining restaurants including full-menu Vietnamese-style restaurants, French-Vietnamese-style restaurants and international cuisines restaurants;
- upgrading and expanding the food processing capabilities of our food processing centre;
- upgrading our information technology systems to support our future expansion and growth; and
- broadening the promotion of our brand image and market recognition.

See also “Business — Our Business Strategies” for further details.

### NEW RESTAURANTS OPENING SCHEDULE

As we generate all of our revenue from our restaurant operations during the Track Record Period, the number of restaurants we operate and the number of operating days of our restaurants in turn affect

## SUMMARY

our revenue in a financial year. We intend to open new restaurants and replace existing restaurants subsequent to the Track Record Period. We set out below a summary of our new restaurants opening schedule for the seven months ending 31 March 2017 and the years ending 31 March 2018 and 2019 in Hong Kong, and the related estimated investment costs:

|                                                                  | <b>For the seven<br/>months ending<br/>31 March</b> | <b>For the year ending<br/>31 March</b> |             |
|------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------|-------------|
|                                                                  | <b>2017</b>                                         | <b>2018</b>                             | <b>2019</b> |
| Opening replacement Viet's Choice Brands restaurants             |                                                     |                                         |             |
| <i>Number of replacement restaurants to be opened</i>            | 3                                                   | 2                                       | —           |
| <i>Estimated investment cost (HK\$ million)</i>                  | 7.5                                                 | 5.0                                     | —           |
| Opening new Viet's Choice Brands restaurants                     |                                                     |                                         |             |
| <i>Number of new restaurants to be opened</i>                    | 1                                                   | 2                                       | —           |
| <i>Estimated investment cost (HK\$ million)</i>                  | 2.5                                                 | 5.0                                     | —           |
| Opening new full-menu Vietnamese-style casual dining restaurants |                                                     |                                         |             |
| <i>Number of new restaurants to be opened</i>                    | 1                                                   | 3                                       | 2           |
| <i>Estimated investment cost (HK\$ million)</i>                  | 2.8                                                 | 8.4                                     | 5.6         |
| Opening new French-Vietnamese-style casual dining restaurants    |                                                     |                                         |             |
| <i>Number of new restaurants to be opened</i>                    | —                                                   | 3                                       | 3           |
| <i>Estimated investment cost (HK\$ million)</i>                  | —                                                   | 10.5                                    | 10.5        |
| Opening new international cuisines casual dining restaurants     |                                                     |                                         |             |
| <i>Number of new restaurants to be opened</i>                    | —                                                   | 4                                       | 2           |
| <i>Estimated investment cost (HK\$ million)</i>                  | —                                                   | 14.0                                    | 7.0         |

See “Business — Our Business Strategies” and “Business — Site Selection and Restaurant Development — Planned Future Expansion and Expected Replacement of Restaurants” for further details.

## INDUSTRY

According to the Euromonitor Report, the environment of chained Southeast Asian full-service restaurants in Hong Kong, including Vietnamese full-service restaurants, is highly competitive and fragmented. The restaurants compete to provide better environment and quality of food in order to attract customers. In terms of competitors in the market, as there are no other major Vietnamese chained restaurants of significant size in Hong Kong, we compete for our market share with other independent Vietnamese restaurants as well. According to the Euromonitor Report, there were more than 200 full-service Vietnamese restaurants in Hong Kong in 2015. The food service value of Vietnamese full-service restaurants in Hong Kong grew from HK\$792.2 million in 2011 to HK\$932.5

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## SUMMARY

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million in 2015, representing a CAGR of 4.2%, and the main revenue drivers are the chained full-service restaurants, according to the Euromonitor Report. The food service value of Vietnamese full-service restaurants in Hong Kong is expected to grow at a CAGR of 3.1% from 2016 to 2020. See “Industry Overview” for further details.

### RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of any of the Adjustment Options and Shares that may be issued upon the exercise of the options which may be granted under the Share Option Scheme), our Controlling Shareholders will together control the exercise of voting rights of 75% of our Company. In particular, Pioneer Vantage, which is wholly-owned by Mr. Wong, will hold 63.75% of our issued Shares and Blaze Forum, which is wholly-owned by Mrs. Wong, will hold 11.25% of our issued Shares. All of our Controlling Shareholders, including Mr. Wong and Mrs. Wong, have been acting in concert and voted in unanimous manner in the past in respect of the management, development and operations of the Group and they have jointly provided a lock-up undertaking under Rule 10.07 of the Listing Rules to us, the Stock Exchange and the Sole Global Coordinator (for itself and on behalf of the Underwriters) that they will not exercise their rights under Rule 10.07(1) to an extent that they will cease to be a group of controlling shareholders. See “Underwriting” for more details. Furthermore, we have transferred two properties to Eternal Prosper, a company wholly-owned by Mr. Wong and Mrs. Wong, as part of Reorganisation, and recorded a gain on disposal of HK\$1.7 million. See “History, Development and Reorganisation” and “Relationship with our Controlling Shareholders” for more details.

We have also leased 12 premises from Mr. Wong and Mrs. Wong, our Controlling Shareholders, and Eternal Prosper, a connected person, which will constitute fully-exempt continuing connected transactions upon Listing. See “Continuing Connected Transactions” for details.

### SUMMARY OF COMBINED FINANCIAL INFORMATION

The following tables set out our summary combined financial information as at and for the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016. We have derived this summary from our combined financial statements set out in the Accountant’s Report in Appendix I to this prospectus. You should read this summary together with the combined financial information as set out in Accountant’s Report in Appendix I to this prospectus, including the related notes, as well as the information set forth in “Financial Information” in this prospectus.

## SUMMARY

### Summary Combined Statements of Comprehensive Income

|                                                                                | For the year ended 31 March |               |               | For the five months ended 31 August |                |
|--------------------------------------------------------------------------------|-----------------------------|---------------|---------------|-------------------------------------|----------------|
|                                                                                | 2014                        | 2015          | 2016          | 2015                                | 2016           |
|                                                                                | HK\$'000                    | HK\$'000      | HK\$'000      | HK\$'000                            | HK\$'000       |
|                                                                                |                             |               |               | <i>(unaudited)</i>                  |                |
| <b>Revenue</b>                                                                 | 181,322                     | 210,078       | 200,915       | 88,760                              | 86,194         |
| Other income and gains                                                         | 1,126                       | 1,076         | 2,390         | 190                                 | 177            |
| Cost of food and beverages                                                     | (47,494)                    | (55,072)      | (47,427)      | (21,363)                            | (19,896)       |
| Staff costs                                                                    | (51,985)                    | (58,366)      | (54,416)      | (22,559)                            | (23,812)       |
| Depreciation and amortisation                                                  | (8,109)                     | (9,549)       | (8,394)       | (3,609)                             | (3,501)        |
| Property rentals and related expenses                                          | (40,707)                    | (49,450)      | (48,169)      | (19,546)                            | (21,643)       |
| Fuel and utility expenses                                                      | (5,672)                     | (6,433)       | (5,862)       | (2,592)                             | (2,551)        |
| Advertising and marketing expenses                                             | (482)                       | (573)         | (501)         | (222)                               | (200)          |
| Other operating expenses                                                       | (8,858)                     | (9,245)       | (8,264)       | (3,269)                             | (3,549)        |
| Listing expenses                                                               | —                           | —             | (1,478)       | —                                   | (14,677)       |
| Finance costs, net                                                             | (93)                        | (50)          | (51)          | (16)                                | (18)           |
| <b>Profit/(loss) before taxation</b>                                           | 19,048                      | 22,416        | 28,743        | 15,774                              | (3,476)        |
| Income tax expense                                                             | (3,067)                     | (3,611)       | (4,838)       | (2,676)                             | (1,723)        |
| <b>Profit/(loss) and total comprehensive income/(loss) for the year/period</b> | <u>15,981</u>               | <u>18,805</u> | <u>23,905</u> | <u>13,098</u>                       | <u>(5,199)</u> |

### Summary Combined Statements of Financial Position

|                         | As at 31 March |          |          | As at 31 August |
|-------------------------|----------------|----------|----------|-----------------|
|                         | 2014           | 2015     | 2016     | 2016            |
|                         | HK\$'000       | HK\$'000 | HK\$'000 | HK\$'000        |
| Current assets          | 50,007         | 61,525   | 52,420   | 50,085          |
| Current liabilities     | 29,930         | 28,733   | 21,527   | 24,887          |
| Net current assets      | 20,077         | 32,792   | 30,893   | 25,198          |
| Non-current assets      | 34,353         | 29,973   | 25,727   | 26,478          |
| Non-current liabilities | 3,024          | 2,554    | 2,218    | 2,473           |
| Total equity            | 51,406         | 60,211   | 54,402   | 49,203          |



## SUMMARY

### Summary Combined Statements of Cash Flows

|                                                               | For the year ended 31 March |          |          | For the five months ended 31 August |          |
|---------------------------------------------------------------|-----------------------------|----------|----------|-------------------------------------|----------|
|                                                               | 2014                        | 2015     | 2016     | 2015                                | 2016     |
|                                                               | HK\$'000                    | HK\$'000 | HK\$'000 | HK\$'000                            | HK\$'000 |
|                                                               |                             |          |          | <i>(unaudited)</i>                  |          |
| Net cash flows generated from operating activities            | 21,464                      | 27,270   | 29,466   | 15,759                              | 2,913    |
| Net cash flows used in investing activities                   | (15,590)                    | (9,888)  | (7,327)  | (1,738)                             | (2,609)  |
| Net cash flows used in financing activities                   | (3,658)                     | (12,355) | (22,604) | (10,846)                            | (6,764)  |
| Net increase/(decrease) in cash and cash equivalents          | 2,216                       | 5,027    | (465)    | 3,175                               | (6,460)  |
| Cash and cash equivalents at the beginning of the year/period | 25,884                      | 28,100   | 33,127   | 33,127                              | 32,662   |
| Cash and cash equivalents at the end of the year/period       | 28,100                      | 33,127   | 32,662   | 36,302                              | 26,202   |

### Key Financial Ratios

The following table sets out our key financial ratios during the Track Record Period:

|                              | As at/for the year ended 31 March |       |       | As at/for the five months ended 31 August |
|------------------------------|-----------------------------------|-------|-------|-------------------------------------------|
|                              | 2014                              | 2015  | 2016  | 2016                                      |
| Current ratio                | 1.7                               | 2.1   | 2.4   | 2.0                                       |
| Quick ratio                  | 1.6                               | 2.0   | 2.3   | 1.9                                       |
| Gearing ratio <sup>(1)</sup> | 5.8%                              | 3.3%  | 6.5%  | — <sup>(2)</sup>                          |
| Return on equity             | 34.1%                             | 33.7% | 41.7% | (10.0)%                                   |
| Return on total assets       | 21.0%                             | 21.4% | 28.2% | (6.7)%                                    |
| Interest coverage ratio      | 163.8                             | 274.4 | 343.2 | (107.6)                                   |

Notes:

- (1) Gearing ratio equals total debt divided by total equity and multiplied by 100%. Total debt comprises our bank borrowings and finance lease payables.
- (2) We had no outstanding debt as at 31 August 2016.

See “Financial Information — Key Financial Ratios” for details of the equations.

## SUMMARY

### Breakdown of Revenue

We set out below breakdown of our revenue from our different restaurants for the periods indicated:

|                | For the year ended 31 March |              |                |              |                |              | For the five months ended 31 August |              |               |              |
|----------------|-----------------------------|--------------|----------------|--------------|----------------|--------------|-------------------------------------|--------------|---------------|--------------|
|                | 2014                        |              | 2015           |              | 2016           |              | 2015                                |              | 2016          |              |
|                | HK\$'000                    | %            | HK\$'000       | %            | HK\$'000       | %            | HK\$'000                            | %            | HK\$'000      | %            |
|                | <i>(unaudited)</i>          |              |                |              |                |              |                                     |              |               |              |
| Viet's Choice  |                             |              |                |              |                |              |                                     |              |               |              |
| Brands         | 169,078                     | 93.2         | 200,948        | 95.7         | 198,598        | 98.8         | 87,466                              | 98.5         | 85,834        | 99.6         |
| Classic Choice | 12,244                      | 6.8          | 9,130          | 4.3          | 2,317          | 1.2          | 1,294                               | 1.5          | 360           | 0.4          |
| <b>Total</b>   | <u>181,322</u>              | <u>100.0</u> | <u>210,078</u> | <u>100.0</u> | <u>200,915</u> | <u>100.0</u> | <u>88,760</u>                       | <u>100.0</u> | <u>86,194</u> | <u>100.0</u> |

### SELECTED OPERATING DATA

#### Comparable Restaurant Sales

Comparable restaurant sales, which exclude contribution and impacts from the opening and closing of restaurants, provide a more meaningful period-to-period comparison of our restaurants' performance. We define comparable restaurants as restaurants that were operating throughout the years under comparison. Comparable restaurant sales were primarily affected by the guest traffic and the average check per guest at the comparable restaurants. We set out below information relevant to our comparable restaurant sales during the Track Record Period:

|                                               | For the year ended 31 March |                |                |                | For the five months ended 31 August |               |
|-----------------------------------------------|-----------------------------|----------------|----------------|----------------|-------------------------------------|---------------|
|                                               | 2014                        | 2015           | 2015           | 2016           | 2015                                | 2016          |
| <b>Number of comparable restaurants</b>       |                             |                |                |                |                                     |               |
| Viet's Choice Brands                          |                             | 15             |                | 17             |                                     | 18            |
| Classic Choice                                |                             | <u>1</u>       |                | <u>—</u>       |                                     | <u>—</u>      |
| <i>Total number</i>                           |                             | <u>16</u>      |                | <u>17</u>      |                                     | <u>18</u>     |
| <b>Comparable restaurant sales (HK\$'000)</b> |                             |                |                |                |                                     |               |
| Viet's Choice Brands                          | 132,207                     | 140,755        | 157,833        | 162,855        | 75,585                              | 73,895        |
| Classic Choice                                | <u>3,785</u>                | <u>3,890</u>   | <u>—</u>       | <u>—</u>       | <u>—</u>                            | <u>—</u>      |
| <i>Total sales</i>                            | <u>135,992</u>              | <u>144,645</u> | <u>157,833</u> | <u>162,855</u> | <u>75,585</u>                       | <u>73,895</u> |

## SUMMARY

|                                                                                                | For the year ended 31 March |      |      |      | For the five months ended 31 August |      |
|------------------------------------------------------------------------------------------------|-----------------------------|------|------|------|-------------------------------------|------|
|                                                                                                | 2014                        | 2015 | 2015 | 2016 | 2015                                | 2016 |
| <b>Daily average revenue per comparable restaurant (HK\$'000)</b>                              |                             |      |      |      |                                     |      |
| Viet's Choice Brands                                                                           | 24                          | 26   | 25   | 26   | 27                                  | 27   |
| Classic Choice                                                                                 | 10                          | 11   | —    | —    | —                                   | —    |
| <i>Overall daily average revenue</i>                                                           | 23                          | 25   | 25   | 26   | 27                                  | 27   |
| <b>Percentage increase/(decrease) of comparable restaurant sales during comparable periods</b> |                             |      |      |      |                                     |      |
| Viet's Choice Brands                                                                           | 6.5%                        |      | 3.2% |      | (2.2)%                              |      |
| Classic Choice                                                                                 | 2.8%                        |      | —    |      | —                                   |      |
| <i>Overall increase/(decrease)</i>                                                             | 6.4%                        |      | 3.2% |      | (2.2)%                              |      |

See also “Financial Information — Factors Affecting Our Results of Operations — Comparable Restaurant Sales” for further details.

### Guest Traffic and Average Check per Guest

We record the guest count during the Track Record Period through our point-of-sale (POS) system installed in each of our restaurants. We calculate the average check per guest based on the total revenue divided by the estimated number of guests of the comparable restaurants in the relevant period. We set out below the estimated guest count, seat turnover rate and average check per guest of our comparable restaurants during the Track Record Period:

|                                                               | For the year ended 31 March |              |              |              | For the five months ended 31 August |              |
|---------------------------------------------------------------|-----------------------------|--------------|--------------|--------------|-------------------------------------|--------------|
|                                                               | 2014                        | 2015         | 2015         | 2016         | 2015                                | 2016         |
| <b>Number of comparable restaurants</b>                       |                             |              |              |              |                                     |              |
| Viet's Choice Brands                                          | 15                          |              | 17           |              | 18                                  |              |
| Classic Choice                                                | 1                           |              | —            |              | —                                   |              |
| <i>Total number</i>                                           | <u>16</u>                   |              | <u>17</u>    |              | <u>18</u>                           |              |
| <b>Estimated guest count of comparable restaurants ('000)</b> |                             |              |              |              |                                     |              |
| Viet's Choice Brands                                          | 2,470                       | 2,537        | 2,842        | 2,775        | 1,297                               | 1,252        |
| Classic Choice                                                | 100                         | 105          | —            | —            | —                                   | —            |
| <i>Total estimated guest count</i>                            | <u>2,570</u>                | <u>2,642</u> | <u>2,842</u> | <u>2,775</u> | <u>1,297</u>                        | <u>1,252</u> |

## SUMMARY

|                                                                   | For the year ended 31 March |      |      |      | For the five months ended 31 August |                    |
|-------------------------------------------------------------------|-----------------------------|------|------|------|-------------------------------------|--------------------|
|                                                                   | 2014                        | 2015 | 2015 | 2016 | 2015                                | 2016               |
|                                                                   |                             |      |      |      |                                     |                    |
| <b>Seat turnover rate of comparable restaurants<sup>(1)</sup></b> |                             |      |      |      |                                     |                    |
| Viet's Choice Brands                                              | 5.5                         | 5.6  | 5.6  | 5.4  | 5.7 <sup>(2)</sup>                  | 5.4 <sup>(2)</sup> |
| Classic Choice                                                    | 4.7                         | 5.0  | —    | —    | —                                   | —                  |
| <i>Overall seat turnover rate</i>                                 | 5.5                         | 5.5  | 5.6  | 5.4  | 5.7                                 | 5.4                |
| <b>Average check per guest of comparable restaurants (HK\$)</b>   |                             |      |      |      |                                     |                    |
| Viet's Choice Brands                                              | 54                          | 56   | 56   | 59   | 59                                  | 59                 |
| Classic Choice                                                    | 38                          | 37   | —    | —    | —                                   | —                  |
| <i>Overall average check per guest</i>                            | 53                          | 54   | 56   | 59   | 59                                  | 59                 |

*Note:*

- (1) Seat turnover rate equals guest count during a period divided by seating capacity of the relevant restaurants and further divided by the number of operating days in the relevant period. Seating capacities of our restaurants are based on our standard number of seats of each restaurant only and does not take into account our occasional seating adjustments to accommodate any temporary upswing in guest traffic, such as the significantly increased guest traffic at some of our restaurants around the public holidays. However, the Directors consider that such temporary adjustment is sufficiently insignificant and would not affect the reliability of the seat turnover rate in the table above.
- (2) The seat turnover rate of comparable restaurants excludes VCHP as VCHP is a food stall that we operate inside a shopping mall's food court and the dining area used by our customers is shared with customers of other restaurant operators in the same food court.

See also “Financial Information — Factors Affecting Our Results of Operations — Guest Traffic and Average Check per Guest” for further details.

### RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Based on our management accounts for the month ended 30 September 2016, as compared to the corresponding period in 2015, our sales and estimated guest count of comparable restaurants slightly decreased but our average check per guest of comparable restaurants slightly increased. Our Directors believe the recent downturn in the Hong Kong retail and tourism sectors has a minor impact to our Group as we principally target customers in the mass-market which allow us to be more capable of mitigating the impact from the economic downturn. This is also consistent with our past experience. See “Business — Our Competitive Strengths — Our restaurants are strategically located in convenient locations mainly close to residential areas to target mass-market customers, which allows us to be more capable in mitigating the impact of economic downturns on our business” for details. Nonetheless, our unaudited net profit and profit margin for the month ended 30 September 2016, compare to the same period in 2015, had decreased mainly because of the increase in property rental and related expenses attributable to adjustments in monthly rental of certain leases upon their renewals.

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## SUMMARY

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Our Directors confirmed that, up to the date of this prospectus, except as disclosed in this prospectus, there had been no material adverse change in the financial or trading positions or prospects of our Group since 31 August 2016 (being the latest audited combined financial statements of our Group as set out in the Accountant's Report in Appendix I to this prospectus); and there had been no event since 31 August 2016 which would materially affect the information shown in the Accountant's Report in Appendix I to this prospectus.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees and expenses incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK\$1.91 per Offer Share (being the mid-point of the indicative Offer Price range) and none of the Adjustment Options is exercised, our total listing expenses is estimated to be approximately HK\$28.0 million, of which approximately HK\$9.8 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of approximately HK\$18.2 million has been or will be reflected in the combined statement of comprehensive income of our Group. Listing expenses of HK\$1.5 million and HK\$14.7 million in relation to services already performed by relevant parties, were reflected in our combined statement of comprehensive income for the year ended 31 March 2016 and for the five months ended 31 August 2016, respectively, and approximately HK\$2.0 million of additional listing expenses are expected to be recognised in the combined statement of comprehensive income of our Group subsequent to the Track Record Period. As a result, we recorded a net loss of HK\$5.2 million for the five months ended 31 August 2016. We also expect our results of operations for the year ending 31 March 2017 to be materially and adversely affected by the listing expenses incurred in the period.

### GLOBAL OFFERING STATISTICS<sup>(1)</sup>

|                                                                              | <b>Based on an Offer<br/>Price of HK\$1.67<br/>per Share</b> | <b>Based on an Offer<br/>Price of HK\$2.15<br/>per Share</b> |
|------------------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Market capitalisation of our Shares <sup>(2)</sup>                           | HK\$334 million                                              | HK\$430 million                                              |
| Unaudited pro forma adjusted net tangible assets<br>per Share <sup>(3)</sup> | HK\$0.61                                                     | HK\$0.72                                                     |

*Notes:*

- (1) All statistics in this table are based on the assumption that none of the Adjustment Options is exercised.
- (2) The calculation of market capitalisation is based on 200,000,000 Shares expected to be issued and outstanding following the completion of the Capitalisation Issue and the Global Offering.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in Appendix II to this prospectus and on the basis that 200,000,000 Shares were in issue assuming the Capitalisation Issue and the Global Offering have been completed on 31 August 2016.



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## SUMMARY

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### REASONS FOR THE LISTING AND USE OF PROCEEDS

Our Directors believe that the listing of our Shares on the Stock Exchange will facilitate the implementation of our business strategies as stated in the section headed “Business — Our Business Strategies” in this prospectus in order to achieve our business objective and will further strengthen our market position and expand our market share in the food and beverage market in Hong Kong. Our Directors consider that the Listing is beneficial to our Company and its Shareholders as a whole notwithstanding the substantial expenses involved and the dilution effect to our Controlling Shareholders as the Listing will provide us with the platform for obtaining funding through equity financing, efficient and complementary means of advertising for our Group and can reinforce our corporate profile, brand awareness and market reputation, improve hiring and retaining employees and enhance the creditworthiness of our Group. See “Future Plans and Use of Proceeds — Reasons for the Listing” for details.

We estimate that we will receive net proceeds of approximately HK\$67.5 million from the Global Offering, (i) assuming that none of the Adjustment Options is exercised; (ii) after deducting the underwriting commissions and other estimated offering expenses payable by us; and (iii) assuming the initial Offer Price of HK\$1.91 per Share, being the mid-point of the indicated Offer Price range. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set out below:

- (i) approximately 23.3%, or HK\$15.8 million, of the net proceeds will be used to maintain and expand our Viet’s Choice Brands restaurants, including (a) to open five replacement Viet’s Choice Brands restaurants; (b) to open three new Viet’s Choice Brands restaurants; and (c) to renovate four existing Viet’s Choice Brands restaurants;
- (ii) approximately 61.5%, or HK\$41.6 million, of the net proceeds will be used to broaden our cuisine offerings, including (a) to open six full-menu Vietnamese-style casual dining restaurants, which will offer a more comprehensive menu as compared to our current menu at our Viet’s Choice Brands restaurants; (b) to open six French-Vietnamese-style casual dining restaurants; and (c) to open six international cuisines casual dining restaurants. See also “Business — Our Business Strategies — Leveraging on our standardised operations and management and broadening our cuisine offerings to capture a larger market share in Hong Kong” for more details;
- (iii) approximately 3.3%, or HK\$2.2 million, of the net proceeds will be used to upgrade and expand our food processing centre;
- (iv) approximately 2.7%, or HK\$1.8 million, of the net proceeds will be used to upgrade our information and technology systems;
- (v) approximately 1.5%, or HK\$1.0 million, of the net proceeds will be used to broaden the promotion of our brand image and recognition; and

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## SUMMARY

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- (vi) approximately 7.7%, or HK\$5.1 million, of the net proceeds will be used for our working capital and general corporate purpose, such as rental deposit for new tenancy to be entered into.

See “Future Plans and Use of Proceeds — Use of Proceeds” for further details and “Business — Our Business Strategies — Summary of Investment Costs of Our Business Strategies” for details of the expected timing in using the net proceeds from the Global Offering.

### **DIVIDENDS AND DIVIDEND POLICY**

For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, dividends declared and paid to the respective shareholders of members of our Group amounted to HK\$7.0 million, HK\$10.0 million, HK\$29.7 million and nil, respectively. After the completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by our Board. Our Directors are of the view that the amount of any dividends to be declared in the future will depend on, among others, our Group’s results of operations, cash flows and financial conditions, operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong, the applicable laws and regulations and all other relevant factors.

Our Directors intend to recommend dividends which would amount in total to not less than 30% of the net profit from ordinary activities attributable to shareholders of our Company for full financial year subsequent to the Global Offering but subject to, among other things, our operational needs, earnings, financial condition, working capital requirements and future business plans as our Board may deem relevant at such time. Such intention does not amount to any guarantee or representation or indication that our Company must or will declare and pay dividend in such manner or declare and pay any dividend at all. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

### **LEGAL PROCEEDINGS AND COMPLIANCE**

Historically and during the Track Record Period, we had failed to comply with certain laws and regulations, including certain provisions under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), the Food Business Regulation (Chapter 132X of the Laws of Hong Kong), the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong). Our Directors consider that such non-compliance incidents will not have any material operational or financial impact on our Group. See “Business — Legal Proceedings and Compliance” for further details.

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## SUMMARY

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### KEY RISK FACTORS

Our business is subject to numerous risks and there are uncertainties to an investment in our Shares. These risks and uncertainties can be categorised as (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Global Offering. The following highlights some of the key risks that affect our businesses:

- we are exposed to risks relating to the commercial real estate rental market, including unpredictable and potentially high occupancy costs, and we may not be able to obtain desirable restaurant locations or secure renewal of existing leases on commercially reasonable terms;
- our business can be materially and adversely affected if we lose, or cannot obtain or renew our various approvals and licences to operate our business;
- if we have any adverse incident associated with the quality of our food and services provided or if our hygiene standards do not meet the relevant statutory requirements, our restaurant business could be adversely affected;
- if our suppliers do not deliver food ingredients and other supplies at competitive prices or in a timely manner we may experience supply shortages and increased food costs;
- any disruption of the operation at our food processing centre could adversely affect our business and operations; and
- our ability to execute our growth strategy and manage our growth effectively, in particular, we plan to expand our cuisine offerings, including opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants, which we have limited operation experience in such concepts.

See “Risk Factors” for further details.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.*

|                                         |                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Adjustment Options”                    | the Offer Size Adjustment Option and the Over-allotment Option                                                                                                                                                                                                                                                                         |
| “affiliate(s)”                          | with respect to any specific person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person                                                                                                                                                      |
| “Application Form(s)”                   | <b>WHITE</b> application form(s), <b>YELLOW</b> application form(s) and <b>GREEN</b> application form(s), or where the context so requires, any one of them, to the Hong Kong Public Offering                                                                                                                                          |
| “Articles of Association” or “Articles” | the articles of association of our Company conditionally adopted on 8 November 2016 with effect from the listing date and as amended from time to time, a summary of which is set out in Appendix III to this prospectus                                                                                                               |
| “associate(s)”                          | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                                                                                                                                 |
| “Blaze Forum”                           | Blaze Forum Limited, a company incorporated in the BVI on 24 November 2015 with limited liability, a company wholly-owned by Mrs. Wong and a Controlling Shareholder                                                                                                                                                                   |
| “Board” or “Board of Directors”         | the board of directors of our Company                                                                                                                                                                                                                                                                                                  |
| “Business Day” or “business day”        | a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong                                                                                                                                                                                     |
| “Business Registration Ordinance”       | the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time                                                                                                                                                                                           |
| “BVI”                                   | the British Virgin Islands                                                                                                                                                                                                                                                                                                             |
| “Capitalisation Issue”                  | the issue of 149,999,900 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in “Statutory and General Information — A. Further Information about our Company — 2. Changes in the share capital of our Company” of Appendix IV to this prospectus |
| “CAGR”                                  | compound annual growth rate                                                                                                                                                                                                                                                                                                            |
| “CCASS”                                 | the Central Clearing and Settlement System established and operated by HKSCC                                                                                                                                                                                                                                                           |

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## DEFINITIONS

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| “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, or a CCASS Custodian Participant or a CCASS Investor Participant                                                                                                                       |
| “China” or “PRC”              | the People’s Republic of China excluding for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region and Taiwan                                                                           |
| “close associate(s)”          | has the meaning ascribed to it under the Listing Rules                                                                                                                                                               |
| “Companies (WUMP) Ordinance”  | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time                             |
| “Companies Law”               | the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands                                                                                                                        |
| “Companies Ordinance”         | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as the same may be amended, supplemented or otherwise modified from time to time                                                                      |
| “Company” or “our Company”    | Food Wise Holdings Limited (膳源控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 April 2016 under the laws of the Cayman Islands                                           |
| “connected person(s)”         | has the meaning ascribed to it under the Listing Rules                                                                                                                                                               |
| “Controlling Shareholder(s)”  | has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, namely Mr. Wong, Mrs. Wong, Pioneer Vantage and Blaze Forum |
| “core connected person(s)”    | has the meaning ascribed to it under the Listing Rules                                                                                                                                                               |
| “CPI”                         | consumer price index                                                                                                                                                                                                 |



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## DEFINITIONS

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| “Deed of Indemnity”       | a deed of indemnity dated 10 June 2016 entered into by our Controlling Shareholders as indemnifiers with and in favour of our Company in respect of, among other things, certain indemnities including taxation                                                                                                                 |
| “Deed of Non-Competition” | the deed of non-competition dated 8 November 2016 given by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), details of which are set out in the sub-section headed “Relationship with our Controlling Shareholders — Deed of Non-Competition” of this prospectus |
| “Director(s)”             | the directors of our Company                                                                                                                                                                                                                                                                                                    |
| “EPD”                     | Environmental Protection Department of The Government of the Hong Kong Special Administrative Region                                                                                                                                                                                                                            |
| “Employment Ordinance”    | Employment Ordinance (Chapter 57 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time                                                                                                                                                                                                     |
| “Eternal Prosper”         | Eternal Prosper Pacific Limited, a company incorporated in Hong Kong with limited liability on 3 November 2000, which is owned as to 75% by Mr. Wong and 25% by Mrs. Wong                                                                                                                                                       |
| “Euromonitor”             | Euromonitor International Limited, a global research organisation established in 1972, which engages in the provision of international market intelligence, and an Independent Third Party                                                                                                                                      |
| “Euromonitor Report”      | an independent market research report dated 17 November 2016, which was commissioned by our Company and prepared by Euromonitor for the purpose of this prospectus                                                                                                                                                              |
| “FBR”                     | the Food Business Regulation (Chapter 132X of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time                                                                                                                                                                                           |
| “FEHD”                    | Food and Environmental Hygiene Department of The Government of the Hong Kong Special Administrative Region                                                                                                                                                                                                                      |

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## DEFINITIONS

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| “GDP”                                           | gross domestic product                                                                                                                                                                                                                                                         |
| “Global Offering”                               | the Hong Kong Public Offering and the International Offering                                                                                                                                                                                                                   |
| “GREEN Application Form(s)”                     | the application form(s) to be completed by <b>HK eIPO White Form</b> Service Provider, designated by our Company                                                                                                                                                               |
| “Group”, “our Group”, “we” or “us”              | our Company and our subsidiaries from time to time, or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time |
| “HK\$”, “Hong Kong dollar(s)”, “HKD” or “cents” | Hong Kong dollars or cents respectively, the lawful currency for the time being of Hong Kong                                                                                                                                                                                   |
| “HK eIPO White Form                             | the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting application online through the designed website at <b><u>www.hkeipo.hk</u></b>                                                                                               |
| “HK eIPO White Form Service Provider”           | the <b>HK eIPO White Form</b> service provider designated by our Company, as specified on the designated website at <b><u>www.hkeipo.hk</u></b>                                                                                                                                |
| “HKFRS”                                         | Hong Kong Financial Reporting Standards issued by the HKICPA                                                                                                                                                                                                                   |
| “HKICPA”                                        | Hong Kong Institute of Certified Public Accountants                                                                                                                                                                                                                            |
| “Hong Kong Legal Adviser”                       | Robertsons, the legal adviser to our Company as to Hong Kong law                                                                                                                                                                                                               |
| “HKSCC Nominees”                                | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC                                                                                                                                                                                                                     |
| “HKSCC”                                         | Hong Kong Securities Clearing Company Limited                                                                                                                                                                                                                                  |
| “Hong Kong” or “HK”                             | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                         |

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## DEFINITIONS

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| “Hong Kong Offer Share(s)”         | the 5,000,000 new Shares being made available by our Company for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus                                                                                                                                                                                                                 |
| “Hong Kong Public Offering”        | the offer for subscription of the Hong Kong Offer Shares in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this prospectus and the Application Forms, as further described in “Structure of the Global Offering” in this prospectus                                                                                                                                                                                     |
| “Hong Kong Share Registrar”        | Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office                                                                                                                                                                                                                                                                                                                                                                |
| “Hong Kong Underwriter”            | the underwriter of the Hong Kong Public Offering                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Hong Kong Underwriting Agreement” | the Hong Kong underwriting agreement dated 16 November 2016, relating to the Hong Kong Public Offering of our Company, entered into by, among others, our Company, the Sole Sponsor, the Sole Global Coordinator, the Controlling Shareholders and the Hong Kong Underwriter, as further described in “Underwriting” in this prospectus                                                                                                                   |
| “IFRS”                             | the International Financial Reporting Standard(s)                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Independent Third Party(ies)”     | an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of our Company, its subsidiaries or any of their respective associates                                                                                                                                          |
| “International Offering”           | the conditional placing by the International Underwriter of the International Offer Shares for cash at the Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price, details of which are described in “Structure of the Global Offering” in this prospectus, on and subject to the terms and conditions stated in this prospectus and in the International Underwriting Agreement |
| “International Offer Share(s)”     | the 45,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the International Offering (subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus) together with (unless the context otherwise requires) any Shares issued pursuant to any exercise of the Adjustment Options                                                                             |
| “International Underwriter”        | the underwriter of the International Offering                                                                                                                                                                                                                                                                                                                                                                                                             |

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## DEFINITIONS

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| “International Underwriting Agreement”      | the conditional underwriting agreement relating to the International Offering and to be entered into by, among others, our Company, the Sole Global Coordinator and the International Underwriter, on or about the Price Determination Date                                                                                                                                                                             |
| “Latest Practicable Date”                   | 8 November 2016, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication                                                                                                                                                                                                                                                                      |
| “Legal Counsel”                             | Mr. Jon K. H. Wong, Barrister-at-law in Hong Kong                                                                                                                                                                                                                                                                                                                                                                       |
| “Listing”                                   | the listing of our Shares on the Main Board of the Stock Exchange                                                                                                                                                                                                                                                                                                                                                       |
| “Listing Committee”                         | the Listing Committee of the Stock Exchange                                                                                                                                                                                                                                                                                                                                                                             |
| “Listing Date”                              | the date, expected to be on or about Tuesday, 29 November 2016, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange                                                                                                                                                                                                                                        |
| “Listing Rules”                             | The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time                                                                                                                                                                                                                                                                                                                       |
| “Main Board”                                | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange                                                                                                                                                                                                                              |
| “Memorandum of Association” or “Memorandum” | the memorandum of association of our Company adopted on 8 November 2016 and as amended from time to time                                                                                                                                                                                                                                                                                                                |
| “Mr. Wong”                                  | Mr. Wong Che Kin (黃志堅), an executive Director, a Controlling Shareholder and spouse of Mrs. Wong                                                                                                                                                                                                                                                                                                                        |
| “Mrs. Wong”                                 | Ms. Wong Chui Ha Iris (黃翠霞), an executive Director, a Controlling Shareholder and spouse of Mr. Wong                                                                                                                                                                                                                                                                                                                    |
| “MTR”                                       | mass transit railway in Hong Kong                                                                                                                                                                                                                                                                                                                                                                                       |
| “Offer Price”                               | the final offer price per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), which will be not more than HK\$2.15 per Offer Share and is expected to be not less than HK\$1.67 per Offer Share, such price to be determined in the manner further described in “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus |
| “Offer Share(s)”                            | the Hong Kong Offer Shares and the International Offer Shares, where relevant, including any additional Shares issued pursuant to any of the Adjustment Options                                                                                                                                                                                                                                                         |

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## DEFINITIONS

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| “Offer Size Adjustment Option” | the option granted by our Company to the International Underwriter, exercisable by the Sole Global Coordinator on behalf of the International Underwriter, to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares at the Offer Price, representing approximately 15% of the initial size of the Global Offering, solely to cover over allocations in the International Offering, subject to the terms of the International Underwriting Agreement                                      |
| “Over-allotment Option”        | the option granted by our Company to the International Underwriter, exercisable by the Sole Global Coordinator on behalf of the International Underwriter, to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares at the Offer Price, representing approximately 15% of the initial size of the Global Offering, to cover, among other things, over allocations in the International Offering as described in the section headed “Structure of the Global Offering” in this prospectus |
| “Pioneer Vantage”              | Pioneer Vantage Global Limited, a company incorporated in the BVI on 11 March 2016 with limited liability, a company wholly-owned by Mr. Wong and a Controlling Shareholder                                                                                                                                                                                                                                                                                                                                                 |
| “Price Determination Date”     | the date, expected to be on or around Tuesday, 22 November 2016 and, in any event, not later than Friday, 25 November 2016, on which the Offer Price will be determined for the purpose of the Global Offering                                                                                                                                                                                                                                                                                                              |
| “Prosperity One”               | Prosperity One Limited, a company incorporated in the BVI on 15 March 2016 with limited liability, a wholly-owned subsidiary of our Company upon completion of the Reorganisation                                                                                                                                                                                                                                                                                                                                           |
| “Reorganisation”               | the reorganisation of the corporate structure of our Group, further details of which are described in “History, Development and Reorganisation” and in “Statutory and General Information — A. Further information about our Company — 5. Reorganisation” in Appendix IV to this prospectus                                                                                                                                                                                                                                 |
| “Regulation S”                 | Regulation S under the U.S. Securities Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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## DEFINITIONS

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| “SFC” or “Securities and Futures Commission”                                                   | the Securities and Futures Commission of Hong Kong                                                                                                                                                                             |
| “SFO” or “Securities and Futures Ordinance”                                                    | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time                                                                                                     |
| “Share(s)”                                                                                     | ordinary share(s) of HK\$0.01 each in the share capital of our Company                                                                                                                                                         |
| “Share Option Scheme”                                                                          | the share option scheme conditionally adopted by our Company on 8 November 2016, the principal terms of which are summarised in “Statutory and General Information — D. Share Option Scheme” in Appendix IV to this prospectus |
| “Shareholder(s)”                                                                               | holder(s) of the Share(s)                                                                                                                                                                                                      |
| “Sole Sponsor”                                                                                 | Cinda International Capital Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities for the purpose of SFO          |
| “Sole Global Coordinator” or “Sole Bookrunner” or “Sole Lead Manager” or “Stabilising Manager” | Huajin Securities (International) Limited, a licensed corporation under the SFO permitted to carry on Type 1 (dealing in securities) regulated activities for the purpose of the SFO                                           |
| “sq. m.”                                                                                       | square metre(s)                                                                                                                                                                                                                |
| “Stock Exchange” or “Hong Kong Stock Exchange”                                                 | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                        |
| “subsidiary(ies)”                                                                              | has the meaning ascribed to it in the Companies Ordinance                                                                                                                                                                      |
| “substantial shareholder(s)”                                                                   | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                         |
| “Takeovers Code”                                                                               | the Hong Kong Code on Takeovers and Mergers as may be amended, supplemented and/or otherwise modified from time to time                                                                                                        |
| “Track Record Period”                                                                          | the years ended 31 March 2014, 2015 and 2016, and five months ended 31 August 2016                                                                                                                                             |
| “Underwriters”                                                                                 | the Hong Kong Underwriter and the International Underwriter                                                                                                                                                                    |
| “Underwriting Agreements”                                                                      | the Hong Kong Underwriting Agreement and the International Underwriting Agreement                                                                                                                                              |



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## DEFINITIONS

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| “U.S.” or “United States” | the United States of America, its territories, its possessions and all areas subject to its jurisdiction                                       |
| “U.S. Securities Act”     | the U.S. Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder                            |
| “WPCO”                    | the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “%”                       | per cent                                                                                                                                       |

*Certain amounts and percentage figures included in this prospectus 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.*

*Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Adjustment Options.*

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## GLOSSARY OF TECHNICAL TERMS

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

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| “casual dining full-service restaurant(s)” or “casual dining restaurant(s)” | a discrete segment of full-service restaurants and one which covers all full-service restaurant sub-sectors, encompassing a wide variety of cuisines. Casual dining restaurants are differentiated by its ambience, price and outlet image. The casual dining price point is less than fine dining, while the atmosphere tends to be more relaxed. Casual dining restaurants are often themed restaurants, which are usually part of a chain or franchise that have a distinctive, deliberate and consistent themed image. In these restaurants the interior design, atmosphere and food follow a certain theme. The main casual dining features include (i) relatively affordable prices positioned at less than fine dining and higher than fast food; (ii) relaxed dress code and casual atmosphere; (iii) focus on dinner and lunch. Breakfast is often absent, though this is changing; (iv) simple menu and the highly-skilled chefs found in fine-dining restaurants are often absent here, while menu items are often prepared in some form ahead of time; and (v) friendly and informal service |
| “ <i>Cha Chaan Teng</i> ”                                                   | Cha Chaan Teng (茶餐廳), or Hong Kong-style restaurant, is a casual dining restaurant which offers Hong Kong-style fast food with both Western and Asian elements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “full-menu Vietnamese-style casual dining restaurant(s)”                    | our new Vietnamese-style casual dining restaurants to be opened which are expected to have a more expansive menu as compared to our current Viet’s Choice Brands restaurants. These new restaurants will be serving Vietnamese-style casual dining cuisine and the menu is expected to include appetisers, main course such as meat, poultry and seafood dishes, rice and noodles, desserts, and beverages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “financial year”                                                            | refers to our financial year, which begins on 1 April and ends on 31 March                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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## GLOSSARY OF TECHNICAL TERMS

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“full-service restaurants”

full-service restaurants include all sit-down establishments where the focus is on food rather than on drinks. Full-service restaurants is characterised by table service and a relatively higher quality of food compared to quick-service units. Menus offer multiple selections and may include breakfast, lunch and dinner. Preparation of food products is often complex and involves multiple steps. Furthermore, a full-service restaurant must have proper table services, such as waiters and/or waiting staff attending customers and orders are taken at the tables. Outlets with “limited table service”, such as outlets where customers order their food at the counter, are excluded from full-service restaurants

“Southeast Asian full-service restaurant(s)”

full-service restaurant(s) specialising in cuisines originating from South-Eastern Asian countries, such as Thailand, Vietnamese and Nyonya cuisines

“Viet’s Choice Brands”

our brands for our Vietnamese-style casual dining full-service restaurants, including our main brand “Viet’s Choice 

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, “wish” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Company’s management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business operations and prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals and our ability to implement such strategies, plans, objectives and goals;
- our ability to maintain or increase the number of our restaurants;
- general economic conditions;
- our capital expenditure programs and future capital requirements;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- all other risks and uncertainties described in the section headed “Risk Factors” in this prospectus.

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## RISK FACTORS

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

### RISKS RELATING TO OUR BUSINESS

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

During the Track Record Period, we leased all of the properties for the operation of our restaurants. For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, rental and related expenses incurred for the leasing of sites for our restaurants amounted to HK\$39.6 million, HK\$48.2 million, HK\$46.7 million and HK\$20.7 million, respectively, representing, approximately 97.2%, 97.4%, 97.0% and 95.8%, of our property rentals and related expenses during the same periods, respectively. In the event that rental costs for properties that are suitable for restaurant businesses in Hong Kong increase in the future or if we are unable to offset such increase by reducing our other operating costs, or by passing the increase in our property rentals and related expenses to our customers, our financial condition and results of operations may be adversely affected. Furthermore, we leased the premises for our restaurants under operating lease arrangements. See also “Financial Information — Operating Lease Commitments” in this prospectus for details. Most of our current leases at the Latest Practicable Date were on a fixed lease term and did not have any early termination option. Our operating lease obligations expose us to potential risks, such as increasing our vulnerability to adverse economic conditions, as we may not be able to terminate such leases even if we are operating at a loss. As a result, our financial condition and results of operations may be adversely affected.

**The application of HKFRS 16 on our operating lease commitments may materially affect the amounts of right-of-use asset, financial liability, property rental and related expenses, depreciation and amortisation and interest expense.**

As at the Latest Practicable Date, we leased all of the premises for our restaurants, office and food processing centre under which the relevant leases were classified as operating leases. Our current accounting policy for such leases is set out in note 2.23 to the Accountant’s Report in Appendix I to this prospectus. As at 31 August 2016, our future minimum operating lease commitments under non-cancellable leases amounted to HK\$69.9 million.

During the Track Record Period, our future operating lease commitments were not reflected in our combined statements of financial position. HKFRS 16, which is expected to be effective for financial periods beginning on or after 1 January 2019, provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the combined statements of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Short-term leases of less than 12 months and leases of low-value assets are exempt from the reporting

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## RISK FACTORS

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obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the combined statements of financial position. This will affect related ratios, such as increase in debt to equity ratio. In the combined statements of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until financial year 2019, including the adjustment of prior years. The application of HKFRS16 may adversely affect our financial position and results of operations. See also note 2.1 to the Accountant's Report in Appendix I to this prospectus.

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

We compete with other retailers and restaurants for locations in highly competitive markets for retail premises. There is no assurance that we will be able to enter into new lease agreements for suitable locations or renew existing lease agreements with our landlords on commercially acceptable terms, if at all. During the Track Record Period, we closed five restaurants primarily due to the new leasing terms were no longer commercially attractive for us to continue our operations at the relevant location.

As at the Latest Practicable Date, the leases for our restaurants were generally with a fixed lease term between three and six years, and only a few of the leases contain an option term in the relevant lease agreement which provides an option for us to renew upon expiry of the fixed lease term. See "Business — Properties" for details. However, all of these option terms have either provided that the new rental shall be adjusted to market rate or the manner to calculate the new rental has been specified, which will be higher than the existing rental of the relevant property. If we do not have an option to renew a lease agreement, we must negotiate the terms of renewal with our landlord. If a lease agreement is renewed at a rate substantially higher than the existing rate or with less favourable terms than existing terms, we must evaluate whether renewal on such modified terms is in our best interest. If we are unable to renew leases for our restaurant sites on reasonable terms, we will have to close or relocate the relevant restaurant, which may adversely affect the result of our operations during the period of the restaurant closure. Furthermore, we will have to incur additional cost for relocating a restaurant, including renovation and relocation costs. However, there is no certainty that the new replacement restaurants will have similar or better performance as compared to the closed restaurants. Therefore, any inability to obtain leases for desirable restaurant locations or renew existing leases on commercially reasonable terms could have a material adverse effect on our business and results of operations.



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## RISK FACTORS

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

We are required to maintain various types of licences, including general restaurant licences, food factory licences, and water pollution control licences, for the operation of our restaurant business in Hong Kong. We may also require additional certifications depending on the equipment installed in the kitchen at our restaurants, such as lifting appliances. We must obtain a general restaurant licence or a food factory licence and a water pollution control licence before a restaurant can commence operations. Our general restaurant licences, our food factory licences and our certificates of test and thorough examination of lifting appliances are valid for one year, and our water pollution control licences are valid for five years. We need to renew these licences and certificates before they expire to comply with the relevant regulatory requirements and ensure that we may continue with our business operation without any disruption. See “Regulatory Overview — Health and safety regulatory compliance” and “Regulatory Overview — Environmental regulatory compliance” for details.

We may experience difficulties or failures in obtaining the necessary approvals, licences, certificates and permits for new restaurants. During the Track Record Period, we operated certain restaurants prior to obtaining the necessary food business licence and we were penalised for some incidents as a result. We also operated certain restaurants without the business registration certificate and operated certain restaurants without the water pollution control licences during the Track Record Period. For each restaurant that we operated without the water pollution control licence, if found liable, we will be subject to a fine of HK\$200,000 for a first offence, a fine of HK\$400,000 for a second or subsequent offence, and a fine of HK\$10,000 for each day during which the offence has continued. See “Regulatory Overview — Environmental Regulatory Compliance — Water Pollution Control Ordinance” for details. See also “Business — Legal Proceedings and Compliance” for the latest status of these non-compliances. In addition, there can be no assurance that we will be able to obtain, renew and/or convert all of the approvals, licences, certificates and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain and/or maintain all licences required by us to operate our business, planned new business operations and/or expansion may be delayed and our ongoing operation of our business could be disrupted. We may also be subject to fines and penalties. As a result, our business, results of operations and financial condition may be adversely affected.

**If there is any adverse incident associated with the quality of our food and services provided or if our hygiene standards do not meet the relevant statutory requirements, our restaurant business could be adversely affected.**

Incidents of food contamination could materially harm our reputation and negatively impact our business. Our customers and restaurant guests may submit or file complaints or claims against us regarding our food products and services, including the food prepared and served in, and taken outside, our restaurants. Being in the restaurant 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 of our supplies.

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## RISK FACTORS

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During the Track Record Period, all of the food ingredients processed at our food processing centre were delivered to and used in our restaurants. Any food contamination occurring at our food processing centre or during the transportation from our food processing centre to our restaurants that we fail to detect or prevent could adversely affect the quality of the food served in our restaurants. We also face the risk that if any of our employees do not adhere to our food safety and quality control procedures and requirements. Any failure to detect defective food ingredients, or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer at our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants, the imposition of penalties against us by relevant authorities and compensation awards by courts. During the Track Record Period and up to the Latest Practicable Date, we had no material non-compliances with food and health-related laws and regulations which resulted in any material penalty to our Group. We cannot assure you that we will not receive any material orders or claims or penalty in relation to food and health-related matters in the future. Any such incidents could materially harm our reputation, results of operations and financial condition.

**Our operations are susceptible to increases in procurement costs for food ingredients, which could adversely affect our business, margins and results of operations.**

Our profitability depends significantly on our ability to anticipate and react to changes in procurement costs of food ingredients. Our cost of food and beverages accounted for 26.2%, 26.2%, 23.6% and 23.1% of our revenue for the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, respectively.

The availability of food ingredients, such as the type, variety and quality, and their prices, can fluctuate and be volatile 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 cost of food and beverages or cause a disruption in our supply. Our suppliers may also be affected by higher costs due to rising labour costs, importation costs and other expenses that they pass through to us. It will then lead to higher costs for goods and services supplied to us. As a result, our business, margins and results of operations may be adversely affected.

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

The ability to source food ingredients at competitive prices in a timely manner is crucial to our business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants depends in part on our ability to acquire food ingredients from reliable sources that meet our quality specifications, in sufficient quantities and at competitive prices. We generally do not enter into any long-term contracts with our food ingredients suppliers. Based on our operating experience, this arrangement is the industry practice in Hong Kong. See “Business — Raw Materials and Suppliers” for details of our relationship with our food ingredients suppliers.

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## RISK FACTORS

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For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, the total purchases from our five largest suppliers amounted to 61.9%, 62.5%, 62.7% and 69.6% of our total purchases of food and beverages, respectively. During the Track Record Period, none of our top five suppliers ceased or indicated that they may 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 top five suppliers. However, there can be no assurance that we will be able to maintain business relationships with our key suppliers.

**Because we rely on our food processing centre to supply all of our semi-processed food ingredients used in our restaurants, any disruption of operation at our food processing centre could adversely affect our business and operations.**

During the Track Record Period, all of the semi-processed food ingredients used in our restaurants were first processed at our food processing centre before delivery to our restaurants. Furthermore, our restaurants keep their food ingredients inventory low so that the food ingredients can be as fresh as possible. Any disruption of operations at our food processing centre, such as electricity or water suspensions, whether due to natural disasters or otherwise, may result in failure to distribute semi-processed food ingredients and other supplies to our restaurants in a timely manner, or at all, which may cause our restaurants to suspend popular items or signature dishes from their menu. If there is any disruption of our supplies from our food processing centre to the restaurant, or if we fail to maintain consistent food offerings across our restaurant chain, there may be material and adverse impact on our business and operations, and our brand value may suffer, resulting in a material adverse effect on our business and results of operations.

**We may not be able to execute our growth strategies or manage our growth effectively, in particular, we plan to expand our cuisine offerings, including opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants, which we have limited operation experience in such concepts, and as a result, may hinder our ability to capitalise on new business opportunities.**

Our future success depends, to a large extent, on our ability to implement our future plans. We intend to, among other things, to expand the coverage of our current Viet's Choice Brands restaurants, to leverage on our standardised operations and food processing centre to expand into other cuisines under the casual dining restaurant segment, including full-menu Vietnamese-style restaurants, French-Vietnamese restaurants and international cuisines restaurants, and to upgrade and convert part of our food processing centre. See “Business — Our Business Strategies” and “Future Plans and Use of Proceeds” for more information of our future plans.

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

- find suitable locations and secure leases on commercially acceptable terms;

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## RISK FACTORS

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

We may not be able to open our planned new restaurants on a timely basis, if at all, and if opened, these restaurants may not be operated profitably. We have limited experience in operating our new cuisine offerings, including the full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants. We cannot assure that we will be successful in such new cuisine offerings and new concepts. The operating results of the new restaurants and new cuisine offerings may not be comparable to the operating results of any of our existing restaurants, and may result in lower operating margins than our existing restaurants and existing cuisine offering. We may incur higher depreciation expenses going forward due to the proposed rapid expansion in the number of our restaurants based on our expansion plan as disclosed in “Business — Our Business Strategies”. We also may not be able to upgrade and convert part of our food processing centre, in particular to serve our new line of restaurants on a timely basis, if at all. We have experienced and may continue to experience delays in restaurant openings. Opening new restaurants may place substantial strain on our managerial, operational and financial resources. We may not be able to attract enough guests to our new restaurants because potential guests may be unaware of or unfamiliar with our new brands, the new restaurants or the menu of our new restaurants might not appeal to them.

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

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

The target customers of our restaurants may vary by location, depending on a number of factors such as population density, local retail and business attractions, area demographics and geography. As a result, the opening of new restaurants nearby 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 plan to open new restaurants in districts that we currently do not have any presence, including Kowloon City district, Central and Western district, North district and Kwai Tsing district. We also plan to open new restaurants offering new cuisines or new concept dining restaurants, namely, full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants. Furthermore, we plan to move some of our current restaurants to new locations towards the expiry of our current lease agreements. See “Business — Our Business Strategies”, “Business — Site Selection and Restaurant Development — Expected replacement of restaurants” and “Future Plans and Use of Proceeds” for more information of our future plans. 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 would 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.

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

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

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

We believe that the success of our business and the strength of our competitive position depend to a large extent on our customer awareness and recognition of the qualities for which our brands stand. During the Track Record Period, we operated our Viet's Choice Brands restaurants under three different brands, namely, Viet's Choice (越棧), VC Cafe' (越悅) and Home Viet (越鄉). Our ability to implement our business plan successfully also depends in part on our ability to further build our brand recognition using our trademarks, proprietary know-how, recipes, trade secrets and other intellectual property.

Furthermore, as at the Latest Practicable Date, we own six trademarks in Hong Kong and two trademarks in Taiwan, and we have submitted four trademark applications in Hong Kong. We also have standardised recipes for our dishes to be prepared at our restaurants. In order to protect our know-how, concepts, recipes and other trade secrets, we have a confidentiality clause in our employment contracts that we enter with our employees to protect trade secrets. However, we cannot prevent others from independently developing or otherwise obtaining access to our proprietary know-how, concepts, recipes and other trade secrets despite our efforts. As a result, the appeal of our restaurants could be reduced and our business and results of operations could be adversely affected.

If our efforts to maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business and might prevent our brand from achieving or maintaining market acceptance. Even if the use by an infringing restaurant of identical or similar trademarks, brands and logos does not confuse customers, the distinctive nature of our restaurants' brand image could be blurred because our trademarks, brands and logos may lose the distinctive association with our restaurants that we are trying to establish with customers. Furthermore, negative publicity or customer disputes and complaints regarding any infringing parties' unauthorised use of our or similar trademarks, brands and logos could dilute or tarnish our restaurants' brand appeal.

**Minimum wage requirements in Hong Kong may further increase and impact our staff costs in the future.**

Staff costs is one of the major factors affecting our results of operations. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our staff costs amounted to HK\$52.0 million, HK\$58.4 million, HK\$54.4 million and HK\$23.8 million, respectively, representing 28.7%, 27.8%, 27.1% and 27.6% of our revenue, respectively. We are required to comply with the statutory minimum wage requirements, which came into force on 1 May 2011. As of the beginning of the Track Record Period, being 1 April 2013, the statutory minimum wage rate was HK\$28 per hour. From 1 May 2013, the statutory minimum wage rate was increased to HK\$30 per hour. The statutory minimum wage rate was further increased to HK\$32.5 per hour from 1 May 2015 and onwards. According to the Euromonitor Report, staff salaries of full-service restaurants in Hong Kong are estimated to have increased at a CAGR of over 7% during 2010 to 2014, and that the rapid growing staff salaries was due to the increase of minimum wage, in particular after 2013. The increase in salary made it difficult for Vietnamese restaurants to recruit suitable employees as most of the

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potential employees prefer less time-consuming positions and higher job security for a similar salary, according to the Euromonitor Report. In order to retain our restaurant employees, the salaries of all of our restaurant employees paid were higher than the applicable statutory minimum wage at the time. During the Track Record Period and up to the Latest Practicable Date, we increased the salary of our restaurant staff five times. If there is any further increase in the statutory minimum wage rate in Hong Kong, our staff costs would likely to increase as a result. As wages increase, competition for qualified employees also increases, which may indirectly result in further increases in our staff costs. Given the competitive market environment in Hong Kong, we may not be able to increase our prices high enough to pass these increased staff costs onto our customers, in which case our business and results of operations would be materially and adversely affected.

**Our business could be adversely affected by difficulties in recruitment and retention of our employees.**

We believe hiring, motivating and retaining qualified employees are a critical part of our success as a restaurant operator. Our success depends in part upon our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant manager, kitchen staff and waiting staff. As at 31 August 2016, we employed approximately 333 employees, 30 of whom were headquarters personnel and 303 of whom were restaurant and food processing centre staff. According to the Euromonitor Report, full-service restaurants have been affected by manpower shortage and high staff turnover. With the shortage of quality customer service staff, it presents a challenge for restaurants in Hong Kong, especially since it is often perceived as a less desirable occupation. It is therefore important for us to hire and retain good restaurant manager, kitchen staff and waiting staff. Any failure to employ and retain enough good restaurant manager, kitchen staff and waiting staff could delay planned restaurant openings or result in higher employee turnover, either of which could have a material adverse effect on our business and results of operations. In addition, we may be required to pay higher wages to compete for qualified employees, which could result in higher staff costs.

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

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our 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 our ability to control costs and operating expenses. You should not rely on our historical results to predict the future price of our Shares.

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

Our future success depends on the ability of the members of our management to work together and successfully implement our growth strategy while maintaining the strength of our brand. Our future success also depends heavily upon the continuing services and performance of the members of our management, in particular our chief executive officer, chief operating officer and certain senior



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management personnel. We must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel to maintain consistency in the quality and atmosphere of our restaurants and meet our planned expansion requirements. If the members of our management fail to work together successfully, or if one or more of the members of our management 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 the members of our management 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 joins a competitor or forms a competing business, we may lose business secrets and knowhow as a result. Any failure to attract, retain and motivate these members of our management may harm our reputation and result in a loss of business.

### **Unforeseeable business interruptions could adversely affect our business.**

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

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

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

During the Track Record Period, we generated all of our revenue from our Hong Kong restaurant operations. We anticipate that our restaurant business in Hong Kong will continue to be our core business following the completion of the Global Offering. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as downturn in the local tourism and retail

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sectors, general economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations or policies that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected. In addition, we have limited experience in operating businesses in other places, and may have difficulties in relocating our business to other geographic markets. Therefore, if there is any deterioration in the economic, political and regulatory environment in Hong Kong, our business may be materially and adversely affected.

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

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

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

**We may be unable to detect, deter and prevent all incidents 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 large amounts of cash in our daily operations. During the Track Record Period, substantially all of our purchases of raw materials and food ingredients directly placed by our restaurants were generally settled through our finance department. We are not aware of any incidents 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 there will not be any such incidents in the future. We may be unable to prevent, detect or deter all incidents of misconduct. Any misconduct committed against our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

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### **We maintained limited insurance coverage.**

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

### **RISKS RELATING TO OUR INDUSTRY**

#### **Continued increases in the prices of our food ingredients could adversely affect our business and operations.**

Prices of our food ingredients such as vegetables, seafood and meat have fluctuated during the Track Record Period. See "Industry Overview — Food Ingredient Prices" for details of the market trends and "Financial Information — Factors Affecting Our Results of Operations — Cost of Food and Beverages" in this prospectus for details of our cost of food and beverages during the Track Record Period. We expect that the costs for our food ingredients will continue to increase in the future, which may result in unexpected increases in our menu prices. If we are unable to manage these costs or to increase the prices of our food items, it may cause our operating margin to be adversely affected in the future, and our business operations and results of operations could be adversely affected.

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

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

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

The competition in the full-service restaurant industry is keen. Restaurants are competing to provide better environment and better quality of food to attract customers. See “Business — Competition” for further details. We face significant competition at each of our locations from a variety of restaurants in various market segments. These competitors may be locally-owned restaurants and regional and international chains, and offer cuisines such as Chinese, Japanese, Korean, Southeast Asian and Western food. Our competitors also offer dine-in, take-away and delivery services. There are a number of well-established competitors with substantially greater financial, marketing, personnel and other resources than ours, and many of our competitors are well established in the markets where we have restaurants, or in which we intend to open new restaurants. Additionally, other companies may develop new restaurants that operate with similar concepts and target our customers resulting in increased competition.

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

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

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

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

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### RISKS RELATING TO THE GLOBAL OFFERING

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

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

**The liquidity, trading volume and market price of our Shares following the Global Offering may be volatile.**

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

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

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- our inability to compete effectively in the market; and
- political, economic, financial and social developments in Hong Kong and worldwide.

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

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

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted net tangible assets value and existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per share of their shares. See “Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” for details. If we issue additional Shares in the future, purchasers of our Offer Shares may experience further dilution.

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

Sales of substantial amounts of Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. There will be 200,000,000 issued Shares immediately following the Global Offering, assuming that none of the Adjustment Options is exercised. Our Controlling Shareholders agreed that any Shares held by them will be subject to a lock-up after the Listing. See “Underwriting — Underwriting Arrangements and Expenses — (c) Undertakings pursuant to the Hong Kong Underwriting Agreement — Undertakings of our Controlling Shareholders” and “Underwriting — Undertakings in favour of the Stock Exchange pursuant to the Listing Rules — (b) By our Controlling Shareholders” for more information. However, such Shares will be freely tradable after the expiry of the relevant lock-up period. Shares which are not subject to a lock-up arrangement represent approximately 25.0% of the total issued share capital immediately following the Global Offering and will be freely tradable immediately following the Global Offering (assuming none of the Adjustment Options is exercised).

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

Immediately after the completion of the Global Offering and the Capitalisation Issue (without taking into account of our Shares which may be issued upon the exercise of any of the Adjustment Options or our Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own 75.0% of our Shares. As such, our Controlling Shareholders will have substantial influence over our business, including decisions

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## RISK FACTORS

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regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased Shares in the Global Offering. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

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

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

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

For the years ended 31 March 2014, 2015 and 2016 and for the five months ended 31 August 2016, we declared and distributed dividends amounted to an aggregate of HK\$46.7 million to our shareholders. Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association, including the approvals from our Shareholders and our Directors, if required. In addition, our future dividend payments will depend upon the availability of dividends received from our subsidiaries. As a result of the above, we cannot assure you that we will make any dividend payments on our Shares in the future with reference to our historical dividends. For further details of the dividend policy of our Company, see “Financial Information — Dividends and Dividend Policy” in this prospectus.

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

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favourable return to our Shareholders. We plan to use the net proceeds from the Global Offering, including replacing some of the existing Viet’s Choice Brands restaurants, opening new Viet’s Choice Brands, full-menu Vietnamese-style, French-Vietnamese-style and international cuisines casual dining restaurants, upgrading and expanding our food processing centre, upgrading our information technology system, renovating four of our existing Viet’s Choice Brands restaurants, and promoting the brand image and recognition. See “Future Plans and Use of Proceeds



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## RISK FACTORS

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— Use of Proceeds” for more information. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Global Offering.

**Our financial results for the year ending 31 March 2017 will be affected by certain non-recurring expenses, including the expenses in relation to the Listing.**

Certain non-recurring expenses, including the Listing expenses, will affect our financial results for the year ending 31 March 2017. We currently only have an estimate of our Listing expenses. We expect that our total listing expenses will amount to approximately HK\$28.0 million, of which approximately HK\$9.8 million is directly attributable to the issue of the Offer Shares and to be accounted for as a deduction from equity upon completion of the Global Offering in the year ending 31 March 2017. The actual amount to be reported on the financial statements of our Group for the year ending 31 March 2017 is subject to audit adjustment and changes in variables and assumptions. As such, the actual expenses may exceed the estimated amount and will have an adverse impact on our financial results for the year ending 31 March 2017.

**We cannot guarantee the accuracy of facts and other statistics with respect to certain information obtained from the Euromonitor Report contained in this prospectus.**

Certain facts and statistics in this prospectus, including but not limited to information and statistics relating to the consumer food service, full-service restaurants segment and Southeast Asian full-service restaurants segment, are based on the Euromonitor Report or are derived from various publicly available publications, which our Directors believe to be reliable.

We cannot, however, guarantee the quality or reliability of such facts and statistics. Although we have taken reasonable care to ensure that the facts and statistics presented are accurately extracted and reproduced from such publications and the Euromonitor Report, they have not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy. We therefore make no representation as to the accuracy of such facts and statistics which may not be consistent with other information compiled by other sources and prospective investors should not place undue reliance on any facts and statistics derived from public sources or the Euromonitor Report contained in this prospectus.

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

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would”, “wish” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our

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## RISK FACTORS

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plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set out in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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

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

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

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. 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 in this prospectus or this prospectus misleading.

### **INFORMATION ON THE GLOBAL OFFERING**

The 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 subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares should, 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 contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in “Information about this Prospectus and the Global Offering — Structure of the Global Offering” in this prospectus, and the procedures for applying for Hong Kong Offer Shares are set out in “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Applications Forms.

### **UNDERWRITING**

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Global Offering is managed by the Sole Global Coordinator.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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The International Offering is expected to be underwritten by the International Underwriter.

For further information about the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

### **DETERMINATION OF THE OFFER PRICE**

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date.

If, for whatever reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on 22 November 2016, the Global Offering will not become unconditional and will lapse immediately.

### **SELLING RESTRICTIONS**

Each person acquiring Offer Shares will be required to confirm, or by his acquisition of Offer Shares be deemed to confirm, that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein, including the Offer Shares and any Shares which may be issued or sold pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option, or any share options under the Share Option Scheme. Dealings in our Shares on the Stock Exchange are expected to commence on Tuesday, 29 November 2016. None of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date as 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.

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 stock brokers or other professional advisers for details of the settlement arrangements that may affect their rights and interests. All necessary arrangements have been made for our Shares to be admitted into CCASS.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in our Shares. None of us, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents, employee or advisers or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, our Shares.

### **SHARE REGISTER AND STAMP DUTY**

All Shares issued and to be issued pursuant to applications made in the Global Offering and any Shares to be issued upon exercise of the Adjustment Options and the options which have been granted under the Share Option Scheme will be registered on our register of members to be maintained by our Hong Kong Share Registrar in Hong Kong. Our principal register of members will be maintained by our Cayman Share Registrar in the Cayman Islands. Only Shares registered on our Company's register of members maintained in Hong Kong may be traded on the Stock Exchange.

Dealings in our Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty.

### **PROCEDURE FOR APPLYING FOR HONG KONG OFFER SHARES**

The procedure for applying for Hong Kong Offer Shares is set out in "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Applications Forms.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.

### BOARD LOTS AND STOCK CODE

Our Shares will be traded in board lots of 2,000 Shares each, and the stock code of our Shares will be 1632.

### ROUNDING

Certain amount and percentage figures included in this prospectus 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.

### LANGUAGE

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

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

| <u>Name</u>                                | <u>Address</u>                                                                                                   | <u>Nationality</u> |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Executive Directors</b>                 |                                                                                                                  |                    |
| Mr. Wong Che Kin<br>(黃志堅先生)                | Flat 702, 7/F, Block E<br>Telford Garden<br>Kowloon Bay<br>Hong Kong                                             | Chinese            |
| Ms. Wong Chui Ha Iris<br>(黃翠霞女士)           | Flat 702, 7/F, Block E<br>Telford Garden<br>Kowloon Bay<br>Hong Kong                                             | Chinese            |
| <b>Non-Executive Director</b>              |                                                                                                                  |                    |
| Mr. Cheung Wai Chi<br>(張蔚志先生)              | Flat D, 12/F<br>Abbey Court<br>Pictorial Garden<br>19-21 On King Street<br>Sha Tin, New Territories<br>Hong Kong | Chinese            |
| <b>Independent Non-Executive Directors</b> |                                                                                                                  |                    |
| Mr. Cheung Yui Kai Warren<br>(張睿佳先生)       | Flat 2001, 20/F<br>Block 43<br>Heng Fa Chuen<br>Chai Wan<br>Hong Kong                                            | Chinese            |
| Prof. Lai Kin Keung<br>(黎建強先生)             | Flat D, 13/F, Block 7<br>Peridot Court<br>9 Yu Chui Street<br>Tuen Mun<br>New Territories<br>Hong Kong           | British            |
| Mr. Lui Hong Peace<br>(呂康先生)               | Flat D, 38/F, Tower 1<br>38 Tai Hong Street<br>Grand Promenade<br>Sai Wan Ho<br>Hong Kong                        | Chinese            |

*Please refer to the section headed “Directors and Senior Management” of this prospectus for further information on our Directors.*



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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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|-----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| <b>Sole Sponsor</b>                                                   | Cinda International Capital Limited<br>45th Floor, COSCO Tower<br>183 Queen's Road Central<br>Hong Kong                |
| <b>Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager</b> | Huajin Securities (International) Limited<br>Suite 1101, 11/F Champion Tower<br>3 Garden Road<br>Central<br>Hong Kong  |
| <b>Legal advisers to our Company as to Hong Kong law</b>              | Robertsons<br>57th Floor<br>The Center<br>99 Queen's Road Central<br>Hong Kong                                         |
| <b>Legal advisers to our Company as to Cayman Islands law</b>         | Conyers Dill & Pearman<br>Cricket Square<br>Hutchins Drive<br>PO Box 2681<br>Grand Cayman, KY1-1111<br>Cayman Islands  |
| <b>Legal advisers to the Sole Sponsor and the Underwriters</b>        | Orrick, Herrington & Sutcliffe<br>43rd Floor, Gloucester Tower<br>The Landmark<br>15 Queen's Road Central<br>Hong Kong |
| <b>Reporting accountant</b>                                           | PricewaterhouseCoopers<br>Certified Public Accountants<br>22th Floor, Prince's Building<br>Central<br>Hong Kong        |
| <b>Independent market consultant</b>                                  | Euromonitor International Limited<br>60-61 Britton Street<br>London EC1M 5UX<br>United Kingdom                         |
| <b>Compliance adviser</b>                                             | Cinda International Capital Limited<br>45th Floor, COSCO Tower<br>183 Queen's Road Central<br>Hong Kong                |
| <b>Receiving bank</b>                                                 | The Bank of East Asia, Limited<br>10 Des Voeux Road Central<br>Hong Kong                                               |

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## CORPORATE INFORMATION

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|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Registered office</b>                                         | Cricket Square<br>Hutchins Drive<br>P.O. Box 2681<br>Grand Cayman<br>KY1-1111<br>Cayman Islands                                                                                                         |
| <b>Headquarters and principal place of business in Hong Kong</b> | Room 1318,<br>Golden Industrial Building<br>16-26 Kwai Tak Street<br>Kwai Chung, New Territories<br>Hong Kong                                                                                           |
| <b>Company's website</b>                                         | www.foodwisehl.com<br><i>(information contained in this website does not form part of this prospectus)</i>                                                                                              |
| <b>Company secretary</b>                                         | Mr. Tai Kwok Pan ( <i>HKICPA</i> )<br>Flat E, 11/F, Block 4<br>Lung Mun Oasis<br>Tuen Mun<br>New Territories<br>Hong Kong                                                                               |
| <b>Authorised representatives</b>                                | Mr. Wong Che Kin<br>Flat 702, 7/F, Block E<br>Telford Garden<br>Kowloon Bay<br>Hong Kong<br><br>Mr. Tai Kwok Pan<br>Flat E, 11/F, Block 4<br>Lung Mun Oasis<br>Tuen Mun<br>New Territories<br>Hong Kong |
| <b>Audit committee</b>                                           | Mr. Cheung Yui Kai Warren (Chairman)<br>Prof. Lai Kin Keung<br>Mr. Lui Hong Peace                                                                                                                       |
| <b>Remuneration committee</b>                                    | Mr. Lui Hong Peace (Chairman)<br>Prof. Lai Kin Keung<br>Mr. Wong Che Kin                                                                                                                                |
| <b>Nomination committee</b>                                      | Prof. Lai Kin Keung (Chairman)<br>Mr. Lui Hong Peace<br>Mr. Wong Che Kin                                                                                                                                |

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## CORPORATE INFORMATION

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|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Compliance committee</b>                                 | Mr. Wong Che Kin (Chairman)<br>Mr. Tai Kwok Pan<br>Ms. Wong Yung Kwan Lisa                                                                                                                                              |
| <b>Principal share registrar and transfer office</b>        | Codan Trust Company (Cayman) Limited<br>Cricket Square, Hutchins Drive<br>P.O. Box 2681<br>Grand Cayman<br>KY1-1111<br>Cayman Island                                                                                    |
| <b>Hong Kong branch share registrar and transfer office</b> | Tricor Investor Services Limited<br>Level 22<br>Hopewell Centre<br>183 Queen's Road East<br>Hong Kong                                                                                                                   |
| <b>Principal banks</b>                                      | Hang Seng Bank<br>Hang Seng Bank Building<br>83 Des Voeux Road<br>Central<br>Hong Kong<br><br>CTBC Bank Co., Ltd<br>Room 2801, 28 Floor<br>Two International Finance Centre<br>8 Finance Street<br>Central<br>Hong Kong |

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## INDUSTRY OVERVIEW

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*This section contains certain information, statistics and data, which are derived from a commission report prepared by Euromonitor and reflects estimates of market conditions based on publicly available sources and trade opinion surveys. The Euromonitor Report is prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in our Company. The information from the Euromonitor Report may not be consistent with information available from other sources within or outside of Hong Kong. We believe that the sources of information in this section are appropriate sources for such information, and have taken reasonable care in extracting and reproducing such information. We have no reason to believe such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information prepared by Euromonitor has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and any other party involved in the Global Offering, and no representation is given as to the accuracy of the information. Furthermore, the information should not be relied upon in making, or refraining from making, any investment decision.*

### SOURCES OF INFORMATION

We commissioned Euromonitor, an independent market research consulting firm and a provider of global market intelligence, to conduct an independent assessment of the Asian full-service restaurants, with focus on Vietnamese full-service restaurants, in Hong Kong.

When preparing the Euromonitor Report, Euromonitor undertook primary and secondary researches, and obtained knowledge, statistics, information and industry insights on the industry trends of Asian full-service restaurants, with focus on Vietnamese full-service restaurants, in Hong Kong. Primary research involving interviews and surveys with a sample of leading industry participants and experts for latest data and insights into future trends, supplement by verification and cross-checking of data, and research estimates for consistency. Secondary research involving review of published sources, industry reports, company reports (where available), independent research reports and data based on Euromonitor's database. In terms of projected data from the Euromonitor Report, such data was obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers, and was subsequently cross-checked against established industry data and trade interviews with industry experts.

The Euromonitor Report was compiled based on the assumptions that (i) the Hong Kong economy is expected to maintain steady growth over the forecast period; (ii) the Hong Kong social, economic and political environment is expected to remain stable in the forecast period; and (iii) there will be no external shock, such as financial crisis or raw material shortage that affects the demand and supply of the consumer food service market in Hong Kong during the forecast period. The information in the Euromonitor Report may be affected by the accuracy of these assumptions and the choice of these parameters. Euromonitor completed the market research for the Euromonitor Report in May 2016, and all statistics in the Euromonitor Report were based on information available at the time of reporting.

Euromonitor was established in 1972 with offices around the world and analysts in 80 countries. It offers international coverage on strategy research for both consumer and industrial markets. We are contracted to pay a fee of US\$43,700 to Euromonitor in connection with the preparation of the Euromonitor Report. We have extracted certain information from the Euromonitor Report in this section, as well as in the sections headed "Summary", "Risk Factors", "Business" and "Financial Information" in this prospectus, and elsewhere in this prospectus to provide our potential investors with a more comprehensive presentation of the industry in which we operate.

Our Directors confirm that, so far as they are aware, there are no material adverse changes in the market information since the date of the industry report from Euromonitor which may qualify, contradict or have an impact on the information in this section.

## INDUSTRY OVERVIEW

### MARCO-ECONOMIC ENVIRONMENT IN HONG KONG

Hong Kong experienced a modest and stable growth from 2010 to 2015 where the GDP grew from HK\$1,776.3 billion in 2010 to HK\$2,397.1 billion in 2015, and the GDP per capita grew from HK\$252,887 in 2010 to HK\$328,117 in 2015. Hong Kong's economy was in recession between 2009 and 2010 and the employment shrank the first time in seven years in 2010. After the recession, the economy eventually rebounded in 2011 with the Government of Hong Kong's expenditures on capital investment such as infrastructure and technology. However, due to the Eurozone debt crisis, the U.S. fiscal uncertainty and weak economic recovery of advanced economies in Asia, the growth in Hong Kong faltered between 2011 and 2012. Uneven global recovery also kept Hong Kong's economy at a persistently moderate growth trajectory for 2013 and 2014. Furthermore, the Umbrella Movement, the wide-scale democracy protests, which began in September 2014, disrupted retail sales and tourism.

Tourism accounts for a significant portion of GDP in Hong Kong. The numbers of visitors grew from 36.0 million in 2010 to 60.8 million in 2014, and slightly declined to 59.3 million in 2015. Mainland Chinese tourists accounted for a majority of these tourists and the single most important factor which drove the sharp growth in the past. In 2015, the first time since the handover of Hong Kong, the number of mainland Chinese tourist declined, from 47.2 million in 2014 to 45.8 million in 2015. The decrease in number of mainland Chinese tourist arrivals and their lower spending in Hong Kong have led to a decrease in the retail business in Hong Kong, which amounted to 3.7% in 2015. Such decrease was primarily due to the shift in consumption by mainland Chinese tourists from luxury items to more affordable goods. However, these did not have significant impact on the GDP growth rate and GDP per capita growth rate in 2015.

In terms of consumer expenditure on food, despite tapered economic growth in 2012 and 2013, food expenditure experienced strong growth from HK\$156.6 billion in 2010 to HK\$237.9 billion in 2015, representing a CAGR of 8.72%.

Based on a survey from the Census and Statistics Department of Hong Kong released in April 2016, household expenditure on food in general was approximately 27.3% for 2014/2015, which was the second highest household expenditure in Hong Kong after housing expenditure of 34.3%. Furthermore, approximately 65% of the food expenditure represent meals bought away from home compared to 35% of other food bought, meaning Hong Kong residents preferred to dine out as compared to dining-in at home.

The table below sets out the macro-economic indicators in Hong Kong between 2010 and 2015:

|                                                | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | CAGR<br>2010-2015<br>(%) |
|------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------------|
| Total GDP (HK\$ million)                       | 1,776,332 | 1,934,433 | 2,037,059 | 2,138,010 | 2,258,215 | 2,397,124 | 6.2                      |
| GDP growth rate (%)                            | 7.1       | 8.9       | 5.3       | 5.0       | 5.6       | 6.2       | —                        |
| GDP per capita (HK\$)                          | 252,887   | 273,549   | 284,720   | 297,462   | 311,836   | 328,117   | 5.4                      |
| Total Gross National Income (HK\$ million)     | 1,813,928 | 1,987,256 | 2,066,514 | 2,178,529 | 2,304,822 | 2,442,004 | 6.1                      |
| Gross National Income per capita (HK\$)        | 258,240   | 281,019   | 288,837   | 303,100   | 318,271   | 334,260   | 5.3                      |
| Population (million)                           | 7.1       | 7.1       | 7.2       | 7.2       | 7.3       | 7.3       | 0.8                      |
| Number of domestic households ('000)           | 2,325.1   | 2,359.3   | 2,389.0   | 2,404.8   | 2,431.1   | 2,467.9   | 1.2                      |
| Food consumption expenditure (HK\$ million)    | 156,598   | 179,633   | 197,728   | 212,473   | 227,304   | 237,782   | 8.7                      |
| Food consumption expenditure per capita (HK\$) | 22,206    | 25,256    | 27,547    | 29,421    | 31,281    | 32,465    | 7.9                      |
| Number of tourist visits, ('000)               | 36,030.0  | 41,921.0  | 48,615.0  | 54,299.0  | 60,839.0  | 59,308.0  | 10.5                     |

Source: 2010 to 2015, Census and Statistics Department of the Government of Hong Kong, Hong Kong Tourism Board

In terms of CPI, the annual average of the composite CPI increased 3.0% from 97.7 for 2014 to 100.6 for 2015, which was mainly driven by increases in prices of private housing rentals and food. However, between 2007 and 2015, the Government of Hong Kong implemented a number of relief measures, which resulted in some fluctuation of the underlying inflation trend. If the effects of these

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## INDUSTRY OVERVIEW

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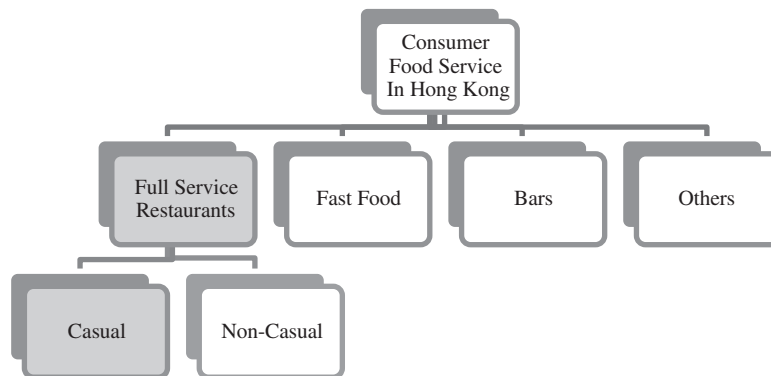
measures were removed, the average annual increase of the composite CPI in 2015 would be 2.5% instead of 3.0%. Inflationary pressure should remain limited in the near term, given the muted global inflation and soft international commodity prices, while local cost increases will likely be restrained by the subpar economic conditions and the retreat in rental cost pressures. In the latest round of review in February, the government forecast consumer prices to increase by 2.3% for 2016.

### OVERVIEW OF CONSUMER FOOD SERVICE IN HONG KONG

Hong Kong is a well-known tourist destination and arguably Asia Pacific's culinary capital with wide variety of cuisines establishments, and tourism is one of the key drivers of the food service industry. Residents in Hong Kong enjoy a variety of food coupled with an efficient transportation infrastructure makes Hong Kong the ideal location for new food and beverages concepts.

With the abundant choices of restaurants from mass-market to premium dining, residents in Hong Kong enjoy a variety of cuisines from a mix of food service types. As they tend to dine-out, they often look for fast meals to complement their busy lifestyles. This has encouraged the development of a large mass food service sector often comprised of large chains that operate number of outlets. These chains often have a strong business model based on strategic locations that are convenient, close proximity to public transport and have a high foot fall such as shopping malls, commercial areas or near residential areas. These restaurants not only provide fast services but also value for money meals.

The diagram below demonstrates the consumer food service industry and its different categories in Hong Kong:



Source: Euromonitor International

The sales and receipts of the consumer food service industry in Hong Kong grew from HK\$101.4 billion in 2010 to HK\$128.1 billion in 2014, representing a CAGR of 6.0%. Despite the growth in sales and receipts, the number of food service establishments and employees remained relatively stable. This is due to the increased cost pressure in the industry, in particular after the implementation of the statutory minimum wage in Hong Kong. Although the number of employees remained relatively stable in the industry, compensation of employees and operating expenses registered growth. Average wage for cook, waiting staff and dishwasher has grown significantly. Many industry players are adopting central kitchens in order to decrease their costs and increase efficiency in operations through standardisation of recipes and economies of scale from procurement in bulk. Centralised operations can also help to reduce the need for extra equipment, utilities and other resources that can be located on just one area as opposed to buying individual ones per outlet.

## INDUSTRY OVERVIEW

The table below sets out the data related to consumer food service industry for the periods indicated:

|                                          | 2010      | 2011      | 2012      | 2013      | 2014      | 2010-2014<br>CAGR |
|------------------------------------------|-----------|-----------|-----------|-----------|-----------|-------------------|
| Number of establishments                 | 13,910    | 14,523    | 14,174    | 13,855    | 13,904    | -0.01%            |
| Number of persons engaged                | 250,959   | 263,027   | 249,766   | 256,410   | 256,954   | 0.59%             |
| Number of employees                      | 238,276   | 248,880   | 237,494   | 245,216   | 243,731   | 0.57%             |
| Compensation of employees (HK\$ million) | 27,787    | 30,993.5  | 32,845.6  | 34,627.5  | 36,938.4  | 7.38%             |
| Operating expenses (HK\$ million)        | 31,205.6  | 33,041.5  | 34,471.6  | 37,740.2  | 40,117.8  | 6.48%             |
| Sales and other receipts (HK\$ million)  | 101,366.5 | 111,188.3 | 116,686.9 | 122,760.4 | 128,067.9 | 6.02%             |

Source: 2010 to 2014, Census and Statistics Department of the Government of Hong Kong

The table sets out the monthly wages of selected restaurant staff for the periods indicated:

|                 | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | CAGR<br>2009-2015<br>(%) |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------------|
| Cook            | 11,788      | 12,002      | 13,229      | 13,926      | 14,728      | 15,455      | 16,389      | 5.6                      |
| Waiter/waitress | 8,184       | 8,437       | 9,269       | 10,363      | 10,812      | 11,232      | 11,774      | 6.2                      |
| Dish Washer     | 6,999       | 7,199       | 7,803       | 8,948       | 9,672       | 10,689      | 11,441      | 8.5                      |
| <b>% Growth</b> | <b>2009</b> | <b>2010</b> | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> |                          |
| Cook            | —           | 1.8%        | 10.2%       | 5.3%        | 5.8%        | 4.9%        | 6.0%        |                          |
| Waiter/waitress | —           | 3.1%        | 9.9%        | 11.8%       | 4.3%        | 3.9%        | 4.8%        |                          |
| Dish Washer     | —           | 2.9%        | 8.4%        | 14.7%       | 8.1%        | 10.5%       | 7.0%        |                          |

Source: Census and Statistics Department of the Government of Hong Kong

In addition to the increasing compensation of employees, rental prices also affect the profitability of the restaurants in Hong Kong as a core component to operational cost of restaurants. Between 2010 and 2015, due to the heated property market in Hong Kong, retail rental prices experienced consistent year-on-year growth, peaking in 2012 where the rise in average per sq. m. rental rose at double-digit rates. This significantly affects the profit margins of restaurant operators. In 2015, given the general economic downturn, rental rates fell for the first time on the Hong Kong Island and Kowloon in Hong Kong.

The table below sets out the private retail average rentals for the periods indicated:

| HK\$ per sq.m. | Hong Kong Island |          | Kowloon |          | New Territories |          |
|----------------|------------------|----------|---------|----------|-----------------|----------|
|                |                  | % change |         | % change |                 | % change |
| 2009           | 1,079            |          | 1,073   |          | 855             |          |
| 2010           | 1,239            | 14.8%    | 1,172   | 9.2%     | 942             | 10.2%    |
| 2011           | 1,296            | 4.6%     | 1,243   | 6.1%     | 1,038           | 10.2%    |
| 2012           | 1,465            | 13.0%    | 1,443   | 16.1%    | 1,161           | 11.8%    |
| 2013           | 1,549            | 5.7%     | 1,482   | 2.7%     | 1,176           | 1.3%     |
| 2014           | 1,628            | 5.1%     | 1,534   | 3.5%     | 1,250           | 6.3%     |
| 2015           | 1,612            | -1.0%    | 1,519   | -1.0%    | 1,284           | 2.7%     |

Source: Rating and Valuation Department of the Government of Hong Kong



## INDUSTRY OVERVIEW

### OVERVIEW OF FULL-SERVICE RESTAURANTS IN HONG KONG

#### Full Service Restaurants in Hong Kong

Full-service restaurants are traditional sit-down restaurants with full table services provided to customers by waiting staff. They are generally characterised by better table service and comparatively more expensive menu items than fast food restaurants. In 2015, the total market value for full-service restaurants was estimated at HK\$68.1 billion, representing a CAGR of 2.9% from 2011 to 2015.

The table below sets out food service value of full-service restaurants in Hong Kong outlets the periods indicated:

|                                                                            | 2011     | 2012     | 2013     | 2014     | 2015     | 2011-2015<br>CAGR | 2016F-2020F<br>CAGR |
|----------------------------------------------------------------------------|----------|----------|----------|----------|----------|-------------------|---------------------|
|                                                                            |          |          |          |          |          | (%)               | (%)                 |
| Food service value of full-service restaurants in Hong Kong (HK\$ million) | 60,802.2 | 63,076.0 | 65,249.3 | 66,686.1 | 68,122.9 | 2.9               | 3.0                 |

Source: Euromonitor Passport — Consumer Food Service, 2016

#### Casual Dining Full-Service Restaurants

Casual dining full-service restaurants are differentiated by its ambience, price and outlet image. The casual dining price point is less than fine dining, while the atmosphere tends to be more relaxed. The value of casual dining restaurants made up 16.5% of the full-service restaurant segment in Hong Kong, with a CAGR of 3.9% between 2011 and 2015 period. Despite the falling number of tourists in 2015, consumer food services was relatively stable as dining-out remains an important part for both tourists and locals in Hong Kong. The higher growth rate of casual dining full-service restaurants as compared to the overall full-service restaurants demonstrated the strong demand for value-for-money food in Hong Kong. Furthermore, Hong Kong residents and tourists are interested to try new dishes and specialty outlets. Interior design and atmosphere of restaurants are increasing valued by consumers, while the pricing of menus remain the most important factor in their choice of dining. Therefore, many restaurants adopted the casual dining concept.

The table below sets out the food service value of casual dining full-service restaurants in Hong Kong for the period indicated:

|                                                                                           | 2011    | 2012     | 2013     | 2014     | 2015     | 2011-2015<br>CAGR | 2016F-2020F<br>CAGR |
|-------------------------------------------------------------------------------------------|---------|----------|----------|----------|----------|-------------------|---------------------|
|                                                                                           |         |          |          |          |          | (%)               | (%)                 |
| Food service value of casual dining full-service restaurants in Hong Kong, (HK\$ million) | 9,610.7 | 10,166.1 | 10,566.8 | 10,835.5 | 11,214.7 | 3.9               | 3.9                 |

Source: Euromonitor Passport — Consumer Food Service, 2016

The average spending per customer for casual dining full-service restaurants in Hong Kong is between HK\$80.0 to HK\$100.0. The casual dining full-service restaurants in Hong Kong is typically segmented into three groups in terms of average spending:

- *Low-end segment:* includes restaurants which have an average check per customer below HK\$80.0. Their typical customers include people busy at work who look for a quick and simple meal, people who eat alone, and people who prefer convenience instead of travelling long distance to go to a restaurant.

## INDUSTRY OVERVIEW

- *Mid-end segment:* includes restaurants which have an average check per customer between HK\$80.0 and HK\$150.0. Their typical customers include families, group of friends looking for casual meals, and people who spend time in the restaurants chatting. For these customers, the restaurants' ambiance is important.
- *High-end segment:* includes restaurants which have an average check per customer above HK\$150.0. Their typical customers would care for food quality, healthiness and taste but also for service and experience. They are willing to pay more for such an offer.

### OVERVIEW OF SOUTHEAST ASIAN FULL-SERVICE RESTAURANTS

#### Southeast Asian Full-Service Restaurants

Southeast Asian cuisines in Hong Kong primarily comprises Thai and Vietnamese, and to a lesser extent Singaporean, Malaysian, and Filipino cuisine. Thai and Vietnamese cuisines have become popular and are now available in both casual and fine dining restaurants. According to Euromonitor, the chained Southeast Asian Full Service restaurants had a food service value of about HK\$2,229.6 million in 2015. This represents around 3% of the whole full service restaurant value in that year. Vietnamese restaurants comprised around 42% of chained Southeast Asian restaurants or about HK\$932.5 million for 2015, with the rest of the Southeast Asian cuisines like Thai making up the other remaining sub-segment.

Southeast Asian food has been present in Hong Kong for decades and has particularly grown in popularity in the 2000s. Southeast Asian cuisines commonly target the mass-market consumers and are more popular as lunch options. As consumers normally expect to have convenient value-for-money food during lunch, they are typically reluctant to spend more money at a place where they will spend less than an hour for lunch. Thus, these restaurants focus on volume of table turnovers as opposed to the check value.

The table below set out the food service value of chained Southeast Asian full-service restaurants in Hong Kong for the periods indicated:

|                                | 2011    | 2012    | 2013    | 2014    | 2015    | 2011-2015<br>CAGR<br>(%)       |
|--------------------------------|---------|---------|---------|---------|---------|--------------------------------|
| Southeast Asian (HK\$ million) | 1,939.8 | 2,011.0 | 2,081.3 | 2,154.2 | 2,229.6 | 3.5                            |
|                                | 2016F   | 2017F   | 2018F   | 2019F   | 2020F   | 2016F-<br>2020F<br>CAGR<br>(%) |
| Southeast Asian (HK\$ million) | 2,292.8 | 2,353.9 | 2,416.7 | 2,481.1 | 2,547.3 | 2.7                            |

Source: Euromonitor estimates from desk research and trade interviews

#### Vietnamese Full-Service Restaurants

On the other hand, Vietnamese eateries have been present since the influx of immigrants from Vietnam as a result of war and persecution in Vietnam around mid-1970s. Vietnamese full-service restaurants grew faster than other Southeast Asian cuisines between 2010 and 2015, driven by significant number of Vietnamese restaurants opened in the premium/upscale and casual segments of the market since 2010. In 2015, there were more than 200 full-service Vietnamese restaurants, making it the second largest Southeast Asian cuisine represented in Hong Kong. Both the premium and casual dining Vietnamese restaurants which opened since 2010 are popular among both expatriate customers and local customers. Although most of the Vietnamese restaurant employees are locals, the restaurants preserve the culinary traditions and respect the fundamental features such as freshness of food, presence of herbs and vegetables, variety and harmony of textures.

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Full-service Vietnamese restaurants in Hong Kong typically offer popular Vietnamese dishes such as noodles dishes and noodles soups. Pho is the most popular and is available in many varieties made from different types of meat, most commonly beef and chicken. Rice dishes, sticky rice dishes, wraps and rolls are other common dishes found in most of the Vietnamese full-service restaurants in Hong Kong.

The table below sets out the food service value of chained Vietnamese full-service restaurants in Hong Kong for the period indicated:

|                           | 2011  | 2012  | 2013    | 2014    | 2015    | 2011-2015<br>CAGR<br>(%)       |
|---------------------------|-------|-------|---------|---------|---------|--------------------------------|
| Vietnamese (HK\$ million) | 792.2 | 827.6 | 861.8   | 896.7   | 932.5   | 4.2                            |
|                           | 2016F | 2017F | 2018F   | 2019F   | 2020F   | 2016F-<br>2020F<br>CAGR<br>(%) |
| Vietnamese (HK\$ million) | 966.4 | 997.6 | 1,029.5 | 1,061.4 | 1,093.2 | 3.1                            |

Source: Euromonitor estimates from desk research and trade interviews

## FOOD INGREDIENT PRICES

Full-service restaurants are heavily dependent on food ingredients such as meat, poultry, vegetables and processed seafood in their day-to-day operations. The CPI levels of food ingredients are generally linked to the import prices of these ingredients since they are mostly imported from overseas suppliers. While the CPI is an indicator of the consumer spending, individual costs that a restaurant may incur are often affected by various additional factors such as its relationship with its suppliers and the order quantity for benefiting from an economies of scale. Mainland China is the leading source supplier of fresh produce to Hong Kong. Over 60% of the meat supply in Hong Kong is from Brazil and the United States. The growing demand from other Asian countries, such as Korea, increased the overall demand and thus the price of beef. Pork prices rose in 2012 and 2013 driven by concerns over reduced pork supplies, hence the market bid a risk premium into prices. However the prices have returned to more realistic levels in 2014. For fresh vegetables, approximately 77% of Hong Kong's supply in 2014 was imported from the PRC. The rising production costs, such as the costs of fertiliser, labour and logistics services in the PRC between 2011 and 2014, has driven up the price of fresh vegetables in Hong Kong. In 2015, CPI for fresh vegetables stabilised. Specific to Vietnamese cuisine where frozen beef is one of its common ingredients, the import price of frozen bovine meat fluctuated during 2011 to 2015 with a year-on-year drop respectively in 2012 and 2015.

The table below sets out the raw material price trends based on CPIs in Hong Kong for the periods indicated:

|                        | 2011  | 2012  | 2013  | 2014  | 2015  | 2011-2015<br>CAGR<br>(%) |
|------------------------|-------|-------|-------|-------|-------|--------------------------|
| Rice                   | 101.0 | 100.1 | 99.4  | 100.2 | 99.3  | (0.4)                    |
| Pork                   | 95.2  | 98.8  | 100.0 | 98.6  | 102.0 | 1.7                      |
| Beef                   | 68.3  | 81.3  | 98.0  | 99.2  | 100.4 | 10.1                     |
| Poultry                | 74.4  | 78.8  | 83.1  | 90.3  | 102.5 | 8.3                      |
| Frozen meat            | 90.3  | 95.3  | 97.3  | 98.8  | 99.9  | 2.6                      |
| Fresh vegetables       | 85.6  | 90.2  | 100.0 | 101.3 | 101.5 | 4.4                      |
| Processed sea products | 86.2  | 92.0  | 94.9  | 98.0  | 100.7 | 4.0                      |

## INDUSTRY OVERVIEW

*Source: Census and Statistics Department of the Government of the Hong Kong Special Administrative Region*

The table below sets out the import prices of frozen bovine meat for the periods indicated:

|                                                                               | 2011  | 2012   | 2013  | 2014  | 2015   |
|-------------------------------------------------------------------------------|-------|--------|-------|-------|--------|
| Meat of bovine animals, boneless and with bone in, frozen (HK\$ per kilogram) | 33.61 | 31.97  | 37.00 | 39.82 | 38.62  |
| % change                                                                      |       | (4.9)% | 15.7% | 7.6%  | (3.0)% |

*Source: Census and Statistics Department of the Government of the Hong Kong Special Administrative Region.*

*Note: The above information is combined for HS codes 01121 (meat of bovine animals, with bone in, frozen) and 01122 (meat of bovine animals, boneless, frozen)*

## COMPETITIVE LANDSCAPE OF CASUAL DINING FULL-SERVICE RESTAURANTS

The casual dining full-service restaurant market in Hong Kong is highly competitive and fragmented, and this market encompasses all kinds of casual dining cuisines, such as Chinese, international and Southeast Asian casual dining full-service restaurants. Given the fragmented nature of the industry, independent restaurants dominate the casual dining full-service restaurant sector. There remains a fair mix of both Asian and non-Asian full-service restaurants within the independent restaurant space while non-Asian cuisines are more apparent within the chained full-service restaurant sector and are more consolidated.

## COMPETITIVE LANDSCAPE OF THE SOUTHEAST ASIAN FULL-SERVICE RESTAURANTS SEGMENT

The environment of chained Southeast Asian full-service restaurants in Hong Kong is highly competitive and fragmented. In terms of revenue contribution, the main chained players are the main driver of Southeast Asian full-service restaurant market. In 2015, the top ten ranked chained players accounted for around 40% of the total chained Southeast Asian full-service restaurants in terms of sales value. The average revenue per outlet in the chained Southeast Asian and Vietnamese full-service restaurant sectors are estimated at around HK\$8.5 million and HK\$8.8 million in 2015, respectively.

The table below sets out the leading chained or group operators of Southeast Asian full-service restaurants in Hong Kong in 2015:

| Ranking | Company name | Listed/ private | Outlet number | Market share based on revenue in 2015 | Brief background with average check value                                               |
|---------|--------------|-----------------|---------------|---------------------------------------|-----------------------------------------------------------------------------------------|
| 1       | Our Company  | Private         | 22            | 9.0%                                  | Chained Vietnamese restaurants<br>Average check: HK\$53.91                              |
| 2       | Operator B   | Private         | 15            | 8.9%                                  | Several chains of Thai restaurants and other Asian cuisine<br>Average check: HK\$127.10 |
| 3       | Operator C   | Private         | 7             | 3.7%                                  | Chained Vietnamese restaurants<br>Average check: HK\$150                                |
| 4       | Operator D   | Private         | 3             | 3.3%                                  | Upscale Thai and Vietnamese restaurants<br>Average check: HK\$285.50                    |
| 5       | Operator E   | Private         | 3             | 3.3%                                  | Chained Vietnamese restaurants<br>Average check: HK\$202                                |

*Source: Euromonitor estimates from desk research and trade interviews*

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## INDUSTRY OVERVIEW

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### Barriers to entry

There are several barriers to entry into the Southeast Asian restaurant segment in Hong Kong, including:

- *Low survival rates for new entrants.* Due to the friendly business environment in Hong Kong, new restaurant owners face minimal bureaucracy when applying for licences as well as obtaining capital investment. However, the survival rate of new restaurants is low as many inexperienced owners grapple with intense competition from existing operators if they are unable to timely carve out a niche offering and/or have sufficient diners to breakeven in the first few years. This is especially the case for Thai and Vietnamese cuisines as there is a large offering in the market in Hong Kong.
- *Large capital investment.* Competition is fierce in the full-service restaurant industry. New entrants may be faced with difficulty in securing prime locations as larger restaurant groups are able to pay significantly higher rent to crowd out new players who have lower operating capital. Therefore, capital required to enter the industry and for running a sustainable business represents another barrier.
- *Difficulty in securing rental space.* Due to the rental hikes in recent years, many restaurants have been forced to move in order to save cost. As a result, landlords have become more selective and prefer to lease to larger restaurant operators or companies rather than smaller or independent operators to mitigate default risk and receive higher return on investment during the rental period.
- *Difficulty in hiring staff.* Labour, such as recruiting suitable employees, is one of the major entry barriers. Employees with low wages are mainly locals, which account for majority of staff in a typical Vietnamese restaurant in Hong Kong. However, Vietnamese full-service restaurant segment requires specific skills, different from other types of cuisine. Finding a competent chef who is experienced in Vietnamese cuisine is difficult and could be a barrier for new Vietnamese restaurant entrants.

### Analysis of market drivers

- *Increase demand for economic food options.* As the consumers in Hong Kong spend a larger portion of food expenditure in dining out and with the food prices increase, consumers are more cautious of their dining habits. This is especially the case for low and mid income groups who spend a greater percentage of their income on food. Thus, there is a greater demand for affordable yet casual dining options.
- *Increase need for convenient options.* Due to the busy schedule of the Hong Kong residents, convenience and speed generally play a factor when choosing dining places. Southeast Asian cuisines are typically faster to prepare and thus lead to an increase in demand for these types of cuisines.
- *Rising health trend.* Southeast Asian cuisines, especially Vietnamese cuisines which highlight vegetables in their dishes and typically focus on lighter and fresher options have enjoyed greater demand as there is a rise in demand for healthier food options to complement healthier lifestyles.
- *Southeast Asian cuisines widely accepted by local consumers.* While Southeast Asian cuisines can help satiate residents' desire for something ethnic, the cuisines are also somewhat close and familiar to the local fare and more palatable.

### Analysis of opportunities

- *Slowing economy drives growth of lower-end restaurants.* Food consumption expenditure grew 4.6% in 2015 as compared to a 7% in 2014. Despite the contraction, 65% of meal expenditure was consumed away from home. While consumers are cutting down on overall food expenses, they are more likely to eat out as they seek cheaper options.

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## INDUSTRY OVERVIEW

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- *Rising consumer sophistication for novel dining.* As Hong Kong residents and tourists become more sophisticated in their dining preferences, many are expected to demand value-for-money dining propositions. Full-service restaurants will be compelled to meet the growing demands of their clientele. Experience such as good ambience, authenticity of food cuisine, WiFi, and novelty of place are just some of the factors that consumers look for.
- *Social media to help generate user reviews to boost restaurants' reputation.* Social media platforms have helped spread consumer awareness and for the restaurants to reach out to their customers. 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.

Other opportunity includes the rising health trend mentioned in “Industry Overview — Competitive Landscape of the Southeast Asian Full-Service Restaurants Segment — Analysis of Market Drivers” above.

### Analysis of market threats and challenges

There are no discernible differences in terms of threats faced by Southeast Asian full-service restaurants and the overall full-service restaurants. The following sets out the threats faced by the overall full-service restaurants:

- *High staff cost.* Due to the rising staff cost and with the statutory minimum wage in Hong Kong, restaurant operators had to absorb the increase in wages causing an increase to their operational costs.
- *High rental prices.* As mentioned above, retail rental prices in Hong Kong experienced consistent year-on-year growth. To maintain customer loyalty, reduce bill shock and remain in business, full-service restaurants are compelled to make do with smaller profit margins as operating costs from both rental and labour continue to climb.
- *Labour shortage a major constraints for development of full-service restaurants.* Full-service restaurants have been affected by labour shortage and high staff turnover. Shortage of quality customer service staff presents a challenge for restaurant operators in Hong Kong. Customer service within the food service industry is perceived to be a less than desirable occupation by the local population. This challenge is more apparently felt by low-end to mid-end restaurants. In addition, given the long working hours and low rates, particularly for those who are paid at the minimum wage, more talents are attracted by other industries like property management and security rather than the full-service restaurant industry.
- *Popularity of cuisine can lead to increase competition and market saturation.* Popularity of cuisines could lead to more establishments copying that concept. Hence, there would be more competition in the market. This could lead to the loss of novelty of the cuisine in the market and taste saturation among consumers.

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## REGULATORY OVERVIEW

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The following sets out the most significant aspects of Hong Kong laws and regulations relating to our business operations in Hong Kong. Information contained in this section should not be construed as a comprehensive summary of the laws and regulations applicable to us:

### **Laws relating to the operation of restaurants and food processing centre**

Depending on the nature of business of our Group's operations, there are two principal types of licences that may be required for the operation of our Group's restaurants and food processing centre in Hong Kong. They are as follows:

- (a) a general restaurant licence, light refreshment licence or food factory licence as the case may require, to be issued before commencement of the relevant food business operation; and
- (b) a water pollution control licence.

### **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 (Cap. 132) and the FBR before commencing the restaurant business. 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 any restaurant business except with a general restaurant licence. 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 licence. The FEHD will also consult the Buildings Department and the Fire Services Department in assessing the suitability of premises for use as a restaurant, where the fulfilment of the Buildings Department's structural standard and the fulfilment of 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 completion of all outstanding requirements for the issue of a full restaurant licence. A provisional restaurant licence is valid for a period of six months or a lesser period and a full restaurant licence is valid generally for a period of one year, both subject to payment of the prescribed licence fees and continuous compliance with the requirements under the relevant legislation and regulations. A provisional restaurant licence is renewable on one occasion and a full restaurant licence is renewable annually. Any person who is guilty of an offence carries on restaurant business without a valid licence shall be liable on summary conviction to a maximum fine of HK\$50,000 and imprisonment for 6 months and, where the offence is a continuing offence, to an additional fine of HK\$900 for each day during which it is proved to the satisfaction of the court that the offence has continued.

#### ***Food factory licence***

In respect of our Hysan Place restaurant, as the food sold is not for consumption on the premises we are required to obtain a food factory licence from the FEHD under the FBR. It is provided under section 31(1) of the FBR that no person shall carry on or cause, permit or suffered to be carried on



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## REGULATORY OVERVIEW

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

### **Restricted food permit**

Under sections 31(1), 31(A) and Schedule 2 of the FBR and according to the guideline of the FEHD, it is required that no person shall sell, or offer or expose for sale, or possess for sale or for use in the preparation of any article of food for sale, any of the foods specified in Schedule 2 of the FBR (including non-bottled drinks). 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 six months and HK\$900 for each day where the offence is a continuing offence.

### ***Demerit point 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 (“**First Suspension**”);
- (b) if, within a period of 12 months from the date of the last offence leading to the First Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the licence will be subject to suspension for 14 days (“**Second Suspension**”);
- (c) thereafter, if within a period of 12 months from the date of the last offence leading to the Second Suspension, a total of 15 demerit points or more have been registered against the licensee in respect of the same licensed premises, the licence will be subject to cancellation;
- (d) for multiple offenses found during any single inspection, the total number of demerit points registered against the licensee will be the sum of the demerit points for each of the offenses; and
- (e) the prescribed demerit points for a particular offence will be doubled and tripled if the same offence is committed for the second and the third time within a period of 12 months.

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## REGULATORY OVERVIEW

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### Hygiene manager and hygiene supervisor scheme

To strengthen food safety supervision in licensed food premises, the FEHD has introduced the Hygiene Manager (“**HM**”) and Hygiene Supervisor (“**HS**”) Scheme (the “**Scheme**”).

#### (A) *The requirements*

Under the Scheme, all large food establishments and food establishments producing high risk food are required to appoint an HM and an HS; and all other food establishments are required to appoint an HM or an HS. General restaurants which accommodate over 100 customers are required to appoint an HM plus an HS.

#### (B) *Training/appointment of HM and HS*

Food business operators are required to train up their staff or appoint qualified persons to take up the post of HM or HS. According to “A Guide to Application for Restaurant Licences” of the FEHD (January 2012 Edition), one of the criteria for the issuance of a provisional licence/full general restaurant licence is the submission of a duly completed nomination form for HM and/or HS together with a copy of the relevant course certificate(s).

### Environmental regulatory compliance

#### *Water Pollution Control Ordinance*

In Hong Kong, discharges of trade effluents into specific water control zones are subject to control by the EPD under the 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 11 of the WPCO, a person who commits an offence under section 8(1), 8(2), 9(1) or 9(2) of the WPCO, is liable to imprisonment for six months and a fine of HK\$200,000 for first offence and up to HK\$400,000 for a second or subsequent offence and in addition, if the offence is continuing, to a fine of HK\$10,000 for each day where the offence has continued. Under section 11 of the WPCO, a person who commits an offence under section 8(1A) or 9(1) or 9(2) of the WPCO by discharging any poisonous or noxious matter into a communal sewer or communal drain is liable to imprisonment for one year and a fine of HK\$400,000 for first offence and up to HK\$1,000,000 and imprisonment for two years for a second or subsequent offence and in addition, if the offence is continuing, to a fine of HK\$40,000 for each day where the offence has continued.

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## REGULATORY OVERVIEW

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### Other regulations relating to our business operations

#### *Mandatory Provident Fund (“MPF”) Schemes*

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

#### *Employees’ compensation*

The Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (“ECO”) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under section 5 of 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 in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, according to 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. According to section 40 of the ECO, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the ECO and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction to a fine of HK\$100,000 and imprisonment for two years. Our Company confirms that as at the Latest Practicable Date, employee compensation insurance has been obtained for all of our employees.

According to section 48 of the ECO, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the ECO) before occurrence of certain events. Any person who commits breach of this provision is liable on conviction to a maximum fine of HK\$100,000.

#### *Minimum wage*

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (“MWO”) provides for a prescribed minimum hourly wage rate for every employee employed under the Employment

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## REGULATORY OVERVIEW

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Ordinance (Chapter 57 of the Laws of Hong Kong). With effect from 1 May 2015 the statutory minimum wage was increased to HK\$32.5 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the MWO is void.

### *Occupiers liability*

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

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

### *Occupational safety and health*

The Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

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

- (i) providing and maintaining plant and work systems that are safe and without risks to health;
- (ii) making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or 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 working environment that is safe and without risks to health.

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

The Commissioner for Labour may also issue improvement notices against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to one year.

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## REGULATORY OVERVIEW

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### ***Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations (Chapter 59V of the Laws of Hong Kong) (“FIU(F)R”)***

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

### ***Factories and Industrial Undertakings (Lifting appliances and lifting gear) Regulations (Chapter 59J of the Laws of Hong Kong) (“FIU(LALG)R”)***

The FIU(LALG)R sets out the requirements for the testing and examination of lifting appliances and lift gear (except a hoist) used for raising or lowering or as a means of suspension in any industrial undertakings. A lifting appliance is defined to mean, among other things, a winch. Regulation 5 of the FIU(LALG)R requires the owner of a lifting appliance to ensure that a lifting appliance is not used unless it has been thoroughly examined by a competent examiner at least once in the proceeding 12 months, and a certificate in the approved form in which the competent examiner has made a statement to the effect that it is in safe working order has been obtained. Any contravention of the Regulation 5 of the FIU(LALG)R commits an offence and is subject to a fine of HK\$200,000.

### ***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) 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.

### ***Competition Ordinance (Chapter 619 of the Laws of Hong Kong)***

The Competition Ordinance is to prohibit conduct that prevents, restricts or distorts competition in Hong Kong; to prohibit mergers that substantially lessen competition in Hong Kong, and to provide for incidental and connected matters.

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## REGULATORY OVERVIEW

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The Competition Ordinance includes the first conduct rule, which states that an undertaking shall not make or give effect to an agreement, engage in a concerted practice, or, as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong, and the second conduct rule, which prohibits anti-competitive conduct by a party with substantial market power; and the merger rule, which states that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Upon breach, the Competition Tribunal may impose against offenders pecuniary penalty, director disqualifications, and prohibition, damage and other orders. For pecuniary penalty, section 93 of the Competition Ordinance enables the Competition Tribunal to award a penalty up to 10% of the turnover of the undertakings involved for up to three years in which the contravention occurs.

Our Directors have confirmed that our Group has obtained all relevant licences, certificates and permits as required under the relevant laws and regulations in Hong Kong for our restaurants and food factory and, save as disclosed under “Business — Legal Proceedings and Compliance” in this prospectus, has complied with the applicable laws and regulations in all material aspects in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### INTRODUCTION

Our Group's first restaurant operations can be traced back to 2003 when Mr. Wong and his spouse Mrs. Wong, through Goody Limited, set up its first restaurant under the Viet's Choice brand in Wan Chai, Hong Kong with their personal resources. This came after the closing of Ming Fung Restaurant, a Chinese restaurant owned and operated by the late father of Mr. Wong up until late 2002 and where Mr. Wong initially obtained his food and beverage operations experience. With the experience obtained whilst at Ming Fung Restaurant, Mr. Wong and Mrs. Wong ventured out to establish their own footprint in the food and beverage industry and established the first Viet's Choice restaurant focused on providing casual dining targeting the mass market segment. After the success of launching the first restaurant, it was the intention of Mr. Wong to expand within Hong Kong on the same operating model with a vision to become the largest chain of Vietnamese restaurants in Hong Kong. As at the Latest Practicable Date, we have restaurants operating in 14 districts in Hong Kong and according to the Euromonitor Report, in 2015 we had the largest number of Vietnamese-style restaurants within Southeast Asian full-service restaurant segment in Hong Kong. As at the Latest Practicable Date, we operated at 20 locations of which the majority are in shopping malls.

### BUSINESS MILESTONE

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

| <u>Year</u> |                                                                                                                                                    |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| 2003        | We opened our first Viet's Choice restaurant in Wan Chai district<br>We opened our second Viet's Choice restaurant in Sha Tin district             |
| 2006        | We opened our Viet's Choice restaurant in the Southern district                                                                                    |
| 2007        | We installed the point-of-sales (POS) system in our restaurants<br>We opened our Viet's Choice restaurants in the Sai Kung and Tsuen Wan districts |
| 2008        | We opened our Viet's Choice restaurant in the Tai Po district                                                                                      |
| 2009        | We expanded our Viet's Choice presence into the Yuen Long and Eastern districts<br>We established our food processing centre                       |
| 2010        | We expanded our Viet's Choice presence into the Kwun Tong, Wong Tai Sin, Yau Tsim Mong and North districts                                         |
| 2011        | We expanded our Viet's Choice presence into the Tuen Mun district                                                                                  |
| 2013        | We expanded our Viet's Choice presence into the Islands district                                                                                   |
| 2015        | We expanded our Viet's Choice presence into the Sham Shui Po district                                                                              |



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## HISTORY, DEVELOPMENT AND REORGANISATION

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### CORPORATE HISTORY

Upon completion of the Reorganisation, our Group comprised of our Company, Prosperity One Limited, Richfield Development Limited, Goody Limited, Hotex Limited, 333 Limited, 555 Limited, 111 Limited, Aero Tech Limited, Prosino Limited, Dotco Limited, Sydney Limited, Unlimit Limited, Printech Corporation Limited and Tri-Pros Limited. Kinetic Warehouse (HK) Limited is an associate of Richfield Development Limited.

Set out below are the particulars of all our Group's subsidiaries upon completion of the Reorganisation.

| <b>Name of Subsidiary</b>     | <b>Principal business activities</b>          | <b>Date of Incorporation</b> | <b>Interest Attributable to Our Group</b> |
|-------------------------------|-----------------------------------------------|------------------------------|-------------------------------------------|
| Prosperity One Limited        | Investment holding                            | 15 March 2016                | 100%                                      |
| Richfield Development Limited | General trading of soup seasoning             | 26 June 1998                 | 100%                                      |
| Goody Limited                 | Trademarks holding                            | 5 June 2003                  | 100%                                      |
| Hotex Limited                 | Restaurant operations                         | 27 June 2003                 | 100%                                      |
| 333 Limited                   | Trademarks holding                            | 7 May 2004                   | 100%                                      |
| 555 Limited                   | Restaurant operations                         | 7 May 2004                   | 100%                                      |
| 111 Limited                   | Human resources                               | 29 November 2005             | 100%                                      |
| Aero Tech Limited             | Offices, warehouse and food processing centre | 3 February 2006              | 100%                                      |
| Prosino Limited               | Restaurant operations                         | 15 June 2006                 | 100%                                      |
| Dotco Limited                 | Restaurant operations                         | 20 September 2006            | 100%                                      |
| Sydney Limited                | Restaurant operations                         | 18 January 2007              | 100%                                      |
| Unlimit Limited               | Restaurant operations                         | 15 March 2007                | 100%                                      |
| Printech Corporation Limited  | Restaurant operations                         | 24 January 2008              | 100%                                      |
| Tri-Pros Limited              | Restaurant operations                         | 24 February 2009             | 100%                                      |

Details of the corporate history of our Group is set out below:

#### Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 14 April 2016. As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. As part of the Reorganisation, our Company has become the holding company of our Group.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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On 8 November 2016, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares, ranking pari passu in all aspects with the then existing Shares.

For details of changes in the share capital of our Group, please see “A. Further Information about our Company — 2. Changes in the share capital of our Company”.

### **Prosperity One Limited**

On 15 March 2016, Prosperity One Limited was incorporated in the BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each. On 6 April 2016, 85 and 15 nil paid shares were issued to Pioneer Vantage and Blaze Forum, respectively. The 85 and 15 nil paid shares were subsequently credited as fully paid on 8 November 2016. Prior to the Reorganisation, Prosperity One Limited was indirectly and beneficially owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Richfield Development Limited**

On 26 June 1998, Richfield Development Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to each of New Way Secretarial Limited and Smart Registrations Limited, for cash at par value.

On 24 August 1998, New Way Secretarial Limited transferred one share to Mr. Wong for cash at par, and Smart Registrations Limited transferred one share to Mr. Hui Pak Nin (“**Mr. Hui**”), an Independent Third Party, for cash at par. On the same date, Richfield Development Limited allotted and issued 34 shares, 34 shares, 15 shares and 15 shares of HK\$1.00 each to Mr. Hui, Mr. Wong, Ms. Wong Siu Wan and Ms. Wong Siu Ling, respectively for cash at par. Ms. Wong Siu Wan and Ms. Wong Siu Ling are siblings of Mr. Wong. Upon completion of the transfers and the allotment, Richfield Development Limited was owned as to 35% by Mr. Wong, 35% by Mr. Hui, 15% by Ms. Wong Siu Wan and 15% by Ms. Wong Siu Ling, respectively.

On 19 July 2008, Ms. Wong Siu Wan transferred 15 shares to Mrs. Wong for cash at par. Upon completion of the transfer, Richfield Development Limited was owned as to 35% by Mr. Wong, 35% by Mr. Hui, 15% by Ms. Wong Siu Ling and 15% by Mrs. Wong, respectively.

On 26 March 2010, Ms. Wong Siu Ling transferred 15 shares to Mr. Wong for cash at par and Mr. Hui transferred 35 shares to Mrs. Wong for cash at par. Upon completion of the transfer, Richfield Development Limited was owned as to 50% by Mr. Wong and 50% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Richfield Development Limited was owned as to 50% by Mr. Wong and 50% by Mrs. Wong.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### Goody Limited

On 5 June 2003, Goody Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to each of Company Kit Registrations Limited and Company Kit Secretarial Services Limited, for cash at par. Both Company Kit Registrations Limited and Company Kit Secretarial Services Limited are Independent Third Parties.

On 28 June 2003, Company Kit Registrations Limited transferred one share to Mr. Wong for cash at par, and Company Kit Secretarial Services Limited transferred one share to Mrs. Wong for cash at par. On the same date, Goody Limited allotted and issued 74 shares and 24 shares to Mr. Wong and Mrs. Wong, respectively for cash at par.

On 29 October 2003, Mr. Wong transferred 20 shares to Mr. Wu Wing Cheung, Hyphen (“**Mr. Wu**”), 10 shares to Mr. Som Kam Tim (“**Mr. Som**”), 10 shares to Mr. Sum Chi Wing (“**Mr. Sum**”) and 5 shares to Mr. Lee Kwan Cho, Eric (“**Mr. Lee**”), for cash at par. On the same date, Mrs. Wong transferred 5 shares to Mr. Lee and 20 shares to Mr. Wong Wing Tak for cash at par. Upon completion of the transfers, Goody Limited was owned as to 30% by Mr. Wong, 20% by Mr. Wu, 10% by Mr. Som, 10% by Mr. Sum, 10% by Mr. Lee and 20% by Mr. Wong Wing Tak, respectively.

Mr. Wu, Mr. Sum, Mr. Lee and Mr. Wong Wing Tak are Independent Third Parties. Mr. Som is the brother-in-law of Mr. Wong and Mrs. Wong.

On 25 June 2004, Mr. Sum transferred 10 shares to Mr. Wu for cash at par. Upon completion of the transfer, Goody Limited was owned as to 30% by Mr. Wong, 30% by Mr. Wu, 10% by Mr. Som, 10% by Mr. Lee and 20% by Mr. Wong Wing Tak, respectively.

On 31 March 2005, Mr. Wu transferred 30 shares to Mr. Wong for cash at par. Upon completion of the transfer, Goody Limited was owned as to 60% by Mr. Wong, 10% by Mr. Som, 10% by Mr. Lee and 20% by Mr. Wong Wing Tak, respectively.

On 2 January 2007, Mr. Lee transferred 10 shares to Mr. Wong for cash at par. Upon completion of the transfer, Goody Limited was owned as to 70% by Mr. Wong, 10% by Mr. Som and 20% by Mr. Wong Wing Tak, respectively.

On 4 December 2008, Mr. Wong Wing Tak transferred 20 shares to Mr. Wong for cash at par. Upon completion of the transfer, Goody Limited was owned as to 90% by Mr. Wong and 10% by Mr. Som, respectively.

On 2 July 2009, Mr. Wong transferred 5 shares to Mr. Som for cash at par. Upon completion of the transfer, Goody Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to a sale and purchase agreement between Mr. Wong and Mr. Som dated the same date (the “**Share Transfer Agreement**”), Mr. Som transferred 15 shares to Mrs. Wong for the consideration of HK\$238,000, which was determined at arm’s length negotiation and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Goody Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Goody Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Hotex Limited**

On 27 June 2003, Hotex Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to each of Company Kit Registrations Limited and Company Kit Secretarial Services Limited, for cash at par value.

On 24 October 2003, Hotex Limited allotted and issued 29 shares, 19 shares, 20 shares, 10 shares, 10 shares and 10 shares to Mr. Wong, Mr. Wu, Mr. Wong Wing Tak, Mr. Som, Mr. Sum and Mr. Lee, respectively for cash at par. Upon completion of the allotment, Hotex Limited was owned as to 1% by Company Kit Registrations Limited, 1% by Company Kit Secretarial Services Limited, 29% by Mr. Wong, 19% by Mr. Wu, 20% by Mr. Wong Wing Tak, 10% by Mr. Som, 10% by Mr. Sum and 10% by Mr. Lee, respectively.

On 29 October 2003, Company Kit Registrations Limited transferred one share to Mr. Wong for cash at par and Company Kit Secretarial Services Limited transferred one share to Mr. Wu for cash at par. Upon completion of the transfers, Hotex Limited was owned as to 30% by Mr. Wong, 20% by Mr. Wu, 20% by Mr. Wong Wing Tak, 10% by Mr. Som, 10% by Mr. Sum and 10% by Mr. Lee, respectively.

On 25 June 2004, Mr. Sum transferred 10 shares to Mr. Wu for cash at par. Upon completion of the transfer, Hotex Limited was owned as to 30% by Mr. Wong, 30% by Mr. Wu, 20% by Mr. Wong Wing Tak, 10% by Mr. Som and 10% by Mr. Lee, respectively.

On 2 March 2005, Mr. Lee transferred 10 shares to Mr. Wong for cash at par. Upon completion of the transfer, Hotex Limited was owned as to 40% by Mr. Wong, 30% by Mr. Wu, 20% by Mr. Wong Wing Tak and 10% by Mr. Som, respectively.

On 31 March 2005, Mr. Wu transferred 30 shares to Mr. Wong for cash at par. Upon completion of the transfer, Hotex Limited was owned as to 70% by Mr. Wong, 20% by Mr. Wong Wing Tak and 10% by Mr. Som, respectively.

On 15 October 2010, Mr. Wong Wing Tak transferred 15 shares to Mr. Wong and 5 shares to Mr. Som for cash at par respectively. Upon completion of the transfer, Hotex Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 15 shares to Mrs. Wong, for the consideration of HK\$494,000, which was determined at arm's length negotiation and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Hotex Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Hotex Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **333 Limited**

On 7 May 2004, 333 Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

On 16 August 2004, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. On the same date, 333 Limited allotted and issued one share to Mr. Wu for cash at par. Upon completion of the transfer and the allotment, 333 Limited was owned as to 50% by Mr. Wu and 50% by Mr. Wong, respectively.

On 1 March 2005, 333 Limited further allotted and issued 39 shares, 29 shares, 20 shares and 10 shares to Mr. Wong, Mr. Wu, Mr. Wong Wing Tak and Mr. Som for cash at par. Upon completion of the allotment, 333 Limited was owned as to 40% by Mr. Wong, 30% by Mr. Wu, 20% by Mr. Wong Wing Tak and 10% by Mr. Som, respectively.

On 2 August 2005, Mr. Wu transferred 30 shares to Mr. Wong for cash at par. Upon completion of the transfer, 333 Limited was owned by 70% by Mr. Wong, 20% by Mr. Wong Wing Tak and 10% by Mr. Som, respectively.

On 22 September 2010, Mr. Wong Wing Tak transferred 15 shares to Mr. Wong and 5 shares to Mr. Som for cash at par, respectively. Upon completion of the transfer, 333 Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 15 shares to Mrs. Wong for the consideration of HK\$46,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, 333 Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, 333 Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **555 Limited**

On 7 May 2004, 555 Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par value.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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On 4 June 2004, Company Kit Secretarial Services Limited transferred one share to Mr. Wu for cash at par. On the same date, 555 Limited allotted and issued one share to Mr. Wong for cash at par. After completion of the transfer and the allotment, 555 Limited was owned as to 50% by Mr. Wu and 50% by Mr. Wong, respectively.

On 1 March 2005, 555 Limited further allotted and issued 29 shares, 10 shares, 20 shares and 39 shares to Mr. Wu, Mr. Som, Mr. Wong Wing Tak and Mr. Wong, respectively for cash at par. Upon completion of the allotment, 555 Limited was owned as to 30% by Mr. Wu, 40% by Mr. Wong, 10% by Mr. Som and 20% by Mr. Wong Wing Tak, respectively.

On 2 August 2005, Mr. Wu transferred 30 shares to Mr. Wong for cash at par. Upon completion of the transfer, 555 Limited was owned as to 70% by Mr. Wong, 10% by Mr. Som and 20% by Mr. Wong Wing Tak, respectively.

On 19 August 2009, Mr. Wong Wing Tak transferred 15 shares to Mr. Wong and 5 shares to Mr. Som respectively for cash at par. Upon completion of the transfer, 555 Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 15 shares to Mrs. Wong for the consideration of HK\$333,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, 555 Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, 555 Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **111 Limited**

On 29 November 2005, 111 Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 540 shares, 240 shares and 120 shares were allotted and issued to Mr. Wong, Mr. Wong Wing Tak and Mr. Som, respectively for cash at par.

On 7 September 2010, Mr. Wong Wing Tak transferred 210 shares to Mr. Wong and 30 shares to Mr. Som for cash at par. Upon completion of the transfers, 111 Limited was owned as to 83.33% by Mr. Wong and 16.67% by Mr. Som, respectively.

On 22 September 2010, 111 Limited allotted and issued 100 shares to Mr. Wong for cash at par. Upon completion of the allotment, 111 Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 150 shares to Mrs. Wong, at the consideration of HK\$27,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, 111 Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfer was properly and legally completed and settled.

Prior to the Reorganisation, 111 Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Aero Tech Limited**

On 3 February 2006, Aero Tech Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

On 17 February 2006, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. On the same date, Aero Tech Limited allotted and issued 74 shares, 15 shares and 10 shares to Mr. Wong, Mr. Som and Mr. Wong Wing Tak, respectively for cash at par. Upon completion of the allotment and transfers, Aero Tech Limited was owned as to 75% by Mr. Wong, 15% by Mr. Som and 10% by Mr. Wong Wing Tak, respectively.

On 15 October 2010, Mr. Wong Wing Tak transferred 10 shares to Mr. Wong for cash at par. Upon completion of the transfer, Aero Tech Limited is owned as to 85% by Mr. Wong and 15% by Mr. Som.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 15 shares to Mrs. Wong for the consideration of HK\$451,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Aero Tech Limited is owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Aero Tech Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Prosino Limited**

On 15 June 2006, Prosino Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.



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## HISTORY, DEVELOPMENT AND REORGANISATION

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On 19 July 2006, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. On the same date, Prosino Limited allotted and issued 74 shares, 15 shares and 10 shares to Mr. Wong, Mr. Som and Mr. Wong Wing Tak, respectively for cash at par. Upon completion of the transfer and the allotment, Prosino Limited was owned as to 75% by Mr. Wong, 15% by Mr. Som and 10% by Mr. Wong Wing Tak, respectively.

On 19 August 2009, Mr. Wong Wing Tak transferred 10 shares to Mr. Wong for cash at par. Upon completion of the transfer, Prosino Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 15 shares to Mrs. Wong for the consideration of HK\$419,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Prosino Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Prosino Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Dotco Limited**

On 20 September 2006, Dotco Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

On 26 October 2006, Dotco Limited allotted and issued 8,499 shares and 1,500 shares to Mr. Wong and Mr. Som, respectively for cash at par. Upon completion of the allotment, Dotco Limited was owned as to 0.01% by Company Kit Secretarial Services Limited, 84.99% by Mr. Wong and 15% by Mr. Som, respectively.

On 8 November 2006, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. Upon completion of the transfer, Dotco Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 1,500 shares to Mrs. Wong for the consideration of HK\$245,000, which was determined at arm's length negotiations taking into account the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Dotco Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Prior to the Reorganisation, Dotco Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Sydney Limited**

On 18 January 2007, Sydney Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

On 3 February 2007, Sydney Limited allotted and issued 8,499 shares and 1,500 shares to Mr. Wong and Mr. Som, respective for cash at par. Upon completion of the allotment, Sydney Limited was owned as to 0.01% by Company Kit Secretarial Services Limited, 84.99% by Mr. Wong and 15% by Mr. Som, respectively.

On 9 February 2007, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. Upon completion of the transfer, Sydney Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 1,500 shares to Mrs. Wong for the consideration of HK\$1,591,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Sydney Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Sydney Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Unlimit Limited**

On 15 March 2007, Unlimit Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

On 16 April 2007, Unlimit Limited allotted and issued 8,499 shares and 1,500 shares to Mr. Wong and Mr. Som, respectively for cash at par. Upon completion of the allotment, Unlimit Limited was owned as to 0.01% by Company Kit Secretarial Services Limited, 84.99% by Mr. Wong and 15% by Mr. Som, respectively.

On 30 April 2007, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. Upon completion of the transfer, Unlimit Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 1,500 shares to Mrs. Wong for the consideration of HK\$434,500, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Unlimit Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Unlimit Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Printech Corporation Limited**

On 24 January 2008, Printech Corporation Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

On 6 February 2008, Printech Corporation Limited allotted and issued 8,499 shares and 1,500 shares to Mr. Wong and Mr. Som, respectively for cash at par. Upon completion of the allotment, Printech Corporation Limited was owned as to 0.01% by Company Kit Secretarial Services Limited, 84.99% by Mr. Wong and 15% by Mr. Som, respectively.

On 15 February 2008, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. Upon completion of the transfer, Printech Corporation Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 1,500 shares to Mrs. Wong for the consideration of HK\$670,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Printech Corporation Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Printech Corporation Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

### **Tri-Pros Limited**

On 24 February 2009, Tri-Pros Limited was incorporated in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which one share was allotted and issued to Company Kit Secretarial Services Limited, for cash at par.

## HISTORY, DEVELOPMENT AND REORGANISATION

On 19 March 2009, Tri-Pros Limited allotted and issued 8,499 shares and 1,500 shares to Mr. Wong and Mr. Som, respectively for cash at par. On the same date, Company Kit Secretarial Services Limited transferred one share to Mr. Wong for cash at par. Upon completion of the allotment and the transfer, Tri-Pros Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

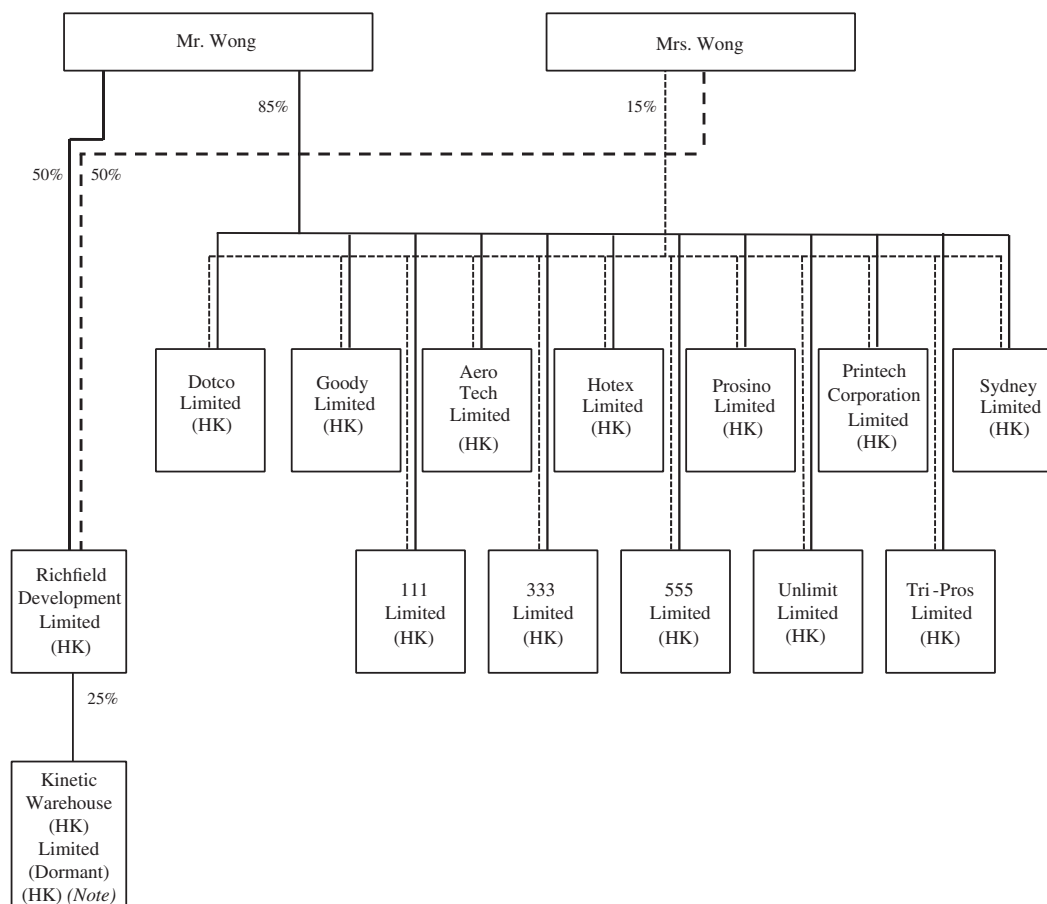
On 4 May 2010, the authorised share capital of Tri-Pros Limited was increased from HK\$10,000 divided into 10,000 shares to HK\$300,000 divided in to 300,000 shares by creation of additional 290,000 shares, ranking pari passu in all aspects with the then existing shares, of which 246,500 shares and 43,500 shares were allotted and issued to Mr. Wong and Mr. Som. Upon completion of the allotment, Tri-Pros Limited was owned as to 85% by Mr. Wong and 15% by Mr. Som, respectively.

On 6 November 2012 and pursuant to the Share Transfer Agreement, Mr. Som transferred 45,000 shares to Mrs. Wong for the consideration of HK\$1,050,000, which was determined at arm's length negotiations and took into consideration the net asset value of the company as at 31 July 2012. Upon completion of the transfer, Tri-Pros Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

As advised by our Hong Kong Legal Adviser, the above transfers were properly and legally completed and settled.

Prior to the Reorganisation, Tri-Pros Limited was owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

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



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## HISTORY, DEVELOPMENT AND REORGANISATION

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*Note:* Kinetic Warehouse (HK) Limited is involved in the logistics business and is considered as a passive investment of our Group. Neither Mr. Wong nor Mrs. Wong is involved in the day-to-day operations of Kinetic Warehouse (HK) Limited and as at the Latest Practicable Date our Group has been informed by the management of Kinetic Warehouse (HK) Limited that it is in the process of being voluntarily wound-up. As at the Latest Practicable Date, Kinetic Warehouse (HK) Limited did not engage in any business operations and on 17 May 2016, it had filed a special resolution with the Registrar of Companies to be declared dormant. 75% interest in Kinetic Warehouse (HK) Limited is held by two individuals who are Independent Third Parties.

### REORGANISATION

Prior to the Reorganisation, we were a group of private entities directly held by Mr. Wong and Mrs. Wong. Mr. Wong and Mrs. Wong have confirmed that since they became interested in and possessed voting rights (whether direct or indirect) in our Company and its subsidiaries, they have been acting in concert and voted in unanimous manner on any proposed resolution in respect of the management, development and operations of our Group's food and beverage operations. In preparation for the Listing, we undertook a series of restructuring steps for the purpose of transferring assets and businesses from our Controlling Shareholders to our Company and streamlining our corporate and shareholding structure. These restructuring steps comprised our Reorganisation, whereby our Company was incorporated and became the holding company of our Group.

Our Reorganisation involved the following steps:

- (i) On 15 March 2016, Prosperity One was incorporated in the BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a single class of a par value of US\$1.00 each.
- (ii) On 31 March 2016, Richfield Development Limited as vendor and Eternal Prosper as purchaser entered into a memorandum for sale and purchase and a supplemental agreement of the same date of a property located at Unit 1312, 13/F, Golden Industrial Building, Kwai Chung, New Territories, Hong Kong for approximately HK\$2.1 million. The consideration was determined with reference to market price. The consideration was fully settled on 31 March 2016 and the transfer of the said property was completed on 10 June 2016. Subsequent to the completion of the transfer, our Group entered into a lease agreement for the said property. Details of the lease is set out in "Continuing Connected Transactions" of this prospectus.
- (iii) On 31 March 2016, Prosino Limited as vendor and Eternal Prosper as purchaser entered into a memorandum for sale and purchase and a supplemental agreement of the same date for a property located at Unit 1313, 13/F, Golden Industrial Building, Kwai Chung, New Territories, Hong Kong for approximately HK\$2.9 million. The consideration was determined with reference to market price. The consideration was fully settled on 31 March 2016 and the transfer of the said property was completed on 10 June 2016. Subsequent to the completion of the transfer, our Group entered into a lease agreement for the said property. Details of the lease is set out in "Continuing Connected Transactions" of this prospectus.

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## HISTORY, DEVELOPMENT AND REORGANISATION

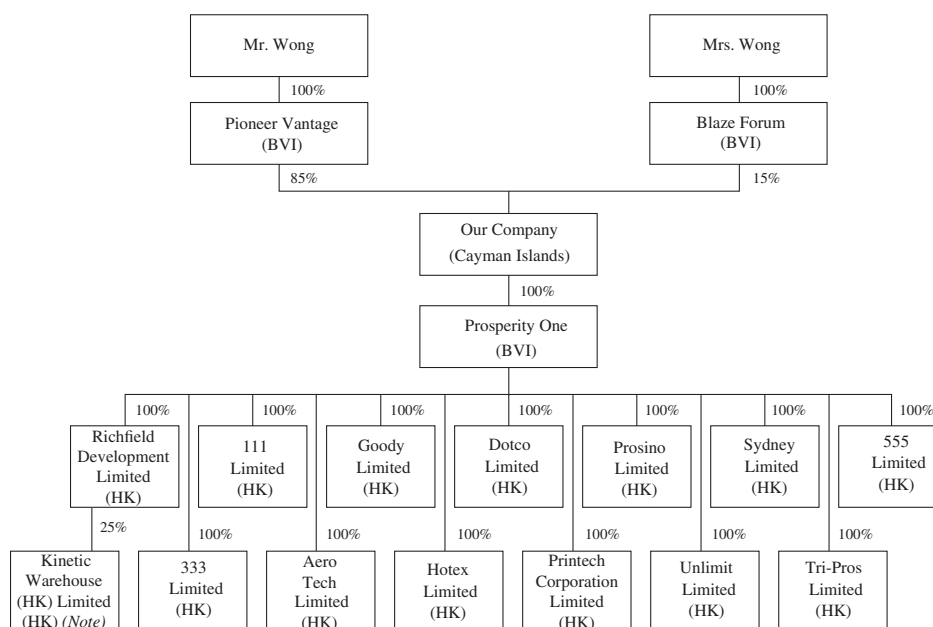
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- (iv) Our Company was incorporated in the Cayman Islands as an exempted company on 14 April 2016, with limited liability as the holding company of our Group and the issuer in the Global Offering. The initial authorised share capital of our Company was HK\$380,000 which was divided into 38,000,000 ordinary shares of HK\$0.01 each. Please refer to “Appendix IV — A. Further information about our Company” in this prospectus for details.
- (v) On 6 April 2016, Mr. Wong and Mrs. Wong, through Pioneer Vantage and Blaze Forum, subscribed for 85 and 15 nil paid shares in Prosperity One.
- (vi) On 16 June 2016, Mr. Wong and Mrs. Wong transferred their entire interest in 111 Limited, 333 Limited, Goody Limited, Aero Tech Limited, Dotco Limited, Hotex Limited, Prosino Limited, Printech Corporation Limited, Sydney Limited, Unlimit Limited, 555 Limited, Tri-Pros Limited and Richfield Development Limited to Prosperity One and in consideration, Prosperity One credited as fully-paid 85 and 15 shares held by Pioneer Vantage and Blaze Forum, respectively. The transfers were completed on 16 June 2016; and
- (vii) On 7 November 2016, Mr. Wong and Mrs. Wong transferred their entire interests in Prosperity One to our Company in consideration of which our Company (i) credited as fully-paid the one nil paid share held by Pioneer Vantage and (ii) allotted and issued 84 Shares and 15 Shares to Pioneer Vantage and Blaze Forum, respectively, credited as fully-paid. Upon completion of the transfer, Prosperity One became a wholly-owned subsidiary of our Company.

For the details of the Reorganisation, please refer to “Appendix IV — Statutory and General Information” in this prospectus.

## HISTORY, DEVELOPMENT AND REORGANISATION

The following is the shareholding structure of our Group immediately after completion of the Reorganisation but before the completion of the Capitalisation Issue and the Global Offering (but not taking into account the exercise of any of the Adjustment Options and any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme):



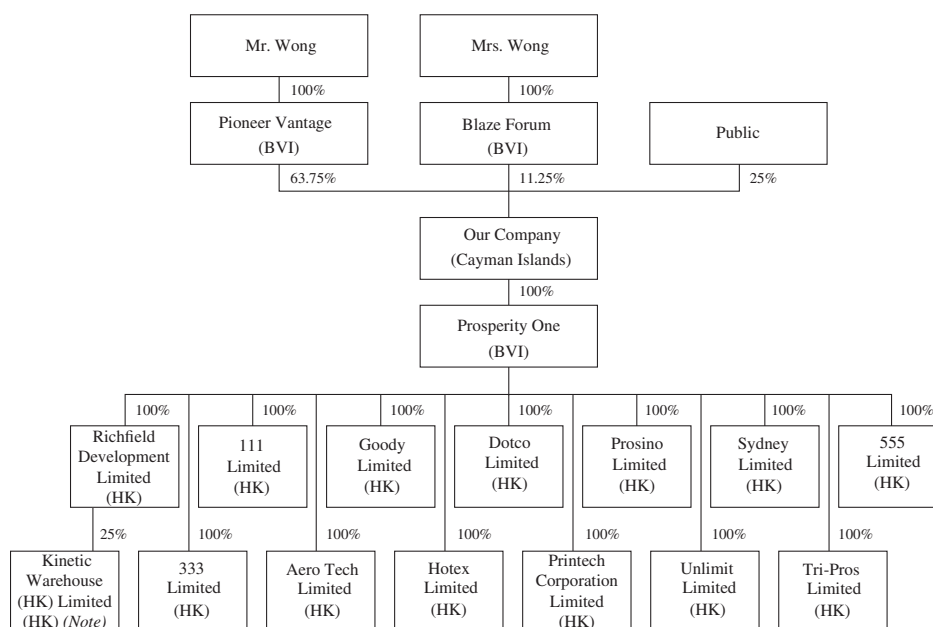
*Note:* Kinetic Warehouse (HK) Limited is involved in the logistics business and is considered as a passive investment of our Group. Neither Mr. Wong nor Mrs. Wong is involved in the day-to-day operations of Kinetic Warehouse (HK) Limited and as at the Latest Practicable Date our Group has been informed by the management of Kinetic Warehouse (HK) Limited that it is in the process of being voluntarily wound-up. As at the Latest Practicable Date, Kinetic Warehouse (HK) Limited did not engage in any business operations and on 17 May 2016, it had filed a special resolution with the Registrar of Companies to be declared dormant. 75% interest in Kinetic Warehouse (HK) Limited is held by two individuals who are Independent Third Parties.

As advised by our Company's Hong Kong Legal Adviser, our Directors confirm that the Reorganisation has complied with the relevant laws and regulations.



## HISTORY, DEVELOPMENT AND REORGANISATION

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



*Note:* Kinetic Warehouse (HK) Limited is involved in the logistics business and is considered as a passive investment of our Group. Neither Mr. Wong nor Mrs. Wong is involved in the day-to-day operations of Kinetic Warehouse (HK) Limited and as at the Latest Practicable Date our Group has been informed by the management of Kinetic Warehouse (HK) Limited that it is in the process of being voluntarily wound-up. As at the Latest Practicable Date, Kinetic Warehouse (HK) Limited did not engage in any business operations and on 17 May 2016, it had filed a special resolution with the Registrar of Companies to be declared dormant. 75% interest in Kinetic Warehouse (HK) Limited is held by two individuals who are Independent Third Parties.

**OVERVIEW**

As at 31 December 2015, we operated 22 restaurants under our Viet's Choice Brands in Hong Kong, and we had the largest number of Vietnamese-style restaurants within the Southeast Asian full-service restaurant segment in Hong Kong for the year ended 31 December 2015, according to the Euromonitor Report. As at the Latest Practicable Date, we operated 20 restaurants under our Viet's Choice Brands in Hong Kong, of which, three were located on the Hong Kong Island, five were located in Kowloon and the remaining were located in the New Territories, and with a majority of our restaurants located within shopping malls. During the Track Record Period, we operated our restaurants under our Viet's Choice Brands, namely, our main brand, Viet's Choice , and sub-brands including Home Viet  and VC Cafe'  越悦.

Our first restaurant operation could be traced back to 2003 when Mr. Wong and Mrs. Wong, through Goody Limited, set up our first Viet's Choice restaurant in Wan Chai, Hong Kong. At the time, it was in the midst of the economic downturn due to the severe acute respiratory syndrome epidemic in Hong Kong and Mr. Wong believed it was an opportunity to open restaurants targeting the mass-market segment. With the success of our first Viet's Choice restaurant, Mr. Wong and his then business partners, decided to expand into other districts. It was Mr. Wong's vision to open a Vietnamese-style casual dining restaurant chain across different districts in Hong Kong. We then opened our first restaurant in the New Territories in 2003 and our first restaurant in Kowloon in 2004. Since then, we gradually expanded our Vietnamese-style casual dining restaurant chain into other districts in Hong Kong. As at the Latest Practicable Date, we operated restaurants in 14 of the 18 districts in Hong Kong, including Southern, Eastern and Wan Chai districts on the Hong Kong Island, Kwun Tong, Sham Shui Po, Wong Tai Sin and Yau Tsim Mong districts in Kowloon, and Islands, Sai Kung, Sha Tin, Tai Po, Tsuen Wan, Tuen Mun and Yuen Long districts in the New Territories in Hong Kong.

With the growth of our business, we established our food processing centre in 2009 to support the operations of our restaurants. Based on its current capacity our food processing centre can support up to 30 restaurants. Our food processing centre plays an important role on our restaurant operations as over 60% of our food ingredients used at our restaurants were supplied by our food processing centre which include semi-processed food ingredients such as pre-cut meats, marinated meats and sauce bases.

During the Track Record Period, we also operated four *Cha Chaan Teng* restaurants under the brand of Classic Choice. As at 31 August 2016, we had closed all of our Classic Choice restaurants as they were underperforming or due to the expiry of the lease. We realigned our resources to focus on our operation of Vietnamese-style casual dining restaurants and our future plans as disclosed in "Business — Our Business Strategies", including to expand our Viet's Choice Brands restaurant network and to broaden our cuisine offerings through opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants, in order to maximize our profitability. The revenue contribution of our Viet's Choice Brands restaurants for the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016 amounted to HK\$169.1 million, HK\$200.9 million, HK\$198.6 million and HK\$85.8 million, respectively, representing 93.2%, 95.7%, 98.8% and 99.6% of our total revenue

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during the same periods, respectively. As for our Classic Choice restaurants, the revenue contribution for the years ended 31 March 2014, 2015 and 2016, and five months ended 31 August 2016 amounted to HK\$12.2 million, HK\$9.1 million, HK\$2.3 million and HK\$0.4 million, respectively, representing 6.8%, 4.3%, 1.2% and 0.4% of our total revenue respectively, during the same periods.

Our revenue increased by HK\$28.8 million, or 15.9%, from HK\$181.3 million for the year ended 31 March 2014 to HK\$210.1 million for the year ended 31 March 2015, decreased by HK\$9.2 million, or 4.4%, to HK\$200.9 million for the year ended 31 March 2016, and decreased by HK\$2.6 million, or 2.9%, from HK\$88.8 million for the five months ended 31 August 2015 to HK\$86.2 million for the five months ended 31 August 2016. Our net profit increased by HK\$2.8 million, or 17.5%, from HK\$16.0 million for the year ended 31 March 2014 to HK\$18.8 million for the year ended 31 March 2015, increased by HK\$5.1 million, or 27.1%, to HK\$23.9 million for the year ended 31 March 2016, and decreased by HK\$18.3 million, or 139.7%, from HK\$13.1 million for the five months ended 31 August 2015 to a loss of HK\$5.2 million for the five months ended 31 August 2016. The increase in our net profit for the year ended 31 March 2016 as compared to that for the year ended 31 March 2015 despite a decrease in the revenue during the same periods was primarily attributable to a decrease in market price and hence our procurement costs of certain major food ingredients, such as frozen meat, and a gain on disposal of HK\$1.7 million from the transfer of two properties as part of the Reorganisation.

### OUR COMPETITIVE STRENGTHS

#### **We operate the largest Vietnamese-style restaurant chain in Hong Kong**

As at 31 December 2015, we operated 22 restaurants under our Viet's Choice Brands in Hong Kong, and we had the largest number of Vietnamese-style restaurants within the Southeast Asian full-service restaurant segment in Hong Kong for the year ended 31 December 2015, according to the Euromonitor Report. As at the Latest Practicable Date, we operated 20 Vietnamese-style casual dining restaurants under our Viet's Choice Brands. In addition to our main brand for our Vietnamese-style casual dining restaurants, Viet's Choice , we also operated other Vietnamese-style casual dining restaurants under our sub-brands such as Home Viet  and VC Cafe'  during the Track Record Period to provide a fresher image and different dining experience for our targeted customers, and to cater to our market positioning and strategies where these restaurants were located in.

According to the Euromonitor Report, the Southeast Asian full-service restaurants market in Hong Kong is highly competitive and fragmented, with majority being independent restaurants, and there are very few large chains of Southeast Asian full-service restaurants in Hong Kong. The difference between Southeast Asian full-service restaurant chains to those that are independent is that restaurant chains have larger capital, better reputation in terms of food quality, brand recognition and professional know-how, according to the Euromonitor Report. Furthermore, restaurant chains can benefit from the use of central kitchens or food processing centre to procure food ingredients in bulk and pre-process food ingredients so as to have better costs to achieve economies of scale and reduce operating costs. Furthermore, according to the Euromonitor Report, it was forecasted that the Vietnamese full-service restaurant market in Hong Kong is forecasted to continue to grow at a CAGR of 3.1% to reach HK\$1,093.2 million in 2020, mostly driven by the popularity of Vietnamese cuisine among local consumers and its relatively lower base which leads to higher growth rates. We believe as a Vietnamese casual dining restaurant chain operator, the Vietnamese full-service restaurants market will continue to present growth potential for us in the future.

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### **Our standardised restaurant operations and management support our existing operations and future growth**

We believe our standardised restaurant operations are one of the keys to our success in the restaurant business, which will continue to support our existing operations and future growth. We believe our standardised restaurant operations and management procedures have provided us with the platform to leverage on economies of scale, to control our operational costs and to maximise our profitability during the Track Record Period.

For example, we operate a food processing centre that centralises the procurement and storage of certain food ingredients and consumables for our Group, including beef bones and takeout boxes and utensils, and processes and distributes semi-processed food ingredients, such as pre-cut meats, marinated meats and sauce bases to all of our restaurants. For the five months ended 31 August 2016, our food processing centre processed and supplied over 60% of our food ingredients used at our restaurants. We are able to leverage on our food processing centre to pre-process majority of our food ingredients as we offer one standardised menu at all of our Viet's Choice Brands restaurants for dine-ins and takeaways. We believe our food processing centre delivers a number of benefits, including consistent quality and taste throughout our restaurant network, reduce kitchen staff, equipment and space requirements at our restaurants, lower wastage thus lower our operational costs and increase efficiency, and provide a platform for systematic expansion of our network of restaurants. See “Business — Restaurant Operations and Management — Food Processing Centre” for further details.

Furthermore, we have standardised recipes for each dish for preparation at our restaurants in order to provide our customers with consistent quality of food and beverages as well as dining experience throughout our restaurant network. See also “Business — Restaurant Operations and Management — Food Standardisation” for details.

Moreover, we have standardised management structure at each of our restaurant, which we believe allow us to systematically manage our existing and new restaurants. For example, responsibilities and reporting lines of our restaurant employees are clearly defined. We also have periodic meetings between our senior management and our restaurant district managers, our kitchen district manager and our head cook at each of the restaurants. See “Business — Restaurant Operations and Management — Standardised Restaurant Management” for further details.

### **Our restaurants are strategically located in convenient locations mainly close to residential areas to target mass-market customers, which allows us to be more capable in mitigating the impact of economic downturns on our business**

We believe a major factor to our success in building our business from our first Viet's Choice restaurant in Wan Chai in 2003 in the midst of economic downturn due to the severe acute respiratory syndrome epidemic in Hong Kong, to the present restaurant chain of 20 restaurants as at the Latest Practicable Date, is that we strategically target the mass-market segment. According to the Euromonitor Report, Southeast Asian restaurants in Hong Kong commonly targets the mass-market consumers. We believe as we price our menu items for the low-end and mid-end market segments we

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## BUSINESS

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are able to cater for the spending pattern of our target customers in the mass-market segment. See “Business — Our Restaurants — Overview of Our Restaurants and Cuisines” for details. We believe by focusing on the mass-market segment, it allows us to be more capable in mitigating the impact from the economic downturns or our business.

Furthermore, all of our restaurants are strategically located in convenient locations that have easy access by public transportation system, such as along the MTR network, and majority of our restaurants are located close to residential areas. We believe the strategic locations of our restaurants provide us with steady pedestrian flow in different times throughout the week. Furthermore, it allows us to penetrate into the mass-market segment where we believe our targeted customers will find our menu prices as reasonable, even at times during economic downturns. For instance, during the global financial crisis in 2008, we did not experience any material adverse impact from the economic downturn and we experienced only a slight decrease in sales as an aftermath of the crisis. We believe this was due to the above strategies.

### **We have an experienced management team with extensive industry knowledge**

We have an experienced management team with extensive knowledge of the food and beverage industry. In particular, Mr. Wong, the chairman of our Board, executive Director and chief executive officer of our Company, has extensive experience in the food and beverage industry since his involvement in the operations of the Chinese restaurant, Ming Fung Restaurant, operated by his late father in Ngau Tau Kok, Kowloon, Hong Kong from his young age until 2002.

With the experience and knowledge gained at Ming Fung Restaurant, Mr. Wong and Mrs. Wong together opened the first Viet’s Choice restaurant in June 2003 through Goody Limited. The first Viet’s Choice restaurant was located in Spring Garden Lane in Wan Chai, Hong Kong, serving Vietnamese-style casual dining menu and aimed to attract mass-market customers who worked or resided in the area by offering reasonably priced food. At the time, Mr. Wong and Mrs. Wong believed there to be opportunities in the market as there were very limited Vietnamese-style casual dining restaurants in Hong Kong. Under Mr. Wong and Mrs. Wong’s management, our Group expanded to 20 Viet’s Choice Brands restaurants operating in Hong Kong as at the Latest Practicable Date. We believe Mr. Wong and Mrs. Wong’s in-depth industry knowledge and vision have enabled us to effectively formulate and implement sound business strategies, carefully evaluate and manage risks, accurately anticipate changes in the industry and timely capture market opportunities. See “Directors and Senior Management” for further information about our Directors and senior management.

### **OUR BUSINESS STRATEGIES**

We have gradually expanded our restaurant network from our very first Viet’s Choice restaurant in Wan Chai district in 2003 to a total of 20 restaurants in 14 districts in Hong Kong as at the Latest Practicable Date. Despite the ups and downs in the economy of Hong Kong, including the severe acute respiratory syndrome epidemic in 2003 and the global financial crisis in 2008, we had generally managed to develop our restaurants network in a steady pace throughout the years. In times of favourable economic conditions when rental and staff costs were generally rising, we adopted a cautious approach for our expansion such as maintaining a prudent budgeting and stringent costs control.

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The development of our restaurant network accelerated from less than ten restaurants in the early years of our operation to close to 20 restaurants in 2011 principally attributable to the establishment of our food processing centre in 2009, along with the experience we gained from operating our restaurant network. However, the growth of our restaurant network slowed down and maintained at around 20 to 26 restaurants in the past five years. Our Directors believe in terms of expansion, in addition to expanding our Viet's Choice Brands restaurants in our restaurants network, we shall also diversify our portfolio of restaurants in order to overcome a growth plateau in our business expansion. As such, we planned to develop different lines of restaurant chain to broaden our Group's cuisine offerings in terms of food choices, restaurant styles and atmospheres by capitalising on our existing standardised restaurants operation and management model as well as the capacity of our food processing centre. Our Directors consider that such strategy could allow us to set-up multiple restaurants of different brands and cuisine offerings within the same district or location in order to capture larger market shares especially targeting the same target group of customers at the same time. Through such expansion plans, we will no longer be confined to our operation in the Southeast Asian full-service restaurant sub-segment, but also expand our foothold in the rest of the casual dining full-service restaurants segment in Hong Kong. According to the Euromonitor Report, the full-service casual dining restaurants market in Hong Kong has a relatively higher growth rate at a CAGR of 3.9% during 2011 to 2015, and it is anticipated that the market will continue to grow at a CAGR of 3.9% during 2016 to 2020.

Our Directors considered that the recent slowdown in Hong Kong economy and the stabilising property market thus rental rate provide a rather favourable market opportunity for us in terms of, among other things, choices of locations and bargaining power in securing suitable locations at more reasonable rates. As such, our Directors believe it is an appropriate timing for us to critically consider all surrounding factors and take a more proactive approach to expand our restaurant network to enhance our market competitiveness to position us in capturing the opportunities from the recovery of the economic downturn.

Our objective is to become a leading full-service casual dining restaurant chain operator in Hong Kong. To achieve our objective, we intend to implement the following strategies:

### **Maintaining our market share and continue to expand our network of Vietnamese-style casual dining restaurants in Hong Kong**

We intend to expand our current restaurant network in Hong Kong. As at the Latest Practicable Date, we operated 20 Vietnamese-style casual dining restaurants throughout Hong Kong. Of the 20 restaurants, three restaurants were located on the Hong Kong Island, five restaurants were located in Kowloon, and the rest of restaurants were located in the New Territories. See "Business — Our Restaurants — Our Restaurant Network" for details of the location of our restaurants.

As part of our expansion plan to capture a larger market share in the mass-market segment, besides the replacement restaurants that we will be opening, we intend to open one new Viet's Choice Brands restaurant before 31 March 2017 and two new Viet's Choice Brands restaurants for the year ending 31 March 2018. We will continue to open these restaurants in locations that have easy access through public transportation systems, such as along the MTR network, and close to residential areas, which we believe will provide us with steady pedestrian flow and allow us to continue to target the

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mass-market. The expected seating capacity for each of these restaurants will be around 100 seats. The investment cost per each of these restaurants is estimated to be HK\$2.5 million. Such investment cost did not take into account rental deposit to be paid to the landlord upon entering into a new lease which range from three to six months of monthly rent. We expect the breakeven point and investment payback period for the replacements and new Viet's Choice Brands restaurants to be similar to those of our Viet's Choice Brands operated during the Track Record Period, based on the assumption that these restaurants will have similar performance as the comparable restaurants of our Group.

In addition, we intend to open three Viet's Choice Brands restaurants before 31 March 2017 and two for the year ending 31 March 2018 as a replacement for five restaurants when they reach the end of the lease term. The expected seating capacity for each of these replacement restaurants will be similar to our existing one.

In addition, we also plan to refurbish four of our existing restaurants before 31 March 2018. We believe this will allow us to maintain our brand image and refresh our interior decorations. The refurbishment cost of each restaurants is estimated to be HK\$0.8 million.

### **Leveraging on our standardised operations and management and broadening our cuisine offerings to capture a larger market share in Hong Kong**

We intend to capture a larger market share in the food and beverage industry in Hong Kong by broadening our cuisine offerings in different dining settings which provide our targeted customers with a variety of dining experiences with us. According to the Euromonitor Report, residents in Hong Kong enjoy a variety of cuisines and are interested to try new dishes and speciality outlets. Although customers are increasingly valuing a restaurant's interior design and atmosphere, menu pricing is still the most important factor for them to choose a restaurant. Hence, many restaurants are positioning as casual dining restaurants, according to the Euromonitor Report. See also "Industry Overview — Overview of Consumer Food Service in Hong Kong" and "Industry Overview — Overview of Full-Service Restaurants in Hong Kong" for further details.

Leveraging on our operations experience and targeting the preference of the consumers, we plan to develop different lines of casual dining restaurants, including full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants. We believe this will allow us to increase our market penetration in the casual dining segment by expanding the spectrum of our potential customers.

For our full-menu Vietnamese-style casual dining restaurant expansion, we plan to offer a more comprehensive menu. Although some of the dishes at our new full-menu Vietnamese-style casual dining restaurants may be similar to those of Viet's Choice Brands' menu, the presentation and plating are expected to be different. These full-menu Vietnamese-style casual dining restaurants will offer a more chic ambiance and upgrades in terms of food presentation. We plan to open one full-menu Vietnamese-style restaurant before 31 March 2017, and three and two full-menu Vietnamese-style casual dining restaurants for each of the years ending 31 March 2018 and 2019, respectively. The investment cost per each of these restaurants is estimated to be HK\$2.8 million.



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For French-Vietnamese-style casual dining restaurants, we plan to offer a different menu as compared to our Viet's Choice Brands restaurants and full-menu Vietnamese-style casual dining restaurants, serving more dishes made with French cooking methods. All food items will have a finer presentation, and the prices of the food items on the menu will be slightly higher than our Viet's Choice Brands restaurants but still within the mid-price range catered for the mass-market segment. We plan to open three French-Vietnamese-style casual dining restaurants for each of the years ending 31 March 2018 and 2019, respectively. The investment cost per each of those restaurants is estimated to be HK\$3.5 million.

For our new international cuisines casual dining restaurants, we plan to offer different international cuisines ranging from Southeast Asian cuisines to Western cuisines. Furthermore, these restaurants will offer a casual and relaxing setting for friends and family gatherings, which we believe will be ideal for a broad range of customers, from teenagers to young families. We plan to open four and two international cuisines casual dining restaurants for each of the years ending 31 March 2018 and 2019, respectively. The investment cost per each of those restaurants is estimated to be HK\$3.5 million.

We expect the breakeven point and investment payback period for our new lines of restaurants to be similar to those of our Viet's Choice Brands opened during the Track Record Period, based on the assumption that these restaurants will have similar performance as the comparable restaurants of our Group.

The estimated investment cost per new restaurants stated above did not take into account the rental deposit to be paid to the landlord upon entering into a new lease which range from three to six months of monthly rent.

For each of these new expansion plans, we position the new restaurants to target the mass-market customers by offering a variety of dining experience to them. In terms of site selection, expansion, and operations and management, we will generally adhere to our standardised operations and management procedures and customise to the extent necessary for each of the new types of new restaurants and operations. As our new lines of restaurants may involve more complex cooking techniques than our current restaurants, we will hire a chef for each of the new restaurants, and the responsibilities and reporting lines of these chefs will be clearly defined among each new line of restaurants, and documented in our standardised restaurant management procedures. Our food processing centre will carry out common food preparation and processing works for these new restaurants and supply these new restaurants with semi-processed food ingredients, such as pre-cut meats, marinated meats and sauces, and other consumables, similar to the role that it serves for our current Viet's Choice Brands restaurants. We also intend to procure our food ingredients in the same manner. Based on our current menu plans, we expect the majority of the food supplies to be readily available from our current suppliers or can be easily procured in Hong Kong. We will adapt the current food processes to the new recipes for each of the new restaurants.

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We believe through our planned expansion and the utilisation of our food processing centre, we are able to further enhance our profitability through economies of scale. See “Business — Our Competitive Strengths — Our standardised restaurant operations and management support our existing operations and future growth” above for details of the benefits in our standardised operations and management procedures.

We set out below a table summarising the key information of our existing Viet’s Choice Brands restaurants, and the new restaurants, including the full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants:

|                                                         | <u>Viet’s Choice Brands</u>                                                         | <u>Full-menu<br/>Vietnamese-style<br/>casual dining<br/>restaurants</u>                                                                                          | <u>French-Vietnamese-<br/>style casual dining<br/>restaurants</u>                                                                                                   | <u>International<br/>cuisines casual<br/>dining restaurants</u>                                                                                                                                                                             |
|---------------------------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Target market</b>                                    | Casual dining<br>Full-service restaurant<br>market                                  | Casual dining<br>Full-service restaurant<br>market                                                                                                               | Casual dining<br>Full-service restaurant<br>market                                                                                                                  | Casual dining<br>Full-service restaurant<br>market                                                                                                                                                                                          |
| <b>Site selection</b>                                   | Shopping mall and<br>residential area                                               | Shopping mall and<br>residential area                                                                                                                            | Shopping mall,<br>residential area and<br>business district                                                                                                         | Shopping mall,<br>residential area and<br>business district                                                                                                                                                                                 |
| <b>Estimated average<br/>spending per<br/>customers</b> | Between HK\$56 to<br>HK\$64 <sup>(1)</sup>                                          | Below HK\$100                                                                                                                                                    | HK\$100-HK\$150                                                                                                                                                     | HK\$100-HK\$150                                                                                                                                                                                                                             |
| <b>Food offered</b>                                     | Vietnamese-style<br>appetizers, noodles<br>and rice dishes, and<br>beverages        | Vietnamese-style<br>appetizers, main<br>courses such as meat<br>dishes, poultry dishes<br>and seafood dishes,<br>rice and noodles,<br>desserts, and<br>beverages | French cooking style<br>Vietnamese main<br>dishes, such as meat<br>dishes, poultry dishes<br>and seafood dishes,<br>rice and noodles,<br>desserts, and<br>beverages | A wide range of<br>choices with a<br>mixture of Southeast<br>Asian cuisine to<br>Western cuisines,<br>including appetisers,<br>soup and salad,<br>noodles and pasta,<br>rice dishes, curry<br>dishes, steaks,<br>desserts and<br>beverages. |
| <b>Major food<br/>ingredients used</b>                  | Beef bones, pre-cut<br>meats, marinated<br>meats, soup seasoning<br>and sauce bases | Beef bones, pre-cut<br>meats, marinated<br>meats, soup seasoning<br>and sauce bases                                                                              | Beef bones, pre-cut<br>meats with slightly<br>higher grade and<br>parts, marinated<br>meats, soup seasoning<br>and sauce bases                                      | Beef bones, pre-cut<br>meats with slightly<br>higher grade and<br>parts, marinated<br>meats, and sauce<br>bases, instant food<br>ingredients                                                                                                |
| <b>Seating capacity<br/>(approx.)</b>                   | 52 to 140 seats                                                                     | 100 seats                                                                                                                                                        | 100 seats                                                                                                                                                           | 100 seats                                                                                                                                                                                                                                   |

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|                           | <u>Viet's Choice Brands</u>                                                                                                                          | <u>Full-menu<br/>Vietnamese-style<br/>casual dining<br/>restaurants</u>                                                                                   | <u>French-Vietnamese-<br/>style casual dining<br/>restaurants</u>                                                                                                    | <u>International<br/>cuisines casual<br/>dining restaurants</u>                                                                                                         |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Staffing (approx.)</b> | 12 staff members, including a restaurant manager, an assistant restaurant manager, waiting staff, cook, assistant cook, line cook and cleaning staff | 20 staff members, including a restaurant manager, an assistant restaurant manager, waiting staff, chef, cook/assistant cook, line cook and cleaning staff | 25 staff members, including a restaurant manager, an assistant restaurant manager, waiting staff, chef, cook/assistant cook, line cook, cleaning staff and bartender | 25 staff members, including a restaurant manager, an assistant restaurant manager, waiting staff, chef, cook/assistant cook, line cook and cleaning staff and bartender |
| <b>Kitchen equipment</b>  | Basic kitchen equipment <sup>(2)</sup> and electric noodle cooker                                                                                    | Basic kitchen equipment <sup>(2)</sup> , electric noodle cooker, combi steamer, infrared foodwarmer, electric heated cabinet and stove                    | Basic kitchen equipment <sup>(2)</sup> , combi steamer, infrared foodwarmer, electric heated cabinet, stove, gas range burners, griller and electric fry-top         | Basic kitchen equipment <sup>(2)</sup> , infrared foodwarmer, griller, electric heated cabinet, stove, gas range burners and electric fry-top                           |

*Notes:*

(1) Average spending per customer of our Viet's Choice Brands restaurants for the year ended 31 March 2016.

(2) Basic kitchen equipment includes work top chiller, deep fryer, upright freezer, electric bain marie, slicer and oven.

### Upgrading and expanding the food processing capabilities of our food processing centre

We intend to upgrade the equipment and convert part of our food processing centre to cater for our planned new lines of restaurants. As at the Latest Practicable Date, our food processing centre is approximately 1,280 sq. m. servicing 20 restaurants. We estimate based on the current capacity of our food processing centre, our food processing centre will be able to support up to 30 restaurants of scale similar to our existing ones. In support of our current expansion plan, we plan to convert part of our food processing centre to separate some of the processing of food ingredients for our new lines of restaurants as the processing of some of the food ingredients of these restaurants is expected to be slightly different, such as the type of food ingredients, the preparation work and the cooking techniques involved. Further, we plan to acquire additional equipment such as freezers and meat slicers to increase the food processing capacity and capability of our food processing centre. We expect after the conversion and upgrade, in addition to processing some of the food ingredients for our new lines of restaurants, our food processing centre could support up to an additional of 20 restaurants.

We also intend to upgrade and digitalise our current inventory system and implement a digital tracking system. With such digital tracking system, we expect food ingredients when delivered will be logged digitally through bar codes and updated simultaneously in our database, and food ingredients to be used in production will also be logged and identified in greater details. We believe

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this will allow us to document efficiently each batch of food ingredients used in the food production process and enhance our inventory control and cost management. We believe the digitalisation of our inventory system will allow us to better monitor and safeguard the quality standards of our food, and minimise wastage as we will be able to identify the specific batch if there is any issue with any of the food processed by our food processing centre. Currently, if there is any issue with any batch of food processed by our food processing centre, the entire load of food from the relevant work shift (rather than the specific batch) will be discarded as our current system can only log the food ingredients used per work shift. With the digitalisation of our inventory system and implementation of the digital tracking system, we expect we can then trace the specific batch of food ingredients processed and the exact source if we encounter any issue, so wastage could be minimised. We can also follow-up with our suppliers if the issue is related to the source of food ingredients, so we could better safeguard the high quality standard of our food.

The total investment cost of the above upgrade of our food processing centre is estimated to be HK\$3.2 million.

### **Upgrading our information technology systems to support our future expansion and growth**

In support of our future expansion and growth, we plan to upgrade our information technology capabilities, including installing a new human resources system, upgrading our POS system and installing smartphone order system.

As we expect the number of our employees to increase as we expand our business, we plan to install a new human resources system to increase our administrative efficiency. The new human resources system will be able to track our employees' attendance and leave records. It can also assist us to prepare and calculate the salary and mandatory provident fund (MPF) contributions, and arrange for bank transfers. In addition, we plan to upgrade our point-of-sale (POS) system at all of our restaurants, which will have improved functionality, such as increase of security protection of sales data. The data of the new human resources system and POS system will then be linked to our accounting system, which we believe can increase efficiency of our payroll process and accounting process, and eliminate any risk of clerical mistakes.

We also plan to install smartphone order systems in all of our restaurants to reduce the labour requirement at our restaurants and increase the ordering efficiency, which we believe will indirectly reduce our operating costs and increase our table turnover rate.

The total investment cost of the above information technology system upgrade is estimated to be HK\$2.6 million.

### **Broadening the promotion of our brand image and market recognition**

We plan to broaden our promotion of our brand image and recognition through marketing initiatives. We currently do not actively engage in marketing initiatives and only participate in the marketing activities that are carried out by the operators of the shopping malls where our restaurants are located, including billboards advertisements, leaflets distribution and shopping mall discounts through food coupons and shopping mall members' discounts. Going forward, we intend to formulate

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our own marketing plan, such as commission television commercials, engage in social media marketing, print media marketing and other advertising means to broaden the reach of our brand. We also plan to engage advertising agency companies to assist us with our marketing initiatives in the future to better promote our brands and restaurants.

See also “Future Plans and Use of Proceeds” for details of the use of our net proceeds from the Global Offering for our business expansions.

### Summary of Investment Costs of Our Business Strategies

We set out in the table below a summary of our estimated investment costs for our business strategies disclosed above:

|                                                                       | Estimated investment costs for the seven months ending 31 March | Estimated investment costs for the year ending 31 March |              | Total estimated investment costs | Estimated investment costs to be funded by internal resources | Estimated investment costs to be funded by net proceeds from the Global Offering <sup>(1)</sup> |
|-----------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------|--------------|----------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
|                                                                       | 2017                                                            | 2018                                                    | 2019         |                                  |                                                               |                                                                                                 |
|                                                                       | HK\$ million                                                    | HK\$ million                                            | HK\$ million | HK\$ million                     | HK\$ million                                                  | HK\$ million                                                                                    |
| <b>Maintaining and expanding our Viet’s Choice Brands restaurants</b> |                                                                 |                                                         |              |                                  |                                                               |                                                                                                 |
| Opening of five replacement Viet’s Choice Brand restaurants           | 7.5                                                             | 5.0                                                     | —            | 12.5                             | 3.7                                                           | 8.8                                                                                             |
| Opening of three additional Viet’s Choice Brand restaurants           | 2.5                                                             | 5.0                                                     | —            | 7.5                              | 2.2                                                           | 5.3                                                                                             |
| Renovation of four existing restaurants                               | 0.8                                                             | 2.4                                                     | —            | 3.2                              | 1.5                                                           | 1.7                                                                                             |
| <b>Broadening of our cuisine offerings</b>                            |                                                                 |                                                         |              |                                  |                                                               |                                                                                                 |
| Opening of six full-menu Vietnamese-style casual dining restaurants   | 2.8                                                             | 8.4                                                     | 5.6          | 16.8                             | 5.0                                                           | 11.8                                                                                            |
| Opening of six French-Vietnamese-style casual dining restaurants      | —                                                               | 10.5                                                    | 10.5         | 21.0                             | 6.1                                                           | 14.9                                                                                            |
| Opening of six international cuisines casual dining restaurants       | —                                                               | 14.0                                                    | 7.0          | 21.0                             | 6.1                                                           | 14.9                                                                                            |
| <b>Upgrading and expanding our food processing centre</b>             | —                                                               | 1.6                                                     | 1.6          | 3.2                              | 1.0                                                           | 2.2                                                                                             |
| <b>Upgrading our information technology systems</b>                   | —                                                               | 2.0                                                     | 0.6          | 2.6                              | 0.8                                                           | 1.8                                                                                             |
| <b>Broadening the promotion of our brand image and recognition</b>    | —                                                               | 1.5                                                     | —            | 1.5                              | 0.5                                                           | 1.0                                                                                             |
|                                                                       | 13.6                                                            | 50.4                                                    | 25.3         | 89.3                             | 26.9                                                          | 62.4                                                                                            |

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Notes:

- (1) Based on an estimated net proceeds of HK\$67.5 million assuming the Offer Price is fixed at HK\$1.91 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.67 to HK\$2.15 per Offer Share.

### OUR RESTAURANTS

#### Overview of Our Restaurants and Cuisines

As at 31 December 2015, we operated 22 restaurants under our Viet's Choice Brands in Hong Kong, and we had the largest number of Vietnamese-style restaurants within the Southeast Asian full-service restaurants segment in Hong Kong for the year ended 31 December 2015, according to the Euromonitor Report. As at the Latest Practicable Date, we operated 20 casual dining restaurants under our Viet's Choice Brands. During the Track Record Period, we operated Vietnamese-style casual dining restaurants under our main brand, Viet's Choice , and sub-brands Home Viet  and VC Cafe' . We operate restaurants under our sub-brands as brand differentiation from our main Viet's Choice brand to provide a fresher experience displaying slightly different image to our targeted customers, and to cater to the market positioning and marketing strategies of the shopping malls where our new restaurants will be located in. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, the revenue generated from our Viet's Choice Brands restaurants amounted to HK\$169.1 million, HK\$200.9 million, HK\$198.6 million and HK\$85.8 million, respectively, representing 93.2%, 95.7%, 98.8% and 99.6% of our total revenue during the same periods, respectively.

During the Track Record Period, we also operated four Hong Kong-style restaurants, or *Cha Chaan Teng*, under the brand of “Classic Choice 菊花園”. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, the revenue generated from our Classic Choice restaurants amounted to HK\$12.2 million, HK\$9.1 million, HK\$2.3 million and HK\$0.4 million, respectively, representing 6.8%, 4.3%, 1.2% and 0.4% of our total revenue during the same periods, respectively. As at 31 March 2014, 2015 and 2016 and 31 August 2016, we operated three, two, one and nil Classic Choice restaurants, respectively. We closed our last Classic Choice restaurant in May 2016 as it was underperforming. We realigned our resources to focus on our operation of Vietnamese-style casual dining restaurants, and our future plans as disclosed in “Business — Our Business Strategies”, including to expand our Viet's Choice Brands restaurant network and to broaden our cuisine offerings through opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants, in order to maximize our market share and profitability. See also “Business — Our Restaurants — Our restaurant network” and “Financial Information — Factors Affecting Our Results of Operations” for further information of the operating data of our Classic Choice restaurants during the Track Record Period.

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Prices of individual food items on our menu at our Viet's Choice Brands restaurants are between low to mid-price ranges. For example, individual noodles and rice dishes for one person are between HK\$32.0 to HK\$60.0, which we believe appeals to the general public and mass-market segment, and less susceptible to economic downturns. We offer the same standard menu in our Vietnamese-style casual dining restaurants for dine-ins and takeaways in order to provide our customers with consistent quality of food and dining experience in our restaurants, and to leverage on our centralised food processing centre and procurement.

During the Track Record Period, all of our Viet's Choice Brands restaurants are strategically located close by the public transportation system, such as along the MTR network. Furthermore, majority of our restaurants are located close-by residential areas. We believe our strategic site selection provides convenience for our customers to visit our restaurants, which in turn provides us with steady flow of pedestrian traffic day and night throughout the week. All of our Viet's Choice Brands restaurants offer Vietnamese-style dining area and our customers are served by our waiting staff, except for a food stall that we operate in the food court of Hysan Place in Causeway Bay, Hong Kong, which we do not operate the sitting area and does not have any waiting staff.

We also believe in bringing our cuisine to life through the ambiance of the restaurants, in particular, expressing the Vietnamese-style cuisine through our interior designs that have a fresh and contemporary touch. The following images show the store front and the interior of one of the Viet's Choice restaurant located in Yuen Long, New Territories:





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### Our Restaurants' Menu

At our Viet's Choice Brands restaurants, we offer one standardised menu menu for dine-ins and takeaways, which are largely the same, other than a few items and we may charge additional fees for takeout boxes and utensils. We have a standardised menu so we can provide our customers with stable quality dishes as well as consistent taste throughout our restaurant network. In addition, we offer set meals and add-on items where our customers may choose dishes or add-ons to their likings to maximize their dining experience at our restaurants.

As at the Latest Practicable Date, we offered close to 100 dishes, beverages and set meals in our menu. Of our menu items, our rare beef noodle soup (生牛肉河), special beef noodle soup (特別牛肉河), lemongrass pork chop noodle soup (香茅豬扒河粉), lemongrass pork chop and cold vermicelli (香茅豬扒撈檬) and lemongrass pork chop vermicelli soup (香茅豬扒湯檬粉) are the most popular items for the five months ended 31 August 2016. Our menu is generally divided into different categories, such as appetizers, noodle, vermicelli, curry, vegetables, red rice, special set meals and beverages. Our customers can also customise their noodle soup to add other ingredients, such as vegetables, turnips and extra noodles at extra costs.

In an effort to maintain the attractiveness of our menu, we promote items on our menu from time to time as special recommendations to our customers as well as offering seasonal beverages at our restaurants. We also solicit feedbacks from our customers for new dishes that we have developed before deciding whether to include these new dishes in our standardised menu in the future.

We set out below illustrations of some of our dishes offered at our restaurants as at the Latest Practicable Date and the dish names as appeared on our standardised menu:



Special beef noodle soup  
(特別牛肉河)



Vietnamese steamed rice rolls  
(越式蒸粉包)

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Rare beef noodle soup  
(生牛肉河)



Pork chop, chicken wing, prawn crackers  
and sliced Vietnamese salami with red rice  
(健康三色紅米飯(豬扒、雞翼、扎肉、蝦片))



Pepper Pork Rolls  
(胡椒肉卷)



Vietnamese crispy spring rolls  
(越式炸春卷)

### Our Restaurant Network

We owned and operated 26, 25, 23, 22 and 20 restaurants in Hong Kong as at 31 March 2014, 2015 and 2016, 31 August 2016 and the Latest Practicable Date, respectively, and all of which were located in leased premises. As at the Latest Practicable Date, majority of our restaurants are located in shopping malls, of which, one of the restaurants is located inside a food court where we do not operate its dining area. The seating capacity of our restaurants during the Track Record Period excluding our restaurant located in the food court ranges between 46 and 140 seats.

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The following table sets out the restaurant locations, restaurant codes, brands, opening date, type of premises of our restaurants, FEHD licensed areas and districts that were in operation as at the Latest Practicable Date:

|                         | Restaurant location             | Restaurant Code | Brand         | Opening date   | Type of premises  | FEHD licensed area (sq.m.) | Area, district                      |
|-------------------------|---------------------------------|-----------------|---------------|----------------|-------------------|----------------------------|-------------------------------------|
| <i>Hong Kong Island</i> |                                 |                 |               |                |                   |                            |                                     |
| 1.                      | Aberdeen Centre                 | VCAB            | Viet's Choice | November 2006  | Shopping mall     | 78.49                      | Aberdeen, Southern district         |
| 2.                      | New Jade Shopping Arcade        | VCNJ            | Viet's Choice | September 2009 | Shopping mall     | 99.97                      | Chai Wan, Eastern district          |
| 3.                      | Hysan Place                     | VCHP            | Viet's Choice | October 2014   | Shopping mall     | 35.74                      | Causeway Bay, Wan Chai district     |
| <i>Kowloon</i>          |                                 |                 |               |                |                   |                            |                                     |
| 4.                      | Lok Fu Plaza                    | VCLF            | Viet's Choice | June 2010      | Shopping mall     | 115.48                     | Lok Fu, Wong Tai Sin district       |
| 5.                      | Plaza Hollywood                 | VCPH            | Viet's Choice | August 2010    | Shopping mall     | 101.73                     | Diamond Hill, Wong Tai Sin district |
| 6.                      | Argyle Centre                   | VCAR            | Viet's Choice | January 2014   | Shopping mall     | 141.21                     | Mong Kok, Yau Tsim Mong district    |
| 7.                      | Amoy Plaza                      | VCAP            | Viet's Choice | September 2014 | Shopping mall     | 158.12                     | Kowloon Bay, Kwun Tong district     |
| 8.                      | Po Lun Street                   | VCPL            | Viet's Choice | November 2015  | Street level shop | 177.95                     | Lai Chi Kok, Sham Shui Po district  |
| <i>New Territories</i>  |                                 |                 |               |                |                   |                            |                                     |
| 9.                      | Luk Yeung Galleria              | VCLY            | Viet's Choice | November 2007  | Shopping mall     | 114.34                     | Tsuen Wan, Tsuen Wan district       |
| 10.                     | Uptown Plaza                    | VCUP            | Viet's Choice | August 2010    | Shopping mall     | 158.37                     | Tai Po, Tai Po district             |
| 11.                     | Citylink Plaza                  | VCCP            | Viet's Choice | October 2010   | Shopping mall     | 205.01                     | Sha Tin, Sha Tin district           |
| 12.                     | Ocean Walk                      | VCOW            | Viet's Choice | June 2011      | Shopping mall     | 104.90                     | Tuen Mun, Tuen Mun district         |
| 13.                     | Metro City                      | VCMC            | Viet's Choice | January 2013   | Shopping mall     | 135.70                     | Tseung Kwan O, Sai Kung district    |
| 14.                     | V City                          | CFVC            | VC Cafe'      | August 2013    | Shopping mall     | 97.68                      | Tuen Mun, Tuen Mun district         |
| 15.                     | Fortune City                    | VCFC            | Viet's Choice | August 2013    | Shopping mall     | 131.07                     | Sha Tin, Sha Tin district           |
| 16.                     | Hong Kong International Airport | VCIA            | Viet's Choice | December 2013  | Airport terminal  | 271.84                     | Lantau Island, Islands district     |
| 17.                     | Tsuen Wan Plaza                 | VCT2            | Viet's Choice | August 2014    | Shopping mall     | 274.86 <sup>(1)</sup>      | Tsuen Wan, Tsuen Wan district       |
| 18.                     | Fung Nin Road                   | VCFN            | Viet's Choice | October 2015   | Street level shop | 137.90                     | Yuen Long, Yuen Long district       |
| 19.                     | Tai Wo Plaza                    | VCTA            | Viet's Choice | April 2016     | Shopping mall     | 164.63                     | Tai Wo, Tai Po district             |
| 20.                     | Trend Plaza                     | VCTP            | Viet's Choice | June 2016      | Shopping mall     | 127.95                     | Tuen Mun, Tuen Mun district         |

Notes:

- (1) VCT2 and CCTW shared the same FEHD licensed area under one FEHD licence. For details of CCTW, see “Business — Our Restaurants — Historical Changes of Our Restaurants”.

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## BUSINESS

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### Our Restaurant Locations

It is our strategy to open at least one restaurant in every major district so that our restaurant network is widely spread out in Hong Kong. As at the Latest Practicable Date, we operated in 14 of the 18 districts in Hong Kong. The following map illustrates the locations of our restaurants in Hong Kong as at the Latest Practicable Date:



Legend (restaurant codes):

- |         |          |          |          |
|---------|----------|----------|----------|
| 1. VCAB | 6. VCAR  | 11. VCCP | 16. VCIA |
| 2. VCNJ | 7. VCAP  | 12. VCOW | 17. VCT2 |
| 3. VCHP | 8. VCPL  | 13. VCMC | 18. VCFN |
| 4. VCLF | 9. VCLY  | 14. CFVC | 19. VCTA |
| 5. VCPH | 10. VCUP | 15. VCFC | 20. VCTP |

### Operating Data of Our Restaurants

We set out below certain key operational information of our restaurants for the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016:

|                           |                   | For the year ended 31 March   |                                              |                                      |                                 |                               |                                              |                                      |                                 | For the five months ended 31 August |                                              |                                      |                                 |                               |                                              |                                      |                                 |
|---------------------------|-------------------|-------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|-------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|-------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|
|                           |                   | 2014                          |                                              |                                      |                                 | 2015                          |                                              |                                      |                                 | 2016                                |                                              |                                      |                                 | 2016                          |                                              |                                      |                                 |
| Restaurant code           | Lease expiry date | Average spending per customer | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer       | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> |
|                           |                   | HK\$ (approx.)                | (approx.)                                    | HK\$ (approx.)                       | (approx.)                       | HK\$ (approx.)                | (approx.)                                    | HK\$ (approx.)                       | (approx.)                       | HK\$ (approx.)                      | (approx.)                                    | HK\$ (approx.)                       | (approx.)                       | HK\$ (approx.)                | (approx.)                                    | HK\$ (approx.)                       | (approx.)                       |
| Viet's Choice Brands      |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 |                                     |                                              |                                      |                                 |                               |                                              |                                      |                                 |
| Hong Kong Island          |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 |                                     |                                              |                                      |                                 |                               |                                              |                                      |                                 |
| 1. VCAB                   | 31 August 2018    | 56                            | 5.2                                          | 18,000                               | 18.5%                           | 58                            | 5.2                                          | 19,000                               | 20.7%                           | 62                                  | 4.8                                          | 18,000                               | 19.8% <sup>(a)</sup>            | 62                            | 4.8                                          | 19,000                               | 16.7% <sup>(a)</sup>            |
| 2. VCNJ                   | 2 August 2017     | 52                            | 6.8                                          | 24,000                               | 23.4%                           | 53                            | 6.9                                          | 25,000                               | 19.6% <sup>(a)</sup>            | 56                                  | 6.4                                          | 25,000                               | 18.4% <sup>(a)</sup>            | 56                            | 6.5                                          | 25,000                               | 18.1% <sup>(a)</sup>            |
| 3. VCKP <sup>(6)(7)</sup> | 15 November 2016  | 53                            | 4.6                                          | 25,000                               | 14.1%                           | 57                            | 4.6                                          | 27,000                               | 18.2% <sup>(e)</sup>            | 59                                  | 4.5                                          | 27,000                               | 21.1% <sup>(e)</sup>            | 57                            | 4.8                                          | 27,000                               | 17.9%                           |
| 4. VCHP <sup>(8)</sup>    | 9 July 2017       | —                             | —                                            | —                                    | —                               | 63                            | N/A <sup>(5)</sup>                           | 14,000                               | (29.4)% <sup>(f)</sup>          | 64                                  | N/A <sup>(5)</sup>                           | 14,000                               | (8.4)%                          | 63                            | N/A <sup>(5)</sup>                           | 14,000                               | (4.9)%                          |
| Kowloon                   |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 |                                     |                                              |                                      |                                 |                               |                                              |                                      |                                 |
| 5. VCWG <sup>(6)</sup>    | N/A. Closed.      | 51                            | 4.2                                          | 16,000                               | 13.2%                           | 55                            | 4.1                                          | 17,000                               | 11.2%                           | —                                   | —                                            | —                                    | —                               | —                             | —                                            | —                                    | —                               |
| 6. VCTO <sup>(6)</sup>    | N/A. Closed.      | 52                            | 6.0                                          | 16,000                               | (15.1)%                         | —                             | —                                            | —                                    | —                               | —                                   | —                                            | —                                    | —                               | —                             | —                                            | —                                    | —                               |
| 7. VCLF                   | 7 March 2019      | 51                            | 4.3                                          | 19,000                               | 17.2%                           | 54                            | 4.4                                          | 20,000                               | 20.6% <sup>(d)</sup>            | 58                                  | 4.7                                          | 23,000                               | 14.2% <sup>(a)</sup>            | 59                            | 5.3                                          | 26,000                               | 25.4% <sup>(d)</sup>            |
| 8. VCPH                   | 29 June 2019      | 54                            | 8.1                                          | 32,000                               | 26.4%                           | 55                            | 8.7                                          | 36,000                               | 27.7% <sup>(d)</sup>            | 57                                  | 8.6                                          | 36,000                               | 29.6%                           | 57                            | 10.3                                         | 44,000                               | 33.4% <sup>(d)</sup>            |
| 9. HWVG <sup>(6)</sup>    | N/A. Closed.      | 61                            | 2.3                                          | 14,000                               | (26.0)%                         | 57                            | 2.7                                          | 16,000                               | (13.8)%                         | 61                                  | 2.5                                          | 16,000                               | (24.6)%                         | —                             | —                                            | —                                    | —                               |
| 10. VCTS <sup>(6)</sup>   | N/A. Closed.      | 54                            | 2.1                                          | 11,000                               | (36.9)%                         | 53                            | 2.2                                          | 11,000                               | (51.9)%                         | —                                   | —                                            | —                                    | —                               | —                             | —                                            | —                                    | —                               |
| 11. VCAR <sup>(9)</sup>   | 10 November 2016  | 54                            | 3.7                                          | 18,000                               | (69.3)% <sup>(f)</sup>          | 55                            | 4.8                                          | 24,000                               | (2.6)%                          | 57                                  | 4.8                                          | 25,000                               | 2.7%                            | 58                            | 5.0                                          | 26,000                               | 2.0%                            |
| 12. VCAP                  | 10 July 2017      | —                             | —                                            | —                                    | —                               | 59                            | 6.0                                          | 30,000                               | 10.7%                           | 59                                  | 5.2                                          | 26,000                               | 11.8%                           | 58                            | 5.3                                          | 26,000                               | 8.9%                            |
| 13. VCPL                  | 11 October 2018   | —                             | —                                            | —                                    | —                               | —                             | —                                            | —                                    | —                               | 64                                  | 3.5                                          | 27,000                               | 9.6%                            | 61                            | 2.3                                          | 17,000                               | (12.9)% <sup>(b)</sup>          |

# BUSINESS

| For the year ended 31 March |                   |                                                        |                                              |                                      |                                 |                               |                |                                              |                        | For the five months ended 31 August  |                                 |                               |                           |                                              |                |                                      |                                 |                               |                |                                              |                |                                      |                                 |  |
|-----------------------------|-------------------|--------------------------------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|-------------------------------|----------------|----------------------------------------------|------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------------------------|----------------|--------------------------------------|---------------------------------|-------------------------------|----------------|----------------------------------------------|----------------|--------------------------------------|---------------------------------|--|
| 2014                        |                   |                                                        |                                              |                                      |                                 |                               |                |                                              |                        | 2015                                 |                                 |                               |                           |                                              |                | 2016                                 |                                 |                               |                |                                              |                |                                      |                                 |  |
| Restaurant code             | Lease expiry date | Average spending per customer per visit <sup>(1)</sup> | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer |                | Average seat turnover per day <sup>(2)</sup> |                        | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer |                           | Average seat turnover per day <sup>(2)</sup> |                | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer |                | Average seat turnover per day <sup>(2)</sup> |                | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> |  |
|                             |                   |                                                        |                                              |                                      |                                 | HK\$ (approx.)                | HK\$ (approx.) | HK\$ (approx.)                               | HK\$ (approx.)         |                                      |                                 | HK\$ (approx.)                | HK\$ (approx.)            | HK\$ (approx.)                               | HK\$ (approx.) |                                      |                                 | HK\$ (approx.)                | HK\$ (approx.) | HK\$ (approx.)                               | HK\$ (approx.) |                                      |                                 |  |
| New Territories             |                   |                                                        |                                              |                                      |                                 |                               |                |                                              |                        |                                      |                                 |                               |                           |                                              |                |                                      |                                 |                               |                |                                              |                |                                      |                                 |  |
| 14. VCLY                    | 30 September 2019 | 51                                                     | 5.8                                          | 22,000                               | 14.9%                           | 55                            | 6.1            | 25,000                                       | 18.6%                  | 60                                   | 5.6                             | 25,000                        | 19.1%                     | 60                                           | 5.3            | 24,000                               | 13.5% <sup>(b)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 15. VCTM <sup>(6)</sup>     | N/A. Closed.      | 52                                                     | 7.6                                          | 25,000                               | 20.0%                           | 59                            | 6.9            | 25,000                                       | 20.3% <sup>(d)</sup>   | 64                                   | 6.6                             | 26,000                        | 22.5% <sup>(d)</sup>      | 63                                           | 7.4            | 29,000                               | (38.0)% <sup>(e)</sup>          |                               |                |                                              |                |                                      |                                 |  |
| 16. VCTI <sup>(6)</sup>     | N/A. Closed.      | 53                                                     | 3.6                                          | 25,000                               | 26.3%                           | 53                            | 4.0            | 28,000                                       | 9.1% <sup>(g)</sup>    | —                                    | —                               | —                             | —                         | —                                            | —              | —                                    | —                               |                               |                |                                              |                |                                      |                                 |  |
| 17. VCYP <sup>(6)</sup>     | N/A. Closed.      | 52                                                     | 5.8                                          | 28,000                               | 24.4%                           | 56                            | 5.9            | 30,000                                       | 27.6%                  | 58                                   | 5.8                             | 31,000                        | 19.7% <sup>(g)</sup>      | —                                            | —              | —                                    | —                               |                               |                |                                              |                |                                      |                                 |  |
| 18. VCUP                    | 15 March 2017     | 53                                                     | 4.7                                          | 23,000                               | 4.1%                            | 55                            | 4.8            | 24,000                                       | 2.1%                   | 57                                   | 4.8                             | 25,000                        | 11.1% <sup>(d)</sup>      | 59                                           | 4.7            | 25,000                               | 14.5% <sup>(e)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 19. VCCP                    | 25 September 2017 | 56                                                     | 7.3                                          | 54,000                               | 16.2%                           | 55                            | 7.8            | 56,000                                       | 20.9% <sup>(d)</sup>   | 57                                   | 7.9                             | 60,000                        | 27.7% <sup>(d)</sup>      | 60                                           | 8.3            | 66,000                               | 30.6% <sup>(d)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 20. VCMP <sup>(6)</sup>     | N/A. Closed.      | 54                                                     | 6.0                                          | 25,000                               | 18.4%                           | 57                            | 5.7            | 25,000                                       | 18.1%                  | 60                                   | 5.8                             | 27,000                        | 22.7% <sup>(d)</sup>      | 60                                           | 5.6            | 26,000                               | 18.6% <sup>(b)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 21. VCOW                    | 31 May 2019       | 51                                                     | 3.4                                          | 14,000                               | (3.6)%                          | 53                            | 3.8            | 16,000                                       | 6.8% <sup>(e)</sup>    | 55                                   | 3.5                             | 16,000                        | 5.9%                      | 56                                           | 4.1            | 18,000                               | 16.7% <sup>(d)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 22. VCCH <sup>(6)</sup>     | N/A. Closed.      | 53                                                     | 3.1                                          | 14,000                               | (7.0)%                          | 55                            | 2.8            | 13,000                                       | (15.2)%                | 56                                   | 2.4                             | 12,000                        | (59.8)%                   | —                                            | —              | —                                    | —                               |                               |                |                                              |                |                                      |                                 |  |
| 23. VCMC                    | 8 November 2017   | 54                                                     | 8.0                                          | 32,000                               | 19.3%                           | 54                            | 7.5            | 30,000                                       | 17.2% <sup>(b)</sup>   | 62                                   | 6.2                             | 28,000                        | 22.0% <sup>(e)</sup>      | 65                                           | 6.1            | 29,000                               | 20.6% <sup>(a)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 24. CFVC <sup>(10)</sup>    | 14 March 2017     | 57                                                     | 6.8                                          | 20,000                               | 8.9%                            | 58                            | 6.2            | 19,000                                       | 9.4%                   | 60                                   | 6.5                             | 20,000                        | 17.1% <sup>(d)</sup>      | 61                                           | 6.9            | 22,000                               | 19.4% <sup>(d)</sup>            |                               |                |                                              |                |                                      |                                 |  |
| 25. VCFC                    | 16 June 2018      | 55                                                     | 5.7                                          | 22,000                               | (3.9)%                          | 56                            | 4.8            | 19,000                                       | (3.0)%                 | 58                                   | 5.0                             | 21,000                        | 2.8%                      | 58                                           | 5.1            | 21,000                               | 8.4% <sup>(e)</sup>             |                               |                |                                              |                |                                      |                                 |  |
| 26. VCIA                    | 31 May 2019       | 57                                                     | 2.3                                          | 18,000                               | (16.1)% <sup>(f)</sup>          | 56                            | 2.4            | 19,000                                       | 3.7%                   | 58                                   | 2.7                             | 22,000                        | 13.0% <sup>(d)</sup>      | 58                                           | 2.8            | 23,000                               | 10.2%                           |                               |                |                                              |                |                                      |                                 |  |
| 27. VCTL <sup>(6)(11)</sup> | 18 November 2016  | 57                                                     | 7.3                                          | 43,000                               | (7.9)%                          | 56                            | 4.5            | 26,000                                       | (10.0)% <sup>(b)</sup> | 59                                   | 3.8                             | 23,000                        | (16.1)% <sup>(b)</sup>    | 61                                           | 3.6            | 22,000                               | (21.2)% <sup>(b)</sup>          |                               |                |                                              |                |                                      |                                 |  |
| 28. VCT2                    | 16 June 2019      | —                                                      | —                                            | —                                    | —                               | 60                            | 3.6            | 26,000 <sup>(f)</sup>                        | 8.0%                   | 59                                   | 3.6                             | 26,000                        | 15.8%                     | 59                                           | 3.6            | 26,000                               | 5.1% <sup>(a)</sup>             |                               |                |                                              |                |                                      |                                 |  |
| 29. VCFN                    | 21 July 2019      | —                                                      | —                                            | —                                    | —                               | —                             | —              | —                                            | —                      | 60                                   | 5.4                             | 26,000                        | 5.8% <sup>(f)</sup>       | 61                                           | 4.8            | 23,000                               | 10.2%                           |                               |                |                                              |                |                                      |                                 |  |
| 30. VCTA                    | 14 December 2021  | —                                                      | —                                            | —                                    | —                               | —                             | —              | —                                            | —                      | 59                                   | 2.1                             | 15,000                        | (1,978.1)% <sup>(f)</sup> | 59                                           | 2.5            | 18,000                               | (2.6)%                          |                               |                |                                              |                |                                      |                                 |  |
| 31. VCTP                    | 17 April 2019     | —                                                      | —                                            | —                                    | —                               | —                             | —              | —                                            | —                      | —                                    | —                               | —                             | —                         | 60                                           | 4.3            | 22,000                               | (43.8)% <sup>(f)</sup>          |                               |                |                                              |                |                                      |                                 |  |

# BUSINESS

|                         |                   | For the year ended 31 March   |                                              |                                      |                                 |                               |                                              |                                      |                                 | For the five months ended 31 August |                                              |                                      |                                 |
|-------------------------|-------------------|-------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|-------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|----------------------------------------------|--------------------------------------|---------------------------------|
|                         |                   | 2014                          |                                              |                                      |                                 | 2015                          |                                              |                                      |                                 | 2016                                |                                              |                                      |                                 |
|                         |                   | Average spending per customer | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> | Average spending per customer       | Average seat turnover per day <sup>(2)</sup> | Average daily revenue <sup>(3)</sup> | Operating margin <sup>(4)</sup> |
| Restaurant code         | Lease expiry date | visit <sup>(1)</sup>          | per day <sup>(2)</sup>                       | HK\$ (approx.)                       | HK\$ (approx.)                  | visit <sup>(1)</sup>          | per day <sup>(2)</sup>                       | HK\$ (approx.)                       | HK\$ (approx.)                  | visit <sup>(1)</sup>                | per day <sup>(2)</sup>                       | HK\$ (approx.)                       | HK\$ (approx.)                  |
| Classic Choice (菊花園)    |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 |                                     |                                              |                                      |                                 |
| Kowloon                 |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 |                                     |                                              |                                      |                                 |
| 32. CCM <sup>(6)</sup>  | N/A, Closed       | 41                            | 3.1                                          | 7,000                                | (48.0)%                         | 45                            | 2.8                                          | 7,000                                | (49.7)%                         | —                                   | —                                            | —                                    | —                               |
| New Territories         |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 |                                     |                                              |                                      |                                 |
| 33. CCCP <sup>(6)</sup> | N/A, Closed       | 43                            | 5.6                                          | 16,000                               | 5.7%                            | 45                            | 5.1                                          | 15,000                               | 1.8%                            | —                                   | —                                            | —                                    | —                               |
| 34. CCOW <sup>(6)</sup> | N/A, Closed       | 38                            | 4.7                                          | 10,000                               | (14.2)%                         | 37                            | 5.0                                          | 11,000                               | (19.1)%                         | 38                                  | 4.7                                          | 10,000                               | (0.2)%                          |
| 35. CCTW <sup>(6)</sup> | N/A, Closed       | —                             | —                                            | —                                    | —                               | 48                            | 2.5                                          | 6,000                                | (66.3)%                         | 46                                  | 2.6                                          | 5,000                                | (72.1)%                         |
|                         |                   |                               |                                              |                                      |                                 |                               |                                              |                                      |                                 | 46                                  | 2.8                                          | 6,000                                | (34.4)%                         |

## Notes:

- (1) Average spending per customer is calculated by dividing the total revenue by the total guest count of the relevant restaurant during the period.
- (2) Average seat turnover per day is calculated by dividing the average guest count per operation day of the relevant restaurant with the estimated seating capacity of the relevant restaurant. Seating capacities of our restaurants are based on our standard number of seats of each restaurant only and does not take into account our occasional seating adjustments to accommodate any temporary upswing in guest traffic, such as the significantly increased guest traffic at some of our restaurants around the public holidays. However, the Directors consider that such temporary adjustment is sufficiently insignificant and would not affect the reliability of the seat turnover rate in the table above.
- (3) Average daily revenue is calculated by dividing the total revenue by the number of operation days of the relevant restaurant during the period.
- (4) Operating margin is calculated by dividing the operating profit for the year by revenue. Operating profit is defined as profit for the year before other income and gains, finance costs, and income tax expense.
- (5) VCHP is a food stall that we operate inside the shopping mall's food court and the dining area used by our customers is shared with customers of other restaurant operators in the same food court. Thus, the average seat turnover per day is not applicable.
- (6) These restaurants were closed as at the Latest Practicable Date. For details of these restaurants, see "Business — Our Restaurants — Historical Changes of Our Restaurants".
- (7) VCKP was closed on 31 October 2016 and undergoing reinstatement work as at the Latest Practicable Date. We plan to open a replacement restaurant in the same district during the year ending 31 March 2017.
- (8) VCHP is one of the loss making restaurants that we plan to open a replacement restaurant in the same district as disclosed in the paragraph headed "Business - Our restaurants — Performance, Breakeven and Investment Payback". We expect to close this restaurant towards the end of the current lease term. We plan to open a replacement restaurant in the same district during the year ending 31 March 2018.



- (9) The lease of VCAR expired on 10 November 2016. Based on our lease renewal policy and performance review as detailed in the paragraph headed “Business - Our restaurants — Performance, Breakeven and Investment Payback”, we originally determined that we should close the restaurant and not exercise the renewal option based on our review. As at the Latest Practicable Date, the lease was temporarily extended to 30 November 2016 through mutual agreement with our landlord pending our negotiation of a new lease agreement on different lease term. We may maintain VCAR if we are able to conclude a lease with our landlord on commercially acceptable terms. If we cannot conclude a lease on commercially acceptable terms, we plan to close the restaurant and open a replacement restaurant in the same district during the year ending 31 March 2017.
- (10) We opened a replacement restaurant, VCTP, to replace CFVC as the landlord of CFVC informed us that they will not renew our lease after the current lease term. We plan to close CFVC towards the end of the current lease term.
- (11) VCTL was closed on 30 October 2016 and undergoing reinstatement work as at the Latest Practicable Date. This was one of the loss making restaurants that we plan to open a replacement restaurant in the same district as disclosed in the paragraph headed “Business - Our restaurants — Performance, Breakeven and Investment Payback”. We expect the replacement restaurant will be opened in during the year ending 31 March 2018.
- (12) Major reasons for fluctuations in the operating margin of our restaurants:
- (a) decrease in operating margin due to increase in rental rate.
  - (b) decrease in operating margin due to decrease in revenue.
  - (c) increase in operating margin due to decrease in rental rate.
  - (d) increase in operating margin due to increase in revenue.
  - (e) increase in operating margin as no depreciation expenses were recognized after the fixed assets of the restaurants were fully depreciated.
  - (f) lower or negative operating margin due to pre-opening expenses incurred.
  - (g) lower or negative operating margin due to rental and utilities expenses incurred during the reinstatement stage after closing a restaurant.
- “—” denotes no revenue has been derived during the period, either because the relevant restaurant is not yet opened or is closed during that entire period. See “Business — Our Restaurants — Historical changes of our restaurants” for the opening date and closing date of the relevant restaurant.

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## BUSINESS

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The total revenue of our restaurants with five highest operating margin during the Track Record Period accounted for 26.6%, 28.0%, 32.2% and 33.1% of our total revenue for the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, respectively.

The fluctuations of the operating margin of our restaurants during the Track Record Period were affected by a number of factors in addition to those general factors disclosed under “Financial Information — Factors affecting our results of operations”, such as the improvement or decrease in revenue of each restaurant, changes in property rental rate, costs and expenses incurred during pre-opening stage or reinstatement after closing a restaurant. Please refer to “Business — Operating Data of Our Restaurants” above for the reasons of the fluctuations of our restaurants during the Track Record Period.

See “Financial Information — Factors Affecting our Results of Operations” for details of analysis for each of the estimated seat turnover rate, average spending per customer and average daily revenue per comparable restaurants, and the breakeven point and investment payback period for our restaurants opened during the Track Record Period.

### Historical Changes of Our Restaurants

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

|                                | During the year ended 31 March |      |      | During the<br>five months<br>ended<br>31 August | From<br>1 September<br>2016 to the<br>Latest<br>Practicable<br>Date |
|--------------------------------|--------------------------------|------|------|-------------------------------------------------|---------------------------------------------------------------------|
|                                | 2014                           | 2015 | 2016 | 2016                                            |                                                                     |
| At the beginning of the period | 22                             | 26   | 25   | 23                                              | 22                                                                  |
| Opening during the period      | 5                              | 4    | 2    | 2                                               | —                                                                   |
| Closure during the period      | (1)                            | (5)  | (4)  | (3)                                             | (2)                                                                 |
| At the end of the period       | 26                             | 25   | 23   | 22                                              | 20                                                                  |

## BUSINESS

We have closed 15 restaurants during the Track Record Period and up to the Latest Practicable Date. The following table sets out the restaurant locations, restaurant codes, brands, opening date, closing date, type of premises of our restaurants, FEHD licensed areas, districts and reasons for their respective closure:

|                               | Restaurant code | Brand          | Opening date  | Closing date  | Type of premises | FEHD licensed area (sq.m.) | Area, district                        | Reason for closure                                                      |
|-------------------------------|-----------------|----------------|---------------|---------------|------------------|----------------------------|---------------------------------------|-------------------------------------------------------------------------|
| <i><b>Hong Kong</b></i>       |                 |                |               |               |                  |                            |                                       |                                                                         |
| 1.                            | VCKP            | Viet's Choice  | December 2011 | October 2016  | Shopping mall    | 153.42                     | Kornhill, Eastern district            | Expiry of lease                                                         |
| <i><b>Kowloon</b></i>         |                 |                |               |               |                  |                            |                                       |                                                                         |
| 2.                            | VCWG            | Viet's Choice  | November 2004 | November 2014 | Shopping mall    | 108.73                     | Whampoa, Kowloon City district        | Expiry of lease                                                         |
| 3.                            | VCTO            | Viet's Choice  | June 2010     | May 2013      | Shopping mall    | 122.75                     | Tsim Sha Tsui, Yan Tsim Mong district | Financial performance below our expectation                             |
| 4.                            | CCM             | Classic Choice | August 2011   | July 2014     | Shopping mall    | 90.18                      | San Po Kong, Wong Tai Sin district    | Financial performance below our expectation                             |
| 5.                            | HVWG            | Home Viet      | July 2012     | May 2015      | Shopping mall    | 169.32                     | Whampoa, Kowloon City district        | Financial performance below our expectation                             |
| 6.                            | VCTS            | Viet's Choice  | December 2012 | August 2014   | Shopping mall    | 218.57                     | Tsz Wan Shan, Wong Tai Sin district   | Financial performance below our expectation                             |
| <i><b>New Territories</b></i> |                 |                |               |               |                  |                            |                                       |                                                                         |
| 7.                            | VCTM            | Viet's Choice  | April 2008    | April 2016    | Shopping mall    | 106.81                     | Tai Po, Tai Po district               | Replaced by another restaurant in the same district <sup>(1)</sup>      |
| 8.                            | VCT1            | Viet's Choice  | April 2009    | May 2014      | Shopping mall    | 126.04                     | Tsuen Wan, Tsuen Wan district         | Replaced by another restaurant in the same shopping mall <sup>(2)</sup> |
| 9.                            | VCYP            | Viet's Choice  | June 2009     | June 2015     | Shopping mall    | 135.41                     | Yuen Long, Yuen Long district         | Replaced by another restaurant in the same district <sup>(3)</sup>      |
| 10.                           | CCCP            | Classic Choice | November 2010 | October 2014  | Shopping mall    | 53.68                      | Sha Tin, Sha Tin district             | Expiry of lease                                                         |
| 11.                           | VCMP            | Viet's Choice  | December 2010 | May 2016      | Shopping mall    | 112.84                     | Sheung Shui, North district           | Expiry of lease                                                         |

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|     | Restaurant code | Brand          | Opening date | Closing date | Type of premises | FEHD licensed area (sq.m.) | Area, district                   | Reason for closure                          |
|-----|-----------------|----------------|--------------|--------------|------------------|----------------------------|----------------------------------|---------------------------------------------|
| 12. | CCOW            | Classic Choice | May 2011     | April 2015   | Shopping mall    | 87.20                      | Tuen Mun, Tuen Mun district      | Financial performance below our expectation |
| 13. | VCCH            | Viet's Choice  | June 2012    | April 2015   | Shopping mall    | 128.06                     | Tuen Mun, Tuen Mun district      | Financial performance below our expectation |
| 14. | VCTL            | Viet's Choice  | January 2014 | October 2016 | Shopping mall    | 193.37                     | Tseung Kwan O, Sai Kung district | Financial performance below our expectation |
| 15. | CCTW            | Classic Choice | August 2014  | May 2016     | Shopping mall    | 274.86 <sup>(4)</sup>      | Tsuen Wan, Tsuen Wan district    | Financial performance below our expectation |

*Notes:*

- (1) VCTM was replaced by VCTA in the same district.
- (2) VCT1 was replaced by VCT2 located in the same shopping mall.
- (3) VCYP was replaced by VCFN in the same district.
- (4) VCT2 and CCTW shared the same FEHD licensed area under one FEHD licence.

### Performance, Breakeven and Investment Payback

About six to nine months prior to the expiry of a lease, we will review the performance of the relevant restaurant to determine whether to exercise the option to renew the lease if such option exists, or to negotiate any renewal with the landlord, or to close or replace the restaurant. We will also consider carrying out renovation works on the restaurant according to conditions, including its furniture and fixture, at the relevant time. We consider a restaurant to be underperforming if the average monthly operating cashflow of the restaurant for the previous 12 months at the time of review was less than HK\$50,000, to necessitate its closure. We will also continuously monitor the performance of our restaurants. If any of the restaurants at any point in time after the opening routinely generates negative operating cashflow and does not record any consistent improvement, we also consider the restaurant to be underperforming, which necessitates its closure when the lease is expired.

If the restaurant has performed satisfactory based on the above analysis, we will then carry out a feasibility study, taking into account the daily sales receipt, rental expense, other operating costs, renovation fee, capital expenditure and staffing requirement. If the result of the feasibility study meets our profitability targets, we will proceed to discuss with our landlord to exercise the renewal option if the term of the lease includes such option, or to negotiate a renewal. However, if the terms of renewal at the current location do not meet our target profitability based on our feasibility study, we will also consider a closure or relocation of the restaurant when the lease expires.

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Restaurants with negative operating margin are considered as loss making restaurants. For the year ended 31 March 2014, we had eleven loss making restaurants, of which, four were loss making during the year primarily due to first year of operations and costs incurred during fitting out period prior to the respective opening and we closed one of the loss making restaurants during the year. For the year ended 31 March 2015, we had ten loss making restaurants, of which, eight of these restaurants were also loss making in the previous year and we closed two of these restaurants during the year. For the year ended 31 March 2016, we had six loss making restaurants, which were all loss making in the previous year, of which, we closed three during the year. For the five months ended 31 August 2016, we had seven loss making restaurants, of which, three restaurants were also loss making for the year ended 31 March 2016. Of these three loss making restaurants, one was closed during the period and we plan to replace the remaining two loss making restaurants with new restaurant in the same district. See also “Business — Our Business Strategies” and “Business — Site Selection and Restaurant Development — Planned Future Expansion and Expected Replacement of Restaurants” for further details. As for the remaining four loss making restaurants for the five months ended 31 August 2016, one of them became loss making due to rental and utility expenses incurred during the reinstatement of such restaurant after its closing in April 2016, two were recently opened and incurred pre-opening expenses, and one became loss making may be due to increased competition in its vicinity based on our Directors’ best knowledge, information and belief.

We consider a restaurant to have achieved a breakeven point when the monthly revenue is at least equal to the monthly expenses of that restaurant. During the Track Record Period, most of our restaurants had reached the breakeven point in the first full month of operations. As at the Latest Practicable Date, 31 of our 35 restaurants operated during the Track Record Period have achieved a breakeven. The remaining restaurants operated during the Track Record Period that had never achieved a breakeven were CCTW, CCM and VCTS, which were permanently closed as at the Latest Practicable Date and VCTP which was newly opened in June 2016.

We define the investment payback period of a restaurant to be the amount of time it takes for the accumulated operating cashflow generated from the restaurant equates the initial costs of opening the restaurant. As at the Latest Practicable Date, the average investment payback period was approximately ten months for 22 out of the 35 restaurants operated during the Track Record Period. Our investment in the remaining 13 restaurants that had not yet achieved payback as at the Latest Practicable Date, (i) three restaurants have been opened for less than a year and therefore have not achieved investment payback; (ii) one restaurant, being VCFN, is a street level shop that has incurred relatively higher initial costs of opening and therefore has still not achieved investment payback after thirteen months of operations; (iii) two are the loss making restaurants referred above and are scheduled to be relocated to other sites in the same districts and of which, one has been closed in October 2016 pending opening of the replacement restaurant; and (iv) seven are permanently closed as at the Latest Practicable Date, being CCTW, CCOW, CCM, HVWG, VCTS, VCTO and VCCH. See also “Business — Our Business Strategies”.

After the Track Record Period, we had closed two restaurants in October 2016, despite one of the restaurant was operating above the underperformance threshold, we and our landlord could not reach any mutual agreement on the renewal terms that were commercially sound and we plan to open a replacement restaurant in the same district, and the other restaurant had been underperforming for a consecutive twelve months which necessitate the closure. As at the Latest Practicable Date, we plan

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to close another three restaurants towards the expiry of their respective lease term and open replacement restaurants in the same district for the following reasons: (i) the operating cashflow of one restaurant, while currently above the underperformance threshold, will be affected by the projected increase in rent based on the existing terms of the lease agreement. We are in the process of negotiation with the landlord for the renewal terms, and if we cannot secure a commercially acceptable terms, we may close down the existing restaurant and search for an alternative location instead; (ii) one of the restaurants has been underperforming for a consecutive twelve months which necessitate the closure; and (iii) the original lease term of the remaining restaurant, which is operating above the underperformance threshold, was expired in July 2016, and after negotiation with the landlord, the lease term was only further extended to March 2017.

We have closely monitored the performance of each of our restaurants and closed down restaurants that are considered to be underperformed during the Track Record Period and up to the Latest Practicable Date in order to focus our resources on increasing our operating efficiency and maximising the return from each of our restaurants. For restaurants that have been underperforming prior to the expiry of leases, our Directors believed that there have not been any disruption to our operations as we have been able to avoid future losses. For restaurants which are above the underperformance threshold, if we are unable to renew the restaurant leases, our Directors believe that the disruption caused is limited due to the short closure period and planned replacement restaurants. Further, in the future, with our status as a listed company, we believe our creditworthiness and our corporate image will be strengthened, and we will have more bargaining power to negotiate better lease terms. See also “Future Plans and Use of Proceeds — Reasons for the Listing” for more details.

As such, regardless of the decrease in the number of restaurants during the Track Record Period, we achieved growth in our profitability and recorded a net profit of approximately HK\$16.0 million, HK\$18.8 million and HK\$23.9 million for the years ended 31 March 2014, 2015 and 2016.

### SITE SELECTION AND RESTAURANT DEVELOPMENT

As part of our business strategy, we plan to expand our restaurant network in Hong Kong to strengthen our presence. We have a systematic restaurant opening process, which includes site selection, feasibility study, interior design, renovation and licensing arrangement. We set out below details of our restaurant opening process.

#### Site Selection

We believe the selection of sites to open our restaurants to be an important factor in contributing to the success of our restaurants. When we research for a potential new site for our expansion or for replacing closed restaurants, our management will either first identify a potential restaurant site or consider a potential restaurant site based on proposals or invitations from property owners, shopping mall operators or property agents of potential sites available for rent, which we will prepare a feasibility study. We set out below the key criteria for our site selection:

- *Location.* We will consider the accessibility for pedestrians and vehicles, and proximity to public transportation system, such as locations close by the MTR network, and close by

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residential areas, which we believe not only provide convenience to our targeted customers in visiting our restaurants, but also guarantees certain amount of pedestrian flow and pool of potential customers.

- *Demographics.* As we target the mass-market customer group, in particular with locations close by residential areas, we will consider the demographics of the residents of the site's neighbourhood, such as the age groups, income levels and spending power of the residents. We believe it allows us to capture the daily life of our targeted customers, including lunch, tea-time and dinner spendings.
- *Visibility.* We will also consider whether the location can bring visibility to our brand, which we believe will increase the market's awareness of our brand and our restaurants.
- *Competition.* We will consider the competition from existing restaurants of the site's neighbourhood, such as the number, type and size of our competitors. We will also consider whether we already have an existing restaurant serving similar cuisine and whether the new restaurant will have a cannibalisation effect on our existing restaurant in the vicinity.
- *Feasibility study.* We will conduct feasibility study, which will take into consideration estimated daily sales receipt, rental expense, other operating costs, investment costs and capital expenditure as to whether we are able to operate profitably, as well as breakeven point and payback period. In the feasibility study, we also consider other operational matters such as our staffing requirements of the restaurant and suitability of the site in obtaining the restaurant licence.

### Procedures of Setting Up New Restaurants

Once the potential site satisfied our requirements and the feasibility study has been approved, we will proceed to the following major steps in setting up a new restaurant:

- *Lease negotiation and execution.* We commence negotiation with the landlord for the terms of lease, in particular the rental cost (including fixed rent and contingent rent, if any). We will take into consideration the rents of comparable site of similar size and locations within the vicinity, potential increases in rents at expiry of the lease and the timing required to obtain required licences, in particular the FEHD licence, when we negotiate the lease terms. We generally request a rental term of not less than three years and a rent free period of 45 to 60 days to balance the cost and time for renovation.
- *Restaurant concept and design.* Concurrently with lease negotiation and execution stage and once the lease term is close to being finalised, we will engage interior designers and commence discussion to prepare initial design proposal that will fit our planned theme and image of the restaurant which we believe will appeal to our targeted customers for that restaurant. The designing stage may take between one to two months to complete, which includes the initial design stage, internal review process, and submission to the landlord for review and approval, if necessary.



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- *Renovation.* Once the design proposal has been finalised, our contractors will be responsible for bringing the designs to life. After signing of a lease and taking possession of the premises, we will commence the renovation work which will generally take two months.
- *Licensing arrangement.* Concurrently with the renovation work, we will engage a third party licensing consultant to assist in applying necessary licences, permits and/or certificates required for the operations, including the general restaurant licence or food factory licence, water pollution control licence and the required certification from the Fire Services Department for fire safety. We generally will commence operations of the new restaurant after obtaining the required licences and permits. We had previously a few incidents of operating some of our restaurants without proper licences. See “Business — Legal Compliance and Proceedings” for details.
- *Staffing.* Based on the staffing requirements in the approved feasibility study, we commence to prepare the detailed staffing and hiring plan, which will include the number of staff required, their respective positions, job titles, job specifications, salary structure and recruitment timeline based on when the renovation will be completed. We will first check internally whether there could be internal transfers and promotions. We may also consider reallocating staff within our existing operations to satisfy our staff requirements for the new restaurant. Then, we will proceed with hiring the remaining required staff based on our recruitment policy. We will also provide our hires with trainings in preparation of the opening of the new restaurant.
- *Soft and official openings.* Our new restaurants may have a soft opening of about one to two weeks before the official opening to provide some promotion as marketing initiative, to allow testing of the operations, procedures and facilities of the new restaurants.

Based on our past experience, the time required to open a restaurant from the time we take possession of the premise to the official opening of a restaurant is approximately two to three months.

### **Planned Future Expansions and Expected Replacement of Restaurants**

We plan to expand our business presence through establishing new restaurants under our current brands and developing new lines of casual dining restaurants. We also currently plan to replace five of our restaurants towards the end of the current lease term taking into consideration of the performance of the restaurants. We plan to open the replacement restaurants at different locations in the same districts. See “Business — Our Business Strategies” for more information.

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We expect to open, subsequent to the Track Record Period, five replacement restaurants and 21 new restaurants in Hong Kong for the seven months ending 31 March 2017, and for the years ending 31 March 2018 and 2019. We set out below a summary of the restaurant opening schedule for our Viet's Choice Brands restaurants and our new lines of restaurants for the seven months ending 31 March 2017 and two years ending 31 March 2019:

|                                                                    | For the seven<br>months ending<br>31 March | For the year ending<br>31 March |      |
|--------------------------------------------------------------------|--------------------------------------------|---------------------------------|------|
|                                                                    | 2017                                       | 2018                            | 2019 |
| Number of replacement Viet's Choice Brands restaurants             | 3                                          | 2                               | —    |
| Number of new Viet's Choice Brands restaurants                     | 1                                          | 2                               | —    |
| Number of new full-menu Vietnamese-style casual dining restaurants | 1                                          | 3                               | 2    |
| Number of new French-Vietnamese-style casual dining restaurants    | —                                          | 3                               | 3    |
| Number of new international cuisines casual dining restaurants     | —                                          | 4                               | 2    |

See also “Financial Information — Capital Expenditure” for more information on our planned capital expenditures for these restaurants for the seven months ending 31 March 2017 and for the years ending 31 March 2018 and 2019.

### RESTAURANT OPERATIONS AND MANAGEMENT

We have implemented standardised restaurant operations and management procedures. We believe our standardised operations and management procedures have provided us with the platform to leverage on economies of scale to maximise our profitability and to control our operational costs, and have allowed us to systematically and steadily grow our business.

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

#### Standardised Operations

Our standardised management structure allows us to apply standardised operation procedures to the daily operations of our restaurants, and each of our restaurants are generally operated in the same manner, from procurement of food ingredients and beverages to checking the quality of food and beverages delivered, from order placing to delivery of food and from staffing to job responsibilities. For example, each restaurant generally has a restaurant manager, an assistant restaurant manager, waiting staff, head cook, assistant cook, line cook and cleaning staff. Each restaurant manager is responsible for overseeing the operation of the restaurant, and each head cook is responsible for overseeing the operation of the restaurant's kitchen to ensure our standardised operation procedures are carried out. See also “Business — Restaurant Operations and Management — Standardised restaurant management” below for details. With the computerised point-of-sale (POS) system being installed at each restaurant for order placing, invoicing and payment recording, our management can download the relevant data for monitoring the operations of each restaurant. See “Business — Information Technology” for further details.

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Our standardised operation procedure is further extended to the food preparation process at the kitchen of each restaurant. As the initial food preparation is carried out at the food processing centre, the food preparation process at each restaurant is generally standardised. The head cook of each restaurant ensures our standardised protocols in terms of food preparation, quality control and hygiene standards are followed, and is assisted by assistant cooks and line cooks, who are responsible for food preparation. See also “Business — Restaurant Operations and Management — Food Standardisation” and “Business — Food Preparation Process at Our Food Processing Centre and Restaurants” for details.

### **Food Processing Centre**

Our food processing centre is approximately 1,280 sq. m. and located in Kwai Chung, New Territories, Hong Kong. Our food processing centre centralises (i) the procurement of certain food ingredients, such as frozen meat and soup seasoning, and other consumables, such as takeaway boxes and utensils; (ii) the processing and distribution of semi-processed food ingredients, such as pre-cut meats, marinated meats and sauce bases to all of our restaurants; and (iii) inventory warehousing of certain food ingredients and consumables. See “Business — Food Preparation Process at Our Food Processing Centre and Restaurants — Food Processing Centre” for details.

### **Food Standardisation**

Food items we offer at our restaurants are standardised. For example, we offer one standardised dine-in and takeaway menu at all of our Viet’s Choice Brands restaurants. See “Business — Our Restaurants — Overview of Our Restaurants and Cuisines” above for more information.

With the standardised menu, we can leverage on the food preparation of the food processing centre as it can prepare semi-processed food ingredients for multiple restaurants at the same time and ensure consistency in quality and tastes of our food. For example, our food processing centre will pre-cut, marinate and prepare certain food ingredients, such as slicing the beef, marinating the lemongrass chicken wings, making and seasoning the prawn cakes and spring rolls fillings. Our food processing centre also cooks our sauce bases such as curry sauce base and satay sauce base. The semi-processed food ingredients will then be cooked at our restaurants according to our standardised recipes. This in turn allows us to lower our procurement costs as we purchase food ingredients in larger quantities, lower operational costs as warehousing and rental costs at our food processing centre are generally lower than those of our restaurants and we are able to minimise kitchen staff and equipment at our restaurants, and increase efficiency since initial preparation of the food ingredients are centralised and collectively done at the food processing centre. Furthermore, we have standardised recipes for each dish to be prepared at our restaurants in order to provide our customers with consistent quality of food and beverages as well as dining experiences throughout our restaurants.

### **Standardised Restaurant Management**

We have standardised the management structure of each of our restaurants. For instance, the responsibilities and reporting lines of our head cooks, assistant cooks, line cooks, waiting staff, restaurant managers, assistant restaurant managers, restaurant district managers and kitchen district managers are clearly defined and consistent among our restaurants.

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Our management structure is designed to promote efficiency in supervising, directing and supporting our operations, quality control systems and recruitment processes. We set out a summary of our management structure:

- *Headquarters management.* Our headquarters management comprises our chief executive officer, chief operating officer and other members of our senior management. The overall management of our business and operations is conducted at our headquarters, which is responsible for the corporate, business and finance administration of our organisation, operational management and supervision, such as financial planning and analysis, office-level recruitment, and sales and marketing of our Group as a whole and each of our restaurants.
- *District management.* Our district management comprises our restaurant district managers and our kitchen district managers. Each of our restaurants is allocated to a restaurant district manager and a kitchen district manager, who will carry out routine checks on the relevant restaurant's operations and the kitchen's operations, respectively. These district managers will routinely report to our management of the performance of their allocated restaurants.
- *Production management.* Our food processing centre is managed by our chef, who oversees the operations at the centre and controls the quality of the food ingredients processed at the centre. At our restaurant, the head cook of each restaurant is primarily responsible for supervising the the food preparation by our kitchen staff and production process in the restaurant.
- *Restaurant management.* Each of our restaurants is managed by a restaurant manager, who is assisted by an assistant restaurant manager and waiting staff. The restaurant manager ensures that a particular restaurant operates efficiently and monitors sales targets set by our headquarters. Each of the restaurants' kitchen is managed by a head cook, who oversees the food production and is assisted by an assistant cook and other line cooks. The head cook ensures our standardised protocols in terms of food preparation, quality control and hygiene standards are followed.
- *Finance and accounting.* Our finance and accounting department oversees the accounting system and handles other finance and accounting related matters.
- *Human resources.* Our human resources department handles administration, employee recruitment and the training of employees.
- *Information technology.* Our information technology department oversees the implementation and operation of our information technology systems, including our point-of-sale system at each of our restaurants and our enterprise-resource-planning management system. See also "Business — Information Technology" for details.

We schedule to hold (i) meetings among our senior management, restaurant district managers and kitchen district managers from time to time to discuss operational strategies as determined by the senior management; (ii) monthly meetings among our senior management, restaurant district managers

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and restaurant managers to establish sales targets for the restaurants for the coming month and other operational matters, which will then be closely monitored by the restaurant managers; and (iii) a monthly meeting among our senior management, chef, kitchen district managers and our head cook of each restaurant to discuss matters relating to the operations in the restaurants' kitchen, such as cooking procedures and recipes, preparation of food ingredients, handling of food and ingredients in order to ensure our required food quality and food safety are maintained. We also maintain constant communications among our different managerial teams in order to be up-to-date in our communication between our management and our restaurant staff, share good and bad experiences and resolve problems collectively. We believe this has enabled us to respond quickly to any changes in our operating environment. Furthermore, we believe this structure will provide for a systematic platform to sustain our future growth as we can easily replicate the current management structure to a new restaurant.

### Pricing Strategies

When we price our menu items in our standardised menu, we take into account the following factors:

- the price of our food ingredients;
- average cost structure of our restaurants, including staff cost, rental and utility expenses;
- target operating margin; and
- pricing of our major competitors in Hong Kong with similar cuisines and target customers.

All of our restaurants have one standardised menu with standardised pricing. We target our menu pricing for the low-end to mid-end market segments in order to cater to the mass-market customers that we target. We generally will review the pricing of our standardised menu twice a year to determine whether any pricing adjustment will be needed in our menu. For products not on the standardised menu, such as new products and seasonal items, we generally set the prices taking into consideration similar factors as set out above. Furthermore, at each of our restaurants, we offer special sets during off-peak hours, such as tea sets, which are priced lower than our normal sets, to attract customers and guest traffic during these hours.

We currently do not charge any service fee at any of our restaurants except at our Viet's Choice restaurant located in the Hong Kong International Airport Terminal 2.

Our menu prices were relatively stable during the Track Record Period. See also “— Our Restaurants — Operating data of our restaurants” above for details of our estimated average check per guest for our restaurants operated during the Track Record Period. Our Directors expect that the future trend of our menu prices will remain relatively stable.

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### Settlement and Cash Management

We generally accept payment by way of cash, credit cards and smart card, which may vary across different restaurants. Our customers usually settle their checks by cash and for each of the three years ended 31 March 2016, and for the five months ended 31 August 2016, 99.5%, 98.6%, 97.6% and 96.4% of our restaurant revenue were settled in cash by our customers and the remaining were by way of credit card or smart card. See “Financial Information — Description of Selected Items in Combined Statements of Comprehensive Income — Revenue” for the breakdowns of our different types of settlement by our customers at our restaurants during the Track Record Period.

As our staff at each of our restaurants deal with cash on a daily basis, to ensure the accuracy of customer check amounts, we have (i) installed a computerised point-of-sale (POS) system recording the ordering and invoicing at each of our restaurants; (ii) established a cash handling procedure which includes segregation of duties and reconciliation between the cash receipts as recorded in our POS system against the cash kept at the cash register at each of our restaurants on a daily basis; and (iii) carry out surprise cash count at our restaurants around once a month. We believe these measures help effectively deter errors and mitigate relevant risks in collecting cash payments from customers.

To avoid misappropriation and illegal uses of cash, we have implemented a cash management policy. As of the Latest Practicable Date, we have engaged a reputable cash transport services provider to deliver cash from all of our restaurants to the banks two to three-times a week. Our cash transport services provider will also count the amount of cash received by them and report to us after each delivery. Cash received at a restaurant pending delivery to the banks is kept in a safe located at each restaurant.

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

### Customer Complaints

We occasionally receive complaints from our customers. During the Track Record Period, we recorded 19, 12, 26 and 15 complaints from our customers for the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, respectively. The complaints we received from customers during the Track Record Period were generally on food quality such as taste and aesthetics of a particular dish, and the service quality of our waiting staff. We treat customer complaints seriously and view it as means to continuously improve our service level and food quality. After receiving a complaint from a customer in our restaurants, our restaurant manager will try to resolve the matter to the customer’s satisfaction. If the restaurant manager is unable to resolve the matter to the customer’s satisfaction, we will provide the customer with our hotline number where a dedicated manager is responsible for handling the complaint. The complaint will be forwarded to our senior management for further handling where necessary. For each complaint received, we will promptly record the complaint in our internal records and selected complaints will be highlighted at the monthly meeting among restaurant managers for discussion in order to improve our service level and food quality.

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During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we did not experience any complaints from customers that had any material adverse impact on our business and results of operations. See also “Risk Factors — Risks Relating to Our Business — Any failure or perceived failure to deal with customer complaints or adverse publicity involving our brand, products or services could materially and adversely impact our business and results of operations” for more information.

### Customer Service

To continuously improve and ensure the quality of our customer service levels are up to standard, we provide on-the-job trainings for our restaurant waiting staff. Our senior management, restaurant district managers and restaurant managers constantly monitors the performance of our restaurant staff to ensure our standard of customer service level is maintained. We also closely monitor comments posted on social media in order to timely address any issues that have not been reported to us at the restaurants. Through our internal management communication, we constantly share among the restaurant management the recent concerns and issues, and solutions in order to avoid the same issues in our other restaurants.

Furthermore, certain of our landlords have arranged secret customers to conduct spot-checks of our restaurants to identify potential issues with respect to service quality, and provide feedbacks on improvements of our waiting staff. We seek to address these potential issues from these spot checks and we also share these experiences with our other restaurants in order to maintain our high level of customer service throughout our restaurant network. See “Business — Quality Control — Restaurant Quality Control” for details.

### CUSTOMERS

We target the mass-market customers and have a large and diverse customer base in Hong Kong. Due to the nature of our business, we do not rely on any single customer during the Track Record Period.

### MARKETING AND PROMOTION

During the Track Record Period, we generally marketed and promoted our brands and food in different forms, from promotional activities to website. In terms of promotional activities, we currently do not actively engage in marketing initiatives other than participating in the marketing initiatives that are carried out by the operators of the shopping malls where our restaurants are located. These include billboards advertisements, leaflets distributions and shopping mall discounts through food coupons and shopping mall members’ discounts. For example, as at the Latest Practicable Date, (i) we provide 10% discounts on the checks to members of Hysan Place’s members program at our Hysan Place restaurant and to airport staff by presentation of their valid airport staff card at our Hong Kong International Airport restaurant; and (ii) we have joined the food coupon program at Amoy Plaza where dine-in customers can settle part of their check by food coupons at our Amoy Plaza restaurant. Furthermore, as at the Latest Practicable Date, we have recently to cooperate with online food ordering and delivery service provider to broaden our market coverage and presence. We believe these



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promotional activities have provided us with steady a flow of customers and increase our exposure to new customers. We also have a website for Viet's Choice Brands restaurants at [www.vietschoice.com](http://www.vietschoice.com) providing our targeted customers with information regarding our menu and our restaurant locations.

See also “Business — Our Business Strategies — Broadening the promotion of our brand image and market recognition” for details of our future marketing plans.

### RAW MATERIALS AND SUPPLIERS

The major raw materials that we use in our food processing centre and restaurants are food ingredients and beverages. We also procure other consumables such as takeaway boxes and disposable utensils for our takeaway orders. We believe consistency in the supply and quality of our food ingredients are instrumental to our ability in providing quality menu items in our restaurants. In order to ensure the consistency in the supply and quality of our food ingredients, we have a pre-approved suppliers list that our food processing centre and our restaurants may procure supplies from. These pre-approved suppliers, which on average have approximately 3 years of business relationship with us, have gone through our suppliers selection process and approved by our chief executive officer. We purchase food ingredients and beverages supplies from close to 50 different pre-approved suppliers. All of our suppliers are located in Hong Kong except for one soup seasoning supplier which is located in Taiwan.

We principally procure from our suppliers meat products, such as different cuts of beef, pork and chicken, vegetables and noodles products. Our Directors confirm that except for our fresh rice noodles and the soup seasoning that we only maintain one supplier each who makes the fresh rice noodles or the soup seasoning according to our specifications, we do not rely on any single supplier for any raw materials, food ingredients and beverages during the Track Record Period. However, our Directors believe if our rice noodle supplier or our soup seasoning suppliers cease to supply fresh rice noodles or the soup seasoning to us, we can easily replace these food ingredients and we can work with rice noodles or the soup seasoning suppliers to make the rice noodles or the soup seasoning to our specifications, as the case may be.

For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, our cost of food and beverages accounted for 26.2%, 26.2%, 23.6% and 23.1% of our revenue, respectively. Hence, we have not experienced any major price fluctuations that had a material adverse impact on our cost of food and beverages during the Track Record Period. For non-perishable or food ingredients with a longer shelf life, we may purchase in bulk to benefit from bulk discount and ensure stable supply. These larger orders must be approved by our chief executive officer and chief operating officer. We also have other measures to mitigate against potential adverse impact of increases in prices of food ingredients such as screening for additional suppliers who could provide food ingredients of similar quality but at a lower price as well as adjusting our menu prices from time to time to take into account the increase of cost of food and beverages.

During the Track Record Period, our top five suppliers were our meat, seafood, vegetables and noodles suppliers, with most of them having between one to eight years of business relationship with us. For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016,

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our purchases from our five largest suppliers amounted to HK\$28.2 million, HK\$32.8 million, HK\$28.3 million and HK\$12.8 million, respectively, representing 61.9%, 62.5%, 62.7% and 69.6% of our total purchases of food and beverages for the same periods, respectively and purchases from our largest supplier amounted to HK\$9.1 million, HK\$10.2 million, HK\$9.6 million and HK\$3.7 million, respectively, representing 20.0%, 19.4%, 21.3% and 20.0% of our total purchases of food and beverages for the same periods, respectively.

Our purchases are based on market prices of the items. Since a majority of the cost of food and beverages is incurred at the food processing centre, we have implemented stringent cost control measures by closely monitoring the market prices of our food ingredients. Our chief executive officer and business development director monitor and review the market prices of food ingredients on a monthly basis. We may at times enter into short term contracts for some of our food ingredients and beverages in order to secure a lower price. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulty in sourcing our food ingredients and beverages or any other raw materials, nor did we experience any material increase in our purchase cost which had a material and adverse impact on our business operations or financial performance. During the Track Record Period, none of our Directors or their close associates or Shareholders who owned more than 5% of our issued share capital had any interest in any of our five largest suppliers.

### **Credit Terms**

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

### **Supplier Selection and Management**

We generally select our suppliers based on the price, quality of their products, reputation, timeliness of delivery and reliability. All of our suppliers are pre-approved by our chief executive officer and our business development director. If we identify a potential new supplier, our procurement officer will first screen the supplier whether their product quality will meet our standards and whether they satisfy our other requirements, such as the cost, origin of the supply of the food ingredients, possession of necessary licences and timely delivery of orders. If the potential supplier passes our initial screening, we will place a small trial order to test the quality of their food, and their reliability and timeliness in the delivery. If the potential supplier passes the testing phase, we will then negotiate a long-term supply relationship although we generally do not enter into any framework or long-term agreements, which we believe is the customary practice in Hong Kong. Our chief executive officer and our business development director will then consider the above factors and results to determine whether to approve the supplier as an approved supplier. Our procurement officer and business development director also review the performance of our existing suppliers on an annual basis based on the above factors.

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### **Procurement Procedures**

Our food processing centre and our restaurants may only procure food ingredients and beverages from our pre-approved suppliers where our chief executive officer and chief operating officer have negotiated the general terms. Our food processing centre will generally procure items which require processing or marinating and have longer shelf life, such as frozen meat, sauces, seasoning and soup seasoning, while our restaurants will procure fresh food ingredients such as fresh vegetables and fresh herbs, and beverages from pre-approved suppliers. Generally, our food processing centre and restaurants will procure food ingredients and beverages from our suppliers the day before delivery. All of our suppliers invoice are settled centrally by our finance department. We believe this arrangement will maximise the quality of the food ingredients as we keep fresh and perishable ingredients and suppliers to the minimum and we maximise the facilities at our food processing centre to increase efficiency.

When supplies are delivered, our employee who is responsible for warehouse operations and our restaurant managers will check the quantity and quality of the items delivered before the same will be accepted. If there is any discrepancy in quantity or quality issue, the delivery will not be accepted. We will inform our suppliers of the issue and will request them to make the redelivery within a timeframe. If the relevant supplier fails to do so, we will deduct from our payables to them any costs we incurred as a result of procuring similar items from another supplier to avoid potential disruption to our restaurant operations.

### **Inventory Management**

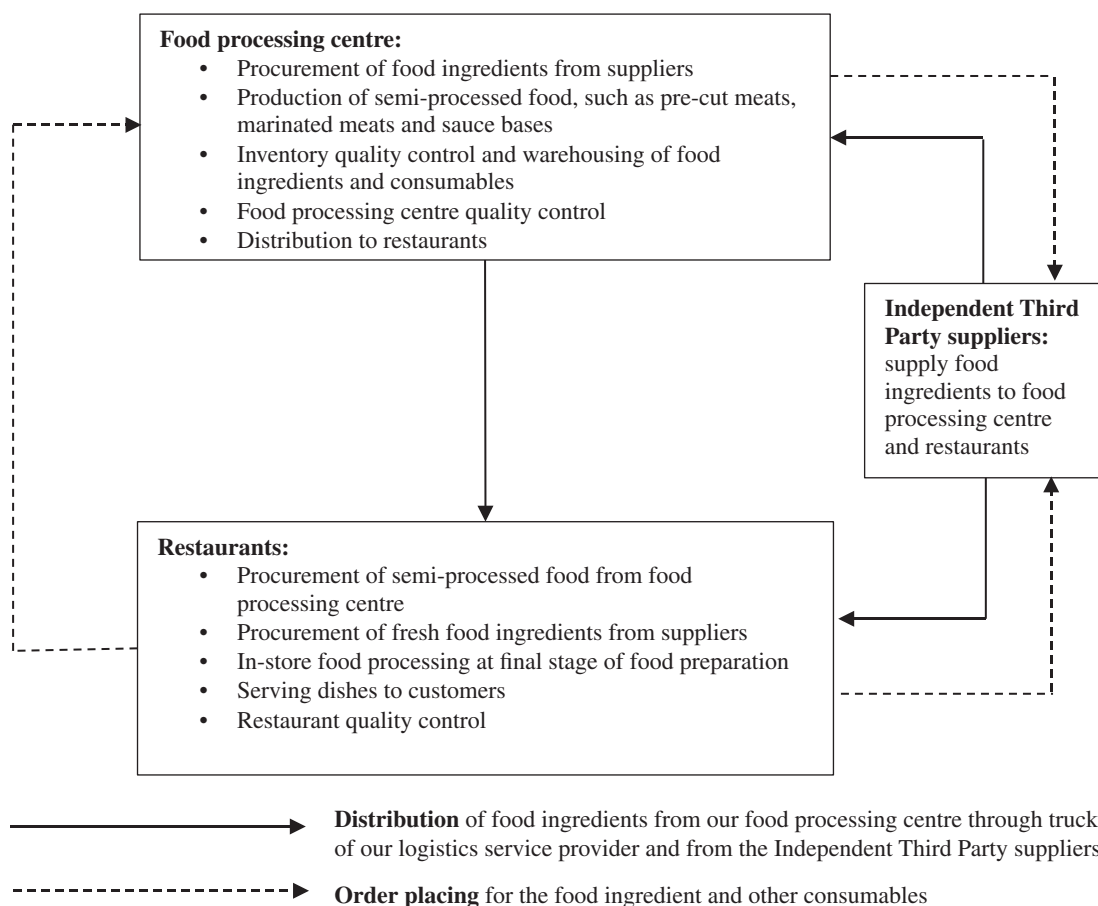
We leverage on our warehousing facilities at the food processing centre, which procures and stores most of the food ingredients other than fresh and perishable food ingredients, to reduce wastage and storage costs as we consolidate our inventory storage and management functions. In addition, our centralised storage facilities can improve the space utilisation of our individual restaurants by reducing the kitchen and storage spaces required at our individual restaurants, which generally have a higher per square footage cost as compared to that of our food processing centre. As a result, we can lower our operational cost, such as property rental and related expenses. We generally minimise the amount of food ingredients stored at our food processing centre and at our restaurants based on our estimated sales and production volume of the following month. At each month-end, we also provide an inventory and stock list at our food processing centre's warehouse for our chief executive officer and chief operating officer to review and to consider whether to make any bulk purchases if certain inventory levels are insufficient to meet our requirement for the following month.

Our frozen meat products (including frozen seafood) and dry ingredients such as seasoning and dry noodles, each have a shelf life of 6 to 24 months, our fresh meat products and fresh vegetables each have a shelf life of approximately three days and our fresh noodles have a shelf life of approximately one day. During the Track Record Period, our inventory mainly comprised of frozen meat products, dry ingredients and other consumables, and we did not have any inventory of fresh food ingredients as we used the fresh food ingredients within the day. During the Track Record Period, our inventory turnover days are much lower than the shelf life of our frozen meat products and dry ingredients, which we believe helps ensure the quality and freshness of our dishes, and minimises our inventory level.

## OUR FOOD PROCESSING CENTRE

### Overview

We set out below a diagram which illustrates the operational relationship between our food processing centre, our restaurants and our suppliers:



The food processing centre was established in 2009 when our business reached a larger scale and we could take advantage of centralised procurement and processing to lower our food and operational costs. We estimate the current capacity of our food processing centre is able to support up to 30 restaurants of scale similar to our existing ones. For the five months ended 31 August 2016, our food processing centre supplied and prepared over 60% of our food ingredients used at our restaurants.

### Key Benefits of Our Food Processing Centre

We believe the key benefits from the use of a food processing centre include:

- *Food standardisation across our restaurants.* We have one standardised menu for all of our Viet's Choice Brands restaurants for dine-ins and takeaways. With the standardised menu, we also have standardised recipes for each dish to be prepared at our restaurants. See "Business — Restaurant Operations and Management — Food Standardisation" for details.
- *Reduction of kitchen staff and space requirements at the restaurants.* As we generally carry out initial preparation of our food ingredients at the food processing centre, we require less restaurant cooks, less equipment and less space in the kitchen of each of our restaurants as long as we meet the minimum kitchen size requirement as set out by FEHD. This in turn increases our efficiency and lower our operating costs of each restaurant. Furthermore, with the initial preparation of our food being carried out in the food processing centre, our restaurant cooks can focus on the fresh food ingredients preparation and final stages of food preparation following our standardised recipes.
- *Economies of scale.* As we centralised the procurement of certain of our food ingredients and consumables at the food processing centre, we could reduce total wastage and achieve an economies of scale through ordering larger quantities of food ingredients and consumables from our suppliers, which in turn lower our cost of food and beverages. We also benefit from greater food production efficiency through higher economies of scale in production, such as economic use of food ingredients and specialisation of labour in our food processing centre, which will decrease wastage during preparation of food and increase efficiency of our kitchen staff in terms of output.
- *Reduction of inventory management expense.* We centralise the procurement of our food ingredients and consumables for our restaurant operations, and consolidate our inventory storage and management functions at the food processing centre. See "Business — Raw Materials and Suppliers — Inventory Management" for details.
- *Platform for systematic expansion of our network of restaurants.* With the food processing centre, we can systematically expand our business as we can leverage on the existing services of the food processing centre, such as the centralised procurement, provision of semi-processed and centralised storage. With the services of the food processing centre, we can then focus on other aspects of opening a new restaurant and could minimise risks relating to opening a new restaurant, including capital investment required in each restaurant and lowering operating costs as compared to restaurants of similar size.

Our restaurants generally place production orders with our food processing centre once a day for delivery on the next day. On Saturdays or weekdays before public holidays, our restaurants would place orders with our food processing centre for sufficient food to be used on Sundays and during public holidays, when the food processing centre is not in operation. Each restaurant may place a supplemental production order with the food processing centre before it closes in the evening if its

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inventory level for the next day is lower than expected due to unexpected high volume of sales. For example, deliveries from our food processing centre to our restaurants are made once a day to ensure freshness of food. Our semi-processed food ingredients, such as pre-cut meats, marinated meats and sauce bases are delivered from our food processing centre to our restaurant locations through refrigerated trucks. As we currently do not have any logistic capacity, we engage a third party logistic company for the deliveries from our food processing centre to our restaurants.

### **In-store Food Preparation**

At the restaurants, we process onsite fresh ingredients that have been procured by the restaurants, such as fresh vegetables and condiments, and semi-processed food ingredients supplied from our food processing centre. As the initial preparation of the food is being carried out at the food processing centre, there is minimal preparation work and cooking required at our restaurants.

Each restaurant has one head cook, who is responsible for overseeing the operation of the kitchen of that restaurant. Our head cooks are assisted by assistant cooks and line cooks, who are responsible for food preparation. Our cooks generally will only prepare the dishes upon receiving orders from customers, where they will apply simple cooking procedures based on our standardised recipes such as cooking or heating the semi-processed food ingredients, and arranging and plating the dishes to enhance their aesthetic appeal.

With most of the food ingredients being semi-processed at the food processing centre, our cooks at our restaurants are primarily responsible for food preparation at their final stage, under the supervision of the head cook of the relevant restaurant. This represents a clear division of labour between the food processing centre and the restaurants, and allows a lower technical skillset required for the restaurant cooks.

### **PRODUCT DEVELOPMENT**

We update our menu by developing new menu items and introduce seasonal and festive dishes at our restaurants from time to time to cater for the evolving food trends. We also refine and improve our dishes in response to the changing taste of customers, and changing costs of food and beverages.

In order to continuously develop new dishes, we have established a product development procedure, which primarily consists of the following key steps:

- *Idea development.* To develop a dish, we organise a product development workshop regularly comprising senior management members and our chef for brainstorming ideas for new dishes. New dishes are considered based on evolving trends, the nature and characteristics of the food ingredients, as well as the compatibility with the existing items on our standardised menu.
- *Internal tasting sessions.* After the creation of a potential new dish by product development workshop, our chef will prepare tasting sessions with our senior management members to fine tune the taste of the new dishes.

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- *New dishes approval.* Once the new dishes pass through our internal tasting sessions, we will consider whether such dish should be launched at our restaurants. A price will be set according our pricing strategy.
- *Test launch.* Before incorporating the new dish in our standardised menu, we may conduct a test launch of the new dish in selected restaurants as special promotional item. We will provide training to the cooks of these restaurants of the recipe for the new dish. During the test launch, which generally will last more than a month, we track the sales volume and collect feedbacks, if any, from our customers, which allow us to assess the level of market acceptance to the new dish.
- *Implementation.* The menu will be revised once the new dish is approved to be included in our standardised menu. We will provide trainings to the cooks across all of our restaurants of the recipe of the new or modified dish. The features of new or modified dish will be explained by our chef to the relevant staff.

## QUALITY CONTROL

We have implemented a standardised quality control system to ensure the high quality and safety of our food through training and supervision of personnel and through the establishment of standards relating to food preparation, maintenance of facilities and conduct of personnel. We have quality control procedures covering all levels of operations including supply chain, food processing centre, logistics, at each restaurant.

### Procurement Quality Control

We conduct regular reviews of the quality and amount of purchases from each supplier. All of our suppliers are required to comply with our quality standards. We check our suppliers whether they have proper licences, proper documentations of the food ingredients and the source of their products, including certificates of origin. For meat products, we also check the shelf life and use by date to ensure the food are within the consumption period. We also require proper receipts from all of our suppliers so we can trace the source of the food ingredients. If any quality-related problem occurs, especially food ingredients, we will provide feedback to the relevant particular supplier and will require a redelivery of food ingredients within a required timeframe.

During the Track Record Period and up to the Latest Practicable Date, we did not engage any external party or testing agency to carry out inspections on our pre-approved suppliers. However, to ensure the quality of our food ingredients, we carry out annual evaluation on our pre-approved suppliers. The evaluations will cover aspects such as past performance, prices of the food ingredients, food quality and cooperation with us based on our regular reviews during the year. In the case if the supplier fails the evaluation, we will replace such supplier and remove such supplier from the pre-approved supplier list. During the Track Record Period, none of our pre-approved suppliers failed the evaluation.



### Food Processing Centre Quality Control

As a significant portion of food ingredients and supplies are delivered to our food processing centre, we have applied strict food safety and quality management principles at our food processing centre, primarily including:

- *Food ingredients inspection.* We inspect the quality of all food ingredients received by the food processing centre based on our formulated quality inspection procedures and standards by sampling the food ingredients through cooking and tasting.
- *Storage quality control.* We record and monitor the temperature of our refrigerators to ensure the food ingredients and semi-processed food ingredients are stored at an appropriate temperature.
- *Operation quality control.* We oversee the quality control at each stage of food processing. Food ingredients are processed based on the “first-in-first-out principle” in order to preserve freshness of our food ingredients.
- *Production quality control.* Our chef at the food processing centre conducts sample testing of the semi-processed food ingredients processed at the centre, in terms of their suitability for cooking at the restaurants, as well as their taste after cooking. Food that is not compliant with our formulated food processing procedures and requirements will be either re-processed or discarded.

Organisationally, we have adopted a hygiene standard in our food processing centre for its cleanliness. For instance, we clean and sanitise the food preparation areas, facilities and equipment and all food contact surface at the food processing centre regularly. Furthermore, all food-handling staff must also maintain a high standard of personal hygiene and cleanliness.

### Logistics Quality Control

We outsource to an Independent Third Party to transport our food ingredients and supplies from our food processing centre to our restaurants, including the semi-processed food ingredients processed by our food processing centre. The food ingredients are in sealed containers and transported by refrigerated trucks to ensure the food is in a controlled environment. Upon delivery of the supplies from our food processing centre to our restaurants, our restaurant staff stores the food ingredients at an appropriate temperature and in a suitable storage condition.

### Restaurant Quality Control

We adopt the same quality control standards as that in the food processing centre with respect to inspection of food ingredients and supplies delivered directly from the suppliers or the food processing centre to our restaurants and food preparation at our restaurants. Our restaurant staff report to the senior management members on any quality-related problems from suppliers and reject any food ingredients and supplies which do not meet our standards.

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Regarding food preparation, internal guidelines are provided to each restaurant manager to ensure our restaurant staff's strict adherence to the procedures and standards to ensure the flavour, presentation, consistency, quality and hygiene standards of our dishes. As a result, our targeted customers can enjoy the same dishes with consistent quality and taste at any of our restaurants. We believe this consistency helps us to retain existing customers and attract new customers by generating customer confidence in our quality control system.

From time to time, we will improve and update our quality control policies. Our latest quality control policies and procedures of our restaurants include the following:

- *Strict adherence to freshness and quality.* Our restaurant cooks generally prepare the dishes upon receiving orders from customers. To ensure the quality and freshness of the dishes, all leftover cooked dishes will be discarded before each restaurant closes in the evening.
- *Food safety and hygiene.* To ensure food safety and hygiene, we arrange our restaurant staff to participate in the Hygiene Manager Training Course and Hygiene Supervisor Training Course provided by the FEHD and nominate those who have attended respective course to be our hygiene manager or hygiene supervisor as required by FEHD. Each of our restaurants has at least one hygiene supervisor certified by FEHD.
- *Patrol by our district managers.* About once a week, our district managers will visit each of the restaurants within their district. The district managers will identify potential issues with respect to service quality, food quality and environment of our restaurants, and notify the restaurant manager of the areas of improvement of our restaurant staff. Any issues identified are requested to be rectified immediately.
- *Dish checking.* Our dishes are checked by our kitchen staff on a daily basis in terms of aesthetic, aroma, colour, temperature and portion of the dishes.
- *Collection of customer feedback.* We collect customer feedback on the quality of dishes and service level and convey customer opinions to the restaurant manager, who will record our customer feedback for further improvement. The records will be provided to our office for record.
- *Staff training.* From time to time, we disseminate guidelines to our restaurant managers on food safety and food hygiene, such as factors contributing to outbreaks of foodborne illnesses, temperature control of food and food ingredients, and maintaining good personal hygiene practices. Our restaurant managers will then provide on the job trainings to our staff for them to acquire basic knowledge.
- *Food safety management committee.* We have established a food safety management committee which is primarily responsible for, among other things, (i) formulating internal policies and guidelines for food safety issues and (ii) supervising and coordinating the food safety controls across our supply chain, food processing centre, logistics and restaurants. The food safety management committee comprises of a team of six members which is led

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by our operation director, Ms. Wong Yung Kwan, Lisa, who has over 25 years of experience in the food and beverage industry. Mr. Wong is also a member of the committee in a supporting role to ensure staff's compliance of our food safety internal control measures. Together, the food safety management committee supervises our quality control system with respect to food safety across each level of our operations.

### INFORMATION TECHNOLOGY

We seek to distinguish ourselves in the restaurant industry in implementing advanced information technology systems. Our information technology systems include the following:

- *Enterprise-resource-planning (ERP) system.* The main functions of our ERP system includes procurement, invoicing and inventory control. We believe the system can enable us to efficiently oversee inventory management and logistics control by providing a comprehensive assessment of our entire food preparing process. Going forward, we also intend to establish a bar-code control system to ensure accuracy of inventory data flows in our food processing centre.
- *Point-of-sale (POS) system.* All of our restaurants use a computerised point-of-sale system monitored by our headquarters, which records and transfers operational data from each restaurant to the server, and reduce administrative time and expense of each restaurant by reducing human errors and enhancing time efficiency through computerised system, and in turn improve operating efficiency and provide management centralised control over menu items and pricing. Each order entered into the POS is forwarded to the restaurant kitchen directly for the kitchen staff's preparation. The POS system also collects data such as date and time of order of meals, location of a customer's seat and quantities of each menu item sold, and is used by our senior management to track and analyse our operating performance.
- *Human resources system.* The human resources system consists of three parts: (1) attendance system which monitors the attendance of restaurant staff; (2) payroll calculation system which links to the attendance system and calculates all salaries and other associated payments payable to our employees, which helps monitoring our payroll; and (3) mandatory provident fund system provided by mandatory provident fund service providers for calculating the mandatory provident fund contributions payable.

See also "Business — Our Business Strategies" and "Future Plans and Use of Proceeds" for details of our plans in upgrading our POS system and human resources system.

### COMPETITION

The environment of chained Southeast Asian full-service restaurants in Hong Kong, including Vietnamese full-service restaurants, is highly competitive and fragmented. The restaurants compete to provide better environment and quality of food in order to attract customers. In terms of competitors in the market, as there are no other major Vietnamese chained restaurants of significant size in Hong Kong, we compete for our market share with other independent Vietnamese restaurants as well. According to the Euromonitor Report, there were more than 200 full-service Vietnamese restaurants

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in Hong Kong in 2015. The food service value of Vietnamese full-service restaurants in Hong Kong grew from HK\$792.2 million in 2011 to HK\$932.5 million in 2015, representing a CAGR of 4.2%, and the main revenue drivers are the chained full-service restaurants, according to the Euromonitor Report. The food service value of Vietnamese full-service restaurants in Hong Kong is expected to grow at a CAGR of 3.1% from 2016 to 2020.

We believe our principal competitive advantages over our competitors include:

- Sizable operations with the highest number of outlets in the chained Southeast Asia full-service restaurant segment, which in turn have a higher consumer reach and can benefit through larger economies of scale;
- Large customer base as we target the mass-market segment;
- Convenient locations with easy access to the public transportation systems and close by residential areas, which is convenient for our customers to visit our restaurants; and
- Menu offerings that matches the taste of the consumers in Hong Kong.

See also “Industry Overview” for more information.

## INTELLECTUAL PROPERTY

We believe our brand names have contributed to the success of our business. We believe it is important to protect our intellectual property rights against third parties. As at the Latest Practicable Date, we had six registered trademarks in Hong Kong and two registered trademarks in Taiwan. We have registered trademarks in Taiwan as we source soup seasoning from a supplier located in Taiwan. Our Directors consider that it is in the best interest of our Group to register trademarks in Taiwan to avoid any third party operating a Vietnamese-style cuisine restaurant under the Viet’s Choice Brands in the unlikely event that the ingredients of the soup seasoning was made known to any third parties. In addition, we owned five domain names as at the Latest Practicable Date. See “Statutory and General Information — B. Further Information About our Company’s Business — 2. Intellectual Property Rights of the Group” in Appendix IV for details of our intellectual property rights that we consider material to our business operation.

To protect our intellectual property, we have formulated and implemented internal confidentiality measures. For example, our contracts with our soup seasoning suppliers included confidentiality clause to protect the confidentiality of our business, operation information and our recipes. Our employment contracts also contain a confidentiality clause which prohibits our employees from revealing confidential matters such as cooking recipe, food processing procedures and other sensitive information to third parties without the our consent.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any intellectual property infringement claims which had material impact on our Group. See also “Risk Factors — Risks Relating to Our Business — We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brand and adversely affect our business” for more information.

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### EMPLOYEES

As at 31 March 2014, 2015 and 2016, and 31 August 2016, we employed 368, 359, 313 and 333 employees, of which, 87, 103, 94 and 116 restaurant staff are part-time employees, respectively. The following table sets out the total number of employees by function as at 31 August 2016:

| Function                   | Number of employees |
|----------------------------|---------------------|
| Management                 | 17                  |
| Finance and administration | 13                  |
| Food processing centre     | 14                  |
| Restaurant managers        | 32                  |
| Kitchen staff              | 100                 |
| Waiting staff              | 132                 |
| Cleaners                   | 25                  |
| <b>Total</b>               | <b>333</b>          |

Restaurant industry is highly service-oriented which relies heavily on attracting, motivating and retaining qualified restaurant staff, such as kitchen staff and waiting staff. With the salary level of employees in the restaurant industry in Hong Kong steadily increasing in recent years, we have offered competitive salary packages to our restaurant staff. The starting salaries offered by our restaurants to our restaurant staff, are higher than the applicable minimum wage requirements in Hong Kong. The staff costs of our Group represented 28.7%, 27.8%, 27.1% and 27.6% of our revenue for the years ended 31 March 2014, 2015 and 2016 and five months ended 31 August 2016, respectively. See also “Risk factors — Risks relating to our business — Minimum wage requirements in Hong Kong may further increase and impact our staff costs in the future” for details.

### Employee Safety

We are committed to provide a safe working environment to our employees. Safety on work sites are promoted by implementing work safety guidelines for all our employees. Our internal policies and procedures provides clear guidance on various occupational and restaurant safety matters. We also post occupational safety reminders such as notice of proper handling of equipment and notice of slippery floors in our food processing centre and restaurant kitchens. Furthermore, we carry out regular site inspections to ensure safe working environment. As for our maintenance technicians, they must possess the relevant qualifications for the electricity maintenance work performed. Our technicians are required to follow a separate set of work safety guidelines to ensure work safety at every step of maintenance work. We also provide our technicians with safety equipment when they perform maintenance work. Furthermore, senior technicians must possess the relevant qualifications for the electricity maintenance or installation work. We have also implemented an internal control system to ensure the proper documentation of any work place safety incidents. We believe these measures help reduce the number and seriousness of work injuries of our employees and are adequate for and effective in preventing serious work injuries. During the Track Record Period, we have recorded 16 employee work-related injury incidents, of which, we had four personal injury and employment compensation claims. During the Track Record Period, the total compensation we paid for

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these work-related injury claims was approximately HK\$410,000 in aggregate, which were or would be entirely covered by our employees compensation insurance. As at the Latest Practicable Date, there were six ongoing work-related injury claims, which would be covered by our insurance policy. As at the Latest Practicable Date, we set out below the details of the six ongoing work-related injury claims:

|    | <u>Date of injury</u> | <u>Circumstances which led to the injuries</u>                                                  | <u>Amount of claim<br/>(approx.)</u> |
|----|-----------------------|-------------------------------------------------------------------------------------------------|--------------------------------------|
| 1. | February 2014         | Fracture on the right knee resulted from falling on the ground when carrying food ingredients   | HK\$151,000                          |
| 2. | December 2015         | Right knee sprain resulted from falling on the ground when cleaning carpets                     | HK\$2,000                            |
| 3. | January 2016          | Fracture on the right wrist resulted from falling on the ground when cleaning a puddle of water | HK\$77,000                           |
| 4. | May 2016              | Sprains in waist, thigh and calf resulted from carrying food ingredients                        | HK\$3,000                            |
| 5. | May 2016              | Cut on the index finger when cutting food ingredients                                           | HK\$37,000                           |
| 6. | October 2016          | Burn on the right foot resulted from a slip while pouring hot soup                              | HK\$6,000                            |

### Training Programs

The restaurant managers at each restaurant are responsible for the work safety training in the restaurants overseen by them. In addition, we arrange our restaurant staff to participate in the Hygiene Supervisor Training Course provided by the FEHD and nominate those who have attended the course to be our Hygiene Supervisor.

### Recruiting

Recruiting in the restaurant industry is highly competitive. We also have a standardised recruitment policy which sets out the seniority of the jobs and the related recruitment procedures. In order to facilitate the recruitment of our restaurant staff, our restaurant managers may initiate the hiring of waiting staff for their restaurants according to our recruitment policy, which include meeting the minimum age requirements, having permission to work in Hong Kong and attending interviews. If there is a suitable candidate, our human resources department will follow-up according to our recruitment procedures and finalise the terms of the employment. We have also posted job advertisements on the website of the Labour Department and certain recruitment websites. We also post hiring notices at our restaurants to recruit restaurant staff locally from the neighbourhoods close

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by our restaurants. In addition, we believe we offer competitive package to suitable candidates. See also “Risk Factors — Risks relating to our business — Our business could be adversely affected by difficulties in recruitment and retention of our employees” for details.

### **Employee Retention**

To maintain employee loyalty and retention of our employees, we have adopted an employee incentive scheme pursuant to which restaurant staff receives bonuses if the restaurant at which he or she works achieve certain monthly performance targets. Our employees are also entitled to discretionary year-end bonus depending on the number of years of service. In addition, in the event of a job opening, we will first consider internal promotion or transfer if there is any eligible and suitable employee. We believe this will also promote job commitment and loyalty of our restaurant employees. See also “Risk Factors — Risks relating to our business — Our business could be adversely affected by difficulties in recruitment and retention of our employees” for details.

### **PROPERTIES**

We do not own any property as at the Latest Practicable Date and we lease all of the premises for our operations, including all of our restaurants, food processing centre and office.

During the Track Record Period, we owned two properties for warehousing in our food processing centre, which were transferred to Eternal Prosper as part of the Reorganisation. See “History, Development and Reorganisation” for details. Other than these two properties, we leased all properties for our operations during the Track Record Period. Our property rental and related expenses amounted to HK\$40.7 million, HK\$49.5 million, HK\$48.2 million and HK\$21.6 million for the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, respectively, representing 22.5%, 23.5%, 24.0% and 25.1% of our revenue for the same period, respectively.



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Our leases for our restaurants typically have a term of three years. Some lease agreements contain an option for us to renew for periods ranging from two to four years. The following table summarises the terms and related information of our existing lease for operating restaurants as at the Latest Practicable Date:

|                                                                               | By 31 March<br>2017 | By 31 March<br>2018 | Beyond<br>31 March<br>2018 |
|-------------------------------------------------------------------------------|---------------------|---------------------|----------------------------|
| Number of restaurants with leases expiring                                    |                     |                     |                            |
| <i>Option to renew</i>                                                        | 1                   | 1                   | 3                          |
| <i>No option to renew</i>                                                     | 2                   | 4                   | 9                          |
|                                                                               | <u>3</u>            | <u>5</u>            | <u>12</u>                  |
| Aggregate annual rental payable for leases expiring <sup>(1)</sup> (HK\$'000) |                     |                     |                            |
| <i>for the year ending 31 March 2017</i>                                      | 862                 | N/A                 | N/A                        |
| <i>for the year ending 31 March 2018</i>                                      | 3,826               | 4,841               | N/A                        |
| <i>for the year ending 31 March 2019 and onwards</i>                          | 6,649               | 20,050              | 25,271                     |
| Total                                                                         | <u>11,337</u>       | <u>24,891</u>       | <u>25,271</u>              |

*Notes:*

- (1) Rental payable represents the aggregate fixed rent from the Latest Practicable Date or the beginning of the year to the expiry date of the respective lease agreement or the end of the year, whichever is earlier.
- (2) The above table excludes the two restaurants closed in October 2016 and undergoing reinstatement work as at the Latest Practicable Date.

As at the Latest Practicable Date, we leased 36 premises, of which, 22 premises were used for our restaurants operations (two of our restaurants located in such premises had been closed in October 2016 and undergoing reinstatement work), and the remaining 14 premises were used for our office and food processing centre (including our warehouses) operations. Furthermore, of the premises that we leased as at the Latest Practicable Date, we leased 12 premises from our connected persons. See “Continuing Connected Transactions — Fully Exempt Continuing Connected Transactions — Lease of various premises” for further details.

## BUSINESS

We set out in the table below a summary of the properties leased by us as at the Latest Practicable Date, which we used for our restaurant, office, warehouses and food processing centre operations:

|                                                         | Existing Usage       | Approximate<br>gross floor area<br>(sq.m.) | Expiry date <sup>(9)</sup>       | Number of<br>years for<br>which the<br>existing term<br>can be<br>renewed | Address                                                                                                                     |
|---------------------------------------------------------|----------------------|--------------------------------------------|----------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>PROPERTIES LEASED FROM INDEPENDENT THIRD PARTIES</b> |                      |                                            |                                  |                                                                           |                                                                                                                             |
| 1.                                                      | Restaurant:<br>VCAB  | 78                                         | 31 August 2018                   | N/A                                                                       | Shop 2, G/F, Site 2, Aberdeen Centre, Aberdeen, Southern, Hong Kong                                                         |
| 2.                                                      | Restaurant:<br>VCNJ  | 100                                        | 2 August 2017 <sup>(1)</sup>     | N/A                                                                       | Shop No. 114A on Level 1 of New Jade Shopping Arcade, Chai Wan, Hong Kong                                                   |
| 3.                                                      | Restaurant:<br>VCKP  | 153                                        | 15 November 2016 <sup>(2)</sup>  | N/A                                                                       | Shop No. T2, Third Floor of Kornhill Plaza, 1 Kornhill Road, Hong Kong                                                      |
| 4.                                                      | Restaurant:<br>VCHP  | 36                                         | 9 July 2017 <sup>(3)</sup>       | N/A                                                                       | Food Stall 09, 11/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong                                                |
| 5.                                                      | Restaurant:<br>VCLF  | 115                                        | 7 March 2019                     | N/A                                                                       | Shop No. 1103, First Floor, Lok Fu Plaza, Wang Tau Hom, Kowloon                                                             |
| 6.                                                      | Restaurant:<br>VCPH  | 102                                        | 29 June 2019                     | N/A                                                                       | Shop Nos. 235-236 (Level 2), Plaza Hollywood, Diamond Hill, Kowloon                                                         |
| 7.                                                      | Restaurant:<br>VCAR  | 141                                        | 10 November 2016 <sup>(4)</sup>  | 3                                                                         | Shop C1 of the Portion B of Basement of Argyle Centre, Phase I, No. 688 Nathan Road, Kowloon.                               |
| 8.                                                      | Restaurant:<br>VCAP  | 158                                        | 10 July 2017 <sup>(5)</sup>      | 2                                                                         | Shop Nos. G271-275, Ground Floor, Phase III, Amoy Plaza of Amoy Gardens, 77 Ngau Tau Kok Road, Kowloon                      |
| 9.                                                      | Restaurant:<br>VCPL  | 178                                        | 11 October 2018                  | 3                                                                         | Shop A on G/F of the office building situate at 9 Po Lun Street, Lai Chi Kok, Kowloon                                       |
| 10.                                                     | Restaurant:<br>VCLY  | 114                                        | 30 September 2019                | N/A                                                                       | Shop Units S33-34, Luk Yeung Galleria, Tsuen Wan, New Territories                                                           |
| 11.                                                     | Restaurants:<br>VCUP | 158                                        | 15 March 2017 <sup>(6)</sup>     | N/A                                                                       | Shop No. 009A, Level 1, Uptown Plaza, 9 Nam Wan Road, Tai Po, New Territories                                               |
| 12.                                                     | Restaurant:<br>VCCP  | 205                                        | 25 September 2017 <sup>(1)</sup> | N/A                                                                       | Shop Unit 101, Citylink Plaza, No. 1 Sha Tin Circuit, Sha Tin, New Territories                                              |
| 13.                                                     | Restaurant:<br>VCOW  | 105                                        | 31 May 2019                      | N/A                                                                       | Shop Nos. 55-58, Ocean Walk, No. 168-236 Wu Chui Road, Tuen Mun, New Territories                                            |
| 14.                                                     | Restaurant:<br>VCMC  | 136                                        | 8 November 2017                  | N/A                                                                       | Shops 2086-87 on Level Two of the Commercial Accommodation of Metro City Phase II erected on Tseung Kwan O, New Territories |

## BUSINESS

|                                                          |                                                                                   | Approximate<br>gross floor area<br>(sq.m.) | Expiry date <sup>(9)</sup>      | Number of<br>years for<br>which the<br>existing term<br>can be<br>renewed | Address                                                                                                                  |
|----------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------|---------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| 15.                                                      | Restaurant:<br>CFVC                                                               | 98                                         | 14 March 2017 <sup>(7)</sup>    | N/A                                                                       | Shop No. L1-1, Level 1, V City, 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories                                |
| 16.                                                      | Restaurant:<br>VCFC                                                               | 131                                        | 16 June 2018                    | N/A                                                                       | Shop Nos. G74-G75, G82A, G/F, Fortune City One, Shatin, New Territories.                                                 |
| 17.                                                      | Restaurant:<br>VCIA                                                               | 272                                        | 31 May 2019                     | N/A                                                                       | Shop 5P320, Passenger Terminal 2, Hong Kong International Airport, No. 1 Sky Plaza Road, Lantau, Hong Kong               |
| 18.                                                      | Restaurant:<br>VCTL                                                               | 193                                        | 18 November 2016 <sup>(8)</sup> | 3                                                                         | Shop Unit 126, The Lane, Hang Hau, Tseung Kwan O, New Territories                                                        |
| 19.                                                      | Restaurant:<br>VCT2                                                               | 275                                        | 16 June 2019                    | N/A                                                                       | Shop no. 439-441 on Level 4 of Tsuen Wan Plaza, Tsuen Wan, New Territories                                               |
| 20.                                                      | Restaurant:<br>VCFN                                                               | 142                                        | 21 July 2019                    | 4                                                                         | Shop 1 & 2 on G/F of Fuk Tak Building, Nos. 234-242 Castle Peak Road, Nos. 1-5 Fung Nin Road, Yuen Long, New Territories |
| 21.                                                      | Restaurant:<br>VCTA                                                               | 165                                        | 14 December 2021                | N/A                                                                       | Shop No. 101C, Level 1, Tai Wo Plaza, Tai Wo Estate, No. 12 Tai Po Tai Wo Road, New Territories                          |
| 22.                                                      | Restaurant:<br>VCTP                                                               | 229                                        | 17 April 2019                   | 3                                                                         | Shop Nos. 3, 4 and 5, Level 1, South Wing, Trend Plaza, Tuen Mun, New Territories                                        |
| 23.                                                      | Food processing<br>centre:<br>Warehouse                                           | 116                                        | 30 April 2017                   | N/A                                                                       | Unit 509, Golden Industrial Building, No. 16-26 Kwai Tak Street, New Territories                                         |
|                                                          |                                                                                   | 116                                        | 11 April 2017                   | N/A                                                                       | Unit 1319, Golden Industrial Building, No. 16-26 Kwai Tak Street, New Territories                                        |
| PROPERTIES LEASED FROM CONNECTED PERSONS <sup>(10)</sup> |                                                                                   |                                            |                                 |                                                                           |                                                                                                                          |
| 24.                                                      | Food processing<br>centre: Kitchen                                                | 348                                        | 31 March 2019                   | N/A                                                                       | Units 503, 505, 917 Golden Industrial Building, No. 16-26 Kwai Tak Street, Kwai Chung, New Territories                   |
| 25.                                                      | Food processing<br>centre:<br>Warehouse and<br>product<br>development<br>workshop | 702                                        | 31 March 2019                   | N/A                                                                       | Units 501, 527, 1311-1314 Golden Industrial Building, No. 16-26 Kwai Tak Street, Kwai Chung, New Territories             |
| 26.                                                      | Office                                                                            | 309                                        | 31 March 2019                   | N/A                                                                       | Units 1309, 1318 and 1320, Golden Industrial Building, No. 16-26 Kwai Tak Street, Kwai Chung, New Territories            |

Notes:

(1) We plan to renew the lease agreement towards the end of our current lease term.

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## BUSINESS

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- (2) *VCKP was closed on 31 October 2016 and undergoing reinstatement work as at the Latest Practicable Date and the property rental, utilities and other related expenses incurred or to be incurred during the reinstatement period is estimated to be less than HK\$100,000. We plan to open a replacement restaurant in the same district during the year ending 31 March 2017.*
- (3) *VCHP is one of the loss making restaurants that we plan to open a replacement restaurant in the same district as disclosed in the paragraph headed “Business - Our restaurants — Performance, Breakeven and Investment Payback”. We expect to close this restaurant and commence reinstatement of property towards the end of the current lease term. The property rental, utilities and other related expenses to be incurred during the reinstatement period is estimated to be less than HK\$100,000. We plan to open a replacement restaurant in the same district during the year ending 31 March 2018.*
- (4) *The lease of VCAR expired on 10 November 2016. Based on our lease renewal policy and performance review as detailed in the paragraph headed “Business - Our restaurants — Performance, Breakeven and Investment Payback”, we originally determined that we should close the restaurant and not exercise the renewal option based on our review. As at the Latest Practicable Date, the lease was temporarily extended to 30 November 2016 through mutual agreement with our landlord pending our negotiation of a new lease agreement on different lease term. We may maintain VCAR if we are able to conclude a lease with our landlord on commercially acceptable terms. If we cannot conclude a lease on commercially acceptable terms, we plan to close the restaurant and open a replacement restaurant in the same district during the year ending 31 March 2017.*
- (5) *We plan to exercise our option to renew for another two years.*
- (6) *We are currently in negotiation with our landlord to renew the lease.*
- (7) *We opened a replacement restaurant, VCTP, to replace CFVC as the landlord of CFVC informed us that they will not renew our lease after the current lease term. We plan to close CFVC towards the end of the current lease term. The property rental, utilities and other related expenses to be incurred during the reinstatement period is estimated to be less than HK\$60,000.*
- (8) *VCTL was closed on 30 October 2016 and undergoing reinstatement work as at the Latest Practicable Date and the property rental, utilities and other related expenses incurred or to be incurred during the reinstatement period is estimated to be less than HK\$200,000. This was one of the loss making restaurants that we plan to open a replacement restaurant in the same district as disclosed in the paragraph headed “Business — Our restaurants — Performance, Breakeven and Investment Payback”. We expect the replacement restaurant will be opened in during the year ending 31 March 2018.*
- (9) *See also “Business — Our restaurants — Performance, Breakeven and Investment Payback” for details of our general arrangement and policy on lease renewal.*
- (10) *See “Continuing Connected Transactions” in this prospectus for details.*

We generally require about two weeks for the reinstatement work before the end of the lease term. During the period of reinstatement, the relevant restaurant does not generate any revenue but property rental, utilities and other related expenses would be incurred.

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## BUSINESS

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### INSURANCE

We have maintained public liability insurance, fire insurance, employees compensation insurance; and group medical insurance. We also take out contractors' public liability insurance at the time when our restaurants undergo renovations. We have maintained a control list of insurance policies detailing the respective expiry dates, which is updated and reviewed by our finance and administrative department on a regular basis so that our insurance policies are renewed prior to its expiration. We believe this will ensure our insurance policies are up-to-date for our operations. Our Directors consider our insurance coverage is consistent with the customary practice for businesses of our size and type and in line with the standard commercial practice in Hong Kong. See also "Risk Factors — Risks relating to our business — We maintained limited insurance coverage" for details.

### HEALTH AND SAFETY MATTERS

We have established a food safety management committee to supervise our quality control system with respect to food safety issues across our restaurants. Our food safety management committee is primarily responsible for, among other things, formulating internal policies and guidelines for food safety issues and supervising and coordinating the food safety controls across our supply chain, food processing centre, logistics and restaurants. See "Business — Quality Control" below for details.

We have implemented work safety policy which sets out our work safety guidelines and promotes safety at our food processing centre and restaurants. In addition, our kitchen operation manual provides clear guidance on various occupational and restaurant safety matters which our restaurant staff are required to follow. See "Business — Employees — Employee Safety" for details.

### LICENCES AND PERMITS

In order to operate our food processing centre and restaurants, we are required to obtain and maintain licences such as a food business licence, including a general restaurant licence or a food factory licence, from FEHD, and a water pollution control licence from the EPD. A food factory licence and general restaurant licence is generally valid for one year and is subject to annual renewal. A water control pollution licence is generally valid for five years and is renewable.

As at the Latest Practicable Date, except as disclosed in "Business — Legal Proceedings and Compliance" below, as advised by our Hong Kong Legal Adviser, we had been in compliance in all material aspects with the applicable laws and regulations in Hong Kong, and have obtained all necessary approvals, permits, licences and certificates that are material to our business operations from the relevant government authorities.

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## BUSINESS

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We set out in the table below a summary of the licences and certificates material to our operations that we held as at the Latest Practicable Date:

| Type of licence                                | Remaining validity          |                                |
|------------------------------------------------|-----------------------------|--------------------------------|
|                                                | Within one year<br>(number) | More than one year<br>(number) |
| General restaurant licence <sup>(Note 1)</sup> | 19                          | N/A                            |
| Food factory licence <sup>(Note 2)</sup>       | 3                           | N/A                            |
| Water pollution control licence                | 1                           | 21                             |

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*Notes:*

1. As at the Latest Practicable Date, we were operating 20 restaurants. Our restaurant located in Hysan Place required a food factory licence instead of a general restaurant licence as it was located in the food court and without our own sitting area.
2. As at the Latest Practicable Date, our food processing centre and our restaurant in Hysan Place required a food factory licence.

## LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, other than the non-compliances disclosed below which were discovered during the preparation of our Group for the purpose of Listing, we did not commit any other material non-compliance of the laws or regulations, and other than those non-compliances disclosed below, we did not experience any systemic non-compliance incidents, which taken as a whole, in the opinion of our Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations, which taken as a whole, in the opinion of our Directors, reflects negatively on the ability or tendency of our Company, our Directors or our senior management, to operate our business in a compliant manner.

## Non-Compliance Matters

During the Track Record Period, we had failed to comply with certain laws and regulations. Set forth below is a summary of our material non-compliances during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters:

| Particulars of non-compliance | Reasons for the non-compliance | Legal consequences and maximum potential liabilities | Rectification actions taken and status | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance |
|-------------------------------|--------------------------------|------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------|
|-------------------------------|--------------------------------|------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------|

### I. BR Certificate

Three of our subsidiaries failed to Prior to the non-compliance Any person is liable on conviction to As at the Latest Practicable Date, We have engaged Hong Kong legal hold valid business registration incidents, the relevant companies (a) a fine of HK\$5,000 and to two of the three relevant restaurant advisers to identify a list of the laws certificates (“**BR Certificate**”) for held valid business registration imprisonment for 1 year; and (b) locations were no longer in operation and regulations applicable to our three restaurant locations (VCAB, licences for VCAB, VCWG and payment of the fees and levy and any and the company for the remaining Group and training sessions had been VCWG and VCTI) as required under VCTI locations. However, as part of sums which would have been restaurant location (VCAB) obtained provided by our Hong Kong Legal Section 5 of the Business the Group’s internal restructuring, at payable over the period of maximum a business registration certificate on Adviser to our Executive Directors, Registration Ordinance (“**BR Ordinance**”) for the following were transferred to another operating 23 March 2016. senior management and staff periods: company, after which the then person concerned.

VCAB: from 15 June 2012 to 22 address of the main business in charge applied for a change in Group had not received any notice from the relevant government authorities in respect of the registration without also applying for a new branch registration. non-compliance.

VCWG: from 7 May 2011 to 18 November 2014

VCTI: from 5 June 2013 to 25 May 2014



| Particulars of non-compliance | Reasons for the non-compliance | Legal consequences and maximum potential liabilities | Rectification actions taken and status | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------|--------------------------------|------------------------------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               |                                |                                                      |                                        | <p>As advised by the Legal Counsel, as Our Board has established a the business registration certificate compliance committee to oversee all has been obtained for the one of our Group's licensing matters location that is still in operation, the based on our compliance monitoring likelihood of prosecution is unlikely. policy and have designated relevant As for the two locations that no department heads to oversee the day longer are in operation, Legal to day implementation of our Counsel is of the opinion that as they Group's policies. See "Business — are now closed, the likelihood of Legal Proceedings and Compliance" retrospective prosecution is unlikely. for details of our compliance committee.</p> <p>In the event that any fine is imposed, as advised by the Legal Counsel, the total potential fine would likely to be below HK\$20,000.</p> |

| Particulars of non-compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Reasons for the non-compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Legal consequences and maximum potential liabilities                                                                                                                                                                                                                                                                                                                                                                                       | Rectification actions taken and status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>II. FEHD Restaurant Licence</p> <p>Five of our restaurants (VCAR, VCAP, VCFN, VCPL and VCTA) commenced business without a provisional restaurant licence during the following periods as required under s.31(1) of the FBR:</p> <p>VCAR: from 2 January 2014 to 26 February 2014.</p> <p>VCAP: from 6 September 2014 to 16 September 2014.</p> <p>VCFN: from 2 October 2015 to 19 October 2015.</p> <p>VCPL: from 18 November 2015 to 3 December 2015.</p> <p>VCTA: from 29 January 2016 to 31 January 2016.</p> <p>The total revenue generated during the relevant period by the five restaurants was approximately HK\$3,009,000.</p> <p>The total net profit attributed to the relevant period by the five restaurants was approximately HK\$140,000.</p> | <p>During the Track Record Period, our Group had primarily relied on external consultants to assist in advising on and applying for, among others, FEHD licences for our operations. We have used external consultants as this is common practice in the restaurant industry and for the fact that the restaurant licence application process is complicated. Further, our Directors and relevant staff did not have complete and accurate understanding of the laws and regulations applicable to our Group's operations having relied on the advice given by the external consultants. Also we did not have in place an internal control to monitor whether the requisite licences had been obtained prior to our restaurants commencing operations.</p> | <p>Any person shall be liable on summary conviction to a maximum fine of HK\$50,000 and imprisonment for 6 months and where the offence is a continuing offence, to an additional fine of HK\$900 for each day.</p> <p>On two occasions during the Track Record Period our Group were fined HK\$2,000 and HK\$2,260, respectively for operating without the relevant general restaurant licence at VCAR. Both fines have been settled.</p> | <p>All restaurant licences required under the FBR were subsequently issued by the FEHD and there has been no other warnings received nor any potential prosecution action taken against our Group during the non-compliance period and up to the Latest Practicable Date.</p> <p>Dates on which the relevant restaurants subsequently were granted provisional restaurant licences:</p> <p>VCAR: 27 February 2014</p> <p>VCAP: 17 September 2014</p> <p>VCFN: 20 October 2015</p> <p>VCPL: 4 December 2015</p> <p>VCTA: 1 April 2016</p> <p>As advised by our Legal Counsel, for a first offence, the penalty would likely be in the range of HK\$1,000 — HK\$3,000 per conviction and for a second or subsequent offence, the fine would very likely to be higher. The maximum aggregate penalty for all of these potential fine would be in the range of HK\$9,000 — HK\$17,000. Further, the Legal Counsel is of the opinion that since the FEHD licences were subsequently granted and obtained, the relevant companies are unlikely to be retrospectively prosecuted.</p> | <p>We have established and implemented policies and procedures to monitor licences application and renewal. A restaurant opening checklist is to be completed and approved by the director of business development before the restaurant commences business.</p> <p>We engaged Hong Kong legal adviser to identify a list of the laws and regulations applicable to our Group and training has been provided by our Hong Kong legal adviser to the directors and relevant staff.</p> <p>The Company has established a compliance committee to oversee all licensing matters based on our compliance monitoring policy and has designated relevant department heads to oversee the day to day implementation of our Group's policies. See "Business — Legal Proceedings and Compliance" for details of our compliance committee.</p> |

| Particulars of non-compliance                                                                                                                                                                                                                      | Reasons for the non-compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Legal consequences and maximum potential liabilities                                                                                                                                                         | Rectification actions taken and status                                                                                                                | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| III. FEHD endorsement                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| 11 of our restaurants (VCAB, VCNI, VCLY, VCPL, VCTM, VCIA, VCTA, CCOW, VCYP, VCWG and VCTI) sold non-bottled drinks before they obtained the relevant endorsement from the FEHD as required under S.30(1) of the FBR during the following periods: | During the Track Record Period, our Group had primarily relied on external consultants to assist in advising on and applying for, among others, FEHD licences for our operations. We have used external consultants as this is common practice in the restaurant industry and for the fact that the restaurant licence application process is complicated. Further, our Directors and relevant staff did not have complete and accurate understanding of the laws and regulations applicable to our Group's operations having relied on the advice given by the external consultants. Also we did not have in place an internal control to monitor whether the requisite licences had been obtained prior to our restaurants commencing operations. | Any person shall be liable on summary conviction to a maximum fine of HK\$50,000 and imprisonment for 6 months and where the offence is a continuing offence, to an additional fine of HK\$900 for each day. | As at the Latest Practicable Date, five of these restaurants have closed and the remaining six have applied to the FEHD for the relevant endorsement. | We have established and implemented policies and procedures to monitor licence applications and renewals. A restaurant opening checklist is to be completed and approved by the director of business development before the restaurant commences business. |
| VCAB: from 1 April 2013 to 30 May 2016                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              | Dates on which the restaurants subsequently were granted the licences with endorsement:<br>VCIA: 21 April 2016<br>VCPL: 2 June 2016                   | We engaged Hong Kong legal adviser to identify a list of the laws and regulations applicable to our Group and training has been provided by our Hong Kong legal adviser to the directors and relevant staff.                                               |
| VCNJ: from 1 April 2013 to 16 June 2016                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              | VCTA: 1 April 2016<br>VCAB: 11 August 2016<br>VCLY: 5 May 2016<br>VCNI: 22 March 2016                                                                 |                                                                                                                                                                                                                                                            |
| VCLY: from 1 April 2013 to 13 May 2016                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCPL: from 18 November 2015 to 17 May 2016                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCTM: from 1 April 2013 to 5 May 2016                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCIA: from 4 December 2013 to 16 May 2016                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCTA: from 29 January 2016 to 31 January 2016                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| CCOW: from 1 April 2013 to 29 April 2015                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCYP: from 1 April 2013 to 14 June 2015                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCWG: from 1 April 2013 to 18 November 2014                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |
| VCTI: from 1 April 2013 to 25 May 2014                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                              |                                                                                                                                                       |                                                                                                                                                                                                                                                            |

| Particulars of non-compliance                                                                                                                                                                                                                                                                                                                                    | Reasons for the non-compliance                                                                                                                                                                                                                                                                                                                    | Legal consequences and maximum potential liabilities                                                                                                                                                                                                                                                                                                          | Rectification actions taken and status                                                                                                                                                                                                                                                     | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance                                                                                                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IV. Water Pollution Control Licence                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| 31 of our Group's restaurants and food processing centre did not apply for or obtain a water pollution control licence prior to the commencement of their respective business operations which involved discharging polluted water into communal sewer or communal drain in a water control zone contrary to Section 9 of the WPCO during the following periods: | The administration staff handling licensing misunderstood that the water pollution licence was required only when it is formally requested for by the EPD. The person responsible had formulated this understanding because only certain restaurants had received requests for application for the relevant water pollution licence from the EPD. | A person who commits an offence under Section 9 shall be liable to maximum imprisonment for 6 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\$10,000 for each day during which the offence has continued. | As at the Latest Practicable Date, 15 of these restaurants have closed and we have obtained the water pollution control licences for all the remaining restaurants and food processing centre. Further, our Group had not received any notice of prosecution from the EPD.                 | We have established policies and procedures whereby a restaurant opening checklist is to be completed and approved by the director of business development before the restaurant commences businesses.                                                                                                                                                                   |
| VCAB: from 1 November 2014 to 30 May 2016                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               | As advised by the Legal Counsel, the risk of prosecution against the relevant companies which are operating or operated the restaurants for the past non-compliance in respect of the discharge of waste or polluting matter without a relevant water pollution control licence is remote. | We engaged Hong Kong legal adviser to identify a list of the laws and regulations applicable to our Group and arranged for training sessions to be provided to our Executive Directors, senior management and staff concerned.                                                                                                                                           |
| VCHP: from 19 October 2014 to 22 March 2016                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            | For existing licences, a master list has been established and assistant project manager has been designated to monitor the expiry dates of the licences. Notification will be given to food and beverage operation director at least 60 days prior to the expiry of the licences for renewal. Follow up notification will be given 45 days prior to the expiration date. |
| CCTW: from 24 August 2014 to 21 March 2016                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               | Notwithstanding there are certain number of restaurants operated without the water pollution control licences, the EPD had confirmed on the 6 June 2016 that from 1 April 2013 to 6 June 2016, there was no record of non-compliance or any complaints or any warning issued to our Group. |                                                                                                                                                                                                                                                                                                                                                                          |
| VCMC: from 1 April 2013 to 27 May 2016                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| VCTM: from 1 April 2013 to 20 May 2013                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| VCT2: from 9 August 2014 to 21 March 2016                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| VCLF: from 1 April 2016 to 16 June 2016                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| VCUP: from 1 April 2013 to 30 May 2016                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| VCPH: from 1 April 2013 to 27 May 2016                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |
| VCMP: from 1 April 2013 to 24 February 2014                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                          |

| Particulars of non-compliance                | Reasons for the non-compliance | Legal consequences and maximum potential liabilities | Rectification actions taken and status | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance                                                                                                                                                                                                                                                             |
|----------------------------------------------|--------------------------------|------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| VCOW: from 1 April 2013 to 22 March 2016     |                                |                                                      |                                        | The Company has established a compliance committee to oversee all of our Group's licensing matters based on our compliance monitoring policy and have designated relevant department heads to oversee the day to day implementation of our Group's policies. See "Business — Legal Proceedings and Compliance" for details of the background of our compliance committee. |
| VCKP: from 1 April 2013 to 16 June 2016      |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCFC: from 14 August 2013 to 30 May 2016     |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCIA: from 4 December 2013 to 30 May 2016    |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCAR: from 2 January 2014 to 17 March 2016   |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCTL: from 8 January 2014 to 27 May 2016     |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCAP: from 6 September 2014 to 27 May 2016   |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCFN: from 2 October 2015 to 30 May 2016     |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCPL: from 18 November 2015 to 21 March 2016 |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| VCTA: from 7 April 2016 to 28 April 2016     |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| CFVC: from 1 August 2013 to 27 May 2016      |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| HVWG: from 1 April 2013 to 17 May 2015       |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| CCOW: from 1 April 2013 to 29 April 2015     |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |
| CCCP: from 1 April 2013 to 29 October 2014   |                                |                                                      |                                        |                                                                                                                                                                                                                                                                                                                                                                           |

| Particulars of non-compliance               | Reasons for the non-compliance | Legal consequences and maximum potential liabilities | Rectification actions taken and status | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance |
|---------------------------------------------|--------------------------------|------------------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------------------------------|
| VCYP: from 1 April 2013 to 14 June 2015     |                                |                                                      |                                        |                                                                                                               |
| VCCH: from 1 April 2013 to 22 April 2015    |                                |                                                      |                                        |                                                                                                               |
| CCM: from 1 April 2013 to 20 July 2014      |                                |                                                      |                                        |                                                                                                               |
| VCWG: from 1 April 2013 to 18 November 2014 |                                |                                                      |                                        |                                                                                                               |
| VCTS: from 1 April 2013 to 19 August 2014   |                                |                                                      |                                        |                                                                                                               |
| VCTO: from 1 April 2013 to 31 May 2013      |                                |                                                      |                                        |                                                                                                               |
| VCTI: from 1 April 2013 to 25 May 2014      |                                |                                                      |                                        |                                                                                                               |
| Unit 503: from 1 April 2013 to 27 May 2016  |                                |                                                      |                                        |                                                                                                               |
| Unit 505: from 1 April 2013 to 27 May 2016  |                                |                                                      |                                        |                                                                                                               |
| Unit 917: from 1 April 2013 to 27 May 2016  |                                |                                                      |                                        |                                                                                                               |

| Particulars of non-compliance                                                                                                                                                                                                                                                                                                                                                                                                                                         | Reasons for the non-compliance                                                                                                                                                                                                                                  | Legal consequences and maximum potential liabilities                                                                                                                                                                                                                                                                                 | Rectification actions taken and status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <p>V. Fire Exit</p> <p>We failed to maintain in good condition and free from obstruction the exit doorway of the seating accommodation at VCPH which is in breach of regulations 5(1) and 14(5) of the Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations (Cap. 59V) made under the Factories and Industrial Undertakings Ordinance (Cap. 59).</p> <p>A summons against Tri-Pros Limited was issued on 11 August 2016.</p> | <p>The restaurant manager did not have complete and accurate understanding of the relevant fire safety regulation and did not take steps to either warn the workers or prohibit the workers from arranging seating at the exit concerned during inspection.</p> | <p>Under regulation 14(5) of the Factories and Industrial Undertakings (Fire Precautions in Notifiable Workplaces) Regulations, the proprietor of any notifiable workplace who contravenes regulation 5(1) without reasonable excuse commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for 6 months.</p> | <p>The obstruction has been removed from VCPH. We attended the summons on 12 September 2016 and was fined HK\$6,000. The fine has been fully and finally settled as at the Latest Practicable Date.</p> <p>Mr. Wong, our executive Director, has been appointed as our Group's compliance officer to oversee our Group's general regulatory compliance matters and ensure our Group's internal control procedures are strictly implemented and followed.</p> <p>Our management has issued a notice to all restaurant managers notifying them to conform with all relevant fire safety regulations. Further, we will request all restaurant managers to undergo further training on the understanding of all relevant Hong Kong laws and regulations. Signs have been put up in each of our restaurants to indicate which areas should not be blocked.</p> <p>The floor plan of each of our restaurants were highlighted to show which areas must not have seating placed or blockage.</p> |                                                                                                               |



| Particulars of non-compliance                                                                                                                                                                                                                                                                                                                                              | Reasons for the non-compliance                                                                                                                 | Legal consequences and maximum potential liabilities                                                                          | Rectification actions taken and status                                                                      | Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>VI. Hygiene and Safety</p> <p>We sold to a customer an article of food which was not of the nature, or not of the substance, or not of the quality, of the food demanded by the purchaser in contravention of section 52(1) of the Public Health and Municipal Services Ordinance (Cap. 132).</p> <p>A summons against Hotex Limited was issued on 13 October 2016.</p> | <p>Despite having implemented regular pest control, the kitchen staff failed to notice the foreign substance in the food prior to serving.</p> | <p>A breach of section of 52(1) of the said Ordinance is liable to a fine of HK\$10,000 and to imprisonment for 3 months.</p> | <p>As at the Latest Practicable Date, our Group was expected to attend the summons on 16 November 2016.</p> | <p>As at the Latest Practicable Date and throughout the Track Record Period, we have implemented pest control measures for each of our restaurants. Each restaurant is required to be cleaned daily and pest control is normally conducted at least once a month which is the cleaning schedule suggested by our pest control expert.</p> <p>We have notified our kitchen staff that all food items must be properly inspected prior to service. Mr. Wong, our executive Director, has been appointed as our Group's compliance officer to oversee our Group's general regulatory compliance matters and ensure our Group's internal control procedures are strictly implemented and followed.</p> |

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### **Indemnity from the Controlling Shareholders**

Our Controlling Shareholders have entered into a Deed of Indemnity with our Company to indemnify our Group against, among others, any monetary fines, settlement payments and any associated costs and expenses which would be incurred or suffered by our Company in connection with the aforesaid non-compliances that occurred on or before the Listing.

### **Internal control and risk management measures**

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

We have adopted the following measures to ensure on-going compliance with all applicable laws and regulations after the Listing and to strengthen our internal controls.

- (i) since 3 May 2016, we have set up compliance committee to implement the internal control and risk management measures in order to ensure compliance with the Listing Rules and the relevant Hong Kong laws and regulations;
- (ii) we established our audit committee on 8 November 2016 which comprises three independent non-executive Directors, namely Mr. Cheung Yui Kai Warren, Prof. Lai Kin Keung and Mr. Lui Hong Peace. Our audit committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements. In particular, our audit committee is empowered to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal controls, risk management or other matters; and
- (iii) our Directors and other members of our senior management attended a training session in June 2016, which was conducted by our Company's Hong Kong legal advisers on the on-going obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance and the Listing Rules.

Further, Mr. Wong, our executive Director, has been appointed as our Group's compliance officer to oversee our Group's compliance matters.

With a view to strengthen the internal control procedures of our Group, we have engaged an independent internal control consultant (the "Internal Control Consultant") to perform a review over selected areas of our internal controls over financial reporting (the "Internal Control Review") in February 2016. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included entity level control, sales, accounts receivable and collection, procurement, accounts payable and payment, inventory management, human resources and payroll, fixed assets, cash and treasury management, financial reporting and disclosure controls, taxes, information technology general controls, intellectual property and insurance.

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The table below sets out the more significant findings and recommendations raised by the Internal Control Consultant in their Internal Control Review:

### Major findings

### Recommendations

#### *Internal control and risk assessment systems*

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• A more comprehensive anti-fraud reporting programme should be established.</li> <li>• A more formal risk management framework to identify, monitor, report and follow up on the key business and operational risks affecting the Company should be established.</li> </ul> | <p>Our Company should develop a formal whistleblowing program for both internal and external stakeholders to report fraud or concerns over ethical conduct.</p> <p>Our Company should develop a set of risk assessment policies and corresponding risk mitigating actions. The policies should cover:</p> <ul style="list-style-type: none"> <li>• The risk assessment process, including the frequency of assessment and who should be monitoring the process.</li> <li>• The risk assessment criteria / methodology</li> <li>• Documentation of the key risks - i.e. summary of risks identified</li> <li>• Development of action plans to mitigate the key risks identified as needed</li> </ul> |
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#### *Internal audit*

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|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• An internal audit function should be established.</li> </ul> | <p>Our Company should establish an independent internal audit function to provide the Board of Directors and management comfort over the systems of internal control.</p> |
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#### *Food and beverage operations and licensing*

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• A more formal process for monitoring compliance with applicable regulations, permits and laws should be established.</li> </ul> | <p>Our Company should establish a process for identifying applicable laws and regulations affecting food and beverage operations and implement a compliance review and reporting programme. Specifically, non-compliance incidents (if any) should be reported to management and to the Board of Directors. Furthermore, a system for tracking relevant licenses/permits, etc should be developed.</p> |
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#### *Business operational process and control*

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|----------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Systems of control supporting certain key business and operational processes should be strengthened.</li> </ul> | <p>Our Company should formally document the key control processes and establish additional controls where necessary for:</p> <ul style="list-style-type: none"> <li>• changes to menu prices;</li> <li>• granting of discounts;</li> <li>• voiding transactions; and</li> <li>• Shelf-life management for fresh and processed food held at the food processing centre and at restaurants.</li> </ul> |
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The Internal Control Consultant performed follow-up reviews (the “Follow-up Reviews”) in May, June and October 2016 to review the status of the management actions by our Company to address the findings of the Internal Control Review, the rectification actions and the enhanced internal control measures as set out in the “Rectification actions taken and status” and the “Measures adopted by our Group to prevent re-occurrence of the non-compliance and ensure continuing compliance” columns of the table “Non-compliance Matters” and in the section “Internal control and risk management measures”. Our Company has fully implemented the recommendations and the Internal Control Consultant did not have any further recommendation in the Follow-up Reviews.

The Internal Control Review and the Follow-up Reviews were conducted based on information provided by our Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

### Compliance Committee

In light of the historical non-compliances, our Company has established several internal control policies which will be formally adopted prior to the Listing. In particular, the compliance committee was established on 3 May 2016 to monitor various legal and regulatory compliances. The compliance committee led by Mr. Wong will strictly follow and implement our Group’s compliance policies. The compliance committee comprises three members including (i) Mr. Wong, our executive Director, (ii) Ms. Wong Yung Kwan Lisa (“**Ms. Lisa Wong**”), one of our senior management and (iii) Mr. Tai Kwok Pan (“**Mr. Tai**”), our finance manager and our company secretary. Members of the compliance committee were chosen with the intention that it comprised individuals that have relevant experience that covered all aspects of our Group’s operations, which includes food and beverages operations and corporate compliances. Mr. Wong was designated as the chairman to lead the compliance committee. Ms. Lisa Wong has, since October 2015, been responsible for day-to-day supervision of the food and beverages operations of our Viet’s Choice line of restaurants. Mr. Tai, being our Company’s finance manager and company secretary, possesses expertise in financial accounting and general company secretarial compliances. To strengthen their understanding of the relevant laws and regulations that relate to our Group, explanation and training has been provided by our Hong Kong Legal Advisers to Ms. Lisa Wong and Mr. Tai concerning compliance requirements that are relevant to our Group’s business. Given Ms. Lisa Wong and Mr. Tai’s knowledge and experience as stated above, our Directors are of the view that they possess sufficient relevant expertise in acting as members of the compliance committee. For details on the biography of Mr. Wong, Ms. Lisa Wong and Mr. Tai, please refer to the section headed “Directors and Senior Management” in this prospectus.

Each of our compliance committee members is delegated with different roles as set out below:

- (i) Mr. Wong, our executive director and chief executive officer, is responsible for overseeing our Group’s general regulatory compliance matters as well as ensuring that our Group’s internal control procedures are strictly implemented and followed;
- (ii) Ms. Lisa Wong, one of our senior management, will oversee compliance for our restaurant business including licensing requirements under the FBR and WPCO and to ensure each of our Group’s restaurants has obtained all necessary licences at all time during business operations (including business registration and certificates and testing required prior to use

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of lifting appliances). They will also supervise the renewal of all required licences, permits and approvals by monitoring the pending expiration dates of all licences, permits and approvals and coordinating the timely preparation and submission of relevant licences renewal applications; and

- (iii) Mr. Tai, our financial manager and our company secretary, will oversee the financial aspect of our Group as well as regulatory matters concerning the Companies Ordinance.

For details of the major findings and recommendations of the Internal Control Consultant, please refer to the paragraph headed “Internal control and risk management measures” above in this section.

### **Views of our Directors and the Sole Sponsor**

During the Track Record Period, our Group had various non-compliance incidents in relation to our operations as set out in the paragraph headed “Non-compliance Matters” above. Given the past non-compliances, our Directors have considered the following and taken various measures to enhance our internal controls:

- the non-compliance with s.31(1) of the FBR which relates to the commencement of operation of five of our restaurants before a provisional restaurant license were obtained and the non-compliance with the WPCO which relates to the failure to apply for the necessary water pollution control licenses for 31 of the Group’s restaurants were mainly due to our executive Directors and the relevant responsible staff not completely and accurately comprehending the relevant laws and requirements because (i) their reliance on the then external license consultant to assist in the arrangement of the licensing work which is a common practice in the industry; and (ii) our executive Directors and the relevant staff misunderstood that the water pollution license is only required and the application can only be initiated when request is received from the EPD; which such understanding was formulated from the fact that requests were received from EPD only for certain restaurants, in which our Company had duly followed the EPD’s instruction to apply for and obtained the relevant water pollution licenses;
- the non-compliance incidents in relation to the non-compliance with the BR Ordinance and the s.30(1) of the FBR was mainly due to inadvertent oversight;
- once becoming aware of the non-compliances, our executive Directors have use their best endeavours to take relevant remedial actions, where necessary and appropriate and as at the Latest Practicable Date, the non-compliances with the BR Ordinance, s.30(1) and s.31(1) of the FBR have been fully rectified and we have obtained water pollution control licences for all of our existing restaurants and food processing centre;
- We have obtained advice from our Legal Counsel who has advised that the chance of prosecution or retrospective prosecution is unlikely;
- the underlying reasons for our past non-compliance incidents did not involve any intentional misconduct, fraud, dishonesty or corruption on the part of our executive Directors and there was no indication that our executive Directors had a wilful tendency to operate the business in a non-compliant manner;

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- after becoming aware of the requirements under the relevant laws and regulations, in order to reinforce the knowledge of our executive Directors, our senior management and the relevant staff, training has been provided by our Hong Kong Legal Advisers to obtain an comprehensive understanding of the relevant laws and regulations applicable to our operation and we have further proposed that the Hong Kong Legal Advisers will provide regular updates of the laws and regulations relevant to our operations; and
- to avoid future recurrence of similar non-compliance incidents, we have implemented the recommendations from the Internal Control Consultant on the improvement of our internal control measures related to the non-compliance matters and our Directors confirmed that there has not been any recurrence of similar non-compliance incidents after the adoption and implementation of the internal control measures up to the Latest Practicable Date.

By reason of the above, our Directors are of the view, and the Sole Sponsor concurs, that the past non-compliance incidents did not involve any dishonesty on the part of our Directors and do not reflect a material defect in the character, integrity or competence of our Directors and therefore does not affect our Directors' suitability to act as directors of a listed issuer as required under Rules 3.08 and 3.09 of the Listing Rules.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of any of the Adjustment Options and Shares that may be issued upon the exercise of options which may be granted under the Share Option Scheme), our Controlling Shareholders namely, Mr. Wong, Mrs. Wong, Blaze Forum and Pioneer Vantage, will together control the exercise of voting rights of 75% in total of our Shares eligible to vote in the general meeting of our Company. For details of our Controlling Shareholders, see “Definitions” and “Directors and Senior Management”.

### INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on its business independently of the Controlling Shareholders and his/her respective close associates after completion of the Global Offering:

#### Management Independence

Our Board and members of our senior management have functions that are independent from our Controlling Shareholders and their respective associates. Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

Each of our Directors is aware of his/her fiduciary duties as directors of our Company which requires, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. 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 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.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders following the completion of the Global Offering.

#### Operational Independence

Our Company makes business decisions independently. On the basis of the following reasons, our Directors consider that our Group will continue to be operationally independent from our Controlling Shareholders and other companies controlled by our Controlling Shareholders:

- (i) our Group has established its own organisational structure made of individual departments each with specific administrative and corporate governance infrastructure (including its own accounting, administrative and human resources departments);
- (ii) our Group is the holder of all relevant licenses and trademarks material to the operation of our restaurant business and has sufficient capital, equipment and employees to operate our business independently;



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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (iii) except for certain premises currently used as office, warehouse and food processing centre are leased from connected parties (details of which are set out in “Continuing Connected Transaction” in this prospectus), all of the properties used as our restaurant operations and part of food processing centre and warehouses are leased from Independent Third Parties by our Group;
- (iv) our Controlling Shareholders have no interest in any of our top five suppliers and we do not rely on our Controlling Shareholders and has independent access to suppliers and customers. In particular, we independently manage our sourcing for food ingredients and equipment; and
- (v) our Group has established a set of internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business.

Based on the above-mentioned arrangements, our Directors are of the view, and the Sole Sponsor concurs, that our Group can operate independently from our Controlling Shareholders and his/her respective close associates from the operational perspective.

### Financial independence

During the Track Record Period, we had obtained bank loans secured by personal guarantee of Mr. Wong, and certain properties owned by Mr. Wong, Mrs. Wong and Eternal Prosper were charged as security to the said bank. Our Directors confirmed that the abovementioned bank loans, guarantee and charge over properties have been fully settled and released as at the Latest Practicable Date.

Notwithstanding the above, our Directors are of the view that our Group will be financially independent from our Controlling Shareholders upon Listing. The management of our Group is capable of making financial decisions independently according to the needs of our business free from the interference from our Controlling Shareholders and their respective close associates after the Listing. Our Group has sufficient capital to operate our business independently, and has adequate internal resources and credit profile to support our daily operations.

### EXCLUDED INVESTMENT

Since September 2014 and as at the Latest Practicable Date, Mr. Wong held 25% interest in Gokfayuen Company Limited, a company incorporated in Thailand which operates a *Cha Chaan Teng* restaurant under the name of Gokfayuen in Thailand only (“**Excluded Investment**”). Mr. Wong is not involved in the day-to-day management of these restaurant operations and is only a passive investor. The remaining shareholders of the said Thailand company are Independent Third Parties.

Save for the above Excluded Investment and their interest in our Group, none of our Controlling Shareholders have directly or indirectly, invested in other restaurant operations.

As at the Latest Practicable Date, our Group did not operate any restaurants in Thailand nor did we operate or currently propose to operate any *Cha Chaan Teng* in Hong Kong and as such, the above Excluded Investment is clearly delineated from our Group’s restaurant business geographically and by cuisines and hence, there is no competition between the said Thailand company and our Group.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### RULE 8.10 OF THE LISTING RULES

None of our Controlling Shareholders, Directors and their respective close associates has any interest in a business apart from our Group's business and the Excluded Investment which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

### DEED OF NON-COMPETITION

In order to protect the interests of our Company, our Controlling Shareholders have entered into the Deed of Non-Competition in favour of our Company, pursuant to which our Controlling Shareholders have jointly and severally irrevocably and unconditionally undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that it or he or she would not, and would procure that its or his or her close associates (other than any member of our Group) would not, during the restricted period set out below, directly or indirectly, either on its or his or her 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, partner, principal, agent, director, employee or otherwise) any business which is similar to or in competition directly or indirectly with or is likely to be in competition with any business currently (including our future expansions as disclosed in "Business — Our Business Strategies") and from time to time engaged by our Group (the "**Restricted Business**"). Such non-compete undertaking does not apply to:

- (i) any interests in the shares of any member of our Group;
- (ii) Mr. Wong holding his 25% interest in the Excluded Investment; and
- (iii) interests in the shares of a company other than our Company whose shares are listed on a recognised stock exchange provided that:
  - (a) 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
  - (b) the total number of the shares held by our Controlling Shareholders and/or their respective close associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective close associates 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 whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective close associates in aggregate.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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The “restricted period” stated in the Deed of Non-competition refers to the period during which (i) our Shares remain listed and traded on the Stock Exchange; (ii) as far as each Controlling Shareholder is concerned, it or he or she or its or his or her associate holds an equity interest in our Company directly or indirectly; and (iii) the relevant Controlling Shareholders and/or their respective close associates are entitled to jointly or severally exercise or control the exercise of not less than 30% in aggregate of the voting rights at general meetings of our Company.

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has undertaken that if each of our Controlling Shareholders and/or any of his/its associates is offered or becomes aware of any project or new business opportunity (“**New Business Opportunity**”) that relates to the Restricted Business, whether directly or indirectly, he/she/it shall (i) promptly within ten business days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its associates.

Our Directors (including our independent non-executive Directors) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) business days (the “30-day Offering Period”) of receipt of notice from our Controlling Shareholders, our Controlling Shareholders and/or his/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the new business opportunities, our Company may give a written notice to our Controlling Shareholders during the 30-day Offering Period and our Controlling Shareholders agree to extend the period to a maximum of 60 business days.

## CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- the independent non-executive Directors will review, on an annual basis, the compliance with the non-compete undertaking by our Controlling Shareholders under the Deed of Non-Competition;
- our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-Competition;
- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition in the annual reports of our Company;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- our Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-Competition in the annual report of our Company; and
- in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the Listing Rules, be required to declare his/her interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required.

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## CONTINUING CONNECTED TRANSACTIONS

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### INTRODUCTION

Prior to Listing, our Group leased various premises from Mr. Wong, Mrs. Wong and Eternal Prosper, a company incorporated in Hong Kong and which was directly owned by Mr. Wong as to 75% and by Mrs. Wong as to 25%.

Both Mr. Wong and Mrs. Wong, immediately following completion of the Listing, will be a Controlling Shareholder and an executive Director, and therefore a connected person of our Company under Rule 14A.07(1) of the Listing Rules. As Eternal Prosper is a company wholly-owned by Mr. Wong and Mrs. Wong, Eternal Prosper is also a connected person of our Company under Rule 14A.07(1) of the Listing Rules upon Listing. Further, Mr. Wong and Mrs. Wong have confirmed that since they became interested in and possessed voting rights (whether direct or indirect) in our Company and its subsidiaries, they have been acting in concert and voted in unanimous manner on any proposed resolution in respect of the management, development and operations of our Group's restaurant operations.

Under the Listing Rules, for so long as Mr. Wong and Mrs. Wong remain connected persons of our Company, the lease of premises between our Group and Eternal Prosper will constitute continuing connected transactions of our Group upon Listing.

Set out below are details of the continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

### FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Lease of various premises

For the three financial years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, our Group leased 10, 10, 10 and 12 premises respectively from Mr. Wong, Mrs. Wong and Eternal Prosper ("**Connected Parties**"). All the leased premises are located within the Golden Industrial Building in Hong Kong and are used by our Group as either offices or food processing centre (including warehouse). Pursuant to the Reorganisation, two properties owned by our Group were sold to Eternal Prosper on 31 March 2016. The underlying reasons for the disposal of the two properties were (i) it is our business strategy to operate our restaurants on leased properties as it would allow our Group to have a certain degree of flexibility and control to select suitable properties and locations in accordance with the prevailing market conditions and adjust accordingly in adverse market conditions; and (ii) we would be able focus our resources in our core business of restaurants operation. Our Directors are of the view that the sale of the two properties were fair and reasonable, based on normal commercial terms, and in the best interest of our Company. On 16 May 2016, and supplemented on 26 July 2016, our Group renewed the leases for 10 premises and on 30 June 2016 entered into additional leases with Eternal Proper for two additional premises and these leases will

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## CONTINUING CONNECTED TRANSACTIONS

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continue after Listing. Details of these leases (“**Connected Leases**”) with the Connected Parties are set out below:

| <b>Landlord</b>   | <b>Tenant</b>     | <b>Location</b>                                                                                                         | <b>Approximate<br/>gross floor<br/>area (sq.m.)</b> | <b>Monthly<br/>rental<br/>(HK\$)</b> | <b>Term</b>                   | <b>Usage</b>                      |
|-------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------|-------------------------------|-----------------------------------|
| 1 Eternal Prosper | Aero Tech Limited | Workshop No. 3 on 5/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories  | 116                                                 | 12,000                               | 1 April 2016 to 31 March 2019 | Food processing centre: Kitchen   |
| 2 Eternal Prosper | Aero Tech Limited | Workshop No.5 on 5/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories   | 116                                                 | 12,000                               | 1 April 2016 to 31 March 2019 | Food processing centre: Kitchen   |
| 3 Eternal Prosper | Aero Tech Limited | Workshop No.27 on 5/F of Block I, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories   | 130                                                 | 13,500                               | 1 April 2016 to 31 March 2019 | Food processing centre: Warehouse |
| 4 Eternal Prosper | Aero Tech Limited | Workshop No.17 on 9/F of Block I, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories   | 116                                                 | 12,000                               | 1 April 2016 to 31 March 2019 | Food processing centre: Kitchen   |
| 5 Eternal Prosper | Aero Tech Limited | Workshop No.14 on 13/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories | 104                                                 | 11,000                               | 1 April 2016 to 31 March 2019 | Food processing centre: Warehouse |
| 6 Eternal Prosper | Aero Tech Limited | Workshop No.18 on 13/F of Block I, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories  | 93                                                  | 10,000                               | 1 April 2016 to 31 March 2019 | Offices                           |
| 7 Eternal Prosper | Aero Tech Limited | Workshop No.20 on 13/F of Block I, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories  | 100                                                 | 10,500                               | 1 April 2016 to 31 March 2019 | Offices                           |

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## CONTINUING CONNECTED TRANSACTIONS

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| Landlord                          | Tenant            | Location                                                                                                                | Approximate<br>gross floor<br>area (sq.m.) | Monthly<br>rental<br>(HK\$) | Term                          | Usage                                                              |
|-----------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------|-------------------------------|--------------------------------------------------------------------|
| 8 Mrs. Wong                       | Aero Tech Limited | Workshop No.1 on 5/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories   | 130                                        | 13,500                      | 1 April 2016 to 31 March 2019 | Food processing centre: Warehouse                                  |
| 9 Mrs. Wong                       | Aero Tech Limited | Workshop No.11 on 13/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories | 116                                        | 12,000                      | 1 April 2016 to 31 March 2019 | Food processing centre: Warehouse                                  |
| 10 Mr. Wong                       | Aero Tech Limited | Workshop No.9 on 13/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories  | 116                                        | 12,000                      | 1 April 2016 to 31 March 2019 | Offices                                                            |
| 11 Eternal Prosper <sup>(1)</sup> | Aero Tech Limited | Workshop No.12 on 13/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories | 93                                         | 10,000                      | 1 April 2016 to 31 March 2019 | Food processing centre: Warehouse and product development workshop |
| 12 Eternal Prosper <sup>(1)</sup> | Aero Tech Limited | Workshop No.13 on 13/F of Block II, Golden Industrial Building, Nos. 16-26 Kwai Tak Street, Kwai Chung, New Territories | 130                                        | 13,500                      | 1 April 2016 to 31 March 2019 | Food processing centre: Warehouse                                  |

*Note:*

(1) The two properties which were sold to Eternal Prosper on 31 March 2016.

### Historical transaction amounts and Annual Caps

The historical annual rental of HK\$900,000 paid to the Connected Parties for each of the three years ended 31 March 2016 represented the rental for the ten premises (no. 1 to 10 in the list of premises above) with a total area of 1,136 sq.m. and an average monthly rental rate of HK\$66.0 per sq.m. After the disposal of two properties (no. 11 and 12 in the list of premises above) to Eternal Prosper in March 2016, we entered into lease agreements with Eternal Prosper to lease such two properties and as a result, the total area that is being leased from the Connected Parties has increased to 1,359 sq.m with an average monthly rental rate of HK\$104.5 per sq.m. The below table sets out the aggregate amount of rent paid to the Connected Parties during the Track Record Period and the annual

## CONTINUING CONNECTED TRANSACTIONS

caps for the maximum amount payable for each of the three years ending 31 March 2019 under the Connected Leases:

|                                                              | Historical transaction amount |         |         |                                     | Annual Cap (Note)    |           |           |
|--------------------------------------------------------------|-------------------------------|---------|---------|-------------------------------------|----------------------|-----------|-----------|
|                                                              | Year ended 31 March           |         |         | For the five months ended 31 August | Year ending 31 March |           |           |
|                                                              | 2014                          | 2015    | 2016    | 2016                                | 2017                 | 2018      | 2019      |
|                                                              | HK\$                          | HK\$    | HK\$    | HK\$                                | HK\$                 | HK\$      | HK\$      |
| Total amount of rental paid/payable for the Connected Leases | 900,000                       | 900,000 | 900,000 | 710,000                             | 1,704,000            | 1,704,000 | 1,704,000 |

*Note:*

*The annual caps have been estimated primarily based on the annual rental payable by our Group under the Connected Leases.*

### Pricing

The rental payable under the Connected Leases are determined with reference to the market rental prices of premise in the same building of similar condition and size. The increase in the annual rental payable for each of the three years ending 31 March 2019 under the Connected Leases was a result of (i) an increase in rental per square meter with reference to the prevailing market price; and (ii) the rental of two additional premises from Eternal Prosper as discussed under “Lease of various premises” above.

### Implication under the Listing Rules

Based on the annual caps that have been proposed, we expect that the highest relevant percentage ratios in respect of the Connected Leases with connected persons will, on an annual basis, be less than 5% and the total consideration is less than HK\$3,000,000, and as such the Connected Leases will fall within the exemption under Rule 14A.76 of the Listing Rules, and no reporting, announcement and independent Shareholders’ approval will be required.

### Confirmation by the Directors

According to a fair rent opinion issued by LCH (Asia-Pacific) Surveyors Limited, an independent firm of professional property valuer, the rental under the Connected Leases are fair and reasonable and the then rentals and expenses payable by our Group to Eternal Prosper, Mr. Wong and Mrs. Wong reflect the prevailing market rates. In light of the above, our Directors (including independent non-executive Directors) are also of the view that the annual cap for the total rental payable under the Connected Leases as set out above are fair and reasonable, on normal commercial terms and in the interests of our Group and our Shareholders as a whole.



## DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors consists of two executive Directors, one non-executive Director and three independent non-executive Directors. The following table sets out the information concerning our Directors and senior management:

| Name                                       | Age | Position                                                 | Date of appointment as Director/Date of joining our Group | Roles and responsibilities                                                                                 | Relationship with other Directors and senior management |
|--------------------------------------------|-----|----------------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| <b>Executive Directors</b>                 |     |                                                          |                                                           |                                                                                                            |                                                         |
| Mr. WONG Che Kin (黃志堅)                     | 52  | Chairman, executive Director and chief executive officer | 14 April 2016/<br>August 1998                             | Formulating corporate strategies, overseeing the overall management of business and operation of our Group | Spouse of Mrs. Wong                                     |
| Ms. WONG Chui Ha Iris (黃翠霞)                | 49  | Executive Director and chief operating officer           | 14 April 2016/<br>June 2003                               | Overseeing the overall management of business and operation of our Group                                   | Spouse of Mr. Wong                                      |
| <b>Non-Executive Director</b>              |     |                                                          |                                                           |                                                                                                            |                                                         |
| Mr. CHEUNG Wai Chi (張蔚志)                   | 56  | Non-executive Director                                   | 10 June 2016                                              | Participating in the formulation of corporate and business strategies                                      | None                                                    |
| <b>Independent Non-Executive Directors</b> |     |                                                          |                                                           |                                                                                                            |                                                         |
| Mr. CHEUNG Yui Kai Warren (張睿佳)            | 49  | Independent non-executive Director                       | 8 November 2016                                           | Providing independent views on management of our Group                                                     | None                                                    |
| Prof. LAI Kin Keung (黎建強)                  | 66  | Independent non-executive Director                       | 8 November 2016                                           | Providing independent views on management of our Group                                                     | None                                                    |
| Mr. LUI Hong Peace (呂康)                    | 58  | Independent non-executive Director                       | 8 November 2016                                           | Providing independent views on management of our Group                                                     | None                                                    |
| Name                                       | Age | Position                                                 | Date of joining our Group                                 | Roles and responsibilities                                                                                 | Relationship with other Directors and senior management |
| <b>Senior Management</b>                   |     |                                                          |                                                           |                                                                                                            |                                                         |
| Ms. WONG Yung Kwan, Lisa (黃雍君)             | 46  | Operation director                                       | March 2010                                                | Supervising the provision of food and beverage of our Viet's Choice Brands restaurants                     | None                                                    |
| Mr. TAI Kwok Pan (戴國斌)                     | 32  | Finance manager                                          | June 2015                                                 | Responsible for overall financial accounting and reporting and corporate finance of our Group              | None                                                    |

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## DIRECTORS AND SENIOR MANAGEMENT

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### DIRECTORS

#### Executive Directors

**Mr. WONG Che Kin (黃志堅)**, aged 52, is our Chairman, executive Director, chief executive officer and one of our Controlling Shareholders. He is also a member of the remuneration committee and nomination committee of our Company. Mr. Wong is one of the founders and one of the initial investors of our Group. He is responsible for our Group's overall corporate strategies, management and business development. Mr. Wong attended a part time course and graduated with a Bachelors of Engineering in food quality and safety from Jinan University in June 2014 and completed a restaurant management course provided by Tao Miao Institute in March 2003.

Mr. Wong has over 25 years of experience in the food and beverage industry since Mr. Wong was involved in the management and operations of Ming Fung Restaurant from February 1988 to late 2002, a Cantonese restaurant owned and operated by his late father through Ming Fung Restaurant Limited. Subsequent to the closing of Ming Fung Restaurant in late 2002 and having attained sufficient industry knowledge, Mr. Wong and Mrs. Wong in June 2003 ventured out and established, through Goody Limited, a food and beverage operation which focused on providing casual dining restaurants targeting the mass market segment. With this in mind, Mr. Wong together with Mrs. Wong established the first Viet's Choice Brand restaurant in Spring Garden Lane in Wan Chai, which opened in August 2003. Ever since, he has been focusing on expanding and establishing our Group's brands in Hong Kong. With the foresight on cost efficiency and standardising the quality of the restaurant chain, Mr. Wong established a food processing centre for our Group in 2009 to incorporate a standardised operating model which has enabled our Group to operate more effectively. As a result of his industry knowledge and vision, our Group has been able to expand our restaurants into 14 districts in Hong Kong. He is the spouse of Mrs. Wong.

Mr. Wong has not been a director of any public companies listed on any securities market in Hong Kong or overseas for the three years immediately preceding the Latest Practicable Date.

**Ms. WONG Chui Ha Iris (黃翠霞)**, aged 49, was appointed as our Director on 14 April 2016 and was re-designated as executive Director and the chief operation officer of our Group on 10 June 2016. Mrs. Wong has approximately 23 years of experience in the food and beverage industry. From January 1993 to late 2002, she worked at Ming Fung Restaurant, a Cantonese restaurant owned and operated by her late father-in-law through Ming Fung Restaurant Limited as the administrator. For details of Ming Fung Restaurant, please refer to the biography of Mr. Wong above. Together with Mr. Wong, she is responsible for the administration and overseeing the overall management of business and operations of our Group and in particular, she is mainly responsible for overseeing our Group's finance and procurement.

Mrs. Wong was a director of Photo Land Limited (照相俱樂部有限公司), a company incorporated in Hong Kong with principal business of providing photography services and it was dissolved by way of deregistration on 22 February 2002. The dissolution was due to cease of business.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mrs. Wong has not been a director of any public companies listed on any securities market in Hong Kong or overseas for the three years immediately preceding the Latest Practicable Date.

### Non-executive Director

**Mr. CHEUNG Wai Chi (張蔚志) (“Mr. WC Cheung”)**, aged 56, was appointed as the non-executive Director of our Company on 10 June 2016. Mr. WC Cheung obtained a Diploma in Legal Executives Studies from Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) in October 1992 and he was admitted as a member of the Institute of Legal Executives in England and Wales in November 1993. Mr. WC Cheung was subsequently admitted as a fellow of the Institute of Legal Executives in England and Wales in March 1995. He obtained the Postgraduate Certificate in Laws (PCLL) from The University of Hong Kong in June 1996 and he was admitted as a solicitor in Hong Kong in January 1998. He has over 18 years of experience in the legal field and is currently a practicing solicitor at Lee Chan Cheng, Solicitors. He has also been appointed as a Civil Celebrant and a China-Appointed Attesting Officer.

Mr. WC Cheung was a director of Newsec Limited (龍迅有限公司), a company incorporated in Hong Kong with principal business of providing secretarial services and it was dissolved by way of deregistration on 9 February 2007. The dissolution was due to cease of business.

Mr. WC Cheung has not been a director of any public companies listed on any securities market in Hong Kong or overseas for the three years immediately preceding the Latest Practicable Date.

### Independent Non-Executive Directors

**Mr. CHEUNG Yui Kai Warren (張睿佳) (“Mr. W. Cheung”)**, aged 49, was appointed as an independent non-executive Director of our Company on 8 November 2016. He is the chairman of the audit committee of our Company. He graduated from University of Southern Queensland with a bachelor’s degree in business in April 1992. He has more than 20 years of corporate finance experience, having held corporate finance related positions in several financial corporations. Mr. W. Cheung joined Standard Chartered Asia Limited in June 1992, where he left his position as a senior manager in September 1995. In between, he was seconded to Standard Chartered Australia Limited from March 1995 to July 1995. From September 1995 to April 2000, Mr. W. Cheung was employed by ABN AMRO Asia Corporate Finance Limited where he left his position as an assistant director in the corporate finance department. From April 2011 to January 2012, Mr. W. Cheung was employed by SMBC Nikko Securities (Hong Kong) Limited as an executive director in the mergers and acquisitions department. From August 2012 to December 2013, Mr. W. Cheung worked at Ping An of China Capital (Hong Kong) Company Limited, and his last position was the head of corporate advisory and head of ECM (equity capital markets). From January 2014 to May 2016, he worked at Great Wall International Corporate Finance Limited as the managing director, responsible officer and head of the investment banking division. In May 2016, Mr. W. Cheung joined First Capital International Finance Limited (whose holding company, China First Capital Group Limited, is listed on the Stock Exchange (stock code: 1269.HK)) as the managing director and head of mergers and acquisitions.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. W. Cheung is a member of the HKICPA. From May 2003 to November 2007, Mr. W. Cheung served as an independent non-executive director of Mei Ah Entertainment Group Limited (stock code: 00391.HK), a company listed on the Stock Exchange. From June 2006 to September 2011, Mr. W. Cheung served as an independent non-executive director of Hisense Kelon Electrical Holdings Company Limited (stock code: 00921.HK and 000921.SZ), a company listed on both the Stock Exchange and the Shenzhen Stock Exchange. Since September 2013, Mr. W. Cheung has been serving as an independent non-executive director of Tenwow International Holdings Limited (stock code: 01219.HK), a company listed on the Stock Exchange.

Save as disclosed in this prospectus, Mr. W. Cheung has not been a director of any public companies listed on any securities market in Hong Kong or overseas for the three years immediately preceding the Latest Practicable Date.

**Professor. LAI Kin Keung (黎建強) (“Prof. Lai”)**, aged 66, was appointed as an independent non-executive Director of our Company on 8 November 2016. He is the chairman of the nomination committee and a member of each of the audit, remuneration and nomination committee of our Company. He obtained the degree of Master of Arts and the degree of Doctor of Philosophy in Civil Engineering from Michigan State University in the United States of America in March 1974 and September 1977, respectively.

Prof. Lai is the founding chairman of the Operational Research Society of Hong Kong. He is a Certified Senior Enterprise Risk Manager of Asia Association of Risk and Crisis Management, a member of the Hong Kong Professionals and Senior Executives Association, a fellow of the Hong Kong Institute of Directors and a fellow of Asia Pacific Industrial Engineering and Management Society. He was the dean of the College of Business Administration at Hunan University from February 2005 to February 2008. Prof. Lai was also a member of the 10th Hunan Provincial Committee of Chinese People’s Political Consultative Conference in January 2008. From July 1985 to August 2016, he served various positions at City University of Hong Kong, including principal lecturer, senior lecturer, associate professor, professor and chair professor of management science. Prof. Lai currently serves as the president of the Asia Association of Risk and Crisis Management and the honorary professor at the Department of Industrial and Manufacturing Systems Engineering of the University of Hong Kong.

Prof. Lai was a director of Union Way Consultants Limited (聯偉顧問有限公司), a company incorporated in Hong Kong which was dissolved by way of deregistration on 6 April 2001. The dissolution was due to the business had never been commenced. Prior to the dissolution, Union Way Consultants Limited has not carried on any business. Since June 2014, Prof. Lai has been serving as an independent non-executive director of Hanbo Enterprises Holdings Limited (stock code: 01367.HK), a company listed in the Stock Exchange. From June 2014 to November 2015, Prof. Lai served as an independent non-executive director of Kate China Holdings Limited (stock code: 08125.HK), a company listed on the Growth Enterprise Market of the Stock Exchange. Since June 2015, Prof. Lai has been serving as an independent non-executive director of Zoomlion Heavy Industry Science and Technology Co., Ltd (stock code: 01157.HK and 000157.SZ), a company listed on both the Stock Exchange and the Shenzhen Stock Exchange.

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## DIRECTORS AND SENIOR MANAGEMENT

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Save as disclosed in the prospectus, Prof. Lai has not been a director of any public companies listed on any securities market in Hong Kong or overseas for the three years immediately preceding the Latest Practicable Date.

**Mr. LUI Hong Peace (呂康)** (“Mr. Lui”), aged 58, was appointed as an independent non-executive Director of our Company on 8 November 2016. He is the chairman of the remuneration committee and a member of each of the audit, remuneration and nomination committee of our Company.

Mr. Lui obtained a degree in Bachelor of Arts from the University of Windsor in Ontario, Canada in June 1983. After graduation from the University of Windsor, Mr. Lui joined the Hong Kong International Computer Company and was employed as a computer marketing researcher from August 1983 to December 1984. From March 1986 to May 1993, Mr. Lui was involved in producing programs for various Hong Kong television broadcasting companies. From March 2004 to March 2007, he worked as the senior manager (head of external relations office) of the Vocational Training Council (“VTC”) in Hong Kong and he was subsequently employed as the general manager with the VTC from February 2010 to February 2012. From 2001 to 2008, Mr. Lui also served as a consultant to provide professional advice in relation to public relations, marketing and promotion for the Chinese Catering Management Programme under the Tiao Miao Nurturing Scheme. The Programme was wholly funded by the Tao Heung Group (稻香集團) and aimed to provide a professional management programme for restaurants, managers and in-service personnel of the Chinese catering industry. From July 2007 to March 2012, Mr. Lui was employed as a part-time consultant in Crystal Jade Culinary Concept Holding (Great China) Limited which serves Chinese cuisine, he then became its full-time consultant from April 2012 to December 2012.

In addition to the above, since November 2012, Mr. Lui has been a columnist in the Headline Daily of Sing Tao Newspaper Group Limited under the name of 章文彬. He was also a food critic columnist in Sky Post for the Hong Kong Economic Times Limited from January 2013 to June 2013. Mr. Lui is a founder and consultant of Britannia Study Link (Asia) Limited (“Britannia Study Link”), which provides education consultancy services. Since January 2015, Mr. Lui became a managing partner of Britannia Study Link. He is also a founder and principal consultant of Ohpama.com, which provides online platform for providing information on education and parenting.

Mr. Lui had not been a director of any company incorporated in Hong Kong prior to its dissolution nor any public companies listed on any securities market in Hong Kong or overseas for the three years immediately preceding the Latest Practicable Date.

Save as disclosed in the prospectus, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; and (ii) had no other relationship with any Directors, senior management or substantial Shareholders of our Company as at the Latest Practicable Date; and (iii) did not have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group. As at the Latest Practicable Date, save as disclosed in the section headed “Substantial Shareholders” and in the section “Further information about our Directors and Substantial Shareholders” in Appendix IV to this prospectus, each of our Directors did not have any interest in our Shares within the meaning of Part XV of the SFO.

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## DIRECTORS AND SENIOR MANAGEMENT

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Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

### SENIOR MANAGEMENT

**Ms. WONG Yung Kwan, Lisa (黃雍君)** (“Ms. Lisa Wong”), aged 46, is one of our Group’s food and beverage operation directors. She joined our Group on 1 March 2010 as human resources manager mainly responsible for the recruitment and management of restaurant staff and she was promoted to operation director in October 2015. She is responsible for day to day supervising the food and beverage operations of our Viet’s Choice line of restaurants. She has over 25 years of experience overseeing staff’s work in the food and beverage business.

Prior to joining our Group, Ms. Lisa Wong was employed by Fulum Group Holdings Limited as a human resources manager from October 2006 to February 2010 where she was responsible for planning and implementing staff training. Ms. Lisa Wong has been awarded the professional certificate in management for the catering industry from the Vocational Training Council in October 2015.

**Mr. TAI Kwok Pan (戴國斌)** (“Mr. Tai”), aged 32, joined our Group in June 2015 as the finance manager and he was appointed as our Company’s company secretary on 10 June 2016. He is mainly responsible for overall financial accounting and reporting and corporate finance of our Group. Mr. Tai obtained a higher diploma in business (accounting) from the University of Hong Kong School of Professional and Continuing Education Community College in September 2004. He graduated from Curtin University of Technology with a Bachelor’s Degree in Commerce (Accounting) in April 2006. Mr. Tai is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since March 2013. From March 2006 to January 2008, Mr. Tai worked for Fok Chan Leung Wan C.P.A. Limited as an audit assistant, and subsequently audit intermediate. He joined H.C. Watt & Company Limited from January 2008 to November 2012 as an audit semi-senior and he was subsequently promoted as an audit supervisor. From January 2013 to February 2015, Mr. Tai was employed by Shun Tak Management Services Group Limited as a financial analyst.

None of our senior management has been a director of any listed entities in the three years immediately preceding the date of this prospectus.

### COMPANY SECRETARY

**Mr. TAI Kwok Pan** is the company secretary of our Company. Details of his qualifications and experience are set out in the paragraph headed “Senior management” above in this section.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules with the exception of code provision A.2.1, which requires the roles of chairman and chief executive be held by different individuals.

#### *Deviation from the Corporate Governance Code*

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wong currently holds both positions. Throughout our business history of over 13 years, Mr. Wong has been holding the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of our Group. Taking into account the consistent leadership within our Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, our Directors (including our independent non-executive Directors) consider that Mr. Wong is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon Listing.

### BOARD COMMITTEES

#### **Audit Committee**

We have established an audit committee on 8 November 2016 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee consists of three independent non-executive Directors: Mr. W. Cheung, Prof. Lai and Mr. Lui. Mr. W. Cheung currently serves as the chairman of the audit committee. The primary responsibilities of the audit committee are to review and supervise our financial reporting process, risk management and internal control systems, which include, among other things:

- reviewing our annual and interim financial statements, earnings releases, critical accounting policies and practices used to prepare financial statements, alternative treatments of financial information, the effectiveness of our disclosure controls and procedures and important trends and developments in financial reporting practices and requirements;
- reviewing the planning and staffing of internal audits, the organisation, responsibilities, plans, results, budget and staffing of our internal audit team and the quality and effectiveness of our internal controls;
- reviewing our risk assessment and management policies; and



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## DIRECTORS AND SENIOR MANAGEMENT

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- establishing procedures for the treatment of complaints received by us regarding accounting, internal controls, auditing matters, potential violations of law and questionable accounting or auditing matters.

### **Remuneration Committee**

We have established a remuneration committee on 8 November 2016 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee of our Company consists of three Directors: Mr. Lui, Prof. Lai and Mr. Wong. Mr. Lui currently serves as the chairman of our Company's remuneration committee. The primary responsibilities of the remuneration committee are to formulate the evaluation standards and conduct evaluation of our Directors and senior management, and to determine, and review the compensation policies and schemes for our Directors and senior management, including, among other things:

- approving and overseeing the total compensation package for our Directors and senior management, evaluating the performance of and determining and approving the compensation to be paid to senior management;
- reviewing and making recommendations to the Board with respect to our Directors' compensation; and
- reviewing and making recommendations to the Board regarding our Company's policy and structure for the remuneration of all Directors and senior management.

### **Nomination Committee**

We have established a nomination committee on 8 November 2016 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee of our Company consists of three Directors: Prof. Lai, Mr. Lui and Mr. Wong. Prof. Lai currently serves as the chairman of the nomination committee. The primary responsibilities of our Company's nomination committee are to formulate the nomination procedures and standards for candidates for Directors and senior management, to conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management.

### **Compliance committee**

We have established a compliance committee on 3 May 2016 with written terms of reference. For details on the compliance committee, please refer to "Business — Legal Proceedings and Compliance".



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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Cinda International Capital Limited as our compliance adviser to provide advisory services to our Company. It is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following matters:

- before the publication of any regulatory announcements, circulars or financial reports;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of compensation paid (salaries and allowances, other benefits, discretionary bonuses and retirement-based scheme contributions) by our Company to our Directors for the three years ended March 2016 and the five months ended 31 August 2016 were HK\$3.1 million, HK\$3.3 million, HK\$3.2 million and HK\$1.4 million, respectively.

The aggregate amount of compensation paid (basic salary, performance-based compensation and retirement-based contribution) by our Company to our Company's five highest paid individuals for the three years ended March 2016 and the five months ended 31 August 2016 were HK\$1.3 million, HK\$1.2 million, HK\$2.1 million and HK\$0.8 million, respectively.

Our executive Directors are also employees of our Company and receive, in their capacity as employees of our Company, compensation in the form of salaries and other allowances and benefits in kind. Our Company reimburses our Directors for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to the operations of our Company.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group. Details of the terms of the service agreements are set out in "C. Further information about our Directors and Substantial Shareholders — 1. Directors' Service Contracts".

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## DIRECTORS AND SENIOR MANAGEMENT

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During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals during the Track Record Period for the loss of office in connection with the management of the affairs of any subsidiary of our Group. Our Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors will be HK\$3.4 million for the year ending 31 March 2017.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period. Save as disclosed in this paragraph headed “Remuneration of Directors and Senior Management”, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Our Directors consider the purpose of the Share Option Scheme is to reward the participants defined under the Share Option Scheme for their past contribution to the success of our Group and to provide incentive to them to further contribute to our Group. The principal terms of the Share Option Scheme are summarised under the section headed “Share Option Scheme” in Appendix IV to this prospectus.

### RETIREMENT BENEFITS SCHEME

Our Group participates in the mandatory provident fund scheme for our employees prescribed by the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong, in Hong Kong. Our Group has paid the relevant contributions in accordance with the aforesaid laws and regulations throughout the Track Record Period and up to the Latest Practicable Date. Save as the aforesaid, we have not participated in any other pension schemes.

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## SHARE CAPITAL

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The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Global Offering (without taking into account the exercise of any of the Adjustment Options or Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme) and the Capitalisation Issue (assuming that none of the Adjustment Options is exercised):

|                                              | <u>Nominal value</u> |
|----------------------------------------------|----------------------|
|                                              | <i>HK\$</i>          |
| <b>Authorised share capital:</b>             |                      |
| <u>1,000,000,000</u> Shares of HK\$0.01 each | <u>10,000,000</u>    |

|                                                                             | <u>Nominal value</u> |
|-----------------------------------------------------------------------------|----------------------|
|                                                                             | <i>HK\$</i>          |
| <b>Shares issued and to be issued, fully paid or credited as fully paid</b> |                      |
| 100      Shares in issue as of the date of this prospectus                  | 1                    |
| 149,999,900      Shares to be issued pursuant to the Capitalisation Issue   | 1,499,999            |
| <u>50,000,000</u> Shares to be issued under the Global Offering             | <u>500,000</u>       |
| <u>200,000,000</u>                                                          | <u>2,000,000</u>     |

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Adjustment Options or pursuant to the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

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## SHARE CAPITAL

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### GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total nominal value of not more than the sum of:

- 1) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any of the Adjustment Options or any options which may be granted under the Share Option Scheme); and
- 2) the total nominal amount of share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.

This general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For further information, see "A. Further Information about our Company — 4. Written resolutions of the Shareholders dated 8 November 2016".

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any of the Adjustment Options or any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. See "A. Further Information about our Company — 6. Repurchase by our Company of its own securities" for a summary of the relevant Listing Rules.

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## SHARE CAPITAL

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This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

See "A. Further Information about our Company — 4. Written resolutions of the Shareholders dated 8 November 2016" for further details.

### SHARE OPTION SCHEME

Pursuant to the written resolutions of the Shareholders dated 8 November 2016, we conditionally adopted the Share Option Scheme. See "D. Share Option Scheme" for a summary of the principal terms of the Share Option Scheme.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Islands Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing special resolution. For further details, see "2. Articles of Association — (c) Alteration of capital".

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For further details, see "2. Articles of Association — (d) Variation of rights of existing shares or classes of shares".

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## SUBSTANTIAL SHAREHOLDERS

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### SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately following completion of the Global Offering (without taking into account the exercise of any of the Adjustment Options or Shares that may be issued upon the exercise of options which may be granted under the Share Option Scheme), the following persons will have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be 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 other member of our Group:

| <p style="text-align: center;"><b>Immediately after the<br/>Global Offering and the Capitalisation Issue<br/>(without taking into account the exercise of<br/>any of the Adjustment Options or Shares that<br/>may be issued upon exercise of options which<br/>may be granted under the Share Option<br/>Scheme)</b></p> |                                                                    |                            |                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------|------------------------------------------------------------------------------|
| <b>Name</b>                                                                                                                                                                                                                                                                                                               | <b>Capacity/ Nature of<br/>interest</b>                            | <b>Number of Shares</b>    | <b>Approximate<br/>percentage of<br/>shareholding in our<br/>Company (%)</b> |
| Mr. Wong                                                                                                                                                                                                                                                                                                                  | Interest of controlled corporation/ family interest <sup>(2)</sup> | 150,000,000 <sup>(L)</sup> | 75                                                                           |
| Mrs. Wong                                                                                                                                                                                                                                                                                                                 | Interest of controlled corporation/ family interest <sup>(3)</sup> | 150,000,000 <sup>(L)</sup> | 75                                                                           |
| Pioneer Vantage                                                                                                                                                                                                                                                                                                           | Beneficial owner <sup>(2)</sup>                                    | 127,500,000 <sup>(L)</sup> | 63.75                                                                        |
| Blaze Forum                                                                                                                                                                                                                                                                                                               | Beneficial owner <sup>(3)</sup>                                    | 22,500,000 <sup>(L)</sup>  | 11.25                                                                        |

(1) The letter “L” denotes the entity’s/person’s long position in our Shares.

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## SUBSTANTIAL SHAREHOLDERS

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- (2) Mr. Wong is the sole shareholder of Pioneer Vantage and he is therefore deemed to be interested in our Shares held by Pioneer Vantage. Mr. Wong is also the spouse of Mrs. Wong and is therefore deemed to be interested in all of our Shares which Mrs. Wong is interested in pursuant to the SFO.
- (3) Mrs. Wong is the sole shareholder of Blaze Forum and she is therefore deemed to be interested in our Shares held by Blaze Forum. Mrs. Wong is also the spouse of Mr. Wong and is therefore deemed to be interested in all of our Shares which Mr. Wong is interested in pursuant to the SFO.

Except as disclosed above, our Directors are not aware of any person who will, immediately following the Global Offering (without taking into account the exercise of any of the Adjustment Options or Shares that may be issued upon the exercise of options which may be granted under the Share Option Scheme) and Capitalisation Issue, have an interest or short position in 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, directly or indirectly, be 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.

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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our audited combined financial information as at and for the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, including the notes thereto, as set out in “Appendix I — Accountant’s Report” to this prospectus. The audited combined financial information has been prepared in accordance with HKFRSs. You should read the Accountant’s Report included as Appendix I to this prospectus in its entirety and not rely merely on the information contained in this section.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those anticipated in the forward-looking statements. Factors that might cause future results to differ significantly from those anticipated in the forward-looking statements as a result of various factors, including those discussed in “Risk Factors” and elsewhere in the prospectus.*

### OVERVIEW

As at 31 December 2015, we operated 22 restaurants under our Viet’s Choice Brands in Hong Kong, and we had the largest number of Vietnamese-style restaurants within the Southeast Asian full-service restaurant segment in Hong Kong for the year ended 31 December 2015, according to the Euromonitor Report. As at the Latest Practicable Date, we operated 20 restaurants under our Viet’s Choice Brands in Hong Kong, of which, three were located on the Hong Kong Island, five were located in Kowloon and the remaining were located in the New Territories, and with a majority of our restaurants located within shopping malls. During the Track Record Period, we operated our restaurants under our Viet’s Choice Brands, namely, our main brand, Viet’s Choice , and sub-brands including Home Viet  and VC Cafe’  .

Our first restaurant operation could be traced back to 2003 when Mr. Wong and Mrs. Wong, through Goody Limited, set up our first Viet’s Choice restaurant in Wan Chai, Hong Kong. At the time, it was in the midst of the economic downturn due to the severe acute respiratory syndrome epidemic in Hong Kong and Mr. Wong believed it was an opportunity to open restaurants targeting the mass-market segment. We then opened our first restaurant in the New Territories in 2003 and our first restaurant in Kowloon in 2004. Since then, we gradually expanded our Vietnamese-style casual dining restaurant chain into other districts in Hong Kong. As at the Latest Practicable Date, we operated restaurants in 14 of the 18 districts in Hong Kong, including Southern, Eastern and Wan Chai districts on the Hong Kong Island, Kwun Tong, Sham Shui Po, Wong Tai Sin and Yau Tsim Mong districts in Kowloon, and Islands, Sai Kung, Sha Tin, Tai Po, Tsuen Wan, Tuen Mun and Yuen Long districts in the New Territories in Hong Kong. We also plan to open three new Viet’s Choice Brands restaurants in the coming two years, including two new restaurants in two new districts.

We believe we are able to grow our business as we have standardised restaurant operations and management procedures for the Viet’s Choice Brands restaurants, and established our food processing centre in 2009 to support the operations of our restaurants. Our standardised restaurant operation procedures cover aspects such as daily operations of our restaurants, procurement of food ingredients



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## FINANCIAL INFORMATION

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and beverages, quality control and food standardisation across all of our Viet's Choice Brands restaurants. With our standardised restaurant operations and management procedures, we plan to leverage on these procedures to broaden our range of restaurant to capture a larger market share in Hong Kong, including opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines full service casual dining restaurants in the next two years.

As for our food processing centre, it can support up to 30 restaurants based on its current capacity. Our food processing centre plays an important role on our restaurant operations. For the five months ended 31 August 2016, over 60% of our food ingredients used at our restaurants were supplied by our food processing centre, which include semi-processed food ingredients such as pre-cut meats, marinated meats and sauce bases. We plan to upgrade and convert part of our food processing centre in order to support our new restaurants, including the French-Vietnamese-style casual dining restaurants and the international cuisines full service casual dining restaurants.

During the Track Record Period, we also operated four *Cha Chaan Teng* restaurants under the brand of Classic Choice. As at 31 August 2016, we closed all of our Classic Choice restaurants as they were underperforming or due to expiry of the lease. We realigned our resources to focus on our operation of Vietnamese-style casual dining restaurants and our future plans as disclosed in “Business — Our Business Strategies”, including to expand our Viet's Choice Brands restaurant network and to broaden our cuisine offerings through opening full-menu Vietnamese-style casual dining restaurants, French-Vietnamese-style casual dining restaurants and international cuisines casual dining restaurants, in order to maximize our market share and profitability.

### BASIS OF PRESENTATION

The combined financial statements of our Group have been prepared in accordance with HKFRSs issued by the HKICPA and have been prepared based on the historical cost convention. The combined financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand unless otherwise indicated. For details, see notes 1.3 and 2.1 of section II of the Accountant's Report in Appendix I to this prospectus.

### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition 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 “Risk Factors” of this prospectus and those set out below:

#### Number of Restaurants in Operation

We generate all of our revenue from the sales of food and beverages at our restaurants. Food and beverages sales are affected by the number of restaurants we operate and the number of operating days of our restaurants, which in turn are affected by the opening and closing of our restaurants.

## FINANCIAL INFORMATION

The following table sets out the number of our restaurants in operation by brand as at the dates indicated:

| Number of restaurants | As at 31 March |           |           | As at<br>31 August |
|-----------------------|----------------|-----------|-----------|--------------------|
|                       | 2014           | 2015      | 2016      | 2016               |
| Viet Choice Brands    | 23             | 23        | 22        | 22                 |
| Classic Choice        | 3              | 2         | 1         | —                  |
| <b>Total</b>          | <b>26</b>      | <b>25</b> | <b>23</b> | <b>22</b>          |

The following table set out the aggregated number of operating days and the weighted average number of our restaurants in operation for the periods indicated:

|                                                                    | For the year ended 31 March |       |       | For the five months<br>ended 31 August |       |
|--------------------------------------------------------------------|-----------------------------|-------|-------|----------------------------------------|-------|
|                                                                    | 2014                        | 2015  | 2016  | 2015                                   | 2016  |
| Aggregated number of operating days of our restaurants             | 8,400                       | 9,200 | 8,160 | 3,370                                  | 3,400 |
| Weighted average number of restaurants in operation <sup>(1)</sup> | 23.0                        | 25.3  | 22.3  | 22.0                                   | 22.2  |

*Note:*

- (1) For illustrative purpose only, the weighted average number of restaurants in operation during the year or period is the number of restaurants in operation during the relevant year or period, weighted by the number of operation days of the relevant restaurant divided by number of days in the corresponding year or period.

For details of opening and closing of restaurants during the Track Record Period and up to the Latest Practicable Date, see “Business — Our Restaurants — Our restaurant network” in this prospectus for details.

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## FINANCIAL INFORMATION

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We set out below information on revenue and number of restaurants for our restaurants in operation throughout each period indicated, restaurants newly opened and restaurants closed during the relevant period:

|                                                 | <b>Restaurants in<br/>operation<br/>throughout the<br/>period</b> | <b>Restaurants<br/>newly opened<br/>during the<br/>period</b> | <b>Restaurants<br/>closed during<br/>the period<sup>(2)</sup></b> | <b>Total</b> |
|-------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------|--------------|
| <b>For the year ended 31 March 2014</b>         |                                                                   |                                                               |                                                                   |              |
| Number of restaurants                           | 21                                                                | 5                                                             | 1                                                                 | 27           |
| Revenue (HK\$'000)                              | 163,250                                                           | 17,241                                                        | 831                                                               | 181,322      |
| Percentage of revenue                           | 90.0%                                                             | 9.5%                                                          | 0.5%                                                              | 100.0%       |
| <b>For the year ended 31 March 2015</b>         |                                                                   |                                                               |                                                                   |              |
| Number of restaurants                           | 21                                                                | 4                                                             | 5                                                                 | 30           |
| Revenue (HK\$'000)                              | 183,368                                                           | 15,697                                                        | 11,013                                                            | 210,078      |
| Percentage of revenue                           | 87.3%                                                             | 7.5%                                                          | 5.2%                                                              | 100.0%       |
| <b>For the year ended 31 March 2016</b>         |                                                                   |                                                               |                                                                   |              |
| Number of restaurants                           | 21                                                                | 2 <sup>(1)</sup>                                              | 4                                                                 | 27           |
| Revenue (HK\$'000)                              | 188,787                                                           | 8,481 <sup>(1)</sup>                                          | 3,647                                                             | 200,915      |
| Percentage of revenue                           | 94.0%                                                             | 4.2%                                                          | 1.8%                                                              | 100.0%       |
| <b>For the five months ended 31 August 2016</b> |                                                                   |                                                               |                                                                   |              |
| Number of restaurants                           | 20                                                                | 2                                                             | 3                                                                 | 25           |
| Revenue (HK\$'000)                              | 80,013                                                            | 4,694                                                         | 1,487                                                             | 86,194       |
| Percentage of revenue                           | 92.8%                                                             | 5.5%                                                          | 1.7%                                                              | 100.0%       |

*Notes:*

(1) Included revenue of approximately HK\$46,000 generated from VCTA having operated for three days during the year ended 31 March 2016 without the general restaurant licence, but not included in number of restaurants newly opened during the period, as the restaurant was officially opened in April 2016. See “Business — Legal Proceedings and Compliance — Non-Compliance Matters” for further details.

(2) See “Business — Our Restaurants — Our restaurant network” for details of the reasons for our restaurants’ closures.

Along with the revenue generated from sale of food and beverages, our daily operations of restaurants incur operating costs and expenses. Hence, the number of restaurants in operation, opening and closing of restaurants during the year, and the number of operation days of our restaurants will directly affect our overall result of operations.

## FINANCIAL INFORMATION

### Comparable Restaurant Sales

Our revenue and profitability is affected by the performance of our restaurants in operations throughout each period. Comparable restaurant sales, which exclude contribution and impacts from the opening and closing of restaurants, provide a more meaningful period-to-period comparison of our restaurants' performance. We define comparable restaurants as restaurants that were operating throughout the years or periods under comparison. For example, the comparable restaurants for the years ended 31 March 2014 and 2015 were restaurants that were open throughout both the year ended 31 March 2014 and 2015. We set out below information relevant to our comparable restaurant sales during the Track Record Period:

|                                                                                                | For the year ended 31 March |                |                |                | For the five months ended 31 August |               |
|------------------------------------------------------------------------------------------------|-----------------------------|----------------|----------------|----------------|-------------------------------------|---------------|
|                                                                                                | 2014                        | 2015           | 2015           | 2016           | 2015                                | 2016          |
| <b>Number of comparable restaurants</b>                                                        |                             |                |                |                |                                     |               |
| Viet's Choice Brands                                                                           |                             | 15             |                | 17             |                                     | 18            |
| Classic Choice                                                                                 |                             | <u>1</u>       |                | <u>—</u>       |                                     | <u>—</u>      |
| <i>Total number</i>                                                                            |                             | <u>16</u>      |                | <u>17</u>      |                                     | <u>18</u>     |
| <b>Comparable restaurant sales (HK\$'000)</b>                                                  |                             |                |                |                |                                     |               |
| Viet's Choice Brands                                                                           | 132,207                     | 140,755        | 157,833        | 162,855        | 75,585                              | 73,895        |
| Classic Choice                                                                                 | <u>3,785</u>                | <u>3,890</u>   | <u>—</u>       | <u>—</u>       | <u>—</u>                            | <u>—</u>      |
| <i>Total sales</i>                                                                             | <u>135,992</u>              | <u>144,645</u> | <u>157,833</u> | <u>162,855</u> | <u>75,585</u>                       | <u>73,895</u> |
| <b>Daily average revenue per comparable restaurant (HK\$'000)</b>                              |                             |                |                |                |                                     |               |
| Viet's Choice Brands                                                                           | 24                          | 26             | 25             | 26             | 27                                  | 27            |
| Classic Choice                                                                                 | 10                          | 11             | —              | —              | —                                   | —             |
| <i>Overall daily average revenue</i>                                                           | 23                          | 25             | 25             | 26             | 27                                  | 27            |
| <b>Percentage increase/(decrease) of comparable restaurant sales during comparable periods</b> |                             |                |                |                |                                     |               |
| Viet's Choice Brands                                                                           |                             | 6.5%           |                | 3.2%           |                                     | (2.2)%        |
| Classic Choice                                                                                 |                             | 2.8%           |                | —              |                                     | —             |
| <i>Overall increase/(decrease)</i>                                                             |                             | 6.4%           |                | 3.2%           |                                     | (2.2)%        |

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The increase in comparable restaurant sales by 6.4% from HK\$136.0 million for the year ended 31 March 2014 to HK\$144.6 million for the year ended 31 March 2015 was primarily due to (i) an increase in number of guests and average check per guest of the comparable restaurants for the year ended 31 March 2015; and (ii) we temporarily suspended the operation for two of our top five sales performance restaurants, namely VCCP and VCPH, for a total of 39 days during the year ended 31 March 2014 for renovation whereas we only temporarily suspended the operation of one restaurant, namely VCNJ, for 11 days during the year ended 31 March 2015 for renovation. Although we had on average renovated one to two restaurants during each of the financial years in the Track Record Period with an average of 16 days of operation suspension for renovation work, the suspension of operations of VCCP and VCPH during the year ended 31 March 2014 imposed a more significant effect to our comparable restaurant sales in that year as they were temporarily suspended for more number of operating days in total for the renovations and they were our top five sales performance restaurants during the period under comparison. The increase in comparable restaurant sales by 3.2% from HK\$157.8 million for the year ended 31 March 2015 to HK\$162.9 million for the year ended 31 March 2016 was primarily due to slight increase in our menu pricing in February 2015 that contributed to an increase in the average check per guest of comparable restaurant for the year ended 31 March 2016. The decrease in comparable restaurant sales by 2.2% from HK\$75.6 million for the five months ended 31 August 2015 to HK\$73.9 million for the five months ended 31 August 2016 was primarily a result of the decrease in guest count of our comparable restaurants by 3.4% due to (i) the downturn in the Hong Kong retail and tourism sectors; and (ii) the Easter holidays in 2016 fell in the month of March, and therefore our financial results for the five months ended 31 August 2016 did not benefit from the higher guest traffic during the Easter holidays in 2016, unlike in the corresponding period in 2015 when the Easter holidays fell in the month of April.

### *Guest Traffic and Average Check per Guest*

Our business is significantly affected by changes in guest traffic and average check per guest. We recorded the guest count during the Track Record Period through our point-of-sale (POS) system installed in each of our restaurants. We calculated the average check per guest based on the total revenue divided by the estimated number of guests of the comparable restaurants in the relevant period. Guest traffic and average check per guest at our restaurants are affected by, among other things, changes in consumer tastes, preferences and discretionary spending, and our menu prices.

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We set out below the estimated guest count, seat turnover rate and average check per guest of our comparable restaurants during the Track Record Period:

|                                                                   | For the year ended 31 March |              |              |              | For the five months ended 31 August |                    |
|-------------------------------------------------------------------|-----------------------------|--------------|--------------|--------------|-------------------------------------|--------------------|
|                                                                   | 2014                        | 2015         | 2015         | 2016         | 2015                                | 2016               |
| <b>Number of comparable restaurants</b>                           |                             |              |              |              |                                     |                    |
| Viet's Choice Brands                                              |                             | 15           |              | 17           |                                     | 18                 |
| Classic Choice                                                    |                             | 1            |              | —            |                                     | —                  |
| <i>Total number</i>                                               |                             | <u>16</u>    |              | <u>17</u>    |                                     | <u>18</u>          |
| <b>Estimated guest count of comparable restaurants ('000)</b>     |                             |              |              |              |                                     |                    |
| Viet's Choice Brands                                              | 2,470                       | 2,537        | 2,842        | 2,775        | 1,297                               | 1,252              |
| Classic Choice                                                    | 100                         | 105          | —            | —            | —                                   | —                  |
| <i>Total estimated guest count</i>                                | <u>2,570</u>                | <u>2,642</u> | <u>2,842</u> | <u>2,775</u> | <u>1,297</u>                        | <u>1,252</u>       |
| <b>Seat turnover rate of comparable restaurants<sup>(1)</sup></b> |                             |              |              |              |                                     |                    |
| Viet's Choice Brands                                              | 5.5                         | 5.6          | 5.6          | 5.4          | 5.7 <sup>(2)</sup>                  | 5.4 <sup>(2)</sup> |
| Classic Choice                                                    | 4.7                         | 5.0          | —            | —            | —                                   | —                  |
| <i>Overall seat turnover rate</i>                                 | 5.5                         | 5.5          | 5.6          | 5.4          | 5.7                                 | 5.4                |
| <b>Average check per guest of comparable restaurants (HK\$)</b>   |                             |              |              |              |                                     |                    |
| Viet's Choice Brands                                              | 54                          | 56           | 56           | 59           | 59                                  | 59                 |
| Classic Choice                                                    | 38                          | 37           | —            | —            | —                                   | —                  |
| <i>Overall average check per guest</i>                            | 53                          | 54           | 56           | 59           | 59                                  | 59                 |

*Note:*

- (1) Seat turnover rate equals guest count during a period divided by seating capacity of the relevant restaurants and further divided by the number of operating days in the relevant period. Seating capacities of our restaurants are based on the standard number of seats of each restaurant only and does not take into account our occasional seating adjustments to accommodate any temporary upswing in guest traffic, such as the significantly increased guest traffic at some of our restaurants around the public holidays. However, the Directors consider that such temporary adjustment is sufficiently insignificant and would not affect the reliability of the seat turnover rate in the table above.
- (2) The seat turnover rate of comparable restaurants excludes VCHP as it is a food stall that we operate inside a shopping mall's food court and the dining area used by our customers is shared with customers of other restaurant operators in the same food court.

During the Track Record Period, the seat turnover rate of our comparable restaurants was relatively stable at around 5.4 to 5.7 turns a day.

During the Track Record Period, the average check per guest of our comparable restaurants increased which we believe was primarily due to increases in our menu pricing and our continuous promotion efforts.

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### Staff Costs

Our business is highly service-oriented, which in turn requires us to attract, motivate and retain qualified employees, including restaurant managers, kitchen staff and waiting staff. As at 31 August 2016, we had a total of 333 employees and staff costs has been and will continue to be a major component affecting our results of operations. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our staff costs was HK\$52.0 million, HK\$58.4 million, HK\$54.4 million and HK\$23.8 million, respectively, representing 28.7%, 27.8%, 27.1% and 27.6% of our revenue, respectively.

Any change to the level of employee compensation in the market, for example, the adjustment in statutory minimum wage, will have a direct impact on our results of operations. Our staff cost may increase in future and if we could not transfer such increment to our customers, our profitability and results of operations may be adversely affected. See also “Risk Factors — Risk relating to our Business — Minimum wage requirements in Hong Kong may further increase and impact our staff costs in the future” for further details.

For illustrative purpose, we set out below a sensitivity analysis which illustrates the impact of hypothetical fluctuations of staff costs on our profit/loss for the periods indicated:

| <b>Hypothetical fluctuations</b>                                     | <b>-15%</b>     | <b>-10%</b>     | <b>-5%</b>      | <b>+5%</b>      | <b>+10%</b>     | <b>+15%</b>     |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                      | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <b>Change in staff costs</b>                                         |                 |                 |                 |                 |                 |                 |
| For the year ended 31 March 2014                                     | (7,798)         | (5,199)         | (2,599)         | 2,599           | 5,199           | 7,798           |
| For the year ended 31 March 2015                                     | (8,755)         | (5,837)         | (2,918)         | 2,918           | 5,837           | 8,755           |
| For the year ended 31 March 2016                                     | (8,162)         | (5,442)         | (2,721)         | 2,721           | 5,442           | 8,162           |
| For the five months ended 31 August 2016                             | (3,572)         | (2,381)         | (1,191)         | 1,191           | 2,381           | 3,572           |
| <b>Change in profit/(loss) and other comprehensive income/(loss)</b> |                 |                 |                 |                 |                 |                 |
| For the year ended 31 March 2014                                     | 6,542           | 4,362           | 2,181           | (2,181)         | (4,362)         | (6,542)         |
| For the year ended 31 March 2015                                     | 7,345           | 4,897           | 2,448           | (2,448)         | (4,897)         | (7,345)         |
| For the year ended 31 March 2016                                     | 6,791           | 4,527           | 2,264           | (2,264)         | (4,527)         | (6,791)         |
| For the five months ended 31 August 2016                             | 5,342           | 3,562           | 1,781           | (1,781)         | (3,562)         | (5,342)         |

### Property Rentals and Related Expenses

As at the Latest Practicable Date, we leased all of the properties for our restaurants, food processing centre and office. We are accordingly exposed to market fluctuations of property rentals.

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For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, our property rentals and related expenses amounted to HK\$40.7 million, HK\$49.5 million, HK\$48.2 million and HK\$21.6 million, respectively, representing 22.5%, 23.5%, 24.0% and 25.1% of our revenue, respectively. Most of our leases for our restaurants include a fixed rent, which is a fixed amount per month, and a contingent rent, which is determined based on certain percentage of the turnover for the month of the relevant restaurant if the turnover exceeds a certain amount set out in the relevant lease agreement. Since we intend to expand our restaurants network by opening new restaurants on leased properties, we expect our property rental and related expenses for our restaurants will continue to increase in the future. If we could not generate sufficient revenue from our restaurants or effectively transfer the increment in property rentals to our customers, our profitability and results of operations may be adversely affected.

For illustrative purpose, we set out below a sensitivity analysis which illustrates the impact of hypothetical fluctuations on property rentals and related expenses on our profit/loss for the periods indicated:

| Hypothetical fluctuations                                            | -15%     | -10%     | -5%      | +5%      | +10%     | +15%     |
|----------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|
|                                                                      | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| <b>Change in property rentals and related expenses</b>               |          |          |          |          |          |          |
| For the year ended 31 March 2014                                     | (6,106)  | (4,071)  | (2,035)  | 2,035    | 4,071    | 6,106    |
| For the year ended 31 March 2015                                     | (7,418)  | (4,945)  | (2,473)  | 2,473    | 4,945    | 7,417    |
| For the year ended 31 March 2016                                     | (7,225)  | (4,817)  | (2,408)  | 2,408    | 4,817    | 7,225    |
| For the five months ended 31 August 2016                             | (3,246)  | (2,164)  | (1,082)  | 1,082    | 2,164    | 3,246    |
| <b>Change in profit/(loss) and other comprehensive income/(loss)</b> |          |          |          |          |          |          |
| For the year ended 31 March 2014                                     | 5,123    | 3,415    | 1,708    | (1,708)  | (3,415)  | (5,123)  |
| For the year ended 31 March 2015                                     | 6,223    | 4,149    | 2,074    | (2,074)  | (4,149)  | (6,223)  |
| For the year ended 31 March 2016                                     | 6,011    | 4,008    | 2,004    | (2,004)  | (4,008)  | (6,011)  |
| For the five months ended 31 August 2016                             | 4,856    | 3,237    | 1,619    | (1,619)  | (3,237)  | (4,856)  |

### Cost of Food and Beverages

We regularly purchase food ingredients and beverages at reasonable prices in order to support and maintain the stable operation of our restaurants in Hong Kong. Cost of food and beverages is accordingly a major component of our operating costs. For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, our cost of food and beverages amounted to HK\$47.5 million, HK\$55.1 million, HK\$47.4 million and HK\$19.9 million, respectively, representing 26.2%, 26.2%, 23.6% and 23.1%, respectively, of our revenue. Therefore, any change in the market prices of food and beverages will have a significant and direct impact on our profitability and results of operations.

We purchase most of our food ingredients from local suppliers in Hong Kong. During the Track Record Period, food ingredient prices in Hong Kong have generally increased, according to the



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Euromonitor Report. See “Industry Overview — Food Ingredient Prices” for details of the price trends of the food ingredients at commodity level. In order to control our food ingredients cost, we have implemented stringent cost control measures. See “Business — Raw Materials and Suppliers” for details.

Our cost of food and beverages as a percentage of revenue will continue to be an important indicator of the overall efficiency and profitability of our business operations. We set out below a sensitivity analysis which illustrates the impact of hypothetical fluctuations of cost of food and beverages on our profit/loss for the periods indicated:

| <b>Hypothetical fluctuations</b>                                     | <b>-15%</b>     | <b>-10%</b>     | <b>-5%</b>      | <b>+5%</b>      | <b>+10%</b>     | <b>+15%</b>     |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                                                      | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <b>Change in cost of food and beverages</b>                          |                 |                 |                 |                 |                 |                 |
| For the year ended 31 March 2014                                     | (7,124)         | (4,749)         | (2,375)         | 2,375           | 4,749           | 7,124           |
| For the year ended 31 March 2015                                     | (8,261)         | (5,507)         | (2,754)         | 2,754           | 5,507           | 8,261           |
| For the year ended 31 March 2016                                     | (7,114)         | (4,743)         | (2,371)         | 2,371           | 4,743           | 7,114           |
| For the five months ended 31 August 2016                             | (2,984)         | (1,990)         | (995)           | 995             | 1,990           | 2,984           |
| <b>Change in profit/(loss) and other comprehensive income/(loss)</b> |                 |                 |                 |                 |                 |                 |
| For the year ended 31 March 2014                                     | 5,977           | 3,985           | 1,992           | (1,992)         | (3,985)         | (5,977)         |
| For the year ended 31 March 2015                                     | 6,931           | 4,621           | 2,310           | (2,310)         | (4,621)         | (6,931)         |
| For the year ended 31 March 2016                                     | 5,919           | 3,946           | 1,973           | (1,973)         | (3,946)         | (5,919)         |
| For the five months ended 31 August 2016                             | 4,464           | 2,976           | 1,488           | (1,488)         | (2,976)         | (4,464)         |

### Seasonality

We experience seasonal fluctuations in our revenue. Our monthly revenue during the months of July and August during the Track Record Period was usually higher than those for the remaining months of the year. We believe the reason was primarily due to most of our restaurants were located inside the shopping mall. As the months of July and August are during the summer vacation season, the guest traffic in the shopping malls during those months tends to be higher. As a result, we usually have higher guest counts and revenue during those months as compared to the remaining of the financial year.

### SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Note 2 of section II of the Accountant’s Report in Appendix I to this prospectus sets forth certain significant accounting policies, which are important for understanding our financial condition and results of operations.

Note 4 of section II of the Accountant’s Report in Appendix I to this prospectus sets forth certain critical accounting estimates and judgments, which are continually evaluated and are based on

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historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions.

### RESULTS OF OPERATIONS

The following table sets out our combined statements of comprehensive income for the Track Record Period, extracted from the Accountant's Report in Appendix I to this prospectus:

|                                                                                            | For the year ended 31 March |                 |               |                 |               |                 | For the five months ended<br>31 August |                 |                |                 |
|--------------------------------------------------------------------------------------------|-----------------------------|-----------------|---------------|-----------------|---------------|-----------------|----------------------------------------|-----------------|----------------|-----------------|
|                                                                                            | 2014                        |                 | 2015          |                 | 2016          |                 | 2015                                   |                 | 2016           |                 |
|                                                                                            | HK\$'000                    | % to<br>revenue | HK\$'000      | % to<br>revenue | HK\$'000      | % to<br>revenue | HK\$'000<br>(unaudited)                | % to<br>revenue | HK\$'000       | % to<br>revenue |
| <b>REVENUE</b>                                                                             | 181,322                     | 100.0           | 210,078       | 100.0           | 200,915       | 100.0           | 88,760                                 | 100.0           | 86,194         | 100.0           |
| Other income and gains                                                                     | 1,126                       | 0.6             | 1,076         | 0.5             | 2,390         | 1.2             | 190                                    | 0.2             | 177            | 0.2             |
| Cost of food and beverages                                                                 | (47,494)                    | (26.2)          | (55,072)      | (26.2)          | (47,427)      | (23.6)          | (21,363)                               | (24.1)          | (19,896)       | (23.1)          |
| Staff costs                                                                                | (51,985)                    | (28.7)          | (58,366)      | (27.8)          | (54,416)      | (27.1)          | (22,559)                               | (25.4)          | (23,812)       | (27.6)          |
| Depreciation and amortisation                                                              | (8,109)                     | (4.5)           | (9,549)       | (4.5)           | (8,394)       | (4.2)           | (3,609)                                | (4.1)           | (3,501)        | (4.1)           |
| Property rentals and related<br>expenses                                                   | (40,707)                    | (22.5)          | (49,450)      | (23.5)          | (48,169)      | (24.0)          | (19,546)                               | (22.0)          | (21,643)       | (25.1)          |
| Fuel and utility expenses                                                                  | (5,672)                     | (3.1)           | (6,433)       | (3.1)           | (5,862)       | (2.9)           | (2,592)                                | (2.9)           | (2,551)        | (3.0)           |
| Advertising and marketing<br>expenses                                                      | (482)                       | (0.2)           | (573)         | (0.3)           | (501)         | (0.2)           | (222)                                  | (0.2)           | (200)          | (0.2)           |
| Other operating expenses                                                                   | (8,858)                     | (4.9)           | (9,245)       | (4.4)           | (8,264)       | (4.1)           | (3,269)                                | (3.7)           | (3,549)        | (4.1)           |
| Listing expenses                                                                           | —                           | —               | —             | —               | (1,478)       | (0.8)           | —                                      | —               | (14,677)       | (17.0)          |
| Finance costs, net                                                                         | (93)                        | (0.0)           | (50)          | (0.0)           | (51)          | (0.0)           | (16)                                   | (0.0)           | (18)           | (0.0)           |
| <b>PROFIT/(LOSS) BEFORE<br/>TAXATION</b>                                                   | 19,048                      | 10.5            | 22,416        | 10.7            | 28,743        | 14.3            | 15,774                                 | 17.8            | (3,476)        | (4.0)           |
| Income tax expense                                                                         | (3,067)                     | (1.7)           | (3,611)       | (1.7)           | (4,838)       | (2.4)           | (2,676)                                | (3.0)           | (1,723)        | (2.0)           |
| <b>PROFIT/(LOSS) AND TOTAL<br/>COMPREHENSIVE<br/>INCOME/(LOSS) FOR THE<br/>YEAR/PERIOD</b> | <u>15,981</u>               | <u>8.8</u>      | <u>18,805</u> | <u>9.0</u>      | <u>23,905</u> | <u>11.9</u>     | <u>13,098</u>                          | <u>14.8</u>     | <u>(5,199)</u> | <u>(6.0)</u>    |

### DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF COMPREHENSIVE INCOME

#### Revenue

We generated all of our revenue from the sales of food and beverages at our restaurants in Hong Kong during the Track Record Period, and most of our revenue was generated from our Vietnamese-style casual dining restaurants.

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

|                      | For the year ended 31 March |              |                |              |                |              | For the five months ended<br>31 August |              |               |              |
|----------------------|-----------------------------|--------------|----------------|--------------|----------------|--------------|----------------------------------------|--------------|---------------|--------------|
|                      | 2014                        |              | 2015           |              | 2016           |              | 2015                                   |              | 2016          |              |
|                      | HK\$'000                    | %            | HK\$'000       | %            | HK\$'000       | %            | HK\$'000                               | %            | HK\$'000      | %            |
|                      |                             |              |                |              |                |              | <i>(unaudited)</i>                     |              |               |              |
| Viet's Choice Brands | 169,078                     | 93.2         | 200,948        | 95.7         | 198,598        | 98.8         | 87,466                                 | 98.5         | 85,834        | 99.6         |
| Classic Choice       | 12,244                      | 6.8          | 9,130          | 4.3          | 2,317          | 1.2          | 1,294                                  | 1.5          | 360           | 0.4          |
| <b>Total</b>         | <u>181,322</u>              | <u>100.0</u> | <u>210,078</u> | <u>100.0</u> | <u>200,915</u> | <u>100.0</u> | <u>88,760</u>                          | <u>100.0</u> | <u>86,194</u> | <u>100.0</u> |

For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our top five restaurants contributed 33.3%, 31.1%, 32.4% and 34.0% of our revenue, respectively. All of our top five restaurants were our Vietnamese-style casual dining restaurants.

We generally accept payment by way of cash, smart cards and credit cards, which may vary across different restaurants. The table below sets out the breakdown of our revenue from restaurant operations by types of settlement during the Track Record Period:

|              | For the year ended 31 March |              |                |              |                |              | For the five<br>months ended<br>31 August |              |
|--------------|-----------------------------|--------------|----------------|--------------|----------------|--------------|-------------------------------------------|--------------|
|              | 2014                        |              | 2015           |              | 2016           |              | 2016                                      |              |
|              | HK\$'000                    | %            | HK\$'000       | %            | HK\$'000       | %            | HK\$'000                                  | %            |
| Cash         | 180,478                     | 99.5         | 207,048        | 98.6         | 196,027        | 97.6         | 83,073                                    | 96.4         |
| Credit cards | 844                         | 0.5          | 1,916          | 0.9          | 1,698          | 0.8          | 693                                       | 0.8          |
| Smart cards  | —                           | —            | 1,114          | 0.5          | 3,190          | 1.6          | 2,428                                     | 2.8          |
| <b>Total</b> | <u>181,322</u>              | <u>100.0</u> | <u>210,078</u> | <u>100.0</u> | <u>200,915</u> | <u>100.0</u> | <u>86,194</u>                             | <u>100.0</u> |

### Other Income and Gains

Other income and gains primarily consists of gain on disposal of properties, sale of soup seasoning and sundry income, such as (i) subsidy from our electricity supplier for our restaurants in Kowloon and the New Territories; (ii) recycling income of used cooking oil; and (iii) sponsorships from our suppliers for our annual spring dinner party. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our other income and gains amounted to HK\$1.1 million, HK\$1.1 million, HK\$2.4 million and HK\$0.2 million, respectively.

Our sponsorships from suppliers for our annual spring dinner party amounted to HK\$0.3 million, HK\$0.4 million, HK\$0.3 million and HK\$8,000 for the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, respectively. Our sponsorships from suppliers had no conditions attached to them and were not related to our purchases from our suppliers. Therefore, such sponsorships were not offset against our cost of food and beverages.

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### Cost of Food and Beverages

Our cost of food and beverages primarily consists of cost of all food ingredients and beverages used in our operation. Principal food ingredients and beverages used in our operations are meat and seafood, vegetables, noodles and grocery such as noodle products and herbs. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our cost of food and beverages amounted to HK\$47.5 million, HK\$55.1 million, HK\$47.4 million and HK\$19.9 million, respectively, representing 26.2%, 26.2%, 23.6% and 23.1%, respectively, of our revenue.

### Staff Costs

Our staff costs comprises salary and wages, bonus, retirement benefit scheme contributions, insurance, staff welfare, and provisions for unutilised annual leave and long service payment. As at 31 March 2014, 2015 and 2016 and 31 August 2016, we employed 368, 359, 313 and 333 employees, of which, 87, 103, 94 and 116 were part-time employees at our restaurants, respectively. The monthly average number of employees we employed during the years ended 31 March 2014, 2015 and 2016, and during the five months ended 31 August 2016 was around 313, 350, 314 and 297, respectively. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our staff costs amounted to HK\$52.0 million, HK\$58.4 million, HK\$54.4 million and HK\$23.8 million, respectively, representing 28.7%, 27.8%, 27.1% and 27.6% of our revenue, respectively.

### Property Rentals and Related Expenses

Our property rentals and related expenses primarily consist of rental payments, management fees and government rates of our restaurants, food processing centre and office. For the years ended 31 March 2014, 2015 and 2016, and during the five months ended 31 August 2016, our property rentals and related expenses amounted to HK\$40.7 million, HK\$49.5 million, HK\$48.2 million and HK\$21.6 million, respectively, representing 22.5%, 23.5%, 24.0% and 25.1% of our revenue, respectively.

The following table sets out the breakdown of our property rentals and related expenses for the periods indicated:

|                  | For the year ended 31 March |              |               |              |               |              | For the five months ended<br>31 August |              |               |              |
|------------------|-----------------------------|--------------|---------------|--------------|---------------|--------------|----------------------------------------|--------------|---------------|--------------|
|                  | 2014                        |              | 2015          |              | 2016          |              | 2015                                   |              | 2016          |              |
|                  | HK\$'000                    | %            | HK\$'000      | %            | HK\$'000      | %            | HK\$'000                               | %            | HK\$'000      | %            |
|                  | (unaudited)                 |              |               |              |               |              |                                        |              |               |              |
| Rent             |                             |              |               |              |               |              |                                        |              |               |              |
| Fixed rent       | 33,391                      | 82.0         | 40,739        | 82.4         | 40,000        | 83.0         | 16,020                                 | 82.0         | 17,866        | 82.5         |
| Contingent rent  | 396                         | 1.0          | 339           | 0.7          | 265           | 0.6          | 229                                    | 1.1          | 252           | 1.2          |
|                  | 33,787                      | 83.0         | 41,078        | 83.1         | 40,265        | 83.6         | 16,249                                 | 83.1         | 18,118        | 83.7         |
| Management fees  | 5,481                       | 13.5         | 6,478         | 13.1         | 6,024         | 12.5         | 2,478                                  | 12.7         | 2,681         | 12.4         |
| Government rates | 1,439                       | 3.5          | 1,894         | 3.8          | 1,880         | 3.9          | 819                                    | 4.2          | 844           | 3.9          |
| <b>Total</b>     | <b>40,707</b>               | <b>100.0</b> | <b>49,450</b> | <b>100.0</b> | <b>48,169</b> | <b>100.0</b> | <b>19,546</b>                          | <b>100.0</b> | <b>21,643</b> | <b>100.0</b> |

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## FINANCIAL INFORMATION

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### Depreciation and Amortisation

Our depreciation and amortisation primarily represents depreciation of property, plant and equipment, which comprises land and buildings, leasehold improvements, restaurants and kitchen equipment, computer equipment, furniture and fixtures, office equipment and motor vehicles. For the years ended 31 March 2014, 2015 and 2016, and the five months ended 31 August 2016, our depreciation and amortisation amounted to HK\$8.1 million, HK\$9.5 million, HK\$8.4 million and HK\$3.5 million, respectively, representing 4.5%, 4.5%, 4.2% and 4.1% of our revenue, respectively.

### Fuel and Utility Expenses

Our fuel and utility expenses primarily consist of expenses incurred for gas, electricity and water charges. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our fuel and utility expenses was HK\$5.7 million, HK\$6.4 million, HK\$5.9 million and HK\$2.6 million, respectively, representing for 3.1%, 3.1%, 2.9% and 3.0%, of our revenue, respectively.

### Advertising and Marketing Expenses

Our advertising and marketing expenses primarily represent promotional expenses at shopping malls that our restaurants were located. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our advertising and marketing expenses was HK\$0.5 million, HK\$0.6 million, HK\$0.5 million and HK\$0.2 million, respectively, representing 0.2%, 0.3%, 0.2% and 0.2%, of our revenue, respectively.

### Other Operating Expenses

Our other operating expenses primarily consist of cleaning expenses, consumable expenses, transportation, legal and professional fee and repairs and maintenance expenses. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our other operating expenses accounted for 4.9%, 4.4%, 4.1% and 4.1%, of our revenue, respectively.

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The following table sets out our breakdown of other operating expenses for the periods indicated:

|                                       | For the year ended 31 March |              |              |              |              |              | For the five months ended 31 August |              |              |              |
|---------------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------------------|--------------|--------------|--------------|
|                                       | 2014                        |              | 2015         |              | 2016         |              | 2015                                |              | 2016         |              |
|                                       | HK\$'000                    | %            | HK\$'000     | %            | HK\$'000     | %            | HK\$'000                            | %            | HK\$'000     | %            |
|                                       |                             |              |              |              |              |              | <i>(unaudited)</i>                  |              |              |              |
| Cleaning expenses                     | 1,545                       | 17.4         | 1,651        | 17.9         | 1,614        | 19.5         | 668                                 | 20.4         | 656          | 18.5         |
| Consumables                           | 1,450                       | 16.4         | 1,406        | 15.2         | 1,126        | 13.6         | 388                                 | 11.9         | 531          | 15.0         |
| Transportation costs                  | 1,113                       | 12.6         | 1,341        | 14.5         | 1,431        | 17.3         | 596                                 | 18.2         | 623          | 17.5         |
| Legal and professional fee            | 1,209                       | 13.6         | 1,170        | 12.7         | 734          | 8.9          | 281                                 | 8.6          | 219          | 6.2          |
| Office expenses                       | 992                         | 11.2         | 767          | 8.3          | 865          | 10.5         | 307                                 | 9.4          | 493          | 13.9         |
| Repairs and maintenance               | 961                         | 10.8         | 675          | 7.3          | 749          | 9.1          | 310                                 | 9.5          | 262          | 7.4          |
| Travelling and entertainment          | 879                         | 9.9          | 950          | 10.3         | 699          | 8.5          | 276                                 | 8.4          | 256          | 7.2          |
| Cash collection and delivery expenses | 315                         | 3.6          | 382          | 4.1          | 405          | 4.9          | 161                                 | 4.9          | 205          | 5.8          |
| Licence expenses                      | 216                         | 2.4          | 267          | 2.9          | 183          | 2.2          | 100                                 | 3.1          | 106          | 3.0          |
| Bank charges                          | 115                         | 1.3          | 131          | 1.4          | 196          | 2.3          | 91                                  | 2.8          | 94           | 2.6          |
| Loss on disposal                      | 36                          | 0.4          | 457          | 4.9          | 98           | 1.2          | —                                   | —            | —            | —            |
| Others                                | 27                          | 0.4          | 48           | 0.5          | 164          | 2.0          | 91                                  | 2.8          | 104          | 2.9          |
|                                       | <u>8,858</u>                | <u>100.0</u> | <u>9,245</u> | <u>100.0</u> | <u>8,264</u> | <u>100.0</u> | <u>3,269</u>                        | <u>100.0</u> | <u>3,549</u> | <u>100.0</u> |

### Finance Costs, Net

Our net finance costs primarily consists of interest on our bank loans and finance lease, net of interest income from our bank deposits. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our net finance costs was HK\$93,000, HK\$50,000, HK\$51,000 and HK\$18,000, respectively, representing less than 0.1% of our revenue during the Track Record Period.

### Income Tax Expenses

Income tax expenses represents income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction we operate or domicile. We had no tax payable in tax jurisdiction other than Hong Kong during the Track Record Period. Our operations in Hong Kong are subject to a profit tax rate of 16.5% on estimated assessable profits arising in Hong Kong. For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, our income tax expenses was HK\$3.1 million, HK\$3.6 million, HK\$4.8 million and HK\$1.7 million, respectively. Our effective tax rate for the years ended 31 March 2014, 2015 and 2016 was 16.1%, 16.1% and 16.8%, respectively, while the effective tax rate for the five months ended 31 August 2016 was (49.6)% as our Group recorded loss before income tax in the period.

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Five months ended 31 August 2016 compared to five months ended 31 August 2015

##### *Revenue*

Our revenue decreased slightly by 2.9%, or HK\$2.6 million, from HK\$88.8 million for the five months ended 31 August 2015 to HK\$86.2 million for the five months ended 31 August 2016 whereas the aggregated operating days of our restaurants slightly increased from 3,370 days for the five months ended 31 August 2015 to 3,400 days for the five months ended 31 August 2016. The decrease in revenue was a combined result of:

- the decrease in revenue by HK\$8.0 million attributable to three restaurants closed in April and May 2016 during the five months ended 31 August 2016;
- the decrease in revenue by HK\$3.6 million attributable to four restaurants closed between April 2015 and June 2015 during five months ended 31 August 2015;
- the increase in revenue by HK\$4.7 million attributable to two restaurants opened in April and June 2016 during the five months ended 31 August 2016;
- the increase in revenue by HK\$6.1 million attributable to two restaurants opened subsequent to the five months ended 31 August 2015 in October and November 2015; and
- the decrease in comparable restaurant sales by HK\$1.7 million, or 2.2%, primarily reflected the decrease in guest count of our comparable restaurants by 3.4% due to (i) the downturn in the Hong Kong retail and tourism sectors; and (ii) the Easter holidays in 2016 fell in the month of March, and therefore our financial results for the five months ended 31 August 2016 did not benefit from the higher guest traffic during the Easter holidays, unlike in the corresponding period in 2015 when the Easter holidays fell in the month of April.

##### *Other Income and Gains*

Other income and gains remained relatively stable at HK\$0.2 million for the five months ended 31 August 2015 and 2016.

##### *Cost of Food and Beverages*

Our cost of food and beverages decreased by 7.0%, or HK\$1.5 million, from HK\$21.4 million for the five months ended 31 August 2015 to HK\$19.9 million for the five months ended 31 August 2016, which was primarily due to (i) the decrease in revenue during the period; and (ii) the decrease in our procurement costs of certain major food ingredients, such as frozen meat, during the period which was in line with the decrease in market price based on the information from the Census and Statistics Department of Hong Kong. As a result of the above, our costs of food and beverages as a percentage of revenue slightly decreased from 24.1% for the five months ended 31 August 2015 to 23.1% for the five months ended 31 August 2016.

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### *Staff Costs*

Our staff costs increased by 5.3%, or HK\$1.2 million, from HK\$22.6 million for the five months ended 31 August 2015 to HK\$23.8 million for the five months ended 31 August 2016. Such increase was primarily due to the increase in wage rate of our employees during the period.

### *Depreciation and Amortisation*

Our depreciation and amortisation remained relatively stable at HK\$3.5 million for the five months ended 31 August 2016 as compared to HK\$3.6 million for the five months ended 31 August 2015.

### *Property Rentals and Related Expenses*

Our property rentals and related expenses increased by 10.8%, or by HK\$2.1 million, from HK\$19.5 million for the five months ended 31 August 2015 to HK\$21.6 million for the five months ended 31 August 2016. Such increase was mainly attributable to the increase in monthly rental of our leased properties upon renewal of the relevant leases or new properties we leased for our replacement restaurants. Our property rentals and related expenses accounted for 22.0% and 25.1% of our revenue for the five months ended 31 August 2015 and 2016, respectively.

### *Fuel and Utility Expenses*

Our fuel and utility expenses remained relatively stable at HK\$2.6 million for the five months ended 31 August 2015 and 2016.

### *Advertising and Marketing Expenses*

Our advertising and marketing expenses remained relatively stable at HK\$0.2 million for the five months ended 31 August 2015 and 2016.

### *Other Operating Expenses*

Our other operating expenses increased by 6.1%, or HK\$0.2 million, from HK\$3.3 million for the five months ended 31 August 2015 to HK\$3.5 million for the five months ended 31 August 2016. Such increase was primarily due to (i) an increase in office expenses as we expanded our office in July 2016; and (ii) an increase in consumables for our new replacement restaurants opened during the period.

### *Listing Expenses*

Our listing expenses amounted to HK\$14.7 million for the five months ended 31 August 2016 as compared to nil for the five months ended 31 August 2015 due to expenses incurred during the period in preparation of the Listing.



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### *Finance Costs, Net*

Our net finance costs remained relatively stable at HK\$16,000 and HK\$18,000 for the five months ended 31 August 2015 and 2016, respectively.

### *Income Tax Expense*

Our income tax expense decreased by 37.0%, or HK\$1.0 million, from HK\$2.7 million for the five months ended 31 August 2015 to HK\$1.7 million for the five months ended 31 August 2016. The decrease was primarily due to the decrease in our profit before taxation, excluding the listing expenses, by HK\$4.6 million.

Our effective tax rate was 17.0% for the five months ended 31 August 2015 but (49.6)% for the five months ended 31 August 2016, as we recorded loss before taxation of HK\$3.5 million for the five months ended 31 August 2016 mainly due to the listing expenses of HK\$14.7 million incurred in the period.

### *Loss Attributable to Shareholders of our Company*

As a result of the factors discussed above, the profit attributable to owners of our Company decreased by 139.7%, or HK\$18.3 million, from HK\$13.1 million for the five months ended 31 August 2015 to a loss of HK\$5.2 million for the five months ended 31 August 2016. Our net profit margin decreased from 14.8% for the five months ended 31 August 2015 to (6.0)% for the five months ended 31 August 2016 mainly attributable to the listing expenses of HK\$14.7 million incurred during the five months ended 31 August 2016 and the increase in staff costs and property rentals and related expenses as discussed above.

### **Year ended 31 March 2016 compared to year ended 31 March 2015**

#### *Revenue*

Our revenue decreased by 4.4%, or HK\$9.2 million, from HK\$210.1 million for the year ended 31 March 2015 to HK\$200.9 million for the year ended 31 March 2016. Aggregated operating days of our restaurants also decreased, from 9,200 days for the year ended 31 March 2015 to 8,160 days for the year end 31 March 2016. The decreases were a combined result of:

- the decrease in revenue by HK\$21.9 million attributable to four restaurants closed between April 2015 and June 2015 during the year ended 31 March 2016;
- the decrease in revenue by HK\$11.0 million due to five restaurants closed between May 2014 and November 2014 during the year ended 31 March 2015;
- the increase in revenue by HK\$8.4 million from two restaurants opened in October 2015 and November 2015, respectively, during the year ended 31 March 2016;

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## FINANCIAL INFORMATION

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- the increase in revenue by HK\$10.2 million attributable to the full year operations of four restaurants that were opened between August 2014 and October 2014 during the year ended 31 March 2015; and
- the increase in comparable restaurant sales by HK\$5.0 million or 3.2%, which we believe was mainly attributable to the overall increase in our menu pricing in February 2015 and our promotion efforts.

### ***Other Income and Gains***

Other income and gains increased by 118.2%, or HK\$1.3 million, from HK\$1.1 million for the year ended 31 March 2015 to HK\$2.4 million for the year ended 31 March 2016. The increase was primarily due to a gain on disposal of HK\$1.7 million for two properties sold from our Group to a company owned and controlled by our Controlling Shareholders, as part of the Reorganisation in March 2016. These two properties were used as part of our food processing centre during the Track Record Period. Subsequent to the disposal of these properties, we have entered into lease agreements with the company controlled by our Controlling Shareholders and continue to use these properties. See “Continuing Connected Transactions” for details.

### ***Cost of Food and Beverages***

Our cost of food and beverages decreased by 13.9%, or HK\$7.7 million, from HK\$55.1 million for the year ended 31 March 2015 to HK\$47.4 million for the year ended 31 March 2016, which was in line with the decrease in our revenue attributable to the closure of certain restaurants as discussed above. As a percentage of revenue, our costs of food and beverages decreased from 26.2% for the year ended 31 March 2015 to 23.6% for the year ended 31 March 2016, which was mainly attributable to (i) the increase in our menu pricing in February 2015 and (ii) the decrease in our procurement costs of certain major food ingredients, such as frozen meat, which was in line with the decrease in market price based on the information from the Census and Statistics Department of Hong Kong.

### ***Staff Costs***

Our staff costs decreased by 6.8%, or HK\$4.0 million, from HK\$58.4 million for the year ended 31 March 2015 to HK\$54.4 million for the year ended 31 March 2016. Such decrease was primarily due to the decrease in average number of employees from 350 during the year ended 31 March 2015 to 314 during the year ended 31 March 2016 mainly as a result of the closure of certain restaurants during the period.

### ***Depreciation and Amortisation***

Our depreciation and amortisation decreased by 11.6%, or HK\$1.1 million, from HK\$9.5 million for the year ended 31 March 2015 to HK\$8.4 million for the year ended 31 March 2016. Such decrease was primarily due to a decrease in depreciation of our leasehold improvements and restaurants and kitchen equipment which was generally in line with the decrease in the number of our restaurants in operation during the financial year ended 31 March 2016. See also discussion in period-to-period comparison of revenue above for details. Our depreciation and amortisation expenses accounted for 4.5% and 4.2% of our revenue for the years ended 31 March 2015 and 2016, respectively.

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### *Property Rentals and Related Expenses*

Our property rentals and related expenses decreased by 2.6%, or HK\$1.3 million, from HK\$49.5 million for the year ended 31 March 2015 to HK\$48.2 million for the year ended 31 March 2016. Such decrease was mainly attributable to our opening or closure of certain restaurants that resulted in the decrease in aggregated operating days of our restaurants from 9,200 days for the year ended 31 March 2015 to 8,160 days for the year ended 31 March 2016, and partially offset by the increase of monthly rental of four our restaurants during the year ended 31 March 2016. See discussion in period-to-period comparison of revenue above for details. Our property rentals and related expenses accounted for 23.5% and 24.0% of our revenue for the years ended 31 March 2015 and 2016, respectively.

### *Fuel and Utility Expenses*

Our fuel and utility expenses decreased by 7.8%, or HK\$0.5 million, from HK\$6.4 million for the year ended 31 March 2015 to HK\$5.9 million for the year ended 31 March 2016. Such decrease was generally in line with our decrease in revenue mainly attributable to our opening or closure of certain restaurants. See discussion in period-to-period comparison of revenue above for details. Our fuel and utility expenses accounted for 3.1% and 2.9% of our revenue for the years ended 31 March 2015 and 2016, respectively.

### *Advertising and Marketing Expenses*

Our advertising and marketing expenses remained relatively stable at HK\$0.6 million for the year ended 31 March 2015 and HK\$0.5 million for the year ended 31 March 2016.

### *Other Operating Expenses*

Our other operating expenses decreased by 9.8%, or HK\$0.9 million, from HK\$9.2 million for the year ended 31 March 2015 to HK\$8.3 million for the year ended 31 March 2016. Such decrease primarily reflected (i) the decrease in loss on disposal of items of property, plant and equipment by HK\$0.4 million from the early termination of the lease of one restaurant in the year ended 31 March 2015; and (ii) the decrease in legal and professional fees by HK0.4 million.

### *Finance Costs, Net*

Our net finance costs remained relatively stable at HK\$0.1 million for the years ended 31 March 2015 and 2016.

### *Income Tax Expense*

Our income tax expense increased by 33.3%, or HK\$1.2 million, from HK\$3.6 million for the year ended 31 March 2015 to HK\$4.8 million for the year ended 31 March 2016. The increase primarily reflected the increase in our profit before taxation by HK\$6.3 million attributable to factors discussed in the foregoing.

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Our effective tax rate also increased from 16.1% for the year ended 31 March 2015 to 16.8% for the year ended 31 March 2016, which was mainly due to listing expenses of HK\$1.5 million we incurred during the year ended 31 March 2016 that was not deductible for tax purpose and offset by our gain on disposal of properties of HK\$1.7 million which was not subject to tax.

### *Profit Attributable to Shareholders of our Company*

As a result of the factors discussed above, the profit attributable to owners of our Company increased by 27.1%, or HK\$5.1 million, from HK\$18.8 million for the year ended 31 March 2015 to HK\$23.9 million for the year ended 31 March 2016. Our net profit margin improved from 9.0% for the year ended 31 March 2015 to 11.9% for the year ended 31 March 2016 which was mainly attributable to the decrease in our cost of food and beverages by HK\$7.6 million as discussed above; a gain on disposal of properties amounted to HK\$1.7 million; and partially offset by listing expenses of HK\$1.5 million we incurred during the year ended 31 March 2016.

### **Year ended 31 March 2015 compared to year ended 31 March 2014**

#### *Revenue*

Our revenue increased by 15.9%, or HK\$28.8 million, from HK\$181.3 million for the year ended 31 March 2014 to HK\$210.1 million for the year ended 31 March 2015. Aggregated operating days of our restaurants also increased from 8,400 days for the year ended 31 March 2014 to 9,200 days for the year ended 31 March 2015. The increases were primarily a combined result of:

- the increase in revenue by HK\$21.5 million attributable to the full year operations of five restaurants that were opened between August 2013 and January 2014 during the year ended 31 March 2014;
- the increase in revenue by HK\$15.7 million due to four restaurants opened between August 2014 and October 2014 during the year ended 31 March 2015;
- the decrease in revenue by HK\$16.2 million attributable to five restaurants closed between May 2014 and November 2014 during the year ended 31 March 2015;
- the decrease in revenue by HK\$0.8 million from one restaurant closed in May 2013 during the year ended 31 March 2014; and
- the increase in comparable restaurant sales by HK\$8.7 million or 6.4% mainly attributable to (i) the overall increases in number of guests and average check per guest of the comparables restaurants; and (ii) the increase in revenue due to full year operations for the year ended 31 March 2015 of the two restaurants that were temporarily closed for renovation during the year ended 31 March 2014.

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### *Other Income and Gains*

Our other income and gains remained relatively stable at HK\$1.1 million for the years ended 31 March 2014 and 2015.

### *Cost of Food and Beverages*

Our cost of food and beverages increased by 16.0%, or HK\$7.6 million, from HK\$47.5 million for the year ended 31 March 2014 to HK\$55.1 million for the year ended 31 March 2015. Such increase was generally in line with the growth of our revenue mainly attributable to opening or closure of certain of our restaurants. See discussion in period-to-period comparison of revenue above for details. As a percentage of revenue, our cost of food and beverages remained relatively stable at 26.2% and 26.2% for the years ended 31 March 2014 and 2015, respectively.

### *Staff Costs*

Our staff costs increased by 12.3%, or HK\$6.4 million, from HK\$52.0 million for the year ended 31 March 2014 to HK\$58.4 million for the year ended 31 March 2015. Such increase was primarily due to (i) increase of the wage rate of our employees during the year ended 31 March 2015; and (ii) the increase in our average number of employees from 313 for the year ended 31 March 2014 to 350 for the year ended 31 March 2015 as a result of the opening of certain of our restaurants.

### *Depreciation and Amortisation*

Our depreciation and amortisation increased by 17.3%, or HK\$1.4 million, from HK\$8.1 million for the year ended 31 March 2014 to HK\$9.5 million for the year ended 31 March 2015. Such increase was primarily due to purchases of equipment and leasehold improvements for four restaurants we opened during the year ended 31 March 2015, which led to an increase in depreciation of leasehold improvements and restaurants and kitchen equipment. As a percentage of revenue, our depreciation and amortisation remained relatively stable at 4.5% for the years ended 31 March 2014 and 2015.

### *Property Rentals and Related Expenses*

Our property rentals and related expenses increased by 21.6%, or HK\$8.8 million, from HK\$40.7 million for the year ended 31 March 2014 to HK\$49.5 million for the year ended 31 March 2015. Such increase was mainly attributable to opening or closure of certain of our restaurants that resulted in the increase in aggregated operating days of our restaurants from 8,400 days for the year ended 31 March 2014 to 9,200 days for the year ended 31 March 2015. See discussion in period-to-period comparison of revenue above for details. In addition, our monthly rental of six of our restaurants increased during the year ended 31 March 2015. As a result, our property rentals and related expenses accounted for 22.5% and 23.5% of our revenue for the years ended 31 March 2014 and 2015, respectively.

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### *Fuel and Utility Expenses*

Our fuel and utility expenses increased by 12.3%, or HK\$0.7 million, from HK\$5.7 million for the year ended 31 March 2014 to HK\$6.4 million for the year ended 31 March 2015. Such increase was generally in line with our increase in revenue mainly attributable to opening or closure of certain of our restaurants. See discussion in period-to-period comparison of revenue above for details. As a percentage of revenue, our fuel and utility expenses remained stable at 3.1% for the years ended 31 March 2014 and 2015.

### *Advertising and Marketing Expenses*

Our advertising and marketing expenses remained relatively stable at HK\$0.5 million for the year ended 31 March 2014 and HK\$0.6 million for the year ended 31 March 2015.

### *Other Operating Expenses*

Our other operating expenses increased by 3.4% or HK\$0.3 million, from HK\$8.9 million for the year ended 31 March 2014 to HK\$9.2 million for the year ended 31 March 2015. Such increase primarily reflected (i) the increase in loss on disposal by HK\$0.4 million as a result of the early termination of the lease of one of our restaurants before the end of the useful life of the leasehold improvements and restaurant and kitchen equipment in such restatement; (ii) the increase in transportation costs and cleaning expenses respectively by HK\$0.2 million and HK\$0.1 million attributable to the increase in number of restaurants; (iii) the decrease in office expenses by HK\$0.2 million due to certain computer equipment purchased during the year ended 31 March 2014; and (iv) the decrease in repair and maintenance by HK\$0.3 million due to the expenses incurred for the renovation of our restaurants during the year ended 31 March 2014.

### *Finance Costs, Net*

Our net finance costs remained relatively stable at HK\$0.1 million for the years ended 31 March 2014 and 2015.

### *Income Tax Expense*

The income tax expense increased by 16.1%, or HK\$0.5 million, from HK\$3.1 million for the year ended 31 March 2014 to HK\$3.6 million for the year ended 31 March 2015. The increase primarily reflected the increase in our profit before taxation by HK\$3.4 million attributable to factors as discussed above. Our effective tax rate remained stable at 16.1% for the years ended 31 March 2014 and 2015.

### *Profit Attributable to Shareholders of our Company*

As a result of the factors discussed above, the profit attributable to owners of our Company increased by 17.5%, or HK\$2.8 million, from HK\$16.0 million for the year ended 31 March 2014 to HK\$18.8 million for the year ended 31 March 2015. Our net profit margin remained relatively stable at 8.8% and 9.0% for the years ended 31 March 2014 and 2015, respectively.

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### LIQUIDITY AND CAPITAL RESOURCES

#### Financial Resources

Our use of cash primarily relates to our operating activities, capital expenditures, and repayment of bank borrowings. We have historically financed our operation primarily through a combination of capital contribution and advances from our Controlling Shareholders, cash flow generated from our operations, and bank and other borrowings. We were able to repay our obligations when they became due. We did not experience material difficulties in rolling over our banking facilities during the Track Record Period. We currently expect that there will not be any material change in our sources of cash and use of cash, except that we will cease relying on advances from our Controlling Shareholders after the Listing, and additional funds is expected to be available from proceeds of the Global Offering for implementing our future plans as detailed in “Future Plans and Use of Proceeds” in this prospectus.

#### Cash Flow

The following table sets out a summary of our combined cash flows for the periods indicated:

|                                                               | Year ended 31 March |          |          | For the five months ended 31 August |          |
|---------------------------------------------------------------|---------------------|----------|----------|-------------------------------------|----------|
|                                                               | 2014                | 2015     | 2016     | 2015                                | 2016     |
|                                                               | HK\$'000            | HK\$'000 | HK\$'000 | HK\$'000                            | HK\$'000 |
|                                                               |                     |          |          | (unaudited)                         |          |
| Net cash flows generated from operating activities            | 21,464              | 27,270   | 29,466   | 15,759                              | 2,913    |
| Net cash flows used in investing activities                   | (15,590)            | (9,888)  | (7,327)  | (1,738)                             | (2,609)  |
| Net cash flows used in financing activities                   | (3,658)             | (12,355) | (22,604) | (10,846)                            | (6,764)  |
| Net increase/(decrease) in cash and cash equivalents          | 2,216               | 5,027    | (465)    | 3,175                               | (6,460)  |
| Cash and cash equivalents at the beginning of the year/period | 25,884              | 28,100   | 33,127   | 33,127                              | 32,662   |
| Cash and cash equivalents at the end of the year/period       | 28,100              | 33,127   | 32,662   | 36,302                              | 26,202   |

#### *Net cash flows generated form operating activities*

We derived our cash flows from operating activities principally from our restaurants operations. Our working capital requirements were mainly used to purchase food ingredients, and to pay our lease obligations and staff costs. Net cash flows from operating activities comprised profit before tax adjusted for non-cash items, such as depreciation and amortisation, and the effect of changes in working capital.



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## FINANCIAL INFORMATION

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Net cash flows generated from operating activities amounted to HK\$2.9 million for the five months ended 31 August 2016, was a combined result of HK\$43,000 of cash generated from operations before working capital change, interest received of HK\$14,000, net profit tax paid of HK\$76,000 and change in working capital of HK\$2.9 million. The change in our working capital primarily reflected (i) a HK\$5.2 million increase in other payables and accruals; (ii) a HK\$3.1 million increase in prepayments, deposits and other receivable; (iii) the decrease in inventories of HK\$0.4 million; and (iv) the increase in trade payables of HK\$0.4 million.

Net cash flows generated from operating activities amounted to HK\$29.5 million for the year ended 31 March 2016, was a combined result of HK\$35.6 million of cash generated from operations before working capital change, interest received of HK\$33,000, net profits tax paid of HK\$4.8 million and change in working capital of HK\$1.4 million. The change in our working capital primarily reflected (i) a HK\$1.6 million increase in prepayments, deposits and other receivables; (ii) decrease in trade payables of HK\$0.1 million; and (iii) a HK\$0.4 million increase in other payables and accruals.

Net cash flows generated from operating activities amounted to HK\$27.3 million for the year ended 31 March 2015, was a combined result of HK\$32.5 million of cash generated from operations before working capital change, interest received of HK\$32,000, net profits tax paid of HK\$3.8 million and change in working capital of HK\$1.4 million. The change in our working capital primarily reflected (i) a HK\$0.7 million increase in prepayments, deposits and other receivables; (ii) a HK\$0.7 million decrease in trade payables; (iii) a HK\$0.3 million decrease in other payables and accruals; (iv) a HK\$0.4 million increase in amount due to a related company; and (v) an increase in inventories of HK\$0.1 million.

Net cash flows generated from operating activities amounted to HK\$21.5 million for the year ended 31 March 2014, was a combined result of HK\$27.3 million of cash generated from operations before working capital change, interest received of HK\$24,000, net profits tax paid of HK\$2.2 million and change in working capital of HK\$3.6 million. The change in our working capital primarily reflected (i) a HK\$4.7 million increase in prepayments, deposits and other receivables; (ii) a HK\$1.2 million increase in inventories; (iii) a HK\$1.3 million increase in other payables and accruals; (iv) a HK\$0.1 million decrease in amount due to a related company; and (v) a HK\$1.1 million increase in trade payables.

### *Net cash flows used in investing activities*

Net cash flows used in investing activities amounted to HK\$2.6 million for the five months ended 31 August 2016 was primarily attributable to a HK\$3.2 million purchases of property, plant and equipment and partially offset by HK\$0.5 million decrease in bank deposits with maturity over three months.

Net cash flows used in investing activities amounted to HK\$7.3 million for the year ended 31 March 2016 was primarily attributable to (i) a HK\$0.7 million increase in amount due from a related company; and (ii) a HK\$1.0 million decrease in bank deposit with maturity over three months; (iii) a HK\$1.3 million decrease in restricted cash; partially offset by HK\$9.1 million of purchases of property, plant and equipment.



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## FINANCIAL INFORMATION

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Net cash flows used in investing activities amounted to HK\$9.9 million for the year ended 31 March 2015 was primarily attributable to (i) a HK\$6.8 million of purchases of property, plant and equipment; (ii) HK\$1.5 million advanced to a related company and (iii) a HK\$1.2 million increase in restricted cash.

Net cash flows used in investing activities amounted to HK\$15.6 million for the year ended 31 March 2014, which was primarily attributable to (i) a HK\$12.8 million of purchases of property, plant and equipment; and (ii) HK\$2.2 million advanced to a related company.

### *Net cash flows used in financing activities*

Net cash flows used in financing activities amounted to HK\$6.8 million for the five months ended 31 August 2016 was primarily attributable to (i) repayment of HK\$3.4 million of our outstanding bank loans; and (ii) HK\$3.2 million of listing expenses paid.

Net cash flows used in financing activities amounted to HK\$22.6 million for the year ended 31 March 2016 was primarily attributable to (i) repayment of HK\$25.3 million to our Controlling Shareholders for advances from them partially offset by a HK\$1.7 million advances from our Controlling Shareholders; (ii) repayment of our outstanding bank loan of HK\$2.4 million; and (iii) proceeds from bank loan of HK\$4.0 million.

Net cash flows used in financing activities amounted to HK\$12.4 million for the year ended 31 March 2015 was primarily attributable to (i) repayment of HK\$12.1 million to our Controlling Shareholders for advances from them partially offset by a HK\$0.8 million advances from our Controlling Shareholders; and (ii) repayment of our outstanding bank loans of HK\$1.0 million.

Net cash flows used in financing activities amounted to HK\$3.7 million for the year ended 31 March 2014 was primarily attributable to (i) repayment of our outstanding bank loans of HK\$0.9 million; and (ii) HK\$0.8 million advances from our Controlling Shareholders partially offset by a HK\$3.6 million repayment to our Controlling Shareholders for advances from them.

## FINANCIAL INFORMATION

### Net Current Assets

We recorded net current assets of HK\$20.1 million, HK\$32.8 million, HK\$30.9 million, HK\$25.2 million and HK\$26.8 million as at 31 March 2014, 2015 and 2016, 31 August 2016 and 30 September 2016, respectively. The table below sets out our current assets and current liabilities as of the dates indicated:

|                                                  | As at 31 March |               |               | As at<br>31 August | As at<br>30 September   |
|--------------------------------------------------|----------------|---------------|---------------|--------------------|-------------------------|
|                                                  | 2014           | 2015          | 2016          | 2016               | 2016                    |
|                                                  | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           | HK\$'000<br>(unaudited) |
| <b>CURRENT ASSETS</b>                            |                |               |               |                    |                         |
| Inventories                                      | 2,724          | 2,857         | 2,889         | 2,461              | 2,256                   |
| Prepayments, deposits and other<br>receivables   | 6,132          | 9,312         | 12,978        | 18,624             | 17,819                  |
| Amount due from a related<br>company             | 8,990          | 10,464        | —             | —                  | —                       |
| Current income tax assets                        | 320            | 517           | 943           | 447                | 442                     |
| Bank deposits with maturity<br>over three months | 1,233          | 1,561         | 524           | —                  | —                       |
| Restricted cash                                  | 2,508          | 3,687         | 2,424         | 2,351              | 2,353                   |
| Cash and cash equivalents                        | 28,100         | 33,127        | 32,662        | 26,202             | 28,550                  |
| <b>Total current assets</b>                      | <u>50,007</u>  | <u>61,525</u> | <u>52,420</u> | <u>50,085</u>      | <u>51,420</u>           |
| <b>CURRENT LIABILITIES</b>                       |                |               |               |                    |                         |
| Trade payables                                   | 4,598          | 3,926         | 3,780         | 4,159              | 4,031                   |
| Other payables and accruals                      | 10,803         | 11,604        | 12,876        | 18,071             | 17,690                  |
| Bank borrowings                                  | 2,817          | 1,867         | 3,428         | —                  | —                       |
| Finance lease payables                           | 47             | 50            | 53            | —                  | —                       |
| Amounts due to shareholders                      | 10,173         | 8,897         | —             | —                  | —                       |
| Amount due to a related<br>company               | 827            | 1,197         | —             | —                  | —                       |
| Current income tax liabilities                   | 665            | 1,192         | 1,390         | 2,657              | 2,946                   |
| <b>Total current liabilities</b>                 | <u>29,930</u>  | <u>28,733</u> | <u>21,527</u> | <u>24,887</u>      | <u>24,667</u>           |
| <b>Net current assets</b>                        | <u>20,077</u>  | <u>32,792</u> | <u>30,893</u> | <u>25,198</u>      | <u>26,753</u>           |

Our net current assets increased from HK\$20.1 million as at 31 March 2014 to HK\$32.8 million as at 31 March 2015. The increase was primarily attributable to cash flow we generated from our operations and partially offset by repayment of HK\$12.1 million to our Controlling Shareholders during the year ended 31 March 2015.

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## FINANCIAL INFORMATION

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Our net current assets decreased from HK\$32.8 million as at 31 March 2015 to HK\$30.9 million as at 31 March 2016. The decrease was primarily attributable to dividend of HK\$29.7 million declared and partially offset by cash flow we generated from our operations during the year ended 31 March 2016.

Our net current assets decreased from HK\$30.9 million as at 31 March 2016 to HK\$25.2 million as at 31 August 2016. The decrease was primarily attributable to the increase in accrued listing expenses by HK\$6.0 million.

Based on our unaudited combined financial statements as at 30 September 2016, our net current assets increased from HK\$25.2 million as at 31 August 2016 to HK\$26.8 million as at 30 September 2016 primarily due to net cash flow generated during the period.

### Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including our cash to be generated from operations, available banking facilities and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least next 12 months from the date of this prospectus.

### CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period primarily related to leasehold improvements, and purchases of restaurants and kitchen equipment for our restaurants. Our capital expenditures, primarily representing additions to our property, plant and equipment, amounted to HK\$13.8 million, HK\$7.4 million, HK\$9.7 million and HK\$3.4 million for the years ended 31 March 2014, 2015 and 2016 and for the five months ended 31 August 2016, respectively. We have on average renovated one to two restaurants during each of the financial years in the Track Record Period. During the Track Record Period, we renovated five restaurants and the total amount of renovation costs incurred were HK\$4.3 million. For details, see note 13 in section II of the Accountant's Report as set out in Appendix I to this prospectus.

We expect that our future capital expenditures will increase as we open new restaurants and expand our operations subsequent to the Track Record Period. Our planned capital expenditures for the seven months ending 31 March 2017 and the two years ending 31 March 2019 are HK\$13.6 million, HK\$48.9 million and HK\$25.3 million respectively, of which, HK\$13.6 million, HK\$41.3 million and HK\$6.5 million of the respective period is planned to be funded by net proceeds from the Global Offering and the remainder will be funded by our internal resources. Such planned capital expenditures will be primarily used for property, plant and equipment for the expansion of our restaurant networks in Hong Kong, and to refurbish some of our existing restaurants when we renew our leases. In the event that the actual capital expenditure incurred for our planned expansion exceed the net proceeds that we expect to receive from the Global Offering, we believe we have sufficient internal resources, including cash and cash equivalents, and cash flows derived from operating activities, to finance such expenditures. As at 31 August 2016, we had cash and cash equivalents of HK\$26.2 million.

## FINANCIAL INFORMATION

Our planned capital expenditures for the seven months ending 31 March 2017 and the years ending 31 March 2018 and 2019 are summarised below:

|                                                                       | <b>For the seven<br/>months ending<br/>31 March</b> | <b>For the year ending 31 March</b> |                 |
|-----------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------|-----------------|
|                                                                       | <b>2017</b>                                         | <b>2018</b>                         | <b>2019</b>     |
|                                                                       | <i>HK\$'000</i>                                     | <i>HK\$'000</i>                     | <i>HK\$'000</i> |
| Maintain and expansion of Viet's Choice Brand restaurants             |                                                     |                                     |                 |
| - Opening of five replacement Viet's Choice Brand restaurants         | 7,500                                               | 5,000                               | —               |
| - Opening of three additional Viet's Choice Brand restaurants         | 2,500                                               | 5,000                               | —               |
| - Renovation of four existing restaurants                             | 800                                                 | 2,400                               | —               |
| Broadening of our cuisine offerings                                   |                                                     |                                     |                 |
| - Opening of six full-menu Vietnamese-style casual dining restaurants | 2,800                                               | 8,400                               | 5,600           |
| - Opening of six French-Vietnamese-style casual dining restaurants    | —                                                   | 10,500                              | 10,500          |
| - Opening of six International cuisines casual dining restaurants     | —                                                   | 14,000                              | 7,000           |
| Upgrading and expanding our food processing centre                    | —                                                   | 1,600                               | 1,600           |
| Upgrading our information technology system                           | —                                                   | 2,000                               | 600             |
|                                                                       | <u>13,600</u>                                       | <u>48,900</u>                       | <u>25,300</u>   |

See “Business — Our Business Strategies — Summary of Investment Costs of Our Business Strategies” for further details.

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 various expansion plans.

## FINANCIAL INFORMATION

### CAPITAL COMMITMENTS

Our capital commitments primarily comprised of payment for leasehold improvements. The following table sets out our capital commitments as of the dates indicated:

|                                                            | As at 31 March |          |          | As at<br>31 August |
|------------------------------------------------------------|----------------|----------|----------|--------------------|
|                                                            | 2014           | 2015     | 2016     | 2016               |
|                                                            | HK\$'000       | HK\$'000 | HK\$'000 | HK\$'000           |
| Contracted, but not provided for<br>leasehold improvements | —              | 375      | —        | —                  |

### OPERATING LEASE COMMITMENTS

We leased the premises for our restaurants, office premises and food processing centre (including warehouses) under operating lease arrangements during the Track Record Period. The leases for these properties were negotiated for terms ranging from one to six years.

The table below sets out our future minimum operating lease commitments under non-cancellable operating leases as at the dates indicated:

|                                         | As at 31 March |               |               | As at<br>31 August |
|-----------------------------------------|----------------|---------------|---------------|--------------------|
|                                         | 2014           | 2015          | 2016          | 2016               |
|                                         | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| <b>As lessees</b>                       |                |               |               |                    |
| Within one year                         | 34,821         | 32,113        | 33,579        | 33,999             |
| In the second to fifth years, inclusive | 33,245         | 24,972        | 32,882        | 35,395             |
| Beyond five years                       | 438            | —             | 1,315         | 535                |
|                                         | <u>68,504</u>  | <u>57,085</u> | <u>67,776</u> | <u>69,929</u>      |

## FINANCIAL INFORMATION

### INDEBTEDNESS

The following table sets out a breakdown of our indebtedness as at the dates indicated:

|                                 | As at 31 March |               |              | As at<br>31 August | As at<br>30 September   |
|---------------------------------|----------------|---------------|--------------|--------------------|-------------------------|
|                                 | 2014           | 2015          | 2016         | 2016               | 2016                    |
|                                 | HK\$'000       | HK\$'000      | HK\$'000     | HK\$'000           | HK\$'000<br>(unaudited) |
| Bank borrowings — secured       | 2,817          | 1,867         | 3,428        | —                  | —                       |
| Finance lease payables          | 187            | 140           | 90           | —                  | —                       |
|                                 | 3,004          | 2,007         | 3,518        | —                  | —                       |
| Amounts due to shareholders     | 10,173         | 8,897         | —            | —                  | —                       |
| Amount due to a related company | 827            | 1,197         | —            | —                  | —                       |
|                                 | <u>14,004</u>  | <u>12,101</u> | <u>3,518</u> | <u>—</u>           | <u>—</u>                |

### Bank Borrowings

The following table sets out our bank borrowings as at 31 March 2014, 2015 and 2016, 31 August 2016 and 30 September 2016 due for repayment based on scheduled repayment terms in the relevant loan agreements and without taking into consideration of the effect of any repayment on demand clause:

|                       | As at 31 March |              |              | As at<br>31 August | As at<br>30 September   |
|-----------------------|----------------|--------------|--------------|--------------------|-------------------------|
|                       | 2014           | 2015         | 2016         | 2016               | 2016                    |
|                       | HK\$'000       | HK\$'000     | HK\$'000     | HK\$'000           | HK\$'000<br>(unaudited) |
| Within 1 year         | 950            | 395          | 778          | —                  | —                       |
| Between 1 and 2 years | 395            | 110          | 795          | —                  | —                       |
| Between 2 and 5 years | 340            | 350          | 1,855        | —                  | —                       |
| Over 5 years          | 1,132          | 1,012        | —            | —                  | —                       |
|                       | <u>2,817</u>   | <u>1,867</u> | <u>3,428</u> | <u>—</u>           | <u>—</u>                |

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## FINANCIAL INFORMATION

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The following table sets forth the weighted average interest rates of our bank borrowings as at the dates indicated:

|             | As at 31 March |             |             | As at<br>31 August | As at<br>30 September |
|-------------|----------------|-------------|-------------|--------------------|-----------------------|
|             | 2014           | 2015        | 2016        | 2016               | 2016                  |
|             |                |             |             |                    | (unaudited)           |
| Bank loan — |                |             |             |                    |                       |
| secured     | <u>3.2%</u>    | <u>3.1%</u> | <u>2.3%</u> | <u>N/A</u>         | <u>N/A</u>            |

Proceeds from our bank borrowings were dominated in Hong Kong dollar and were primarily used to finance our working capital requirements and capital expenditure. Our outstanding bank loans as at 31 March 2014, 2015 and 2016 were guaranteed by: (i) unlimited personal guarantee from Mr. Wong as at 31 March 2014, 2015 and 2016; (ii) unlimited personal guarantee from Mrs. Wong as at 31 March 2014 and 2015; (iii) a guarantee granted by the Special Loan Guarantee Scheme operated by the Hong Kong Special Administrative Region (“HKSAR”) Government to the extent of an aggregate amount of HK\$1,600,000 as at 31 March 2014 and 2015 respectively; (iv) first legal mortgage and rental assignment over our Group’s land and buildings as at 31 March 2014 and 2015; and (v) mortgage over land and buildings held by Mr. Wong, Mrs. Wong and Eternal Prosper Pacific Limited as at 31 March 2016. As at 31 August 2016, our bank borrowings secured by the above guarantees had been fully settled and released.

### Finance Lease Payable

Our finance lease liabilities as at 31 March 2014, 2015 and 2016 comprised primarily of a finance lease denominated in Hong Kong dollars at a fixed interest rate of 6.1% for motor vehicles for business use with a lease term of four years. The finance lease was guaranteed by a Controlling Shareholder during the Track Record Period and fully settled in May 2016.

As at 30 September 2016, being the latest practicable date for determining our indebtedness, our Group had unused banking facilities of HK\$6.0 million for (i) an overdraft facility of HK\$2.0 million, and the applicable interest rate is the best lending rate of the bank less 2.35%; and (ii) standby letter of credits and letter of guarantee facilities of HK\$4.0 million, and the applicable interest rate is 0.25% per month for the guaranteed amount. Our Directors confirmed that there has not been any material change in our indebtedness since 1 October 2016 and up to the Latest Practicable Date.

Save as disclosed above, as at 30 September 2016, we did not have any outstanding mortgage, charge, debenture or other loan capital (issued or agreed to be issued), bank overdraft, loan, liability under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantee or other material contingent liability.

## FINANCIAL INFORMATION

### DISCUSSION OF SELECTED ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

#### Inventories

During the Track Record Period, our inventories mainly comprised food and beverages, and other consumable goods used in our operations. The following table sets out information on our inventory balance and inventory turnover days as at the dates or for the periods indicated:

|                                                           | As at/for the year ended 31 March |       |       | As at/for the five months ended 31 August |
|-----------------------------------------------------------|-----------------------------------|-------|-------|-------------------------------------------|
|                                                           | 2014                              | 2015  | 2016  | 2016                                      |
| Food and consumables for restaurant operations (HK\$'000) | 2,724                             | 2,857 | 2,889 | 2,461                                     |
| Inventory turnover days <sup>(1)</sup>                    | 16                                | 18    | 22    | 21                                        |

*Note:*

- (1) Inventory turnover days is calculated using the average balance of inventory divided by the cost of food and beverages multiplied by number of days in the relevant period. Average balance of inventory is the sum of the beginning and ending balances of inventory in the relevant period divided by two.

Our inventories decreased by 13.8%, or HK\$0.4 million, from HK\$2.9 million as at 31 March 2016 to HK\$2.5 million as at 31 August 2016, mainly due to the decrease in purchase of soup seasoning during the five months ended 31 August 2016 after a bulk purchase of soup seasoning made in March 2016. Our inventories remained unchanged at HK\$2.9 million as at 31 March 2015 and as at 31 March 2016. Our inventories increased by 7.4%, or HK\$0.2 million, from HK\$2.7 million as at 31 March 2014 to HK\$2.9 million as at 31 March 2015, mainly due to increase in unit cost of certain food ingredients.

Our inventory turnover days increased from 16 days for the year ended 31 March 2014 to 18 days for the year ended 31 March 2015. Such increase was mainly because we had less restaurants in the beginning of the year ended 31 March 2014 and hence a lower average balance of inventory during the period. Our inventory turnover days then increased to 22 days for the year ended 31 March 2016 which was mainly attributable to a bulk purchase of soup seasoning close to the year ended 31 March 2016 and led to a higher balances of such inventories. Our inventory turnover days slightly decreased from 22 days for the year ended 31 March 2016 to 21 days for the five months ended 31 August 2016, which was due to the decrease in purchase of soup seasoning during the five months ended 31 August 2016 as discussed above.

As at 30 September 2016, HK\$1.4 million or 56.2% of our inventories as at 31 August 2016 were subsequently utilised.



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## FINANCIAL INFORMATION

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### Prepayments, deposits and other receivables

During the Track Record Period, our prepayments, deposits and other receivables primarily represented rental deposits, prepayments of insurance policies and prepayments of rent. Our prepayments, deposits and other receivables amounted to HK\$6.1 million, HK\$9.3 million, HK\$13.0 million and HK\$18.6 million as at 31 March 2014, 2015 and 2016, and 31 August 2016, respectively. The increase in prepayments, deposits and other receivables of 43.1%, or HK\$5.6 million, from HK\$13.0 million as at 31 March 2016 to HK\$18.6 million as at 31 August 2016 was primarily due to (i) an increase of prepaid listing expenses; and (ii) an increase in rental and utilities deposits for renewal of leases and new leases. The increase in prepayments, deposits and other receivables of 39.8%, or HK\$3.7 million, from HK\$9.3 million as at 31 March 2015 to HK\$13.0 million as at 31 March 2016 was primarily due to (i) an increase of rental deposits for the new restaurants opened during the year ended 31 March 2016; and (ii) prepaid listing expenses. The increase in prepayments, deposits and other receivables of 52.5%, or HK\$3.2 million, from HK\$6.1 million as at 31 March 2014 to HK\$9.3 million as at 31 March 2015 was primarily due to an increase in rental and utilities deposits for the new restaurants opened during the year ended 31 March 2015.

### Trade Payables

During the Track Record Period, our trade payables primarily comprised payables for our purchases of food ingredients and beverages. The payment terms for such trade payables are generally 30 days and all our trade payables as at 31 March 2014, 2015, 2016 and 31 August 2016 were aged within 30 days. The following table sets out our trade payables and trade payable turnover days as at the dates and for the periods indicated:

|                                            | As at/for the year ended 31 March |       |       | As at/for the five months ended 31 August |
|--------------------------------------------|-----------------------------------|-------|-------|-------------------------------------------|
|                                            | 2014                              | 2015  | 2016  | 2016                                      |
| Trade payables (HK\$'000)                  | 4,598                             | 3,926 | 3,780 | 4,159                                     |
| Trade payable turnover days <sup>(1)</sup> | 31                                | 28    | 30    | 31                                        |

*Note:*

- (1) Trade payable turnover days is calculated using the average balance of trade payables divided by cost of food and beverages for the period and multiplied by number of days in the relevant period. Average balance of trade payables is the sum of the beginning and ending balances of trade payables in the relevant period and divided by two.

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## FINANCIAL INFORMATION

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Our trade payables decrease by 15.2%, or HK\$0.7 million, from HK\$4.6 million as at 31 March 2014 to HK\$3.9 million as at 31 March 2015, and decreased further by 2.6%, or HK\$0.1 million, to HK\$3.8 million as at 31 March 2016. The decreases primarily reflected changes in the number of our restaurants as at the respective financial year end. Our trade payables increased by 10.5%, or HK\$0.4 million, from HK\$3.8 million as at 31 March 2016 to HK\$4.2 million as at 31 August 2016 mainly due to relatively more procurement we made during our peak season in July and August 2016. Our trade payable turnover days were relatively stable during the Track Record Period.

As at 30 September 2016, all of our trade payables as at 31 August 2016 were fully settled.

### Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily comprised of accrued employee benefit expenses, provision for reinstatement costs of leased properties, provision for effective rental and accrued listing expense. Our other payables and accruals amounted to HK\$13.6 million, HK\$13.9 million, HK\$14.8 million and HK\$20.2 million as at 31 March 2014, 2015 and 2016 and 31 August 2016, respectively. Our other payables and accruals remain relatively stable at HK\$13.6 million and HK\$13.9 million as at 31 March 2014 and 2015, respectively. Our other payables and accruals increased by 6.5%, or HK\$0.9 million, from HK\$13.9 million as at 31 March 2015 to HK\$14.8 million as at 31 March 2016 primarily due to accrued listing expense of HK\$1.0 million. Our other payables and accruals increased by 36.5%, or HK\$5.4 million, from HK\$14.8 million as at 31 March 2016 to HK\$20.2 million as at 31 August 2016 primarily due to increase in accrued listing expenses of HK\$6.0 million.

### Amounts Due To/From Controlling Shareholders and Related Companies

Our amount due from/to our Controlling Shareholders and related companies were unsecured, interest-free and repayable on demand. See note 17 in section II of the Accountant's Report set out in Appendix I to this prospectus for further details. All such balances were fully settled as at the Latest Practicable Date.

### RELATED PARTY TRANSACTIONS

For details of related party transactions, see note 24 to the Accountant's Report in Appendix I to the prospectus. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on terms and conditions mutually agreed by the parties. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results non-reflective in the Track Record Period.

### CONTINGENT LIABILITIES

As at 30 September 2016, we did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since 30 September 2016.

## FINANCIAL INFORMATION

### OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had no material off-balance sheet arrangements.

### KEY FINANCIAL RATIOS

The following table sets out our key financial ratios during the Track Record Period:

|                         |       | As at/for the year ended 31 March |       |       | As at/for the<br>five months<br>ended<br>31 August |
|-------------------------|-------|-----------------------------------|-------|-------|----------------------------------------------------|
|                         | Notes | 2014                              | 2015  | 2016  | 2016                                               |
| Current ratio           | 1     | 1.7                               | 2.1   | 2.4   | 2.0                                                |
| Quick ratio             | 2     | 1.6                               | 2.0   | 2.3   | 1.9                                                |
| Gearing ratio           | 3     | 5.8%                              | 3.3%  | 6.5%  | —                                                  |
| Debt to equity ratio    | 4     | N/A                               | N/A   | N/A   | N/A                                                |
| Return on equity        | 5     | 34.1%                             | 33.7% | 41.7% | (10.0)%                                            |
| Return on total assets  | 6     | 21.0%                             | 21.4% | 28.2% | (6.7)%                                             |
| Interest coverage ratio | 7     | 163.8                             | 274.4 | 343.2 | (107.6)                                            |

Notes:

- (1) Current ratio equals total current assets divided by total current liabilities.
- (2) Quick ratio equals total current assets, net of inventories, divided by total current liabilities.
- (3) Gearing ratio equals total debt divided by total equity and multiplied by 100%. Total debt comprises our bank borrowings and finance lease payables.
- (4) Debt to equity ratio equals net debt divided by total equity. Net debt represents our bank borrowings and finance lease payables less bank deposit with maturity over three months and cash and cash equivalents.
- (5) Return on equity equals net profit for the period divided by average balance of total equity of the relevant period and multiplied by 100%. Average balance is calculated as the sum of the opening and ending balances of the relevant period divided by two.
- (6) Return on total assets equals net profit for the period divided by average balance of total assets of the relevant period. Average balance is calculated as the sum of the opening and ending balances of the relevant period divided by two.
- (7) Interest coverage ratio equals profit before interest and tax divided by interest expense for the period.

### Current Ratio

Our current ratio increased from 1.7 as at 31 March 2014 to 2.1 as at 31 March 2015. The increase was primarily attributable to cash flow we generated from our operations and partially offset by dividend of HK\$10.0 million declared for the year ended 31 March 2015. Our current ratio further

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## FINANCIAL INFORMATION

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increased to 2.4 as at 31 March 2016 which was primarily attributable to (i) cash flow we generated from our operations; (ii) proceeds from disposal of properties; and partially offset by dividend of HK\$29.7 million declared for the year ended 31 March 2016. Our current ratio decreased from 2.4 as at 31 March 2016 to 2.0 as at 31 August 2016 primarily attributable to the increase in accrued listing expenses by HK\$6.0 million.

### Quick Ratio

Our quick ratio was 1.6, 2.0, 2.3 and 1.9 as at 31 March 2014, 2015 and 2016, and 31 August 2016 respectively. The increase in quick ratio was in line with our change in current ratio during the Track Record Period as discussed above.

### Gearing Ratio

Our gearing ratio was 5.8%, 3.3% and 6.5% as at 31 March 2014, 2015 and 2016, respectively. The gearing ratio was relatively low as at 31 March 2015 as we had not drawn down any bank loans during the period while we repaid part of our outstanding bank loans. We had no outstanding debt as at 31 August 2016.

### Debt to Equity Ratio

During the Track Record Period, we had cash and cash equivalents in excess of our bank borrowings and finance lease payables.

### Return on Equity

Our return on equity was 34.1%, 33.7%, 41.7% and (10.0)% for the years ended 31 March 2014, 2015 and 2016 and for the five months ended 31 August 2016, respectively. The relatively higher return on equity for the year ended 31 March 2016 was mainly attributable to dividend of HK\$29.7 million declared and hence a decrease in our equity in the period. We recorded a negative return on equity for the five months ended 31 August 2016 primarily due to a net loss we recorded during the period.

### Return on Total Assets

Our return on total assets was 21.0%, 21.4%, 28.2% and (6.7)% for the years ended 31 March 2014, 2015 and 2016 and for the five months ended 31 August 2016, respectively. The relatively higher return on total assets for the year ended 31 March 2016 was mainly attributable to the increase in our profit for the year ended 31 March 2016. We recorded a negative return on total assets for the five months ended 31 August 2016 primarily due to a net loss recorded during the period.

### Interest Coverage Ratio

Our interest coverage ratio was 163.8, 274.4, 343.2 and (107.6) for the years ended 31 March 2014, 2015 and 2016 and for the five months ended 31 August 2016, respectively. For the years ended

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## FINANCIAL INFORMATION

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31 March 2014, 2015 and 2016, the high interest coverage ratio was primarily due to our low finance costs incurred and the changes in our interest coverage ratio primarily correspond to the changes in our net profit in the period. Our interest coverage for the five months ended 31 August 2016 was not comparable as we recorded a net loss for the period.

### QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

See note 3 of section II of the Accountant's Report in Appendix I to this prospectus for our financial risk factors.

### DIVIDENDS AND DIVIDEND POLICY

For the years ended 31 March 2014, 2015 and 2016, and for the five months ended 31 August 2016, dividends declared and paid to the respective shareholders of members of our Group amounted to HK\$7.0 million, HK\$10.0 million, HK\$29.7 million and nil, respectively. After the completion of the Global Offering, our Shareholders will be entitled to receive dividends only when declared by our Board. Our Directors are of the view that the amount of any dividends to be declared in the future will depend on, among others, our Group's results of operations, cash flows and financial conditions, operating and capital requirements, the amount of distributable profits based on the generally accepted accounting principles in Hong Kong, the applicable laws and regulations and all other relevant factors.

Our Directors intend to recommend dividends which would amount in total to not less than 30% of the net profit from ordinary activities attributable to shareholders of our Company for full financial year subsequent to the Global Offering but subject to, among other things, our operational needs, earnings, financial condition, working capital requirement and future business plans as our Board may deem relevant at such time. Such intention does not amount to any guarantee or representation or indication that our Company must or will declare and pay dividend in such manner or declare and pay any dividend at all. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

### DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 14 April 2016 and had no distributable reserve as at 31 August 2016. As at 31 August 2016, our Group had retained earnings of HK\$48.9 million available for distribution.

### LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and other fees and expenses incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK\$1.91 per Offer Share (being the mid-point of the indicative Offer Price range) and that none of the Adjustment Options is exercised, our total listing expenses is estimated to be approximately HK\$28.0 million, of which approximately HK\$9.8 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of approximately HK\$18.2 million has been or will be reflected in the combined statement of comprehensive income of our Group. Listing expenses of HK\$1.5 million and HK\$14.7 million in relation to services already performed by relevant parties, were reflected in our combined statement

## FINANCIAL INFORMATION

of comprehensive income for the year ended 31 March 2016 and five months ended 31 August 2016, respectively, and HK\$2.0 million of additional listing expenses are expected to be recognised in the combined statement of comprehensive income of our Group subsequent to the Track Record Period. As a result, we recorded a net loss of HK\$5.2 million for the five months ended 31 August 2016. We also expect our results of operations for the year ending 31 March 2017 to be materially and adversely affected by the listing expenses incurred in the period.

### UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is our unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group attributable to our Shareholders as of 31 August 2016 as if the Global Offering had taken place on 31 August 2016.

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 combined net tangible assets of our Group as at 31 August 2016 or at any future dates after the Global Offering. It is prepared based on our audited combined net assets as at 31 August 2016 as set out in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below:

|                                                   | <b>Audited<br/>combined net<br/>tangible assets<br/>of our Group<br/>attributable to<br/>our<br/>Shareholders<br/>as at<br/>31 August<br/>2016<br/>(Note 1)<br/>HK\$'000</b> | <b>Estimated net<br/>proceeds from<br/>the Global<br/>Offering<br/>(Note 2)<br/>HK\$'000</b> | <b>Unaudited<br/>pro forma<br/>adjusted net<br/>tangible assets<br/>of our Group<br/>attributable to<br/>our<br/>Shareholders<br/>as at<br/>31 August<br/>2016<br/>HK\$'000</b> | <b>Unaudited<br/>pro forma<br/>adjusted net<br/>tangible assets<br/>per Share<br/>(Note 3)<br/>HK\$</b> |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Based on the Offer Price of<br>HK\$1.67 per Share | <u>49,188</u>                                                                                                                                                                | <u>72,075</u>                                                                                | <u>121,263</u>                                                                                                                                                                  | <u>0.61</u>                                                                                             |
| Based on the Offer Price of<br>HK\$2.15 per Share | <u>49,188</u>                                                                                                                                                                | <u>95,235</u>                                                                                | <u>144,423</u>                                                                                                                                                                  | <u>0.72</u>                                                                                             |

*Notes:*

- (1) The audited combined net tangible assets attributable to our Shareholders as at 31 August 2016 is extracted from the Accountant's Report in Appendix I to this prospectus, which is based on our audited combined net assets of our Group attributable to our Shareholders as at 31 August 2016 of HK\$49,203,000 with an adjustment for the intangible assets of HK\$15,000.

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## FINANCIAL INFORMATION

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- (2) The estimated net proceeds from the Global Offering are based on 50,000,000 Offer Shares and the indicative Offer Price of HK\$1.67 per Share and HK\$2.15 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\$1,478,000 and HK\$14,677,000 which have been accounted for in the combined statement of comprehensive income for the year ended 31 March 2016 and five months ended 31 August 2016, respectively) and take no account of the Adjustment Options and any Shares that may be allotted and issued upon the exercise options which may be granted under the Share Option Scheme and may be allocated and repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 200,000,000 Shares were in issue assuming that the Global Offering and the Capitalisation Issue have been completed on 31 August 2016 but takes no account of the Adjustment Options and any Shares that may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme and may be allocated and repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (4) No adjustment has been made to reflect any trading results or other transactions we entered into subsequent to 31 August 2016.

### DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirmed that they are not aware of any circumstances that would give rise to a disclosure requirement under Rule 13.11 to 13.19 of the Listing Rules.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, up to the date of this prospectus, (i) there had been no material adverse change in the financial or trading positions or prospects of our Group since 31 August 2016 (being the latest audited combined financial statements of our Group as set up in the Accountant’s Report in Appendix I to this prospectus) ; and (ii) there had been no event since 31 August 2016 which would materially affect the information shown in the Accountant’s Report in Appendix I to this prospectus.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See “Business — Our Business Strategies” for a detailed discussion of our future plans.

### REASONS FOR THE LISTING

The business objective of our Group is to become a leading full-service casual dining restaurant chain operator in Hong Kong by further growth of our operating scale through opening more casual dining restaurants offering different variety of cuisines in order to enhance our market competitiveness and further penetrate into the restaurant industry in Hong Kong. Our Directors believe that the listing of our Shares on the Stock Exchange will facilitate the implementation of our business strategies as stated in “Business — Business Strategies” in this prospectus in order to achieve our business objective as stated above and will further strengthen our market position and expand our market share in the food and beverage market in Hong Kong. Our Directors consider that the Listing is beneficial to our Company and its Shareholders as a whole notwithstanding the substantial expenses involved and the dilution effect to the Controlling Shareholders taking into consideration the reasons below:

- historically, most of our Group’s cash generated from its operation were used on financing the operation of its then existing restaurants as the restaurants business require substantial amount of cash to meet the monthly expenditure on food and beverage, staff costs, property rental and related expenses, utilities and other operating expenses. As such, the additional funding from the net proceeds from the Global Offering enables the Group to implement its business expansion plans and to grow its business at a faster pace;
- a listing status on the Stock Exchange is an efficient and complementary means of advertising our Group and can reinforce our corporate profile, brand awareness and market reputation. Our Directors believe presenting a better brand image to the public will help to increase customers traffic at our Group’s restaurants thus improve profitability. Further, capitalise on a well-established corporate image will facilitate us in venturing into new lines of restaurants and cuisines in the future;
- although our Company had non-current assets of HK\$34.4 million, HK\$30.0 million, HK\$25.7 million and HK\$26.5 million as at 31 March 2014, 2015 and 2016 and 31 August 2016, respectively, representing 40.7%, 32.8%, 32.9% and 34.6%, respectively, of our Group’s total asset, but a substantial portion of them were kitchen equipment, fixture, furniture and leasehold improvement of our Group’s restaurants as well as rental and utilities deposits, which could not be used as collaterals for bank financing. As such, it is difficult for our Group to raise additional funds to finance our future expansion plans through debt financing;



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## FUTURE PLANS AND USE OF PROCEEDS

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- with a listing status on the Stock Exchange, the creditworthiness of our Group will be enhanced which our Directors believe will in turn facilitate the banks to extend financing to us in the future. Moreover, it can also provide our Group with greater bargaining power to negotiate with our suppliers and landlords for better trade terms and lease terms in the future, respectively.
- our Company could establish an efficient and sustainable fund-raising platform through the Listing, thereby enabling us to gain direct access to the capital market for equity and/or debt financing to fund its existing operations and future expansion, which could be instrumental to our expansion and improving our operating and financial performance for maximising shareholder return;
- with a listing status on the Stock Exchange, we believe it will allow us to improve our ability to hire, motivate and retain qualified employees as it will increase the confidence for our employees to work with us. See also “Risk Factors — Our business could be adversely affected by difficulties in recruitment and retention of our employees” for details;
- we believe the Listing will also enable our Company to offer equity-based and publicly tradable shares under the Share Option Scheme to our employees as incentive. As the performance of the Share price will generally relate to our performance, we believe through the incentive scheme, our employees will be more motivated to improve our performance so to create value for our Shareholders;
- the Listing provides an efficient means to reflect the true values of our Group and provide the Shareholders an opportunity to realise the value of their investment in the Shares through a public equity capital market; and
- our Directors believe that through the Listing process and continuous compliance with the Listing Rules requirements, we could instil a more stringent internal control and corporate governance culture to our Group as a whole thus improve the quality of our management to equip our Group for further future growth. Further, a better corporate governance practice also enable investors and the public to have access to timely and transparent information to appraise our Group’s business position and prospects.

### USE OF PROCEEDS

We estimate that we will receive net proceeds of HK\$67.5 million from the Global Offering, (i) assuming that none of the Adjustment Options is exercised; (ii) after deducting the underwriting commissions and other estimated offering expenses payable by us; and (iii) assuming the initial Offer Price is fixed at HK\$1.91 per Offer Share, being the mid-point of the indicated Offer Price range. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set out below:

- (i) approximately 23.3%, or HK\$15.8 million, of the net proceeds will be used to maintain and expand our Viet’s Choice Brands restaurants, of which:

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## FUTURE PLANS AND USE OF PROCEEDS

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- approximately 13.0%, or HK\$8.8 million, of the net proceeds will be used to open five replacement Viet's Choice Brands restaurants;
  - approximately 7.8%, or HK\$5.3 million, of the net proceeds will be used to open three new Viet's Choice Brands restaurants; and
  - approximately 2.5%, or HK\$1.7 million, of the net proceeds will be used to renovate four existing Viet's Choice Brands restaurants;
- (ii) approximately 61.5%, or HK\$41.6 million, of the net proceeds will be used to broaden our cuisine offerings, of which:
- approximately 17.5%, or HK\$11.8 million, of the net proceeds will be used to open six full-menu Vietnamese-style casual dining restaurants;
  - approximately 22.0%, or HK\$14.9 million, of the net proceeds will be used to open six French-Vietnamese-style casual dining restaurants; and
  - approximately 22.0%, or HK\$14.9 million, of the net proceeds will be used to open six international cuisines casual dining restaurants;
- (iii) approximately 3.3%, or HK\$2.2 million, of the net proceeds will be used to upgrade and expand our food processing centre;
- (iv) approximately 2.7%, or HK\$1.8 million, of the net proceeds will be used to upgrade our information and technology systems;
- (v) approximately 1.5%, or HK\$1.0 million, of the net proceeds will be used to broaden the promotion of our brand image and recognition; and
- (vi) approximately 7.7%, or HK\$5.1 million, of the net proceeds will be used for our working capital and general corporate purposes, such as rental deposit for new tenancy to be entered into.

If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering (assuming that none of the Adjustment Options is exercised) will increase or decrease by HK\$11.6 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Offer Price is set at the high-end of the proposed Offer Price range and the Offer Size Adjustment Option or the Over-allotment Option is exercised in full, the net proceeds of the Global Offering will increase by HK\$27.1 million, totalling HK\$94.6 million. In such event, we intend to increase the allocation of the net proceeds to the above purpose on a pro-rata basis. Accordingly, the net proceeds to be applied on our intended use of net proceeds numbered (i) to (v) above will increase

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## **FUTURE PLANS AND USE OF PROCEEDS**

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to HK\$87.4 million and the short fall of HK\$1.9 million compared to our total estimated investment of HK\$89.3 million will be funded by our internal resources. Please refer to the paragraph headed “Business — Summary of investment costs of our business strategies” for details of our estimated investment cost of each of our future expansion plans.

To the extent that the net proceeds are not sufficient to fund the purposes as set out above, we intend to fund the balance through our internal financial sources including cash generated from our operations. Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, it is our present intention that such net proceeds will be deposited into interest-bearing bank accounts with licensed banks and/or financial institutions in Hong Kong.

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## UNDERWRITING

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### SOLE GLOBAL COORDINATOR

Huajin Securities (International) Limited

### SOLE BOOKRUNNER

Huajin Securities (International) Limited

### HONG KONG UNDERWRITER

Huajin Securities (International) Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### (a) Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 5,000,000 Hong Kong Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue, the exercise of the options which may be granted under the Share Option Scheme, and pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option); and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriter has agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement, for the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional.

#### *Grounds for Termination*

The obligations of the Hong Kong Underwriter to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination if prior to 8:00 a.m. on the Listing Date:

(A) there shall develop, occur, exist or come into effect:

- (1) any change or prospective change (whether or not permanent) in the business, earnings, operations, financial position, trading position, or prospects of our Group, or any change in capital stock or long-term debt of our Company or any other member of our Group, which (in any such case) is not set forth or contemplated in this prospectus; or

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## UNDERWRITING

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- (2) any change or development involving a prospective change or development, or any event or series of events resulting or representing or may result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, and inter-bank markets) in or affecting any of Hong Kong, the BVI, the Cayman Islands, the United States, the United Kingdom, any member of the European Union, the PRC, Taiwan, or any other jurisdictions where any member of our Group is incorporated (collectively, the “Relevant Jurisdictions”); or
- (3) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (4) any new law or any change (whether or not forming part of a series of changes) or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (5) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (6) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (7) any event, act or omission which gives rise to or may give rise to any liability of any of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnity contained in the Hong Kong Underwriting Agreement; or
- (8) the imposition or declaration of (i) any suspension or restriction on dealings in shares or securities generally on the Main Board of the Stock Exchange, the Growth Enterprise Market of the Stock Exchange, or any other major international stock exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (9) the imposition of economic, political or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

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## UNDERWRITING

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- (10) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, drought, flooding, severe snow or hail storms, explosion, earthquake, hurricanes, tornadoes, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, radiation or chemical contaminations, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (11) any change or development or event involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” of this prospectus; or
- (12) any change in the system under which the value of the Hong Kong dollar or is linked to that of the United States dollars or a material devaluation of Hong Kong dollars against any foreign currency; or
- (13) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (14) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (15) a prohibition of our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares which may be issued pursuant to the Adjustment Options) pursuant to the terms of the Global Offering; or
- (16) non-compliance of any statement or disclosure of this prospectus or Application Forms or any aspect of the Global Offering with the Listing Rules or any other applicable law; or
- (17) other than with the prior approval of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter), the issue or requirement to issue by our Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (18) an order is made or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

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## UNDERWRITING

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- (19) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (20) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from being a director or taking part in the management of a company; or
- (21) the chairman or chief executive officer or chief financial officer of our Company vacating his or her office; or
- (22) the commencement by any governmental, regulatory, political or judicial body or organisation of any action against a Director or any member of our Group or an announcement by any governmental, regulatory, political or judicial body or organisation that it intends to take any such action; or
- (23) our Company withdraws any of this prospectus or the Application Forms (and/or any other documents used in connection with the contemplated subscription of the Offer Shares); or
- (24) any person (other than the Hong Kong Underwriter) has withdrawn or sought to withdraw its consent to being named in any of this prospectus or the Application Forms and/or any other documents used in connection with the contemplated subscription of the Offer Shares, or to the issue of any such documents,

which, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter):

- (a) has or will or may have a material adverse effect on the business, financial, trading or other condition or prospects of any member of our Group or our Group taken as a whole and/or to any present or prospective shareholder in its capacity as such; or
- (b) has or will or may have a material adverse effect on the success of the Hong Kong Public Offering, the International Offering or the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares; or
- (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Hong Kong Underwriting Agreement, the International Underwriting Agreement, the Hong Kong Public Offering, the International Offering and/or the Global Offering to be performed or implemented as envisaged or (ii) to proceed with or to market the Hong Kong Public Offering, the International Offering and/or the Global Offering on the terms and in the manner contemplated in this prospectus; or

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## UNDERWRITING

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(B) the Hong Kong Underwriter shall become aware of the fact that, or have cause to believe that:

- (1) any of the warranties or undertakings given by our Company, our executive Directors and/or our Controlling Shareholders under the Hong Kong Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Sole Global Coordinator in its sole and absolute discretion or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable; or
- (2) any statement contained in this prospectus, the Application Forms, the formal notice or any announcements or documents issued by our Company in respect of the Hong Kong Public Offering, the International Offering and/or the Global Offering was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if this prospectus, the Application Forms, the formal notice and any announcements or documents issued by our Company in respect of the Hong Kong Public Offering, the International Offering and/or the Global Offering were to be issued at that time, constitute an omission therefrom as determined by the Sole Global Coordinator in its sole and absolute discretion; or
- (3) any forecasts, expressions of opinion, intention or expectation expressed in this Prospectus, at the Application Forms, formal notice and/or any announcements or documents issued by our Company in connection with the Hong Kong Public Offering, the International Offering and/or the Global Offering (including any supplement or amendment thereto) are not fair and honest nor based on reasonable assumptions; or
- (4) there has been a breach on the part of any of our Company, our executive Directors and/or our Controlling Shareholders of any of the provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement as determined by the Sole Global Coordinator in its sole and absolute discretion,

then the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter) may in its sole and absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by written notice to our Company.

### **(b) International Underwriting Agreement**

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriter.

Our Company expects to grant the Offer Size Adjustment Option and the Over-allotment Option to the International Underwriter, exercisable by the Sole Global Coordinator on behalf of the International Underwriter. See “Structure of the Global Offering — Offer Size Adjustment Option” and “Structure of the Global Offering — Over-allotment Option” below for more information.



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## UNDERWRITING

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### (c) Undertakings pursuant to the Hong Kong Underwriting Agreement

#### *Undertakings of our Company*

Except pursuant to the Capitalisation Issue, the Global Offering and the options that may be granted under the Share Option Scheme, during the period commencing on the date of this prospectus and ending on, and including, the date that is six months after the Listing Date (the “First Six-Month Period”), our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Hong Kong Underwriter not to, and to procure each other member of our Group not to, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter (such consent not to be unreasonably withheld or delayed)) and the Sole Sponsor and unless in compliance with the requirements of the Listing Rules:

- (1) offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or
- (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities; or
- (3) enter into any transaction with the same economic effect as any transaction specified in (1) or (2) above; or
- (4) offer or agree to do any foregoing transactions and publicly disclose any intention to effect such transaction,

in each case, whether any of the transactions specified above is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise. In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “Second Six-Month Period”), our Company enters into any of the transactions specified 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. Each of our Controlling Shareholders undertakes to each of the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriter to procure our Company to comply with the undertakings above.

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## UNDERWRITING

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### *Undertakings of our Controlling Shareholders*

Our Controlling Shareholders have also undertaken to each of our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriter that, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriter) and the Sole Sponsor and unless in compliance with the requirements of the Listing Rules:

- (1) he/she/it will not, will procure that none of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, directly or indirectly, (i) offer, pledge, sell, mortgage, assign, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or any interest therein, beneficially owned by him/her/it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) immediately following the completion of the Global Offering, (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities of our Company or any interest therein, (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above or (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (i), (ii) or (iii) above whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the First Six-Month Period;
- (2) he/she/it will not, and will procure that such associate, companies, nominee or trustee will not, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, or any interest therein at any time during the Second Six Month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall result in any of our Controlling Shareholders, directly or indirectly, ceasing to be a controlling shareholder of our Company at any time during the Second Six Month Period; and
- (3) he/she/it shall take all steps to ensure if he/she/it enters into any of the transactions specified in (1) and (2) above, or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

### **(d) Underwriting Commission and Listing Expenses**

The Hong Kong Underwriter will receive an underwriting commission of 3.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong

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## UNDERWRITING

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Underwriting Agreement. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay a placing commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriter and not the Hong Kong Underwriter.

The aggregate commissions and fees (exclusive of any discretionary incentive fees), including the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering, which are currently estimated to be approximately HK\$28.0 million in aggregate (based on an Offer Price of HK\$1.91 per Offer Share, being the mid-point of the stated price range of the Offer Price between HK\$1.67 and HK\$2.15 per Offer Share, and the assumption that none of the Adjustment Options is exercised) are to be borne by our Company.

### **(e) Underwriters' Interests in our Company**

Save for its obligations under the relevant Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

### **(f) Independence of the Sole Sponsor**

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

## **UNDERTAKINGS IN FAVOUR OF THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES**

### **(a) By our Company**

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except pursuant to the Global Offering or for the circumstances prescribed by Rule 10.08 of the Listing Rules.

### **(b) By our Controlling Shareholders**

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have jointly undertaken to us and the Stock Exchange that they shall not, except pursuant to the Global Offering (including the Adjustment Options) and the Stock Borrowing Agreement:

- (i) at any time during 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, any of our Shares in respect of which they, as a group of Controlling Shareholders, are shown in this prospectus to be the beneficial owner; or

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## UNDERWRITING

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- (ii) at any time during the period of six months commencing on the date on which the period referred to in paragraph (i) above 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, any of our Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a group of Controlling Shareholder (as defined in the Listing Rules).

Each of our Controlling Shareholders has also undertaken to us, the Stock Exchange, the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriter) and the Sole Sponsor and the Hong Kong Underwriter that it will, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us and the Stock Exchange, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriter of:

- (i) any pledges or charges of any of our Shares or securities of our Company, and the number of such Shares or securities of our Company so pledged or charged; and
- (ii) any indication received by him/her/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares will be disposed of.

## INDEMNITY

Our Company has agreed to indemnify the Hong Kong Underwriter against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Cinda International Capital Limited is the Sole Sponsor, and Huajin Securities (International) Limited is the Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager for the Global Offering. We intend to initially make available up to 50,000,000 Shares under the Global Offering, of which 45,000,000 Shares will be conditionally placed pursuant to the International Offering to professional, institutional and other investors and the remaining 5,000,000 Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering (subject, in each case, to reallocation on the basis described below under the paragraph headed “Hong Kong Public Offering”).

The 50,000,000 Offer Shares initially being offered in the Global Offering will represent approximately 25% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that none of the Adjustment Options is exercised. The placing arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting”.

Investors may apply for the Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for the Offer Shares under the International Offering, but may not apply under both of these methods for the Offer Shares. In other words, you may only receive Offer Shares under either the Hong Kong Public Offering or the International Offering, but not under both of these methods. The number of Shares to be offered under the Hong Kong Public Offering and the International Offering respectively may be subject to reallocation as described in the paragraph headed “Reallocation” below.

### HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. The Hong Kong Public Offering and the International Offering are subject to the conditions set out in “Conditions of the Global Offering” below. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are expected to be conditional upon each other.

#### Number of Shares initially offered

The Hong Kong Public Offering is a fully underwritten public offering (subject to satisfaction or waiver of the other conditions set out in the Hong Kong Underwriting Agreement and described in “Conditions of the Global Offering” below) for the subscription in Hong Kong of initially 5,000,000 Shares at the Offer Price (representing 10% of the total number of the Offer Shares).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. 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.

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## STRUCTURE OF THE GLOBAL OFFERING

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### Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong 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 Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Subject to any adjustment in the number of Offer Shares allocated between the International Offering and the Hong Kong Public Offering, the total number of Shares available under the Hong Kong Public Offering will represent 10% of our Company's enlarged issued share capital immediately after completion of the Global Offering assuming that none of the Adjustment Options is exercised. It is to be divided equally into two pools for allocation purposes (subject to any reallocation in the number of Offer Shares allocated between the International Offering and the Hong Kong Public Offering): pool A and pool B. The Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Shares with an aggregate subscription price of HK\$5 million or less (excluding the amounts of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% per board lot of 2,000 Shares). The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for our Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% per board lot of 2,000 Shares) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in either pool A or pool B but not in both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than the total number of our Shares originally allocated to each pool will be rejected.

### Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, or (iii) 100 times or more of the number of Shares initially available under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Offering, such that the total number of Shares available under the Hong Kong Public Offering will be increased to 15,000,000 Shares (in the case of (i)), 20,000,000 Shares (in the case of (ii)) and 25,000,000 Shares (in the case of (iii)) representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Adjustment

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## STRUCTURE OF THE GLOBAL OFFERING

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Options). In each case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deem appropriate. In addition, the Sole Global Coordinator may, in their sole discretion, allocate Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate.

### **Applications**

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application may be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he or she has been or will be placed or allocated Offer Shares under the International Offering.

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$2.15 per Offer Share in addition to any brokerage fee, SFC transaction levy and Stock Exchange trading fee payable on each Share.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### **INTERNATIONAL OFFERING**

The International Offering is expected to be fully underwritten by the International Underwriter. Our Company expects to enter into the International Underwriting Agreement relating to the International Underwriting with, among others, our Controlling Shareholders, the International Underwriter and the Sole Global Coordinator. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

### **Number of Shares offered**

Subject to reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 45,000,000 Shares, representing 90% of the Offer Shares under the Global Offering.



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## STRUCTURE OF THE GLOBAL OFFERING

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### Allocation

Pursuant to the International Offering, 45,000,000 Offer Shares will be conditionally placed on behalf of our Company, by the International Underwriter or through selling agents appointed by them. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such 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 International Offering Shares will be determined by the Sole Global Coordinator, and will be effected in accordance with the “book-building” process described in “Pricing of the Global Offering” 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 Shares, and/or hold or sell our Shares, after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to our Company’s benefit and that of our Shareholders as a whole.

Our Directors, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company will take reasonable steps to identify and reject applicants under the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Offer Shares in the Hong Kong Public Offering.

### ADJUSTMENT OPTIONS

In connection with the Global Offering, our Company intends to grant the Offer Size Adjustment Option and the Over-allotment Option to the International Underwriter exercisable by the Sole Global Coordinator on behalf of the International Underwriter.

#### Offer Size Adjustment Option

Pursuant to the Offer Size Adjustment Option, if the final Offer Price as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) is less than HK\$2.00 per Offer Share, such that the size of the Global Offering is less than HK\$100 million, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement up to 5:00 p.m. on the business day immediately before the date of announcement of the results of allocations and the basis of allocation of the Hong Kong Offer Shares to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share at which Offer Shares were initially offered under the International Offering, to cover over-allocations in the International Offering, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. The Offer Size Adjustment Option will not be used for price stabilisation purposes in the secondary market after Listing of our Shares on the Stock Exchange and is not subject to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Any such additional Shares may be issued to cover any excess demand in the International Offering. If the Sole Global



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## STRUCTURE OF THE GLOBAL OFFERING

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Coordinator exercises the Offer Size Adjustment Option in full, the additional Offer Shares will represent approximately 3.61% of our Company's enlarged issued share capital immediately following completion of the Global Offering and the exercise of the Offer Size Adjustment Option. We will disclose in the announcement of the results of allocations whether or not the Offer Size Adjustment Option has been exercised, if so, to what extent. If the Offer Size Adjustment Option is not exercised at or before 5:00 p.m. on the business day prior to the announcement of results of allocations, the Offer Size Adjustment Option will lapse.

### Over-allotment Option

Pursuant to the Over-allotment Option, if the final Offer Price as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) is HK\$2.00 per Offer Share or more, such that the size of the Global Offering is HK\$100 million or above the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering and from time to time, to require our Company to allot and issue up to an aggregate of 7,500,000 additional Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share at which Offer Shares were initially offered under the International Offering, to cover over-allocations in the International Offering, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. The Sole Global Coordinator may, at its option, also cover such over-allocations by purchasing the Offer Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws, rules and regulations. If the Sole Global Coordinator exercises the Over-allotment Option in full, the additional Offer Shares will represent approximately 3.61% of our Company's enlarged issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

### STOCK BORROWING AGREEMENT

In order to facilitate settlement of over-allocations in connection with the International Offering, the Stabilising Manager will enter into the Stock Borrowing Agreement with Pioneer Vantage if the final Offer Price as agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) is HK\$2.00 per Offer Share or more. Under the Stock Borrowing Agreement, Pioneer Vantage agrees with the Stabilising Manager, that if requested by the Stabilising Manager, it will, subject to the terms of the Stock Borrowing Agreement, make available to the Stabilising Manager up to 7,500,000 Shares held by it, by way of stock lending, in order to cover over-allocations in connection with the International Offering, if any.

The Stock Borrowing Agreement, in compliance with Rule 10.07(3) of the Listing Rules, provides that:

- such stock borrowing arrangement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

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## STRUCTURE OF THE GLOBAL OFFERING

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- the maximum number of Shares to be borrowed from Pioneer Vantage under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;
- the same number of Shares so borrowed may be returned to Pioneer Vantage or its nominees (as the case may be) within three business days after the last day on which the Over-allotment Option may be exercised or, if earlier, the date on which the Over-allotment Option is exercised in full;
- borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable listing rules, laws, rules and regulatory requirements; and
- no payment will be made to Pioneer Vantage by the Stabilising Manager in relation to such borrowing arrangement.

## PRICING OF THE GLOBAL OFFERING

The International Underwriter will be soliciting from prospective investors indications of interest in acquiring International Offering Shares. Prospective professional, institutional and other investors will be required to specify the number of International Offering Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

Pricing for the Offer Shares for the purpose of the offerings under the Global Offering will be fixed on the Price Determination Date, when market demand for the Offer Shares will be determined, which is expected to be on or around Tuesday, 22 November 2016, and in any event on or before Friday, 25 November 2016, by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company and the number of Shares to be allocated under offerings will be determined shortly thereafter. If, for any reason, the Offer Price is not agreed by Friday, 25 November 2016 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Offer Price will not be more than HK\$2.15 per Offer Share and is expected to be not less than HK\$1.67 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Global Offering must pay, on application, the maximum Offer Price of HK\$2.15 per Offer Share plus 1.0% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$4,343.34 per board lot of 2,000 Shares. 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. If the Offer Price, as finally determined in the manner described below, is lower than HK\$2.15, being the maximum Offer Price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus monies) to successful applicants, without interest. Please refer to “How to apply for Hong Kong Offer Shares” for further details.

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## STRUCTURE OF THE GLOBAL OFFERING

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The Sole Global Coordinator, 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 our Company's consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In case of such a reduction, our Company will, as soon as practicable following the decision to make the reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published at the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of our Company ([www.foodwisehl.com](http://www.foodwisehl.com)) notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator, on behalf of the Underwriters, and us, will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. The notices will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering 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 notice of reduction published as described in this paragraph, the Offer Price, if agreed upon between our Company and the Sole Global Coordinator, on behalf of the Underwriters, will be within the Offer Price range as stated in the prospectus.

The net proceeds of the Global Offering accruing to our Company (after deduction of the fees and estimated expenses payable by our Company in relation to the Global Offering, assuming the Offer Size Adjustment Option is not exercised) are estimated to be approximately HK\$67.5 million, assuming an Offer Price of HK\$1.91 per Offer Share, being the mid-point of the indicated Offer Price range. See "Future Plans and Use of Proceeds" for details.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Shares available under the Hong Kong Public Offering, are expected to be announced on Monday, 28 November 2016 at the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the website of our Company at [www.foodwisehl.com](http://www.foodwisehl.com).

### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public offer prices of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

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## STRUCTURE OF THE GLOBAL OFFERING

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In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, subject to the size of the Global Offering being not less than HK\$100 million, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Huajin Securities (International) Limited has been appointed as the Stabilising Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

Any such stabilising activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilisation including the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilising activity is required to be brought to an end within 30 days from the last day for lodging application under the Hong Kong Public Offering which is expected to be on or around Thursday, 22 December 2016. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 7,500,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period to cover such over-allocation by (among other methods) making purchases in the secondary market, selling Shares to liquidate a position held as a result of those purchases, exercising the Over-allotment Option in full or in part, stock borrowing or by any combination of any of the foregoing.

The possible stabilising action which may be taken by the Stabilising Manager, its affiliates or any person acting for it in connection with the Global Offering may involve (among other things) (i) purchases of Shares, (ii) establishing, hedging and liquidating positions in Shares, (iii) exercising the Overallotment Option in whole or in part, (iv) stock borrowing and/or (v) offering or attempting to do any of (i), (ii), (iii) or (iv) above.

Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in our Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it will maintain such a position;
- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it may have an adverse impact on the market price of our Shares;
- no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the

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## STRUCTURE OF THE GLOBAL OFFERING

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Offer Price, and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of our Shares, demand for our Shares, and therefore the price of our Shares, could fall;

- the price of any security (including our Shares) cannot be assured to stay at or above its Offer Price by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

### DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on 29 November 2016, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on 29 November 2016. Our Shares will be traded in board lots of 2,000 Shares each.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Shares which may be made available pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option) (subject only to allotment), and such listing and permission not having been revoked prior to the commencement of dealings in Shares on the Stock Exchange;
- (ii) the Offer Price having been duly agreed on or before the Price Determination Date; and
- (iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

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## STRUCTURE OF THE GLOBAL OFFERING

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If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Hong Kong Public Offering at the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.foodwise.hk](http://www.foodwise.hk) on the next 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 Hong Kong Offer Shares”. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

We expect to issue share certificates for the Offer Shares on 28 November 2016. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on 29 November 2016 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Underwriting Agreement — Grounds for termination” has not been exercised.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** Service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** Service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.hkeipo.hk](http://www.hkeipo.hk).

For Hong Kong 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 between 9:00 a.m. from Thursday, 17 November 2016 until 12:00 noon on Tuesday, 22 November 2016 from:

- (i) Cinda International Capital Limited, 45/F Cosco Tower, 183 Queen's Road Central, Hong Kong; or
- (ii) Huajin Securities (International) Limited, Suite 1101, 11/F Champion Tower, 3 Garden Road, Central, Hong Kong; or



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(iii) any of the branches of the following receiving bank:

**The Bank of East Asia, Limited**

| District         | Branch Name              | Address                                                                        |
|------------------|--------------------------|--------------------------------------------------------------------------------|
| Hong Kong Island | Main Branch              | 10 Des Voeux Road Central,<br>Central                                          |
|                  | Wanchai Branch           | Shop A-C, G/F, Easey<br>Commercial Building, 253-261<br>Hennessy Road, Wanchai |
| Kowloon          | Mei Foo Sun Chuen Branch | Shop N57, G/F, Mount Sterling<br>Mall, Mei Foo                                 |
|                  | Yaumatei Branch          | G/F, 526 Nathan Road,<br>Yaumatei                                              |
| New Territories  | Tai Po Branch            | 62-66 Po Heung Street, Tai Po<br>Market, Tai Po                                |
|                  | Shatin Plaza Branch      | Shop 3-4, Level 1, Shatin Plaza,<br>Shatin                                     |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 17 November 2016 until 12:00 noon on Tuesday, 22 November 2016 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 "The Bank of East Asia (Nominees) Limited — Food Wise 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, 17 November 2016 — 9:00 a.m. to 5:00 p.m.
- Friday, 18 November 2016 — 9:00 a.m. to 5:00 p.m.
- Saturday, 19 November 2016 — 9:00 a.m. to 1:00 p.m.
- Monday, 21 November 2016 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 22 November 2016 — 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, 22 November 2016, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** Service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its 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 Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong 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 Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong 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 have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the **HK eIPO White Form Service** by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
  - (i) no other application has been or will be made by you as agent for or for the benefit of

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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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 “Who can apply”, may apply through the **HK eIPO White Form** Service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://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 through the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m., Thursday, 17 November 2016 until 11:30 a.m., Tuesday, 22 November 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, Tuesday, 22 November 2016 or such later time under the “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 Hong Kong 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Section 40 of the Companies (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Centre  
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 Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong 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 Hong Kong 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 Hong Kong 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 International Offering;
  - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong 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 Hong Kong 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, 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, receiving bank, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) 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 Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (WUMP) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the WHITE Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong 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 Hong Kong 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, 17 November 2016 — 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Friday, 18 November 2016 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Monday, 21 November 2016 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>
- Tuesday, 22 November 2016 — 8:00 a.m.<sup>(1)</sup> 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.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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CCASS Investor Participants can input electronic application instructions from 9:00 a.m., Thursday, 17 November 2016 until 12:00 noon, Tuesday, 22 November 2016 (24 hours daily, except on Saturday, 19 November 2016 until Sunday, 20 November 2016 and on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon, Tuesday, 22 November 2016, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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 (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

### Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, 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 Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** Service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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day in making your electronic applications. Our Company, our Directors, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** Service will be allotted any Hong Kong 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, 22 November 2016.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- 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 HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** Service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Hong Kong 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](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure of the Global Offering — Pricing of the Global Offering”.

### 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, 22 November 2016. 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, 22 November 2016 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 28 November 2016 on our Company's website at [www.foodwisehl.com](http://www.foodwisehl.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at [www.foodwisehl.com](http://www.foodwisehl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Monday, 28 November 2016;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on a 24-hour basis from 8:00 a.m., on Monday, 28 November 2016 to 12:00 midnight on Friday, 2 December 2016;
- by telephone enquiry line by calling **+852 3691-8488** between 9:00 a.m. and 6:00 p.m. from Monday, 28 November 2016 to Thursday, 1 December 2016;
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 28 November 2016 to Wednesday, 30 November 2016 at all the receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

#### (i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or through the **HK eIPO White Form** Service Provider, you agree that your application

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or our agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **HK eIPO White Form** Service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 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\$2.15 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 28 November 2016.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (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 Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- 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 Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, 28 November 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 29 November 2016 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### **(i) *If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong 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 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, 28 November 2016 or such other date as announced by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our 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 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 28 November 2016, by ordinary post and at your own risk.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 28 November 2016, 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, 28 November 2016, 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 Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering 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, 28 November 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the HK eIPO White Form Service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from 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, 28 November 2016, or such other date as announced by our Company as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 28 November 2016 by ordinary post at your own risk.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via Electronic Application Instructions to HKSCC*

*Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong 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, 28 November 2016, 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 Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, 28 November 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 28 November 2016 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 Hong Kong 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 Hong Kong 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, 28 November 2016. Immediately following the credit of the Hong Kong 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 Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 28 November 2016.

### 15. ADMISSION OF OUR SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the 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 our Shares to be admitted into CCASS.

*The following is the text of a report 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 Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

17 November 2016

The Directors  
Food Wise Holdings Limited

Cinda International Capital Limited

Dear Sirs,

We report on the financial information of Food Wise Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the combined statements of financial position as at 31 March 2014, 2015 and 2016 and 31 August 2016, the statement of financial position of the Company as at 31 August 2016, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 (the "Relevant Period"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 17 November 2016 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 14 April 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 7 November 2016, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and associate as set out in Note 1.2 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*

No statutory audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The statutory audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

The directors of the Company have prepared the combined financial statements of the Company and its subsidiaries now comprising the Group for the Relevant Period, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon, and on the basis set out in Note 1.3 of Section II below.

### **Directors’ Responsibility for the Financial Information**

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with the basis of presentation set out in Note 1.3 of Section II below and in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of 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 financial information and to report our opinion to you. We carried out our procedures in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

### **Opinion**

In our opinion, the financial information gives, for the purpose of this report and presented on the basis set out in Note 1.3 of Section II below, a true and fair view of the financial position of the Company as at 31 August 2016 and of the combined financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 August 2016 and of the Group’s combined financial performance and cash flows for the Relevant Period.

**Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information set out in Section I to II below included in Appendix I to the Prospectus which comprises the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the five months ended 31 August 2015 and a summary of significant accounting policies 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 set out in Note 1.3 of Section II below and the accounting policies set out in Note 2 of Section II below.

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 of the Stub Period Comparative Financial Information 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 HKSAs and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report is not prepared, in all material respects, in accordance with the basis of presentation set out in Note 1.3 of Section II below and the accounting policies set out in Note 2 of Section II below.

## I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 March 2014, 2015 and 2016 and 31 August 2016 and for each of the year ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 (the “Financial Information”), presented on the basis set out in Note 1.3 of Section II below:

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

|                                                                         | Note | Year ended 31 March |               |               | Five months ended<br>31 August |                |
|-------------------------------------------------------------------------|------|---------------------|---------------|---------------|--------------------------------|----------------|
|                                                                         |      | 2014                | 2015          | 2016          | 2015                           | 2016           |
|                                                                         |      | HK\$'000            | HK\$'000      | HK\$'000      | HK\$'000<br>(Unaudited)        | HK\$'000       |
| REVENUE                                                                 | 5    | 181,322             | 210,078       | 200,915       | 88,760                         | 86,194         |
| Other income and gains                                                  | 6    | 1,126               | 1,076         | 2,390         | 190                            | 177            |
| Cost of food and beverages                                              |      | (47,494)            | (55,072)      | (47,427)      | (21,363)                       | (19,896)       |
| Staff costs                                                             |      | (51,985)            | (58,366)      | (54,416)      | (22,559)                       | (23,812)       |
| Depreciation and amortisation                                           |      | (8,109)             | (9,549)       | (8,394)       | (3,609)                        | (3,501)        |
| Property rentals and related expenses                                   |      | (40,707)            | (49,450)      | (48,169)      | (19,546)                       | (21,643)       |
| Fuel and utility expenses                                               |      | (5,672)             | (6,433)       | (5,862)       | (2,592)                        | (2,551)        |
| Advertising and marketing expenses                                      |      | (482)               | (573)         | (501)         | (222)                          | (200)          |
| Other operating expenses                                                |      | (8,858)             | (9,245)       | (8,264)       | (3,269)                        | (3,549)        |
| Listing expenses                                                        |      | —                   | —             | (1,478)       | —                              | (14,677)       |
| Finance costs, net                                                      | 7    | (93)                | (50)          | (51)          | (16)                           | (18)           |
| PROFIT/(LOSS) BEFORE TAXATION                                           | 8    | 19,048              | 22,416        | 28,743        | 15,774                         | (3,476)        |
| Income tax expense                                                      | 10   | (3,067)             | (3,611)       | (4,838)       | (2,676)                        | (1,723)        |
| PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD |      | <u>15,981</u>       | <u>18,805</u> | <u>23,905</u> | <u>13,098</u>                  | <u>(5,199)</u> |
| Attributable to:                                                        |      |                     |               |               |                                |                |
| Shareholders of the Company                                             |      | <u>15,981</u>       | <u>18,805</u> | <u>23,905</u> | <u>13,098</u>                  | <u>(5,199)</u> |
| Basic and diluted earnings per share                                    | 12   | <u>N/A</u>          | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>                     | <u>N/A</u>     |

## COMBINED STATEMENTS OF FINANCIAL POSITION

|                                                           |      | As at 31 March |               |               | As at<br>31 August |
|-----------------------------------------------------------|------|----------------|---------------|---------------|--------------------|
|                                                           | Note | 2014           | 2015          | 2016          | 2016               |
|                                                           |      | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| <b>NON-CURRENT ASSETS</b>                                 |      |                |               |               |                    |
| Property, plant and equipment                             | 13   | 20,136         | 17,463        | 15,325        | 15,200             |
| Intangible assets                                         |      | 22             | 19            | 16            | 15                 |
| Investment in an associate                                | 14   | —              | —             | —             | —                  |
| Rental and utilities deposits                             | 16   | 12,315         | 9,818         | 8,216         | 8,906              |
| Prepayments for property, plant and equipment             | 16   | 125            | 275           | 31            | —                  |
| Deferred income tax assets                                | 22   | 1,755          | 2,398         | 2,139         | 2,357              |
| <b>Total non-current assets</b>                           |      | <b>34,353</b>  | <b>29,973</b> | <b>25,727</b> | <b>26,478</b>      |
| <b>CURRENT ASSETS</b>                                     |      |                |               |               |                    |
| Inventories                                               | 15   | 2,724          | 2,857         | 2,889         | 2,461              |
| Prepayments, deposits and other receivables               | 16   | 6,132          | 9,312         | 12,978        | 18,624             |
| Amount due from a related company                         | 17   | 8,990          | 10,464        | —             | —                  |
| Current income tax assets                                 |      | 320            | 517           | 943           | 447                |
| Bank deposits with maturity over three months             | 18   | 1,233          | 1,561         | 524           | —                  |
| Restricted cash                                           | 18   | 2,508          | 3,687         | 2,424         | 2,351              |
| Cash and cash equivalents                                 | 18   | 28,100         | 33,127        | 32,662        | 26,202             |
| <b>Total current assets</b>                               |      | <b>50,007</b>  | <b>61,525</b> | <b>52,420</b> | <b>50,085</b>      |
| <b>CURRENT LIABILITIES</b>                                |      |                |               |               |                    |
| Trade payables                                            | 19   | 4,598          | 3,926         | 3,780         | 4,159              |
| Other payables and accruals                               | 20   | 10,803         | 11,604        | 12,876        | 18,071             |
| Bank borrowings                                           | 21   | 2,817          | 1,867         | 3,428         | —                  |
| Finance lease payables                                    |      | 47             | 50            | 53            | —                  |
| Amounts due to shareholders                               | 17   | 10,173         | 8,897         | —             | —                  |
| Amount due to a related company                           | 17   | 827            | 1,197         | —             | —                  |
| Current income tax liabilities                            |      | 665            | 1,192         | 1,390         | 2,657              |
| <b>Total current liabilities</b>                          |      | <b>29,930</b>  | <b>28,733</b> | <b>21,527</b> | <b>24,887</b>      |
| <b>NON-CURRENT LIABILITIES</b>                            |      |                |               |               |                    |
| Other payables                                            | 20   | 2,801          | 2,270         | 1,961         | 2,151              |
| Finance lease payables                                    |      | 140            | 90            | 37            | —                  |
| Deferred income tax liabilities                           | 22   | 83             | 194           | 220           | 322                |
| <b>Total non-current liabilities</b>                      |      | <b>3,024</b>   | <b>2,554</b>  | <b>2,218</b>  | <b>2,473</b>       |
| <b>Net assets</b>                                         |      | <b>51,406</b>  | <b>60,211</b> | <b>54,402</b> | <b>49,203</b>      |
| <b>EQUITY</b>                                             |      |                |               |               |                    |
| <b>Equity attributable to shareholders of the Company</b> |      |                |               |               |                    |
| Combined capital                                          | 23   | 342            | 342           | 342           | 342                |
| Retained earnings                                         | 23   | 51,064         | 59,869        | 54,060        | 48,861             |
| <b>Total equity</b>                                       |      | <b>51,406</b>  | <b>60,211</b> | <b>54,402</b> | <b>49,203</b>      |

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY

|                                                            |      | As at<br>31 August |
|------------------------------------------------------------|------|--------------------|
|                                                            | Note | 2016               |
|                                                            |      | HK\$'000           |
| <b>CURRENT ASSET</b>                                       |      |                    |
| Prepayments                                                | 16   | 5,551              |
| <b>Total asset</b>                                         |      | 5,551              |
| <b>CURRENT LIABILITIES</b>                                 |      |                    |
| Accruals                                                   | 20   | 7,008              |
| Amount due to a subsidiary                                 | 29   | 13,220             |
| <b>Total liabilities</b>                                   |      | 20,228             |
| <b>Net liabilities</b>                                     |      | (14,677)           |
| <b>DEFICIT</b>                                             |      |                    |
| <b>Deficit attributable to shareholders of the Company</b> |      |                    |
| Share capital                                              | 28   | —                  |
| Accumulated loss                                           |      | (14,677)           |
| <b>Total deficit</b>                                       |      | (14,677)           |



## COMBINED STATEMENTS OF CHANGES IN EQUITY

|                                                      | Attributable to shareholders of the Company |                                   |                 |
|------------------------------------------------------|---------------------------------------------|-----------------------------------|-----------------|
|                                                      | Combined<br>Capital<br>(Note 23)            | Retained<br>Earnings<br>(Note 23) | Total           |
|                                                      | <i>HK\$'000</i>                             | <i>HK\$'000</i>                   | <i>HK\$'000</i> |
| At 1 April 2013                                      | 342                                         | 42,083                            | 42,425          |
| Profit and total comprehensive income for the year   | —                                           | 15,981                            | 15,981          |
| Dividends (Note 11)                                  | —                                           | (7,000)                           | (7,000)         |
| At 31 March 2014 and 1 April 2014                    | 342                                         | 51,064                            | 51,406          |
| Profit and total comprehensive income for the year   | —                                           | 18,805                            | 18,805          |
| Dividends (Note 11)                                  | —                                           | (10,000)                          | (10,000)        |
| At 31 March 2015 and 1 April 2015                    | 342                                         | 59,869                            | 60,211          |
| Profit and total comprehensive income for the year   | —                                           | 23,905                            | 23,905          |
| Dividends (Note 11)                                  | —                                           | (29,714)                          | (29,714)        |
| At 31 March 2016 and 1 April 2016                    | 342                                         | 54,060                            | 54,402          |
| Loss and total comprehensive loss for the period     | —                                           | (5,199)                           | (5,199)         |
| At 31 August 2016                                    | <u>342</u>                                  | <u>48,861</u>                     | <u>49,203</u>   |
| (Unaudited)                                          |                                             |                                   |                 |
| At 1 April 2015                                      | 342                                         | 59,869                            | 60,211          |
| Profit and total comprehensive income for the period | —                                           | 13,098                            | 13,098          |
| At 31 August 2015                                    | <u>342</u>                                  | <u>72,967</u>                     | <u>73,309</u>   |

## COMBINED STATEMENTS OF CASH FLOWS

|                                                                      |       | Year ended 31 March |          |          | Five months ended 31 August |          |
|----------------------------------------------------------------------|-------|---------------------|----------|----------|-----------------------------|----------|
|                                                                      | Note  | 2014                | 2015     | 2016     | 2015                        | 2016     |
|                                                                      |       | HK\$'000            | HK\$'000 | HK\$'000 | HK\$'000                    | HK\$'000 |
| (Unaudited)                                                          |       |                     |          |          |                             |          |
| CASH FLOWS FROM OPERATING ACTIVITIES                                 |       |                     |          |          |                             |          |
| Cash generated from operations                                       | 25(a) | 23,669              | 31,051   | 34,214   | 15,744                      | 2,975    |
| Interest received                                                    |       | 24                  | 32       | 33       | 15                          | 14       |
| Hong Kong profits tax paid, net                                      |       | (2,229)             | (3,813)  | (4,781)  | —                           | (76)     |
| Net cash flows generated from operating activities                   |       | 21,464              | 27,270   | 29,466   | 15,759                      | 2,913    |
| CASH FLOWS FROM INVESTING ACTIVITIES                                 |       |                     |          |          |                             |          |
| Purchases of property, plant and equipment                           |       | (12,836)            | (6,832)  | (9,147)  | (2,042)                     | (3,237)  |
| Proceeds from disposal of property, plant and equipment              | 25(b) | 34                  | 75       | —        | 75                          | —        |
| Decrease/(increase) in prepayments for property, plant and equipment |       | 214                 | (150)    | 244      | 275                         | 31       |
| Costs associated with obtaining trademarks                           |       | (25)                | —        | —        | —                           | —        |
| Increase in amount due from a related company                        |       | (2,215)             | (1,474)  | (724)    | (359)                       | —        |
| Decrease/(increase) in restricted cash                               |       | 61                  | (1,179)  | 1,263    | 668                         | 73       |
| (Increase)/decrease in bank deposits with maturity over three months |       | (823)               | (328)    | 1,037    | (355)                       | 524      |
| Net cash flows used in investing activities                          |       | (15,590)            | (9,888)  | (7,327)  | (1,738)                     | (2,609)  |
| CASH FLOWS FROM FINANCING ACTIVITIES                                 |       |                     |          |          |                             |          |
| Repayment of bank loans                                              |       | (918)               | (950)    | (2,439)  | (1,993)                     | (3,428)  |
| Proceeds from bank loans                                             |       | 224                 | —        | 4,000    | 4,000                       | —        |
| Listing expenses paid                                                |       | —                   | —        | (445)    | —                           | (3,214)  |
| Capital element of finance lease rental payments                     |       | (37)                | (47)     | (50)     | (20)                        | (90)     |
| Interests paid                                                       |       | (117)               | (82)     | (84)     | (31)                        | (32)     |
| Repayment to shareholders                                            |       | (3,643)             | (12,117) | (25,280) | (13,603)                    | —        |
| Advances from shareholders                                           |       | 833                 | 841      | 1,694    | 801                         | —        |
| Net cash flows used in financing activities                          |       | (3,658)             | (12,355) | (22,604) | (10,846)                    | (6,764)  |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS                 |       |                     |          |          |                             |          |
|                                                                      |       | 2,216               | 5,027    | (465)    | 3,175                       | (6,460)  |
| Cash and cash equivalents at the beginning of the year/period        |       | 25,884              | 28,100   | 33,127   | 33,127                      | 32,662   |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD              | 18    | 28,100              | 33,127   | 32,662   | 36,302                      | 26,202   |

**Non-cash transaction:**

Interim dividends of HK\$7,000,000, HK\$10,000,000 and HK\$29,714,000 were declared during the year ended 31 March 2014, 2015 and 2016 which were settled through the current account with the shareholders, respectively.

**II. NOTES TO THE FINANCIAL INFORMATION****1 General information, reorganisation and basis of presentation****1.1 General information**

The Company was incorporated in the Cayman Islands on 14 April 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the operation of restaurant chains in Hong Kong (the "Listing Business"). The ultimate holding company of the Company is Pioneer Vantage Global Limited ("Pioneer Vantage"). The ultimate controlling parties of the Group are Mr. Wong Che Kin ("Mr. Wong") and Ms. Wong Chui Ha Iris ("Mrs. Wong"), who is spouse of Mr. Wong.

The Financial Information is presented in Hong Kong dollar ("HK\$"), unless otherwise stated.

Prior to the incorporation of the Company and the Reorganisation as described in Note 1.2 below, the Listing Business was primarily carried out by 111 Limited, 333 Limited, Goody Limited, Aero Tech Limited, Prosino Limited, Unlimit Limited, Dotco Limited, Hotex Limited, Sydney Limited, Printech Corporation Limited, Tri-pros Limited, 555 Limited and Richfield Development Limited (collectively the "Operating Subsidiaries").

The Operating Subsidiaries were owned by Mr. Wong and Mrs. Wong throughout the Relevant Period.

**1.2 Reorganisation**

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

- a. On 24 November 2015, Blaze Forum Limited was incorporated in the British Virgin Islands ("BVI") with limited liability. On 6 April 2016, 1 share of Blaze Forum Limited was allotted and issued to Mrs. Wong at par value of US\$1. Since then, Mrs. Wong is the sole shareholder of Blaze Forum Limited.

- b. On 11 March 2016, Pioneer Vantage was incorporated in the BVI with limited liability. On 6 April 2016, 1 share of Pioneer Vantage Global Limited was allotted and issued to Mr. Wong at par value of US\$1. Since then, Mr. Wong is the sole shareholder of Pioneer Vantage.
- c. On 15 March 2016, Prosperity One Limited was incorporated in BVI with limited liability. On 6 April 2016, 85 shares and 15 shares of Prosperity One Limited were allotted and issued at a par value of US\$1 each to Pioneer Vantage and Blaze Forum Limited, respectively. In return, on 13 June 2016, all the entire issued share capital in each of the Operating Subsidiaries held by Mr. Wong and Mrs. Wong were transferred to Prosperity One Limited. Since then, Prosperity One Limited is ultimately owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.
- d. On 14 April 2016, the Company was incorporated in the Cayman Islands with limited liability. On the date of incorporation, 1 share of the Company was allotted and issued at par value of HK\$0.01 to a first subscriber which was subsequently transferred to Pioneer Vantage on the same day.
- e. On 7 November 2016, the Company acquired all issued share capital in Prosperity One Limited held by Pioneer Vantage and Blaze Forum Limited for a consideration of allotting and issuing 84 and 15 shares in the Company to Pioneer Vantage and Blaze Forum, respectively. Since then, the Operating Subsidiaries became wholly owned subsidiaries of the Company through Prosperity One Limited and the Company was ultimately owned as to 85% by Mr. Wong and 15% by Mrs. Wong, respectively.

After the completion of the Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries and associate:

| Name                          | Place of incorporation and kind of legal entity | Date of incorporation | Issued and fully paid share capital | Effective interest held as at |       |       |        |             | Principal activities and place of operation | Notes |
|-------------------------------|-------------------------------------------------|-----------------------|-------------------------------------|-------------------------------|-------|-------|--------|-------------|---------------------------------------------|-------|
|                               |                                                 |                       |                                     | 31                            | 31    | 31    | 31     | At the      |                                             |       |
|                               |                                                 |                       |                                     | March                         | March | March | August | date of     |                                             |       |
|                               |                                                 |                       |                                     | 2014                          | 2015  | 2016  | 2016   | this report |                                             |       |
| Directly held subsidiaries:   |                                                 |                       |                                     |                               |       |       |        |             |                                             |       |
| Prosperity One Limited        | BVI                                             | 15 March 2016         | US\$100                             | N/A                           | N/A   | N/A   | N/A    | N/A         | Investment holding                          | (i)   |
| Indirectly held subsidiaries: |                                                 |                       |                                     |                               |       |       |        |             |                                             |       |
| 333 Limited                   | Hong Kong                                       | 7 May 2004            | HK\$100                             | 100%                          | 100%  | 100%  | 100%   | 100%        | Ownership of trademark                      | (ii)  |

# APPENDIX I

# ACCOUNTANT'S REPORT

| Name                         | Place of incorporation and kind of legal entity | Date of incorporation | Issued and fully paid share capital | Effective interest held as at |               |               |                |                            | Principal activities and place of operation           | Notes |
|------------------------------|-------------------------------------------------|-----------------------|-------------------------------------|-------------------------------|---------------|---------------|----------------|----------------------------|-------------------------------------------------------|-------|
|                              |                                                 |                       |                                     | 31 March 2014                 | 31 March 2015 | 31 March 2016 | 31 August 2016 | At the date of this report |                                                       |       |
| Goody Limited                | Hong Kong                                       | 5 June 2003           | HK\$100                             | 100%                          | 100%          | 100%          | 100%           | 100%                       | Ownership of trademark                                | (ii)  |
| 111 Limited                  | Hong Kong                                       | 29 November 2005      | HK\$1,000                           | 100%                          | 100%          | 100%          | 100%           | 100%                       | Provision of catering management service in Hong Kong | (ii)  |
| Aero Tech Limited            | Hong Kong                                       | 3 February 2006       | HK\$100                             | 100%                          | 100%          | 100%          | 100%           | 100%                       | Food factory                                          | (ii)  |
| Prosino Limited              | Hong Kong                                       | 15 June 2006          | HK\$100                             | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (ii)  |
| Unlimit Limited              | Hong Kong                                       | 15 March 2007         | HK\$10,000                          | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (ii)  |
| Dotco Limited                | Hong Kong                                       | 20 September 2006     | HK\$10,000                          | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (ii)  |
| Hotex Limited                | Hong Kong                                       | 27 June 2003          | HK\$100                             | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (iv)  |
| Sydney Limited               | Hong Kong                                       | 18 January 2007       | HK\$10,000                          | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (iii) |
| Printech Corporation Limited | Hong Kong                                       | 24 January 2008       | HK\$10,000                          | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (ii)  |
| Tri-pros Limited             | Hong Kong                                       | 24 February 2009      | HK\$300,000                         | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (iii) |
| 555 Limited                  | Hong Kong                                       | 7 May 2004            | HK\$100                             | 100%                          | 100%          | 100%          | 100%           | 100%                       | Restaurants operation in Hong Kong                    | (ii)  |

## APPENDIX I

## ACCOUNTANT'S REPORT

| Name                           | Place of incorporation and kind of legal entity | Date of incorporation | Issued and fully paid share capital | Effective interest held as at |               |               |                |                            | Principal activities and place of operation | Notes |
|--------------------------------|-------------------------------------------------|-----------------------|-------------------------------------|-------------------------------|---------------|---------------|----------------|----------------------------|---------------------------------------------|-------|
|                                |                                                 |                       |                                     | 31 March 2014                 | 31 March 2015 | 31 March 2016 | 31 August 2016 | At the date of this report |                                             |       |
| Richfield Development Limited  | Hong Kong                                       | 26 June 1998          | HK\$100                             | 100%                          | 100%          | 100%          | 100%           | 100%                       | Trading of ingredients in Hong Kong         | (ii)  |
| <b>An associate:</b>           |                                                 |                       |                                     |                               |               |               |                |                            |                                             |       |
| Kinetic Warehouse (HK) Limited | Hong Kong                                       | 28 June 2012          | HK\$10,000                          | 25%                           | 25%           | 25%           | 25%            | 25%                        | Provision of warehouse service              |       |

### Notes

(i) No audited statutory financial statements have been issued for the subsidiary as it is newly incorporated and not required to issue audited financial statements under the statutory requirements of its place of incorporation.

(ii) The statutory financial statements of these subsidiaries for each of the years ended 31 March 2014 and 2015 were audited by Faith Joy CPA Limited, Certified Public Accountants in Hong Kong.

The statutory financial statements of these subsidiaries for the year ended 31 March 2016 were audited by PricewaterhouseCoopers, Certified Public Accountants in Hong Kong.

(iii) The statutory financial statements of these subsidiaries for each of the years ended 31 March 2014 and 2015 were audited by Philip Poon & Partners CPA Limited, Certified Public Accountants in Hong Kong.

The statutory financial statements of these subsidiaries for the year ended 31 March 2016 were audited by PricewaterhouseCoopers, Certified Public Accountants in Hong Kong.

(iv) The statutory financial statements of the subsidiary for the year ended 31 March 2014 and 2015 were audited by Faith Joy CPA Limited and Philip Poon & Partners CPA Limited, Certified Public Accountants in Hong Kong, respectively.

The statutory financial statements of the subsidiary for the year ended 31 March 2016 were audited by PricewaterhouseCoopers, Certified Public Accountants in Hong Kong.

**1.3 Basis of presentation**

Immediately prior to and after the Reorganisation, the Listing Business is held by Mr. Wong and Mrs. Wong. The Listing Business is mainly conducted through the Operating Subsidiaries which are owned as to 85% and 15% by Mr. Wong and Mrs. Wong, respectively. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business, for the purpose of this report, the Financial Information is presented using the carrying values of the Listing Business for all periods presented as if the group structure after the Reorganisation had been in existence throughout the Relevant Period.

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

**2.1 Basis of preparation**

The principal accounting policies applied in the preparation of the Financial Information which are in accordance with the HKFRSs issued by the HKICPA are set out below. The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in Note 4.

*New standards and amendments to standards and interpretations not yet adopted*

A number of new standards and amendments to standards and interpretations have been issued but not effective during the Relevant Period and have not been early adopted by the Group in preparing these Financial Information:

|                                      |                                                                                             | <b>Effective for<br/>annual periods<br/>beginning on<br/>or after</b> |
|--------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| HKFRS 10 and HKAS 28<br>(Amendments) | Sale or Contribution of Assets between<br>an Investor and its Associate or Joint<br>Venture | To be determined                                                      |
| HKAS 7 (Amendment)                   | Statement of Cash Flows                                                                     | 1 January 2017                                                        |
| HKAS 12 (Amendment)                  | Income Taxes                                                                                | 1 January 2017                                                        |
| HKFRS 2 (Amendment)                  | Classification and measurement of<br>share-based payment transactions                       | 1 January 2018                                                        |
| HKFRS 9                              | Financial Instruments                                                                       | 1 January 2018                                                        |
| HKFRS 15                             | Revenue from Contracts with Customers                                                       | 1 January 2018                                                        |
| HKFRS 16                             | Leases                                                                                      | 1 January 2019                                                        |

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. The Group assesses that adopting HKFRS 9 will not have a material impact to the Group's financial information.

HKFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The Group assesses that adopting HKFRS 15 will not have a material impact to the Group's financial information.



HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases. The standard replaces HKAS 17 'Leases' and related interpretations. The Group is a lessee of office premises, various restaurants and warehouses which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 2.23. The Group had total future minimum lease payments under non-cancellable operating leases, which are not reflected in the combined statements of financial position, falling due as follows:

|                                         | As at 31 March |               |               | As at<br>31 August |
|-----------------------------------------|----------------|---------------|---------------|--------------------|
|                                         | 2014           | 2015          | 2016          | 2016               |
|                                         | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| <b>As lessees</b>                       |                |               |               |                    |
| Within one year                         | 34,821         | 32,113        | 33,579        | 33,999             |
| In the second to fifth years, inclusive | 33,245         | 24,972        | 32,882        | 35,395             |
| Beyond five years                       | 438            | —             | 1,315         | 535                |
|                                         | <u>68,504</u>  | <u>57,085</u> | <u>67,776</u> | <u>69,929</u>      |

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the combined statements of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's combined statements of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in right-of-use asset and an increase in financial liability in the combined statements of financial position. This will affect related ratios, such as increase in debt to capital ratio. In the combined statements of comprehensive income, leases will be recognised in the future as depreciation and amortisation and will no longer be recorded as property rental and related expenses. Interest expense on the lease liability will be presented separately from depreciation and amortisation under finance costs. As a result, the property rental and related expenses under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years. The Group assesses that adopting HKFRS 16 may have a material impact to the Group's financial information.

There are no other new standards and amendments to standards and interpretations that are not yet effective that would be expected to have a material impact on the Group.

## **2.2 Subsidiaries**

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.

### **2.2.1 Business combination**

Except for the Reorganisation, 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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

## **2.3 Associate**

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. Investment in an associate is 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.

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 profit or loss, 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 profit or loss.

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 interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the profit or loss.

## **2.4 Foreign currency translation**

### *(a) 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 combined financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

### *(b) 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 profit or loss, 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 cash and cash equivalents are presented in the combined statements of comprehensive income within 'other operating expenses'.

## **2.5 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 makes strategic decisions.

## 2.6 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less depreciation. 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 combined statements of comprehensive income 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 land classified as finance lease | Over the lease term of 35 years            |
| - Buildings                                  | Over the lease term of 35 years            |
| - Leasehold improvements                     | Over the shorter of lease term or 10 years |
| - Restaurants and kitchen equipment          | Over the shorter of lease term or 5 years  |
| - Computer equipment                         | Over the shorter of lease term or 5 years  |
| - Furniture and fixtures                     | Over the shorter of lease term or 5 years  |
| - Office equipment                           | 5 years                                    |
| - Motor vehicles                             | 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 (Note 2.8).

Gains and losses on disposals of land and buildings and other property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised within 'other income and gains' and 'other operating expenses', respectively, in the combined statements of comprehensive income.

## 2.7 Intangible assets

### *Trademarks*

Separately acquired trademarks are shown at historical cost. Trademarks 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 trademarks over their estimated useful lives of 10 years.

## **2.8 Impairment of non-financial assets**

Property, plant and equipment subject to depreciation are tested annually for impairment. Assets that are subject to amortisation or depreciation 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.

## **2.9 Financial assets**

### **2.9.1 Classification**

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'amount due from a related company', 'deposits and other receivables', 'bank deposits with maturity over three months', 'restricted cash' and 'cash and cash equivalents' in the combined statements of financial position (Notes 2.13 and 2.14).

### **2.9.2 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.

## **2.10 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the combined 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.

**2.11 Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a 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 a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and 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 receivables 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 carrying amount of the asset is reduced and the amount of the loss is recognised in the combined statements of comprehensive income. 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 combined statements of comprehensive income.

**2.12 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost comprises invoiced cost less purchase rebates. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**2.13 Other receivables**

If collection of 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.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

**2.14 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**2.15 Combined 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.

**2.16 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 payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). 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.

**2.17 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 combined statements of comprehensive income over the period of the borrowings using the effective interest method.

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.

**2.18 Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.19 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, 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 balance sheet date in the countries where the Company's subsidiaries and the associate operate and generate 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 combined statements of financial position. 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 balance sheet date 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.

**(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 tax 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.



**2.20 Employee benefits***(a) Pension obligations*

In Hong Kong, the Group contributes to the mandatory provident fund scheme for eligible employees, the assets of which are held in a separate trustee-administered funds. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

*(b) 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 services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

*(c) 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.

*(d) Provision for bonus plans*

Bonus payments to employees are discretionary to management. Bonus payments are recognised in profit or loss in the period when the Group has formally announced the bonus payments to employees.

**2.21 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.

## **2.22 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration of the type of customer, the type of transaction and the specifics of each arrangement.

### *(a) Restaurant operations*

The Group operates a chain of restaurants. Sales is recognised when catering services have been provided to the customers.

### *(b) Sales of scrap materials/soup seasoning*

Sales is recognised on the transfer of risks and rewards of ownership, which general coincides with the time when the goods are delivered to customers and the titles are passed.

### *(c) Interest income*

Interest income is recognised using the effective interest method, on a time-proportion basis.

## **2.23 Leases (as the lessee for operating leases)**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the combined statements of comprehensive income on a straight-line basis over the period of the lease. Contingent rental arising under operating leases are recognised as an expense in the period in which they are incurred.

## **2.24 Dividend distribution**

Dividend distribution to the shareholders is recognised as a liability in the combined financial statements in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

Dividend proposed or declared after the reporting period but before the financial statements are authorised for issue, are disclosed as a non-adjusting event and are not recognised as a liability at the end of the reporting period.

### **3 Financial risk management**

#### **3.1 Financial risk factors**

The Group's activities expose it to variety financial risks: market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

##### *(a) Foreign exchange risk*

The Group holds assets denominated in Renminbi ("RMB"), including bank deposits with maturity over three months, restricted cash and cash and cash equivalents. Foreign exchange risk arises from such assets.

Should HK\$ be strengthened/weakened by 5% for the year ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 against the RMB, with all other variables held constant, the impact of the profit after taxation for the year ended 31 March 2014, 2015 and 2016 would have been approximately HK\$200,000, HK\$202,000 and HK\$164,000 lower/higher respectively; the impact of the loss after taxation for the period ended 31 August 2016 would have been approximately HK\$118,000 higher/lower, mainly as a result of foreign exchange losses/gains.

##### *(b) Interest rate risk*

The Group's interest rate risk arises from bank and other borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 21 to the Financial Information. As the Group operates at a low gearing ratio, the interest rate risk is not significant.

The Group has no significant interest-bearing assets except for bank deposits, which are at variable interest rate and subject to cash flow interest rate risk.

For each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, if interest rates on all interest bearing bank deposits and borrowings had been 100 basis-points higher/lower with all other variables held constant, profit after taxation for the year ended 31 March 2014, 2015 and 2016 would have increased/decreased by approximately HK\$168,000, HK\$139,000 and HK\$186,000 respectively; the impact of the loss after taxation for the period ended 31 August 2016 would have decreased/increased by approximately HK\$174,000.

*(c) Credit risk*

The credit risk of the Group mainly arises from other receivables and cash in banks.

For the other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. There is no concentration of credit risk as the Group has over twenty counterparties for other receivables.

Management considers that the Group has limited credit risk with its banks which are reputable and are assessed as having low credit risk.

*(d) Liquidity risk*

The Group's policy is to maintain sufficient cash to meet its liquidity and working capital requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises cash and cash equivalents (Note 18) on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

|                                                                                          | Less than one year |               |               |               |
|------------------------------------------------------------------------------------------|--------------------|---------------|---------------|---------------|
|                                                                                          | As at 31 March     |               |               | As at         |
|                                                                                          |                    |               |               | 31 August     |
|                                                                                          | 2014               | 2015          | 2016          | 2016          |
|                                                                                          | HK\$'000           | HK\$'000      | HK\$'000      | HK\$'000      |
| Trade and other payables and accruals                                                    | 11,756             | 10,887        | 11,657        | 17,189        |
| Amounts due to shareholders                                                              | 10,173             | 8,897         | —             | —             |
| Amount due to a related company                                                          | 827                | 1,197         | —             | —             |
| Bank borrowings, including those<br>subject to a repayment on demand<br>clause (Note 21) | 3,208              | 2,183         | 3,601         | —             |
| Finance lease payables                                                                   | 57                 | 57            | 57            | —             |
|                                                                                          | <u>26,021</u>      | <u>23,221</u> | <u>15,315</u> | <u>17,189</u> |

|                        | One to two years  |           |           |
|------------------------|-------------------|-----------|-----------|
|                        | As at 31 March    |           |           |
|                        | 2014              | 2015      | 2016      |
|                        | HK\$'000          | HK\$'000  | HK\$'000  |
| Finance lease payables | <u>57</u>         | <u>57</u> | <u>38</u> |
|                        |                   |           |           |
|                        | Two to five years |           |           |
|                        | As at 31 March    |           |           |
|                        | 2014              | 2015      | 2016      |
|                        | HK\$'000          | HK\$'000  | HK\$'000  |
| Finance lease payables | <u>95</u>         | <u>38</u> | <u>—</u>  |

### 3.2 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the debt to capital ratio, which is expressed as a percentage of interest-bearing bank and other borrowings, amounts due to shareholders and amount due to a related company over capital. Capital represents total debts and total equity as shown on the combined statements of financial position.

The debt to capital ratio as at 31 March 2014, 2015 and 2016 and 31 August 2016 were as follows:

|                                 | As at 31 March |               |               |
|---------------------------------|----------------|---------------|---------------|
|                                 | 2014           | 2015          | 2016          |
|                                 | HK\$'000       | HK\$'000      | HK\$'000      |
|                                 | 2014           | 2015          | 2016          |
| Bank borrowings (Note 21)       | 2,817          | 1,867         | 3,428         |
| Finance lease payables          | 187            | 140           | 90            |
| Amounts due to shareholders     | 10,173         | 8,897         | —             |
| Amount due to a related company | <u>827</u>     | <u>1,197</u>  | <u>—</u>      |
| Total debts                     | 14,004         | 12,101        | 3,518         |
|                                 |                |               |               |
| Total equity                    | <u>51,406</u>  | <u>60,211</u> | <u>54,402</u> |
| Total capital                   | <u>65,410</u>  | <u>72,312</u> | <u>57,920</u> |
| Debt to capital ratio           | <u>21%</u>     | <u>17%</u>    | <u>6%</u>     |

### 3.3 Fair value estimation

The carrying values of the Group's financial assets, including amount due from a related company, deposits and other receivables, bank deposits with maturity over three months, restricted cash and cash and cash equivalents, and financial liabilities, including trade and other payables, bank borrowings, finance lease payables and amounts due to shareholders and a related company, approximate to their fair values due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

### 3.4 Offsetting financial assets and financial liabilities

There is no material offsetting, enforceable master netting arrangement and similar agreements as at 31 March 2014, 2015 and 2016 and 31 August 2016.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Critical accounting estimates and assumptions

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 addressed below.

#### *(a) Useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and related depreciation expense for its property, plant and equipment by reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will adjust the depreciation expense where useful lives vary from previously estimates. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in useful lives and therefore depreciation expense in the future periods.

#### *(b) Current income taxes and deferred income taxes*

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. 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 tax provisions in the period in which such determination is made.

*(c) Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. These calculations require the use of judgements and estimates.

Management judgement 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 value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or 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 Company's financial position and results of operations.

*(d) Provision for reinstatement costs*

Provision for reinstatement costs is estimated at the inception of leasing property with reinstatement clause and reassessed at each balance sheet dates with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.

**5 Revenue and segment information**

The Executive Directors of the Company, who are the CODM of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the Executive Directors of the Company that are used to make strategic decisions.

The Group is principally engaged in the operation of restaurant chains in Hong Kong. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors of the Company regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in Hong Kong. All of the Group's revenue are derived in Hong Kong during the Relevant Period.

As at 31 March 2014, 2015 and 2016 and 31 August 2016, all of non-current assets of the Group are located in Hong Kong.

**APPENDIX I****ACCOUNTANT'S REPORT**

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation of restaurants in Hong Kong. An analysis of revenue is as follows:

|                       | Year ended 31 March |                 |                 | Five months ended<br>31 August |                 |
|-----------------------|---------------------|-----------------|-----------------|--------------------------------|-----------------|
|                       | 2014                | 2015            | 2016            | 2015                           | 2016            |
|                       | <i>HK\$'000</i>     | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                | <i>HK\$'000</i> |
|                       |                     |                 |                 | <i>(Unaudited)</i>             |                 |
| Restaurant operations | <u>181,322</u>      | <u>210,078</u>  | <u>200,915</u>  | <u>88,760</u>                  | <u>86,194</u>   |

**6 Other income and gains**

|                                   | Year ended 31 March |                 |                 | Five months ended<br>31 August |                 |
|-----------------------------------|---------------------|-----------------|-----------------|--------------------------------|-----------------|
|                                   | 2014                | 2015            | 2016            | 2015                           | 2016            |
|                                   | <i>HK\$'000</i>     | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                | <i>HK\$'000</i> |
|                                   |                     |                 |                 | <i>(Unaudited)</i>             |                 |
| Sales of soup seasoning           | 380                 | 204             | —               | —                              | —               |
| Sales of scrap materials          | 133                 | 93              | 67              | 30                             | 26              |
| Sundry income                     | 613                 | 779             | 607             | 160                            | 151             |
| Gain on disposal of<br>properties | <u>—</u>            | <u>—</u>        | <u>1,716</u>    | <u>—</u>                       | <u>—</u>        |
|                                   | <u>1,126</u>        | <u>1,076</u>    | <u>2,390</u>    | <u>190</u>                     | <u>177</u>      |

**7 Finance costs, net**

|                                                                      | Year ended 31 March |                 |                 | Five months ended<br>31 August |                 |
|----------------------------------------------------------------------|---------------------|-----------------|-----------------|--------------------------------|-----------------|
|                                                                      | 2014                | 2015            | 2016            | 2015                           | 2016            |
|                                                                      | <i>HK\$'000</i>     | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                | <i>HK\$'000</i> |
|                                                                      |                     |                 |                 | <i>(Unaudited)</i>             |                 |
| Interest expense on bank<br>loans wholly repayable<br>within 5 years | 107                 | 72              | 77              | 28                             | 29              |
| Interest expense on finance<br>leases                                | 10                  | 10              | 7               | 3                              | 3               |
| Interest income                                                      | <u>(24)</u>         | <u>(32)</u>     | <u>(33)</u>     | <u>(15)</u>                    | <u>(14)</u>     |
|                                                                      | <u>93</u>           | <u>50</u>       | <u>51</u>       | <u>16</u>                      | <u>18</u>       |



**8 Profit/(loss) before taxation**

Profit/(loss) before taxation is stated after:

| Note                                                                    | Year ended 31 March |          |          | Five months ended<br>31 August |          |
|-------------------------------------------------------------------------|---------------------|----------|----------|--------------------------------|----------|
|                                                                         | 2014                | 2015     | 2016     | 2015                           | 2016     |
|                                                                         | HK\$'000            | HK\$'000 | HK\$'000 | HK\$'000                       | HK\$'000 |
|                                                                         | <i>(Unaudited)</i>  |          |          |                                |          |
| Cost of food and beverages                                              | 47,494              | 55,072   | 47,427   | 21,363                         | 19,896   |
| Depreciation of property, plant and equipment                           | 13 8,106            | 9,546    | 8,391    | 3,609                          | 3,500    |
| Amortisation of intangible assets                                       | 3                   | 3        | 3        | —                              | 1        |
| Lease payments under operating leases in respect of land and buildings: |                     |          |          |                                |          |
| Minimum lease payments                                                  | 33,391              | 40,739   | 40,000   | 16,020                         | 17,866   |
| Contingent rental                                                       | 396                 | 339      | 265      | 229                            | 252      |
|                                                                         | 33,787              | 41,078   | 40,265   | 16,249                         | 18,118   |
| Employee benefit expenses (excluding directors' remuneration (Note 9)): |                     |          |          |                                |          |
| Wages and salaries                                                      | 43,354              | 48,746   | 45,181   | 18,974                         | 20,003   |
| Discretionary bonuses                                                   | 795                 | 781      | 1,339    | 230                            | 103      |
| Retirement benefit scheme contributions                                 | 2,015               | 2,289    | 2,114    | 870                            | 855      |
| Insurance expense                                                       | 1,442               | 1,746    | 1,417    | 612                            | 596      |
| Staff welfare                                                           | 1,208               | 1,249    | 986      | 429                            | 529      |
| Provision for/(reversal of) unutilised annual leave                     | 136                 | 147      | (105)    | (44)                           | 200      |
| Provision for long service payment                                      | (82)                | 65       | 308      | 128                            | 130      |
|                                                                         | 48,868              | 55,023   | 51,240   | 21,199                         | 22,416   |
| Auditors' remuneration                                                  |                     |          |          |                                |          |
| - Audit services                                                        | 156                 | 160      | 240      | 100                            | 100      |
| - Non-audit services                                                    | 10                  | 6        | 230      | 230                            | —        |
| Loss/(gain) on disposal of items of property, plant and equipment       | 36                  | 458      | 98       | (75)                           | —        |
| Foreign exchange differences, net                                       | 27                  | (6)      | 164      | 91                             | 104      |
| Listing expenses                                                        | —                   | —        | 1,478    | —                              | 14,677   |

**9 Directors' remuneration and five highest paid individuals***(a) Directors' emoluments*

|                                         | Year ended 31 March |              |              | Five months ended<br>31 August |              |
|-----------------------------------------|---------------------|--------------|--------------|--------------------------------|--------------|
|                                         | 2014                | 2015         | 2016         | 2015                           | 2016         |
|                                         | HK\$'000            | HK\$'000     | HK\$'000     | HK\$'000<br>(Unaudited)        | HK\$'000     |
| Fees                                    | —                   | —            | —            | —                              | —            |
| Salaries and allowances                 | 2,732               | 2,938        | 2,752        | 1,176                          | 1,180        |
| Other benefits                          | 283                 | 317          | 355          | 148                            | 166          |
| Discretionary bonuses                   | 21                  | —            | —            | —                              | —            |
| Retirement benefit scheme contributions | 81                  | 88           | 69           | 36                             | 50           |
|                                         | <u>3,117</u>        | <u>3,343</u> | <u>3,176</u> | <u>1,360</u>                   | <u>1,396</u> |

The remuneration of every director for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 were as follows:

|                                 | Fees     | Salaries and allowances | Other benefits | Discretionary bonuses | Retirement benefit scheme contributions | Total        |
|---------------------------------|----------|-------------------------|----------------|-----------------------|-----------------------------------------|--------------|
|                                 | HK\$'000 | HK\$'000                | HK\$'000       | HK\$'000              | HK\$'000                                | HK\$'000     |
| <b>Year ended 31 March 2014</b> |          |                         |                |                       |                                         |              |
| Executive directors             |          |                         |                |                       |                                         |              |
| Mr. Wong                        | —        | 2,468                   | 283            | —                     | 68                                      | 2,819        |
| Mrs. Wong                       | —        | 264                     | —              | 21                    | 13                                      | 298          |
|                                 | <u>—</u> | <u>2,732</u>            | <u>283</u>     | <u>21</u>             | <u>81</u>                               | <u>3,117</u> |
| <b>Year ended 31 March 2015</b> |          |                         |                |                       |                                         |              |
| Executive directors             |          |                         |                |                       |                                         |              |
| Mr. Wong                        | —        | 2,638                   | 317            | —                     | 73                                      | 3,028        |
| Mrs. Wong                       | —        | 300                     | —              | —                     | 15                                      | 315          |
|                                 | <u>—</u> | <u>2,938</u>            | <u>317</u>     | <u>—</u>              | <u>88</u>                               | <u>3,343</u> |
| <b>Year ended 31 March 2016</b> |          |                         |                |                       |                                         |              |
| Executive directors             |          |                         |                |                       |                                         |              |
| Mr. Wong                        | —        | 2,452                   | 355            | —                     | 54                                      | 2,861        |
| Mrs. Wong                       | —        | 300                     | —              | —                     | 15                                      | 315          |
|                                 | <u>—</u> | <u>2,752</u>            | <u>355</u>     | <u>—</u>              | <u>69</u>                               | <u>3,176</u> |

|                          | <b>Fees</b>     | <b>Salaries<br/>and<br/>allowances</b> | <b>Other<br/>benefits</b> | <b>Discretionary<br/>bonuses</b> | <b>Retirement<br/>benefit<br/>scheme<br/>contributions</b> | <b>Total</b>    |
|--------------------------|-----------------|----------------------------------------|---------------------------|----------------------------------|------------------------------------------------------------|-----------------|
|                          | <i>HK\$'000</i> | <i>HK\$'000</i>                        | <i>HK\$'000</i>           | <i>HK\$'000</i>                  | <i>HK\$'000</i>                                            | <i>HK\$'000</i> |
| <b>Five months ended</b> |                 |                                        |                           |                                  |                                                            |                 |
| <b>31 August 2015</b>    |                 |                                        |                           |                                  |                                                            |                 |
| <b>(Unaudited)</b>       |                 |                                        |                           |                                  |                                                            |                 |
| Executive directors      |                 |                                        |                           |                                  |                                                            |                 |
| Mr. Wong                 | —               | 1,051                                  | 148                       | —                                | 30                                                         | 1,229           |
| Mrs. Wong                | —               | 125                                    | —                         | —                                | 6                                                          | 131             |
|                          | <u>—</u>        | <u>1,176</u>                           | <u>148</u>                | <u>—</u>                         | <u>36</u>                                                  | <u>1,360</u>    |
| <b>Five months ended</b> |                 |                                        |                           |                                  |                                                            |                 |
| <b>31 August 2016</b>    |                 |                                        |                           |                                  |                                                            |                 |
| Executive directors      |                 |                                        |                           |                                  |                                                            |                 |
| Mr. Wong                 | —               | 1,055                                  | 166                       | —                                | 44                                                         | 1,265           |
| Mrs. Wong                | —               | 125                                    | —                         | —                                | 6                                                          | 131             |
| Non-executive director   |                 |                                        |                           |                                  |                                                            |                 |
| Mr. Cheung Wai Chi       |                 |                                        |                           |                                  |                                                            |                 |
| (viii)                   | —               | —                                      | —                         | —                                | —                                                          | —               |
|                          | <u>—</u>        | <u>1,180</u>                           | <u>166</u>                | <u>—</u>                         | <u>50</u>                                                  | <u>1,396</u>    |

- (i) The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Operating Subsidiaries and no directors waived any emolument during each of the year ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016.
- (ii) No director fees were paid to these directors in their capacity as directors of the Company or the Operating Subsidiaries and no emoluments were paid by the Company or the Operating Subsidiaries to the directors as an inducement to join the Company or the Operating Subsidiaries, or as compensation for loss of office during each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016.
- (iii) Other benefits included insurance premium.
- (iv) During each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.
- (v) During each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, no significant transactions, agreements and contracts in relation

to the Group's business to which the Company was a party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, other than those disclosed in Note 24.

- (vi) During each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors.
- (vii) Mr. Cheung Yui Kai Warren, Prof. Lai Kin Keung and Mr. Lui Hong Peace were appointed as the Company's independent non-executive directors on 8 November 2016. During the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, the independent non-executive directors have not yet been appointed and did not receive any remuneration.
- (viii) Mr. Cheung Wai Chi was appointed as the Company's non-executive director on 10 June 2016.

(b) *Five highest paid individuals*

2, 2, 1, 1 and 1 of the highest paid individuals were directors of the Company for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, respectively.

Details of the remuneration of the remaining non-director, highest paid individuals are analysed as follows:

|                                              | Year ended 31 March |              |              | Five months ended<br>31 August |            |
|----------------------------------------------|---------------------|--------------|--------------|--------------------------------|------------|
|                                              | 2014                | 2015         | 2016         | 2015                           | 2016       |
|                                              | HK\$'000            | HK\$'000     | HK\$'000     | HK\$'000                       | HK\$'000   |
|                                              |                     |              |              | (Unaudited)                    |            |
| Salaries, allowances and<br>benefits in kind | 1,301               | 1,139        | 2,028        | 725                            | 793        |
| Retirement benefit scheme<br>contributions   | 45                  | 41           | 72           | 30                             | 30         |
|                                              | <u>1,346</u>        | <u>1,180</u> | <u>2,100</u> | <u>755</u>                     | <u>823</u> |

The emoluments of the remaining individuals fell within the following bands:

|                      | Year ended 31 March |          |          | Five months ended<br>31 August |          |
|----------------------|---------------------|----------|----------|--------------------------------|----------|
|                      | 2014                | 2015     | 2016     | 2015                           | 2016     |
|                      |                     |          |          | (Unaudited)                    |          |
| Nil to HK\$1,000,000 | <u>3</u>            | <u>3</u> | <u>4</u> | <u>4</u>                       | <u>4</u> |

**10 Income tax expense**

Hong Kong profits tax has been provided on the estimated assessable profits at a rate of 16.5% for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016.

The major components of the income tax expense are as follows:

|                                          | Year ended 31 March |              |              | Five months ended<br>31 August |              |
|------------------------------------------|---------------------|--------------|--------------|--------------------------------|--------------|
|                                          | 2014                | 2015         | 2016         | 2015                           | 2016         |
|                                          | HK\$'000            | HK\$'000     | HK\$'000     | HK\$'000                       | HK\$'000     |
|                                          |                     |              |              | <i>(Unaudited)</i>             |              |
| Hong Kong profits tax                    |                     |              |              |                                |              |
| Current income tax                       | 3,585               | 4,143        | 4,553        | 2,539                          | 1,959        |
| Under/(over)-provision<br>in prior years | 12                  | —            | —            | —                              | (120)        |
| Deferred income tax<br>(Note 22)         | (530)               | (532)        | 285          | 137                            | (116)        |
| Total tax charge for the<br>year/period  | <u>3,067</u>        | <u>3,611</u> | <u>4,838</u> | <u>2,676</u>                   | <u>1,723</u> |

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

|                                            | Year ended 31 March |               |               | Five months ended<br>31 August |                |
|--------------------------------------------|---------------------|---------------|---------------|--------------------------------|----------------|
|                                            | 2014                | 2015          | 2016          | 2015                           | 2016           |
|                                            | HK\$'000            | HK\$'000      | HK\$'000      | HK\$'000                       | HK\$'000       |
|                                            |                     |               |               | <i>(Unaudited)</i>             |                |
| Profit/(loss) before<br>taxation           | <u>19,048</u>       | <u>22,416</u> | <u>28,743</u> | <u>15,774</u>                  | <u>(3,476)</u> |
| Tax at the statutory tax<br>rates of 16.5% | 3,143               | 3,699         | 4,743         | 2,603                          | (573)          |
| Income not subject to tax                  | (2)                 | (1)           | (268)         | (2)                            | (39)           |
| Under/(over)-provision in<br>prior years   | 12                  | —             | —             | —                              | (120)          |
| Expenses not deductible<br>for tax         | 4                   | 73            | 363           | 75                             | 2,455          |
| Tax rebate                                 | (90)                | (160)         | —             | —                              | —              |
| Income tax expenses                        | <u>3,067</u>        | <u>3,611</u>  | <u>4,838</u>  | <u>2,676</u>                   | <u>1,723</u>   |

For each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, the weighted average applicable tax rate was 16.1%, 16.1% and 16.8%, 17.0% and negative 49.6% respectively. The weighted average applicable tax rate approximates to the statutory tax rate of 16.5% for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015. The negative weighted average applicable tax rate for the five months ended 31 August 2016 was mainly due to the non-deductible listing expenses of HK\$14,677,000.

## 11 Dividends

No dividend has been paid or declared by the Company since its incorporation.

Dividends disclosed during each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 represented dividends declared and paid or payable by the Operating Subsidiaries to their respective shareholders based on their then respective shareholdings. The rates for dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

|                                     | Year ended 31 March |               |               | Five months ended<br>31 August |          |
|-------------------------------------|---------------------|---------------|---------------|--------------------------------|----------|
|                                     | 2014                | 2015          | 2016          | 2015                           | 2016     |
|                                     | HK\$'000            | HK\$'000      | HK\$'000      | HK\$'000                       | HK\$'000 |
|                                     |                     |               |               | <i>(Unaudited)</i>             |          |
| Declared and paid interim dividends |                     |               |               |                                |          |
| - Tri-Pros Limited                  | 1,800               | 2,500         | 7,681         | —                              | —        |
| - Sydney Limited                    | 1,800               | 2,500         | 13,000        | —                              | —        |
| - Prosino Limited                   | 1,000               | 2,500         | 2,927         | —                              | —        |
| - Unlimit Limited                   | 1,000               | 1,000         | 4,000         | —                              | —        |
| - Dotco Limited                     | 400                 | 1,000         | —             | —                              | —        |
| - Printech Corporation Ltd.         | 400                 | 500           | —             | —                              | —        |
| - 555 Limited                       | 600                 | —             | —             | —                              | —        |
| - Richfield Development Ltd         | —                   | —             | 2,106         | —                              | —        |
|                                     | <u>7,000</u>        | <u>10,000</u> | <u>29,714</u> | <u>—</u>                       | <u>—</u> |

## 12 Earnings per share attributable to shareholders of the Company

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the financial performance for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 on a combined basis as disclosed in Note 1.3 above.

**13 Property, plant and equipment**

|                                 | Land and<br>buildings | Leasehold<br>improve-<br>-ments | Restaurants<br>and kitchen<br>equipment | Computer<br>equipment | Furniture<br>and<br>fixtures | Office<br>equipment | Motor<br>vehicles | Total         |
|---------------------------------|-----------------------|---------------------------------|-----------------------------------------|-----------------------|------------------------------|---------------------|-------------------|---------------|
|                                 | HK\$'000              | HK\$'000                        | HK\$'000                                | HK\$'000              | HK\$'000                     | HK\$'000            | HK\$'000          | HK\$'000      |
| At 1 April 2013                 |                       |                                 |                                         |                       |                              |                     |                   |               |
| Cost                            | 3,707                 | 20,061                          | 6,436                                   | 1,439                 | 3,469                        | 231                 | 799               | 36,142        |
| Accumulated depreciation        | (71)                  | (13,970)                        | (4,010)                                 | (970)                 | (2,075)                      | (100)               | (478)             | (21,674)      |
| Net carrying amount             | <u>3,636</u>          | <u>6,091</u>                    | <u>2,426</u>                            | <u>469</u>            | <u>1,394</u>                 | <u>131</u>          | <u>321</u>        | <u>14,468</u> |
| <b>Year ended 31 March 2014</b> |                       |                                 |                                         |                       |                              |                     |                   |               |
| Opening net carrying amount     | 3,636                 | 6,091                           | 2,426                                   | 469                   | 1,394                        | 131                 | 321               | 14,468        |
| Additions                       | —                     | 9,209                           | 3,617                                   | 382                   | 383                          | —                   | 253               | 13,844        |
| Disposals                       | —                     | —                               | —                                       | (15)                  | —                            | —                   | (55)              | (70)          |
| Depreciation                    | (106)                 | (4,856)                         | (1,822)                                 | (305)                 | (796)                        | (46)                | (175)             | (8,106)       |
| Closing net carrying amount     | <u>3,530</u>          | <u>10,444</u>                   | <u>4,221</u>                            | <u>531</u>            | <u>981</u>                   | <u>85</u>           | <u>344</u>        | <u>20,136</u> |
| At 31 March 2014                |                       |                                 |                                         |                       |                              |                     |                   |               |
| Cost                            | 3,707                 | 27,893                          | 10,033                                  | 1,785                 | 3,802                        | 231                 | 869               | 48,320        |
| Accumulated depreciation        | (177)                 | (17,449)                        | (5,812)                                 | (1,254)               | (2,821)                      | (146)               | (525)             | (28,184)      |
| Net carrying amount             | <u>3,530</u>          | <u>10,444</u>                   | <u>4,221</u>                            | <u>531</u>            | <u>981</u>                   | <u>85</u>           | <u>344</u>        | <u>20,136</u> |
| <b>Year ended 31 March 2015</b> |                       |                                 |                                         |                       |                              |                     |                   |               |
| Opening net carrying amount     | 3,530                 | 10,444                          | 4,221                                   | 531                   | 981                          | 85                  | 344               | 20,136        |
| Additions                       | —                     | 3,644                           | 2,415                                   | 110                   | 1,237                        | —                   | —                 | 7,406         |
| Disposals                       | —                     | (249)                           | (142)                                   | (11)                  | (128)                        | (3)                 | —                 | (533)         |
| Depreciation                    | (106)                 | (5,915)                         | (2,341)                                 | (287)                 | (687)                        | (36)                | (174)             | (9,546)       |
| Closing net carrying amount     | <u>3,424</u>          | <u>7,924</u>                    | <u>4,153</u>                            | <u>343</u>            | <u>1,403</u>                 | <u>46</u>           | <u>170</u>        | <u>17,463</u> |
| At 31 March 2015                |                       |                                 |                                         |                       |                              |                     |                   |               |
| Cost                            | 3,707                 | 27,448                          | 11,003                                  | 1,417                 | 4,088                        | 86                  | 869               | 48,618        |
| Accumulated depreciation        | (283)                 | (19,524)                        | (6,850)                                 | (1,074)               | (2,685)                      | (40)                | (699)             | (31,155)      |
| Net carrying amount             | <u>3,424</u>          | <u>7,924</u>                    | <u>4,153</u>                            | <u>343</u>            | <u>1,403</u>                 | <u>46</u>           | <u>170</u>        | <u>17,463</u> |
| <b>Year ended 31 March 2016</b> |                       |                                 |                                         |                       |                              |                     |                   |               |
| Opening net carrying amount     | 3,424                 | 7,924                           | 4,153                                   | 343                   | 1,403                        | 46                  | 170               | 17,463        |
| Additions                       | —                     | 4,233                           | 1,893                                   | 558                   | 2,960                        | 25                  | —                 | 9,669         |
| Disposals                       | (3,318)               | (93)                            | (5)                                     | —                     | —                            | —                   | —                 | (3,416)       |
| Depreciation                    | (106)                 | (4,907)                         | (2,163)                                 | (281)                 | (857)                        | (17)                | (60)              | (8,391)       |
| Closing net carrying amount     | <u>—</u>              | <u>7,157</u>                    | <u>3,878</u>                            | <u>620</u>            | <u>3,506</u>                 | <u>54</u>           | <u>110</u>        | <u>15,325</u> |
| At 31 March 2016                |                       |                                 |                                         |                       |                              |                     |                   |               |
| Cost                            | —                     | 25,990                          | 11,243                                  | 1,624                 | 6,567                        | 111                 | 869               | 46,404        |
| Accumulated depreciation        | —                     | (18,833)                        | (7,365)                                 | (1,004)               | (3,061)                      | (57)                | (759)             | (31,079)      |
| Net carrying amount             | <u>—</u>              | <u>7,157</u>                    | <u>3,878</u>                            | <u>620</u>            | <u>3,506</u>                 | <u>54</u>           | <u>110</u>        | <u>15,325</u> |

**APPENDIX I**
**ACCOUNTANT'S REPORT**

|                                         | <b>Land and<br/>buildings</b> | <b>Leasehold<br/>improve-<br/>-ments</b> | <b>Restaurants<br/>and kitchen<br/>equipment</b> | <b>Computer<br/>equipment</b> | <b>Furniture<br/>and<br/>fixtures</b> | <b>Office<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Total</b>    |
|-----------------------------------------|-------------------------------|------------------------------------------|--------------------------------------------------|-------------------------------|---------------------------------------|-----------------------------|---------------------------|-----------------|
|                                         | <i>HK\$'000</i>               | <i>HK\$'000</i>                          | <i>HK\$'000</i>                                  | <i>HK\$'000</i>               | <i>HK\$'000</i>                       | <i>HK\$'000</i>             | <i>HK\$'000</i>           | <i>HK\$'000</i> |
| <b>Five months ended 31 August 2016</b> |                               |                                          |                                                  |                               |                                       |                             |                           |                 |
| Opening net carrying amount             | —                             | 7,157                                    | 3,878                                            | 620                           | 3,506                                 | 54                          | 110                       | 15,325          |
| Additions                               | —                             | 1,077                                    | 657                                              | 748                           | 725                                   | 168                         | —                         | 3,375           |
| Depreciation                            | —                             | (1,833)                                  | (924)                                            | (141)                         | (561)                                 | (20)                        | (21)                      | (3,500)         |
| Closing net carrying amount             | —                             | 6,401                                    | 3,611                                            | 1,227                         | 3,670                                 | 202                         | 89                        | 15,200          |
| <b>At 31 August 2016</b>                |                               |                                          |                                                  |                               |                                       |                             |                           |                 |
| Cost                                    | —                             | 24,757                                   | 11,197                                           | 2,247                         | 6,991                                 | 279                         | 869                       | 46,340          |
| Accumulated depreciation                | —                             | (18,356)                                 | (7,586)                                          | (1,020)                       | (3,321)                               | (77)                        | (780)                     | (31,140)        |
| Net carrying amount                     | —                             | 6,401                                    | 3,611                                            | 1,227                         | 3,670                                 | 202                         | 89                        | 15,200          |
| <b>(Unaudited)</b>                      |                               |                                          |                                                  |                               |                                       |                             |                           |                 |
| <b>Five months ended 31 August 2015</b> |                               |                                          |                                                  |                               |                                       |                             |                           |                 |
| Opening net carrying amount             | 3,424                         | 7,924                                    | 4,153                                            | 343                           | 1,403                                 | 46                          | 170                       | 17,463          |
| Additions                               | —                             | 1,488                                    | 107                                              | 558                           | 17                                    | 25                          | —                         | 2,195           |
| Depreciation                            | (44)                          | (2,187)                                  | (933)                                            | (127)                         | (280)                                 | (7)                         | (31)                      | (3,609)         |
| Closing net carrying amount             | 3,380                         | 7,225                                    | 3,327                                            | 774                           | 1,140                                 | 64                          | 139                       | 16,049          |
| <b>At 31 August 2015</b>                |                               |                                          |                                                  |                               |                                       |                             |                           |                 |
| Cost                                    | 3,707                         | 23,365                                   | 9,465                                            | 1,624                         | 3,623                                 | 111                         | 869                       | 42,764          |
| Accumulated depreciation                | (327)                         | (16,140)                                 | (6,138)                                          | (850)                         | (2,483)                               | (47)                        | (730)                     | (26,715)        |
| Net carrying amount                     | 3,380                         | 7,225                                    | 3,327                                            | 774                           | 1,140                                 | 64                          | 139                       | 16,049          |

- (a) The net carrying amounts of the Group's property, plant and equipment held under finance leases included in the total amounts of motor vehicles as at 31 March 2014, 2015 and 2016 and 31 August 2016 were HK\$211,000, HK\$160,000 and HK\$110,000 and Nil, respectively.
- (b) As at 31 March 2014 and 2015, the leasehold land and buildings with net carrying amount of HK\$3,530,000 and HK\$3,424,000 respectively were pledged as securities for the Group's bank borrowings (Note 21).



**14 Investment in an associate**

|                                 | As at 31 March |          |          | As at<br>31 August |
|---------------------------------|----------------|----------|----------|--------------------|
|                                 | 2014           | 2015     | 2016     | 2016               |
|                                 | HK\$'000       | HK\$'000 | HK\$'000 | HK\$'000           |
| Investment, at cost             | 250            | 250      | 250      | 250                |
| Losses shared in previous years | (250)          | (250)    | (250)    | (250)              |
|                                 | <u>—</u>       | <u>—</u> | <u>—</u> | <u>—</u>           |

Set out below is the associate of the Group as at 31 March 2014, 2015 and 2016 and 31 August 2016 which, in the opinion of the directors, is immaterial to the Group. The associate as listed below has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Nature of investment in associate as at 31 March 2014, 2015 and 2016 and 31 August 2016

| Name                              | Place of<br>incorporation/<br>operation | Particulars of<br>issued share<br>capital | Interest<br>held<br>directly | Interest<br>held<br>indirectly | Principal<br>activity |
|-----------------------------------|-----------------------------------------|-------------------------------------------|------------------------------|--------------------------------|-----------------------|
| Kinetic Warehouse<br>(HK) Limited | Hong Kong                               | HK\$10,000                                | 25%                          | —                              | Inactive              |

Kinetic Warehouse (HK) Limited is a private company and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associate.

**15 Inventories**

|                                                   | As at 31 March |              |              | As at<br>31 August |
|---------------------------------------------------|----------------|--------------|--------------|--------------------|
|                                                   | 2014           | 2015         | 2016         | 2016               |
|                                                   | HK\$'000       | HK\$'000     | HK\$'000     | HK\$'000           |
| Food and consumables for restaurant<br>operations | <u>2,724</u>   | <u>2,857</u> | <u>2,889</u> | <u>2,461</u>       |

**16 Prepayments, deposits and other receivables****The Group**

|                                                 | <b>As at 31 March</b> |                 |                 | <b>As at<br/>31 August</b> |
|-------------------------------------------------|-----------------------|-----------------|-----------------|----------------------------|
|                                                 | <b>2014</b>           | <b>2015</b>     | <b>2016</b>     | <b>2016</b>                |
|                                                 | <i>HK\$'000</i>       | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>            |
| Prepayments                                     | 1,605                 | 1,658           | 2,606           | 3,119                      |
| Prepaid listing expenses                        | —                     | —               | 490             | 5,211                      |
| Rental and utilities deposits                   | 16,964                | 17,688          | 18,104          | 19,143                     |
| Other receivables                               | 3                     | 59              | 25              | 57                         |
|                                                 | 18,572                | 19,405          | 21,225          | 27,530                     |
| Less: non-current portion                       |                       |                 |                 |                            |
| - Rental and utilities deposits                 | (12,315)              | (9,818)         | (8,216)         | (8,906)                    |
| - Prepayments for property, plant and equipment | (125)                 | (275)           | (31)            | —                          |
| Current portion                                 | 6,132                 | 9,312           | 12,978          | 18,624                     |

**The Company**

|                          | <b>As at<br/>31 August</b> |
|--------------------------|----------------------------|
|                          | <b>2016</b>                |
|                          | <i>HK\$'000</i>            |
| Prepaid listing expenses | 5,211                      |
| Others                   | 340                        |
|                          | 5,551                      |

At 31 March 2014, 2015 and 2016 and 31 August 2016, the balances of deposits and other receivables were neither past due nor impaired. Financial assets included in the above balances relate to receivables for which there was no recent history of default.

The maximum exposure to credit risk as at 31 March 2014, 2015 and 2016 and 31 August 2016 was the carrying value of each class of receivable mentioned above. The Company and Group did not hold any collateral as security. The carrying amounts of prepayments, deposits and other receivables approximate to their fair values and are denominated in HK\$.

## 17 Balances with shareholders and related companies

|                                               | As at 31 March  |                |          | As at<br>31 August |
|-----------------------------------------------|-----------------|----------------|----------|--------------------|
|                                               | 2014            | 2015           | 2016     | 2016               |
|                                               | HK\$'000        | HK\$'000       | HK\$'000 | HK\$'000           |
| <b>Non-trade</b>                              |                 |                |          |                    |
| Amount due to Mr. Wong                        | (8,892)         | (7,012)        | —        | —                  |
| Amount due to Mrs. Wong                       | (1,281)         | (1,885)        | —        | —                  |
|                                               | <u>(10,173)</u> | <u>(8,897)</u> | <u>—</u> | <u>—</u>           |
| Amount due to Eternal Prosper Pacific Limited | (827)           | (1,197)        | —        | —                  |
| Amount due from Tactful Development Limited   | <u>8,990</u>    | <u>10,464</u>  | <u>—</u> | <u>—</u>           |

The maximum outstanding balances due from a related company during the years ended 31 March 2014, 2015 and 2016 and period ended 31 August 2016 are as follows:

|                                             | As at 31 March |               |               | As at<br>31 August |
|---------------------------------------------|----------------|---------------|---------------|--------------------|
|                                             | 2014           | 2015          | 2016          | 2016               |
|                                             | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| Amount due from Tactful Development Limited | <u>17,757</u>  | <u>10,464</u> | <u>11,207</u> | <u>—</u>           |

Amounts due from/(to) the above shareholders and related companies are unsecured, interest-free and repayable on demand. The amount due from Tactful Development Limited was neither past due nor impaired. The carrying amounts of the amounts due from/(to) shareholders and related companies approximate to their fair values and are denominated in HK\$.

The above related companies are controlled by Mr. Wong and Mrs. Wong.

**18 Cash and cash equivalents, bank deposits with maturity over three months and restricted cash**

|                                                                  | As at 31 March |               |               | As at<br>31 August |
|------------------------------------------------------------------|----------------|---------------|---------------|--------------------|
|                                                                  | 2014           | 2015          | 2016          | 2016               |
|                                                                  | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| Cash on hand                                                     | 368            | 368           | 358           | 338                |
| Cash in banks                                                    | 25,896         | 32,421        | 31,971        | 25,864             |
| Time deposits with initial maturity period<br>up to three months | 1,836          | 338           | 333           | —                  |
| Cash and cash equivalents                                        | 28,100         | 33,127        | 32,662        | 26,202             |
| Time deposits with initial maturity period<br>over three months  | 1,233          | 1,561         | 524           | —                  |
| Restricted Cash (Note)                                           | 2,508          | 3,687         | 2,424         | 2,351              |
|                                                                  | <u>31,841</u>  | <u>38,375</u> | <u>35,610</u> | <u>28,553</u>      |

*Note:*

The amounts are restricted deposit held in banks pursuant to the Group's obligations under certain operating leases.

At 31 March 2014, 2015 and 2016 and 31 August 2016, the maximum exposure to credit risk of the Group is cash in banks amounting to HK\$31,473,000, HK\$38,007,000 and HK\$35,252,000 and HK\$28,215,000 respectively.

|                                              | As at 31 March |               |               | As at<br>31 August |
|----------------------------------------------|----------------|---------------|---------------|--------------------|
|                                              | 2014           | 2015          | 2016          | 2016               |
|                                              | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| Cash and cash equivalents denominated<br>in: |                |               |               |                    |
| HK\$                                         | 27,474         | 33,974        | 32,329        | 26,202             |
| US dollars                                   | 360            | 360           | —             | —                  |
| RMB                                          | 4,007          | 4,041         | 3,281         | 2,351              |
|                                              | <u>31,841</u>  | <u>38,375</u> | <u>35,610</u> | <u>28,553</u>      |

Cash in banks earn interest at floating rates based on daily bank deposit rates. The effective interest rates on time deposits are 0.79%, 0.76% and 0.73% and 0.71% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 March 2014, 2015 and 2016 and 31 August 2016, HK\$2,508,000, HK\$3,687,000 and HK\$2,424,000 and HK\$2,351,000, respectively, are restricted deposits held in banks as reserve for serving of guarantee by the banks for the rental payables.

## 19 Trade payables

An aging analysis of the trade payables as at 31 March 2014, 2015 and 2016 and 31 August 2016, based on the invoice date, is as follows:

|                | As at 31 March |              |              | As at<br>31 August |
|----------------|----------------|--------------|--------------|--------------------|
|                | 2014           | 2015         | 2016         | 2016               |
|                | HK\$'000       | HK\$'000     | HK\$'000     | HK\$'000           |
| Within 30 days | <u>4,598</u>   | <u>3,926</u> | <u>3,780</u> | <u>4,159</u>       |

The trade payables are non-interest bearing with payment terms of 30 days in general.

The carrying amounts of the trade payables approximate to their fair values and are denominated in HK\$.

**20 Other payables and accruals****The Group**

|                                                | As at 31 March |          |          | As at<br>31 August |
|------------------------------------------------|----------------|----------|----------|--------------------|
|                                                | 2014           | 2015     | 2016     | 2016               |
|                                                | HK\$'000       | HK\$'000 | HK\$'000 | HK\$'000           |
| Rent payable                                   | 24             | 116      | 200      | 123                |
| Accrued employee benefit expenses              | 5,327          | 5,338    | 5,506    | 4,391              |
| Provision for long service payment             | 375            | 440      | 748      | 878                |
| Provision for unutilised annual leave          | 616            | 763      | 658      | 858                |
| Provision for reinstatement costs (Note (a))   | 4,003          | 4,047    | 3,963    | 3,865              |
| Provision for effective rental                 | 1,452          | 1,663    | 1,591    | 1,591              |
| Accrued listing expenses                       | —              | —        | 1,020    | 7,008              |
| Others                                         | 1,807          | 1,507    | 1,151    | 1,508              |
|                                                | 13,604         | 13,874   | 14,837   | 20,222             |
| Less: non-current portion                      |                |          |          |                    |
| - Provision for reinstatement costs (Note (a)) | (2,801)        | (2,270)  | (1,961)  | (2,151)            |
| Current portion                                | 10,803         | 11,604   | 12,876   | 18,071             |

**The Company**

|                          | As at<br>31 August |
|--------------------------|--------------------|
|                          | 2016               |
|                          | HK\$'000           |
| Accrued listing expenses | 7,008              |

As at 31 March 2014, 2015 and 2016 and 31 August 2016, the carrying amounts of other payables and accruals approximate to their fair values and are mainly denominated in HK\$.

*Note:*

**(a) Provision for reinstatement costs**

Movements in the Group's provision for reinstatement costs are as follows:

|                                             | Year ended 31 March |                 |                 | Five months ended<br>31 August |                 |
|---------------------------------------------|---------------------|-----------------|-----------------|--------------------------------|-----------------|
|                                             | 2014                | 2015            | 2016            | 2015                           | 2016            |
|                                             | <i>HK\$'000</i>     | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>                | <i>HK\$'000</i> |
|                                             |                     |                 |                 | <i>(Unaudited)</i>             |                 |
| At the beginning of the year/period         | 3,195               | 4,003           | 4,047           | 4,047                          | 3,963           |
| Additional provision during the year/period | 1,008               | 574             | 522             | 153                            | 138             |
| Settlements                                 | (200)               | (530)           | (606)           | (606)                          | (236)           |
| At the end of the year/period               | <u>4,003</u>        | <u>4,047</u>    | <u>3,963</u>    | <u>3,594</u>                   | <u>3,865</u>    |

**21 Bank borrowings**

|                      | As at 31 March  |                 |                 | As at<br>31 August |
|----------------------|-----------------|-----------------|-----------------|--------------------|
|                      | 2014            | 2015            | 2016            | 2016               |
|                      | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>    |
| Bank loans — secured | <u>2,817</u>    | <u>1,867</u>    | <u>3,428</u>    | <u>—</u>           |

Borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

Borrowings due for repayment, based on the scheduled repayment terms set out in the loan agreements and without taking into account the effect of any repayment on demand clause are as follows:

|                       | As at 31 March |              |              | As at<br>31 August |
|-----------------------|----------------|--------------|--------------|--------------------|
|                       | 2014           | 2015         | 2016         | 2016               |
|                       | HK\$'000       | HK\$'000     | HK\$'000     | HK\$'000           |
| Within 1 year         | 950            | 395          | 778          | —                  |
| Between 1 and 2 years | 395            | 110          | 795          | —                  |
| Between 2 and 5 years | 340            | 350          | 1,855        | —                  |
| Over 5 years          | 1,132          | 1,012        | —            | —                  |
|                       | <u>2,817</u>   | <u>1,867</u> | <u>3,428</u> | <u>—</u>           |

The weighted average interest rates as at 31 March 2014, 2015 and 2016 and 31 August 2016 were as follows:

|                      | As at 31 March |             |             | As at<br>31 August |
|----------------------|----------------|-------------|-------------|--------------------|
|                      | 2014           | 2015        | 2016        | 2016               |
| Bank loans — secured | <u>3.2%</u>    | <u>3.1%</u> | <u>2.3%</u> | <u>N/A</u>         |

The carrying amounts of the Group's borrowings are denominated in HK\$ and approximate to their fair values.

As at 31 March 2014, 2015 and 2016 and 31 August 2016, the Group had aggregate banking facilities of HK\$5,839,000, HK\$5,839,000, HK\$4,000,000 and HK\$6,000,000, respectively, for loans. There are no unused facilities as at 31 March 2014, 2015 and 2016 as all banking facilities are instalment loans. There are unused banking facilities of HK\$6,000,000 as at 31 August 2016. The Group's banking facilities are subject to annual review and secured or guaranteed by:

- (i) unlimited personal guarantee from Mr. Wong as at 31 March 2014, 2015 and 2016 and was subsequently released upon the repayment of the bank borrowings;
- (ii) unlimited personal guarantee from Mrs. Wong as at 31 March 2014 and 2015 and was subsequently released upon the repayment of the bank borrowings;



- (iii) a guarantee granted by the Special Loan Guarantee Scheme operated by the Hong Kong Special Administrative Region ("HKSAR") Government to the extent of an aggregate amount of HK\$1,600,000 as at 31 March 2014 and 2015 respectively and was subsequently released upon the repayment of the bank borrowings;
- (iv) first legal mortgage and rental assignment over the Group's land and buildings as at 31 March 2014 and 2015 and was subsequently released upon the repayment of the bank borrowings; and
- (v) mortgage over land and buildings held by Mr. Wong, Mrs. Wong and Eternal Prosper Pacific Limited as at 31 March 2016 and was subsequently released upon the repayment of the bank borrowings.

## 22 Deferred income tax

The movement in the deferred income tax account is as follows:

|                                                                                 | Year ended 31 March |              |              | Five months ended<br>31 August |              |
|---------------------------------------------------------------------------------|---------------------|--------------|--------------|--------------------------------|--------------|
|                                                                                 | 2014                | 2015         | 2016         | 2015                           | 2016         |
|                                                                                 | HK\$'000            | HK\$'000     | HK\$'000     | HK\$'000                       | HK\$'000     |
|                                                                                 |                     |              |              | <i>(Unaudited)</i>             |              |
| At the beginning of the year/period                                             | 1,142               | 1,672        | 2,204        | 2,204                          | 1,919        |
| Credited/(charged) to the combined statements of comprehensive income (Note 10) | 530                 | 532          | (285)        | (137)                          | 116          |
| At the end of the year/period                                                   | <u>1,672</u>        | <u>2,204</u> | <u>1,919</u> | <u>2,067</u>                   | <u>2,035</u> |

The movements in deferred income tax assets and liabilities for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

*Deferred income tax assets*

|                                                                          | <b>Decelerated<br/>tax<br/>depreciation</b> | <b>Tax losses</b> | <b>Total</b>    |
|--------------------------------------------------------------------------|---------------------------------------------|-------------------|-----------------|
|                                                                          | <i>HK\$'000</i>                             | <i>HK\$'000</i>   | <i>HK\$'000</i> |
| At 1 April 2013                                                          | 1,188                                       | 10                | 1,198           |
| Credited to the combined statements of<br>comprehensive income           | <u>372</u>                                  | <u>185</u>        | <u>557</u>      |
| At 31 March 2014 and 1 April 2014                                        | 1,560                                       | 195               | 1,755           |
| Credited to the combined statements of<br>comprehensive income           | <u>488</u>                                  | <u>155</u>        | <u>643</u>      |
| At 31 March 2015 and 1 April 2015                                        | 2,048                                       | 350               | 2,398           |
| Charged to the combined statements of<br>comprehensive income            | <u>(114)</u>                                | <u>(145)</u>      | <u>(259)</u>    |
| At 31 March 2016 and 1 April 2016                                        | 1,934                                       | 205               | 2,139           |
| (Charged)/credited to the combined statements of<br>comprehensive income | <u>(18)</u>                                 | <u>236</u>        | <u>218</u>      |
| At 31 August 2016                                                        | <u>1,916</u>                                | <u>441</u>        | <u>2,357</u>    |
| (Unaudited)                                                              |                                             |                   |                 |
| At 1 April 2015                                                          | 2,048                                       | 350               | 2,398           |
| Charged to the combined statements of comprehensive<br>income            | <u>(48)</u>                                 | <u>(78)</u>       | <u>(126)</u>    |
| At 31 August 2015                                                        | <u>2,000</u>                                | <u>272</u>        | <u>2,272</u>    |

*Deferred income tax liabilities*

|                                                            | <b>Accelerated tax<br/>depreciation</b> |
|------------------------------------------------------------|-----------------------------------------|
|                                                            | <i>HK\$'000</i>                         |
| At 1 April 2013                                            | 56                                      |
| Charged to the combined statements of comprehensive income | <u>27</u>                               |
| At 31 March 2014 and 1 April 2014                          | 83                                      |
| Charged to the combined statements of comprehensive income | <u>111</u>                              |
| At 31 March 2015 and 1 April 2015                          | 194                                     |
| Charged to the combined statements of comprehensive income | <u>26</u>                               |
| At 31 March 2016 and 1 April 2016                          | 220                                     |
| Charged to the combined statements of comprehensive income | <u>102</u>                              |
| At 31 August 2016                                          | <u><u>322</u></u>                       |
| (Unaudited)                                                |                                         |
| At 1 April 2015                                            | 194                                     |
| Charged to the combined statements of comprehensive income | <u>11</u>                               |
| At 31 August 2015                                          | <u><u>205</u></u>                       |

As at 31 March 2014, 2015 and 2016 and 31 August 2016, there is no significant unrecognised deferred income tax.

There are no income tax consequences attaching to the payment of dividends by the companies now comprising the Group to their then respective shareholders.

### **23 Combined capital and retained earnings**

The reorganisation has not been completed as at 31 August 2016. As mentioned in Note 1.3 above, the Financial Information has been prepared as if the Group structure after the Reorganisation had been in existence throughout the Relevant Period. Combined capital and retained earnings as at 31 March 2014, 2015 and 2016 and 31 August 2016 represent the combined share capital and retained earnings of the companies now comprising the Group after elimination of inter-company transactions and balances. Apart from profit/(loss) and total comprehensive income/(loss) for the year/period and dividends, there were no other movements in combined capital and retained earnings during the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016.

**24 Related party transactions**

- (a) In addition to the transactions and balances disclosed elsewhere in this report, the Group had the following transactions with related parties in the ordinary course of business:

|                                         | Year ended 31 March |            |              | Five months ended<br>31 August |            |
|-----------------------------------------|---------------------|------------|--------------|--------------------------------|------------|
|                                         | 2014                | 2015       | 2016         | 2015                           | 2016       |
|                                         | HK\$'000            | HK\$'000   | HK\$'000     | HK\$'000                       | HK\$'000   |
|                                         |                     |            |              | (Unaudited)                    |            |
| Rental expenses paid and payable to     |                     |            |              |                                |            |
| - Eternal Prosper Pacific Limited (i)   | 630                 | 630        | 630          | 263                            | 523        |
| - Mr. Wong (i)                          | 90                  | 90         | 90           | 38                             | 60         |
| - Mrs. Wong (i)                         | <u>180</u>          | <u>180</u> | <u>180</u>   | <u>75</u>                      | <u>127</u> |
| Consultancy fee paid and payable to     |                     |            |              |                                |            |
| - Eternal Prosper Pacific Limited (iii) | <u>—</u>            | <u>459</u> | <u>—</u>     | <u>—</u>                       | <u>—</u>   |
| Land and buildings sold to              |                     |            |              |                                |            |
| - Eternal Prosper Pacific Limited (ii)  | <u>—</u>            | <u>—</u>   | <u>5,034</u> | <u>—</u>                       | <u>—</u>   |

- (i) Rental expenses are paid in accordance with the terms mutually agreed by relevant parties.
- (ii) Land and buildings are sold at market price which was determined with reference to recent market transactions for similar building.
- (iii) Consultancy fee is paid for in relation to services provided by employees of Eternal Prosper Pacific Limited.
- (iv) Eternal Prosper Pacific Limited is controlled by Mr. Wong and Mrs. Wong.

*(b) Key management compensation*

Key management includes executive directors and the senior management of the Group.

Compensation of key management personnel of the Group, including directors' remuneration as disclosed in Note 9 to the Financial Information, is as follows:

|                                                 | Year ended 31 March |              |              | Five months ended<br>31 August |              |
|-------------------------------------------------|---------------------|--------------|--------------|--------------------------------|--------------|
|                                                 | 2014                | 2015         | 2016         | 2015                           | 2016         |
|                                                 | HK\$'000            | HK\$'000     | HK\$'000     | HK\$'000                       | HK\$'000     |
|                                                 |                     |              |              | <i>(Unaudited)</i>             |              |
| Salaries and other short term employee benefits | 3,471               | 3,742        | 4,062        | 1,594                          | 1,736        |
| Retirement benefit scheme contribution          | 97                  | 106          | 101          | 47                             | 65           |
|                                                 | <u>3,568</u>        | <u>3,848</u> | <u>4,163</u> | <u>1,641</u>                   | <u>1,801</u> |

*(c) Other arrangements with related parties*

Save as disclosed in Note 17, 21 and 24 to the Financial Information, there are no other arrangements with related parties.

**25 Notes to the combined statements of cash flows***(a) Cash generated from operations*

|                                                                              | Note | Year ended 31 March |               |               | Five months ended<br>31 August |           |
|------------------------------------------------------------------------------|------|---------------------|---------------|---------------|--------------------------------|-----------|
|                                                                              |      | 2014                | 2015          | 2016          | 2015                           | 2016      |
|                                                                              |      | HK\$'000            | HK\$'000      | HK\$'000      | HK\$'000                       | HK\$'000  |
|                                                                              |      |                     |               |               | <i>(Unaudited)</i>             |           |
| Profit/(loss) before taxation                                                |      | 19,048              | 22,416        | 28,743        | 15,774                         | (3,476)   |
| Adjustments for:                                                             |      |                     |               |               |                                |           |
| Depreciation of property, plant and equipment                                | 13   | 8,106               | 9,546         | 8,391         | 3,609                          | 3,500     |
| Amortisation of intangible assets                                            |      | 3                   | 3             | 3             | —                              | 1         |
| Loss/(gain) on disposal of items of property, plant and equipment (Note (b)) |      | 36                  | 458           | 98            | (75)                           | —         |
| Gain on disposal of land and buildings (Note (c))                            | 6    | —                   | —             | (1,716)       | —                              | —         |
| Finance costs, net                                                           | 7    | 93                  | 50            | 51            | 16                             | 18        |
|                                                                              |      | <u>27,286</u>       | <u>32,473</u> | <u>35,570</u> | <u>19,324</u>                  | <u>43</u> |

| Note                                                                | Year ended 31 March |               |               | Five months ended<br>31 August |              |
|---------------------------------------------------------------------|---------------------|---------------|---------------|--------------------------------|--------------|
|                                                                     | 2014                | 2015          | 2016          | 2015                           | 2016         |
|                                                                     | HK\$'000            | HK\$'000      | HK\$'000      | HK\$'000                       | HK\$'000     |
|                                                                     |                     |               |               | <i>(Unaudited)</i>             |              |
| Changes in working capital<br>(Increase)/decrease in<br>inventories | (1,214)             | (133)         | (32)          | 1,062                          | 428          |
| Increase in prepayments,<br>deposits and other<br>receivables       | (4,661)             | (683)         | (1,619)       | (2,084)                        | (3,122)      |
| Increase/(decrease) in trade<br>payables                            | 1,060               | (672)         | (146)         | 571                            | 379          |
| Increase/(decrease) in other<br>payables and accruals               | 1,326               | (304)         | 441           | (2,237)                        | 5,247        |
| (Decrease)/increase in amount<br>due to a related company           | (128)               | 370           | —             | (892)                          | —            |
| Cash generated from<br>operations                                   | <u>23,669</u>       | <u>31,051</u> | <u>34,214</u> | <u>15,744</u>                  | <u>2,975</u> |

- (b) In the combined statements of cash flows, proceeds from sale of property, plant and equipment comprise:

|                                                                | Year ended 31 March |           |          | Five months ended<br>31 August |          |
|----------------------------------------------------------------|---------------------|-----------|----------|--------------------------------|----------|
|                                                                | 2014                | 2015      | 2016     | 2015                           | 2016     |
|                                                                | HK\$'000            | HK\$'000  | HK\$'000 | HK\$'000                       | HK\$'000 |
|                                                                |                     |           |          | <i>(Unaudited)</i>             |          |
| Net carrying amount (Note<br>13)                               | 70                  | 533       | 98       | —                              | —        |
| (Loss)/gain on disposal of<br>property, plant and<br>equipment | (36)                | (458)     | (98)     | 75                             | —        |
| Proceeds from disposal of<br>property, plant and<br>equipment  | <u>34</u>           | <u>75</u> | <u>—</u> | <u>75</u>                      | <u>—</u> |

- (c) Proceed from sale of land and buildings was settled through the current account with a related company.

**26 Operating lease and capital commitments**

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to six years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

|                                         | As at 31 March |               |               | As at<br>31 August |
|-----------------------------------------|----------------|---------------|---------------|--------------------|
|                                         | 2014           | 2015          | 2016          | 2016               |
|                                         | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| <b>As lessees</b>                       |                |               |               |                    |
| Within one year                         | 34,821         | 32,113        | 33,579        | 33,999             |
| In the second to fifth years, inclusive | 33,245         | 24,972        | 32,882        | 35,395             |
| Beyond five years                       | 438            | —             | 1,315         | 535                |
|                                         | <u>68,504</u>  | <u>57,085</u> | <u>67,776</u> | <u>69,929</u>      |

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and contingent rent based on the sales of these restaurants pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales generated by these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

In addition to the operating lease commitments detailed above, the Group had the following capital commitments.

|                                                            | As at 31 March |            |          | As at<br>31 August |
|------------------------------------------------------------|----------------|------------|----------|--------------------|
|                                                            | 2014           | 2015       | 2016     | 2016               |
|                                                            | HK\$'000       | HK\$'000   | HK\$'000 | HK\$'000           |
| Contracted, but not provided for<br>leasehold improvements | <u>—</u>       | <u>375</u> | <u>—</u> | <u>—</u>           |

**27 Financial instruments by category**

|                                                                                                | As at 31 March |               |               | As at<br>31 August |
|------------------------------------------------------------------------------------------------|----------------|---------------|---------------|--------------------|
|                                                                                                | 2014           | 2015          | 2016          | 2016               |
|                                                                                                | HK\$'000       | HK\$'000      | HK\$'000      | HK\$'000           |
| <b>Assets as per combined statements of financial position</b>                                 |                |               |               |                    |
| Loans and receivables:                                                                         |                |               |               |                    |
| - Deposits and other receivables                                                               | 16,967         | 17,747        | 18,129        | 19,200             |
| - Cash and cash equivalents, bank deposits with maturity over three months and restricted cash | 31,841         | 38,375        | 35,610        | 28,553             |
| - Amount due from a related company                                                            | 8,990          | 10,464        | —             | —                  |
| Total                                                                                          | <u>57,798</u>  | <u>66,586</u> | <u>53,739</u> | <u>47,753</u>      |
| <b>Liabilities as per combined statements of financial position</b>                            |                |               |               |                    |
| Financial liabilities at amortised cost:                                                       |                |               |               |                    |
| - Bank borrowings                                                                              | 2,817          | 1,867         | 3,428         | —                  |
| - Finance lease payables                                                                       |                |               |               |                    |
| Current                                                                                        | 47             | 50            | 53            | —                  |
| Non-current                                                                                    | 140            | 90            | 37            | —                  |
| - Trade and other payables and accruals                                                        | 11,756         | 10,887        | 11,657        | 17,189             |
| - Amounts due to shareholders                                                                  | 10,173         | 8,897         | —             | —                  |
| - Amount due to a related company                                                              | 827            | 1,197         | —             | —                  |
| Total                                                                                          | <u>25,760</u>  | <u>22,988</u> | <u>15,175</u> | <u>17,189</u>      |

**28 Share capital of the Company****(a) Authorised share capital**

|                                                             | Number of<br>shares | Nominal value<br>HK\$'000 |
|-------------------------------------------------------------|---------------------|---------------------------|
| At 14 April 2016 (date of incorporation) and 31 August 2016 | <u>38,000,000</u>   | <u>380</u>                |



**(b) Issued and fully paid share capital**

|                                                                                               | <u>Number of<br/>shares</u> | <u>Ordinary shares</u><br><i>HK\$'000</i> |
|-----------------------------------------------------------------------------------------------|-----------------------------|-------------------------------------------|
| At 14 April 2016 (date of incorporation) and 31 August 2016 (ordinary share of HK\$0.01 each) | <u>1</u>                    | <u>—</u>                                  |

**29 Amount due to a subsidiary**

|                   | <u>As at<br/>31 August<br/>2016</u><br><i>HK\$'000</i> |
|-------------------|--------------------------------------------------------|
| Aero Tech Limited | <u>13,220</u>                                          |

Amount due to a subsidiary is unsecured, interest-free and repayable on demand. The carrying amount of the amount due to a subsidiary approximates to its fair value and is denominated in HK\$.

**30 Subsequent event**

On 7 November 2016, the Group completed the Reorganisation (Note 1.2).

**III. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 August 2016 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 August 2016.

Yours faithfully,

**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*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 information 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 4.29 of the Listing Rules and on the basis of notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group attributable to the shareholders of the Company as of 31 August 2016 as if the Global Offering had taken place on 31 August 2016.

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 combined net tangible assets of the Group had the Global Offering been completed as at 31 August 2016 or any future dates.

|                                                   | <b>Audited<br/>combined net<br/>tangible assets<br/>of the Group<br/>attributable to<br/>the<br/>shareholders<br/>of the<br/>Company as at<br/>31 August<br/>2016<br/>(Note 1)<br/>HK\$'000</b> | <b>Estimated net<br/>proceeds from<br/>the Global<br/>Offering<br/>(Note 2)<br/>HK\$'000</b> | <b>Unaudited<br/>pro forma<br/>adjusted net<br/>tangible assets<br/>of the Group<br/>attributable to<br/>the<br/>shareholders<br/>of the<br/>Company as at<br/>31 August<br/>2016<br/>HK\$'000</b> | <b>Unaudited pro<br/>forma<br/>adjusted net<br/>tangible assets<br/>per Share<br/>(Note 3)<br/>HK\$</b> |
|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Based on the Offer Price of<br>HK\$1.67 per Share | <u>49,188</u>                                                                                                                                                                                   | <u>72,075</u>                                                                                | <u>121,263</u>                                                                                                                                                                                     | <u>0.61</u>                                                                                             |
| Based on the Offer Price of<br>HK\$2.15 per Share | <u>49,188</u>                                                                                                                                                                                   | <u>95,235</u>                                                                                | <u>144,423</u>                                                                                                                                                                                     | <u>0.72</u>                                                                                             |

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

- (1) The audited combined net tangible assets attributable to the shareholders of the Company as at 31 August 2016 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the shareholders of the Company as at 31 August 2016 of HK\$49,203,000 with an adjustment for the intangible assets of HK\$15,000.
- (2) The estimated net proceeds from the Global Offering are based on 50,000,000 Offer Shares and the indicative Offer Price of HK\$1.67 per Share and HK\$2.15 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\$1,478,000 and HK\$14,677,000 which have been accounted for in the combined statements of comprehensive income for the year ended 31 March 2016 and the five months ended 31 August 2016 respectively) and take no account of the Adjustment Options and any Shares that may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme or may be allocated and repurchased by the Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (3) The unaudited pro forma net tangible assets per Shares is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 200,000,000 Shares were in issue assuming that the Capitalisation Issue and the Global Offering have been completed on 31 August 2016 but takes no account of the Adjustment Options and any Shares that may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme and may be allocated and repurchased by the Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 August 2016.

**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.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Food Wise Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Food Wise Holdings 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 August 2016, 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 17 November 2016, 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 August 2016 as if the proposed initial public offering had taken place at 31 August 2016. 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 five months ended 31 August 2016, 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 4.29 of the Rules Governing the Listing of Securities on 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").

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*

**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.

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 4.29(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 4.29 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 August 2016 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

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## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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- 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 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 17 November 2016

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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 April 2016 under the Companies Law. The Memorandum of Association and the Articles of Association comprise its constitution.

### **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 8 November 2016 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

#### **(a)      Directors**

- (i)      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 with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are 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 from time to time determine.



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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

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Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others 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.

(ii) Power to dispose of the assets of the Company or any subsidiary

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.

(iii) 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.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Financial assistance to purchase shares of the Company or its subsidiaries

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company. There is no provision in the Articles that prohibits the Company from giving financial assistance for the purchase shares of its subsidiaries.

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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

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(vi) 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, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other 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. Subject as otherwise provided by the Articles, 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.

Subject to the Companies Law and the Articles, 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 shall 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 (as defined in the Articles) is materially interested, but this prohibition shall 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;

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## APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

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- (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.

### (vii) Remuneration

The ordinary remuneration of the Directors shall from time to time 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 shall also be 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 (whether by way of salary, commission, participation in profits or otherwise) 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 (whether by way of

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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

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salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) 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.

### **(viii) Retirement, appointment 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. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time 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. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

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### **APPENDIX III      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

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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 the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. 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:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law; or
- (ff) if 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 from time to time 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 shall, 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.

(ix) 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 (present and future) 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.

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Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(x) 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.

(xi) Register of Directors and Officers

The Companies Law and the Articles provide that 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.

**(b) Alterations to constitutional documents**

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.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

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- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

### **(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, 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.

The 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.

### **(e) Special resolution-majority required**

Pursuant to the Articles, 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 (see paragraph 2(i) below for further details).

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 held in accordance with the Articles.



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### **(f)    Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, 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 instalments 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 Designated Stock Exchange (as defined in the Articles), 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.

### **(g)    Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (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 any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.



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### **(h) 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 shall 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 shall 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 Designated Stock Exchange (as defined in the Articles), 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.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. 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. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

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### **(i) Notices of meetings and business to be conducted thereat**

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 (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall 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 the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed 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.

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### **(j)    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 Designated Stock Exchange (as defined in the Articles) 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 in any case in which it thinks fit, in its discretion, to do so and 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 thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to 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.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, 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).

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The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

### **(k) Power for 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 any Designated Stock Exchange (as defined in the Articles).

### **(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

### **(m) Dividends and other methods of distribution**

Subject to the Companies Law, 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.

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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.

### **(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled

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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.

### **(o) Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, 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 instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 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 instalments 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.

### **(p) Inspection of register of members**

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 Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

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### **(q) 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.

Save as otherwise provided by the Articles, 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.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

### **(r) Rights of the 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 law, as summarised in paragraph 3(f) of this Appendix.

### **(s) 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 shall be 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 shall be 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.



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If the Company shall be 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.

### **(t)    Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

### **(u)    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.



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### **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 Islands 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 Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

#### **(a)      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 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.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

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### **(c) Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

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**

Subject to the provisions of the Companies Law, 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 shall 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 shall not be treated as a member for any purpose and shall 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 shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at

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## **APPENDIX III      SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW**

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any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, 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.

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**

With the exception of section 34 of the Companies Law, there is 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. In addition, section 34 of 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 (see paragraph 2(m) above for further details).

### **(f) Protection of minorities**

The Cayman Islands 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

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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) Management**

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 shall 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.

### **(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.

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The undertaking for the Company is for a period of twenty years from 17 May 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 will 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.

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 shall 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.

### **(n) Winding up**

A company may be wound up compulsorily by order of the Court, voluntarily, or under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

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A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business 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, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby 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. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and 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. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

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### **(o) 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.

### **(p) Compulsory acquisition**

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.

### **(q) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

## **4. GENERAL**

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 14 April 2016. Our Company has established a place of business in Hong Kong at Room 1318, Golden Industrial Building, 16-26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 23 May 2016. The Company has adopted “膳源控股有限公司” as the dual foreign name of the Company on 17 October 2016 and has received the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company issued by Registrar of Companies in Hong Kong on 2 November 2016. Mr. Wong has been appointed as the authorised representative of the Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution comprising the Memorandum and the Articles. A summary of certain provisions of the Memorandum and Articles of the Company and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

**2. Changes in the share capital of our Company**

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon its incorporation, one Share was allotted and issued to its initial subscriber. On the same day, the said one nil paid Share was transferred to Pioneer Vantage. The following alterations in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:

- (a) on 8 November 2016, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each by the creation of an additional 962,000,000 Shares;
- (b) in connection with the Reorganisation, on 7 November 2016, our Company acquired from Mr. Wong and Mrs. Wong all the issued share capital of Prosperity One in consideration of (i) the allotment and issuance of 84 Shares and 15 Shares credited as fully paid to Pioneer Vantage and Blaze Forum, respectively and (ii) crediting one nil paid Share held by Pioneer Vantage as fully paid; and
- (c) immediately following completion of the Global Offering and Capitalisation Issue (but not taking into account our Shares that may be allotted and issued pursuant to the exercise of the Adjustment Options and any option(s) which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$10,000,000 divided into 1,000,000,000 Shares, of which 200,000,000 Shares will be allotted and issued fully paid or credited as fully paid and 800,000,000 Shares will remain unissued. Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraph headed “Written Resolutions of the Shareholders dated 8 November 2016” in this section, the



exercise of the Adjustment Options or the option(s) which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus up to the Latest Practicable Date.

### **3. Changes in the share capital of our Company's subsidiaries**

The principal subsidiaries of our Company are set out in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Development and Reorganisation" of this prospectus, there are no changes in the registered capital of our Company's subsidiaries during the two years preceding the date of this prospectus.

### **4. Written resolutions of the Shareholders dated 8 November 2016**

By written resolutions of the Shareholders passed on 8 November 2016, among other things:

- (a) our Company approved and adopted the Memorandum of Association with immediate effect and the Articles of our Company with effect from the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$10,000,000 divided into 1,000,000,000 Shares by the creation of additional 962,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;
- (c) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share option scheme" in this appendix, were approved and adopted and our Directors were authorised to approve any amendment(s) to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (d) conditional on (aa) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and Shares to be allotted and issued as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Adjustment Options and the option(s) which may be granted under the Share Option Scheme; and (bb) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:
- (i) the Global Offering and the grant of the Adjustment Options by our Company and the Share Option Scheme were approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Adjustment Options and any option(s) which may be granted under the Share Option Scheme; (bb) implement the Global Offering and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Global Offering and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK\$1,499,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 149,999,900 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 28 November 2016 (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;
- (iii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any option(s) which may be granted under the Share Option Scheme or under the Global Offering or the Capitalisation Issue or upon the exercise of the Adjustment Options and any option(s) which may be granted under the Share Option Scheme, Shares with an aggregate nominal value not exceeding the sum of (aa) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion

of the Global Offering and the Capitalisation Issue (but excluding our Shares which may be allotted and issued under the Adjustment Options or pursuant to the exercise of the options which may be granted under the Share Option Scheme), (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;

- (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but excluding the Shares which may be allotted and issued under the Adjustment Options or pursuant to the exercise of the option(s) which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and
- (v) the general unconditional mandate mentioned in sub-paragraph (iii) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought back by our Company pursuant to the mandate to buy-back Shares as referred to in sub-paragraph (iv) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding our Shares which may be allotted and issued under the Adjustment Options or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

## 5. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. See “History, Development and Reorganisation”.

## 6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

### (a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

#### (i) Shareholders' approval

The Listing Rules provide that all proposed repurchase of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*Note: Pursuant to the written resolutions of the Shareholders passed on 8 November 2016, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or any other stock exchange on which our Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, Shares representing up to 10% of the total nominal amount of our Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding our Shares which may be allotted and issued under the Adjustment Options or pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.*

#### (ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchase(s) by us may be made out of profits, share premium or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are bought back or, subject to the Companies Law, out of capital.

*(iii) Connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a “core connected person”, which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

**(b) Reasons for repurchases**

Our Directors believe that it is in the best interests of our Company and our Shareholders as a whole for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company’s net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

**(c) Funding of repurchase**

In buying-back Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 200,000,000 Shares in issue immediately after the Listing, would result in up to 20,000,000 Shares being bought back by our Company during the period in which the Repurchase Mandate remains in force.

**(d) General**

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Share(s) to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## **B. FURTHER INFORMATION ABOUT OUR COMPANY'S BUSINESS**

### **1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a memorandum for sale and purchase dated 31 March 2016 entered between Richfield Development Limited as vendor and Eternal Prosper as purchaser for a property located at Workshop No. 12, 13/F, Block II, Golden Industrial Building, Kwai Chung, New Territories in consideration of HK\$2,106,300;
- (b) a supplemental agreement dated 31 March 2016 entered between Richfield Development Limited as vendor and Eternal Prosper as purchaser for a property located at Workshop No. 12, 13/F, Block II, Golden Industrial Building, 16-26 Kwai Tak Street, Kwai Chung, New Territories;
- (c) a memorandum for sale and purchase dated 31 March 2016 entered between Prosino Limited as vendor and Eternal Prosper as purchaser for a property located at Workshop No. 13, 13/F, Block II, Golden Industrial Building, Kwai Chung, New Territories in consideration of HK\$2,927,400;
- (d) a supplemental agreement dated 31 March 2016 entered between Prosino Limited as vendor and Eternal Prosper as purchaser for a property located at Workshop No. 13, 13/F, Block II, Golden Industrial Building, 16-26 Kwai Tak Street, Kwai Chung, New Territories;

- (e) a sale and purchase agreement dated 13 June 2016 and entered into between Mr. Wong and Mrs. Wong as vendors and Prosperity One as purchaser in respect of the sale and purchase of the entire issued share capital of 111 Limited, 333 Limited, Goody Limited, Aero Tech Limited, Dotco Limited, Hotex Limited, Prosino Limited, Printech Corporation Limited, Sydney Limited, Tri-Pros Limited, 555 Limited, Unlimit Limited and Richfield Development Limited in consideration of Prosperity One (i) crediting the 85 nil paid shares held by Pioneer Vantage in the issued share capital of Prosperity One as fully paid; and (ii) crediting the 15 nil paid shares held by Blaze Forum in the issued share capital of Prosperity One as fully paid;
- (f) a sale and purchase agreement dated 7 November 2016 and entered into between Pioneer Vantage and Blaze Forum as vendors, our Company as purchaser and Mr. Wong and Mrs. Wong as warrantors in respect of the sale and purchase of 100 ordinary shares in Prosperity One in consideration of: (i) the allotment and issuance of eighty-four (84) Shares by our Company to Pioneer Vantage ranking *pari passu* with the existing Share and credited as fully paid; (ii) the allotment and issuance of fifteen (15) Shares by our Company to Blaze Forum ranking *pari passu* with the existing Share and credited as fully paid; and (iii) credit as fully paid the one nil paid Share issued to Pioneer Vantage;
- (g) the Deed of Non-Competition;
- (h) the Deed of Indemnity; and
- (i) the Hong Kong Underwriting Agreement.

## 2. Intellectual property rights of the Group

### (a) Trademarks

As at the Latest Practicable Date, the Group had registered the following trademarks:

|    | Trademark registration number | Trademark | Registered owner | Place of registration | Class | Expiry date       |
|----|-------------------------------|-----------|------------------|-----------------------|-------|-------------------|
| 1. | 301783620                     |           | Goody Limited    | Hong Kong             | 43    | 7 December 2020   |
| 2. | 302017872                     |           | Goody Limited    | Hong Kong             | 43    | 28 August 2021    |
| 3. | 301383804                     |           | Goody Limited    | Hong Kong             | 43    | 13 July 2019      |
| 4. | 302518029                     |           | Goody Limited    | Hong Kong             | 43    | 5 February 2023   |
| 5. | 302017881                     |           | Goody Limited    | Hong Kong             | 43    | 28 August 2021    |
| 6. | 303718549                     |           | Goody Limited    | Hong Kong             | 43    | 17 March 2026     |
| 7. | 01540641                      |           | 333 Limited      | Taiwan                | 43    | 30 September 2022 |
| 8. | 01552370                      |           | 333 Limited      | Taiwan                | 43    | 30 November 2022  |



**APPENDIX IV****STATUTORY AND GENERAL INFORMATION**

As at the Latest Practicable Date, the Group had applied for registration of the following trademarks:

|    | <b>Trademark application number</b> | <b>Trademark</b>                                                                    | <b>Applicant</b> | <b>Place of application</b> | <b>Class</b> | <b>Application date</b> |
|----|-------------------------------------|-------------------------------------------------------------------------------------|------------------|-----------------------------|--------------|-------------------------|
| 1. | 303765565                           |    | Goody Limited    | Hong Kong                   | 43           | 4 May 2016              |
| 2. | 303928014                           |    | Goody Limited    | Hong Kong                   | 43           | 12 October 2016         |
| 3. | 303931597                           |    | Goody Limited    | Hong Kong                   | 43           | 14 October 2016         |
| 4. | 303931641                           |  | Goody Limited    | Hong Kong                   | 43           | 14 October 2016         |

As at the Latest Practicable Date, the Group had registered the following domain names:

| <b>Domain name</b>     | <b>Registered owner</b> | <b>Date of registration</b> | <b>Expiry date</b> |
|------------------------|-------------------------|-----------------------------|--------------------|
| www.5spice.hk          | Hotex Limited           | 2 September 2016            | 2 September 2026   |
| www.boysngirls.hk      | Hotex Limited           | 2 September 2016            | 2 September 2026   |
| www.foodquartershl.com | Hotex Limited           | 27 July 2016                | 27 July 2026       |
| www.foodwisehl.com     | Hotex Limited           | 8 April 2016                | 8 April 2026       |
| www.vietschoice.com    | Goody Limited           | 13 December 2012            | 13 December 2016   |

Save as disclosed in this prospectus, there are no trademarks, patents or other intellectual property rights which are material in relation to the business of the Group.

**C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS****1. Directors' Service Contracts**

The aggregate annual basic salary (excluding the bonus and allowances mentioned below) of all the executive Directors pursuant to each of their respective service contracts is approximately HK\$3.6 million. The executive Directors' service contracts have a term of three years commencing from the Listing Date and may be terminated by either party by giving not less than three calendar months' notice in writing. In certain other circumstances, the service contracts can also be terminated by the Company, including but not limited to certain breaches of the Directors' obligations under the contract or certain misconducts. The appointments of the executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. The salary of each executive Director after each financial year is subject to adjustment as determined by the Company's remuneration committee and approved by a majority of the members of the Board (excluding the Director whose salary is under review).

The non-executive Director has entered into a letter of appointment with the Company for a year commencing from the Listing Date and may be terminated by either party by giving at least one month's notice. The appointment of the non-executive Director is also subject to the provisions of retirement and rotation of Directors under the Articles. Pursuant to the terms of the letter of appointment, the annual director's fee payable to the non-executive Director is approximately HK\$180,000.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a period of three years commencing from the Listing Date and may be terminated by either party by giving at least three months' notice. The appointments of the independent non-executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. Pursuant to the terms of the letters of appointment, the annual director's fee payable to each of the independent non-executive Directors is approximately HK\$180,000.

**2. Directors' Remuneration**

The Company's policies concerning remuneration of executive Directors are as follows:

- (i) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on the Director's experience, responsibility, workload and the time devoted to the Group; and
- (ii) non-cash benefits may be provided at the discretion of the Board to the Directors under their remuneration package.

The aggregate emoluments paid and benefits in kind granted by the Group to the Directors in respect of the financial years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 were approximately HK\$3.1 million, HK\$3.3 million, HK\$3.2 million and HK\$1.4 million, respectively. Details of the Directors' remuneration are also set out in note 9 of the Accountant's Report set out in Appendix I to this prospectus.

Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by the Group to and benefits in kind receivable by the Directors (including the independent non-executive Directors) for the year ending 31 March 2017, are expected to be approximately HK\$3.4 million.

None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three years ended 31 March 2016 and the five months ended 31 August 2016 as (i) an inducement to join or upon joining the Company; or (ii) for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 March 2016 and the five months ended 31 August 2016.

### 3. Disclosure of Directors' Interests

Immediately following completion of the Global Offering, the interests or short positions of our Directors and the chief executives of our Company in our Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

#### *Long positions in our Shares*

| <b>Name of Director</b> | <b>Capacity / Nature of interest</b>                        | <b>Number of Shares</b> | <b>Percentage of Shareholding (Note 1)</b> |
|-------------------------|-------------------------------------------------------------|-------------------------|--------------------------------------------|
| Mr. Wong                | Interest in a controlled corporation and interest of spouse | 150,000,000<br>(Note 2) | 75%                                        |
| Mrs. Wong               | Interest in a controlled corporation and interest of spouse | 150,000,000<br>(Note 3) | 75%                                        |

#### *Notes:*

1. The relevant percentages have been calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that 200,000,000 Shares will be in issue on the Listing Date.

2. Pioneer Vantage is wholly-owned by Mr. Wong. Accordingly, Mr. Wong is deemed to be interested in all the 127,500,000 Shares owned by Pioneer Vantage by virtue of the SFO. Mr. Wong is the spouse of Mrs. Wong. Under the SFO, Mr. Wong is deemed to be interested in all the 22,500,000 Shares owned by Mrs. Wong through Blaze Forum.
3. Blaze Forum is wholly-owned by Mrs. Wong. Accordingly, Mrs. Wong is deemed to be interested in all the 22,500,000 Shares owned by Blaze Forum by virtue of the SFO. Mrs. Wong is the spouse of Mr. Wong. Under the SFO, Mrs. Wong is deemed to be interested in all the 127,500,000 Shares owned by Mr. Wong through Pioneer Vantage.

#### 4. Substantial Shareholders

So far as is known to our Directors, immediately following completion of the Global Offering, the following persons (not being a Director or the chief executives of our Company) will have an interest or a short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

| Name of Substantial Shareholder | Capacity / Nature of interest | Number of Shares held immediately after completion of the Global Offering and Capitalisation<br>(Note 1) | Approximate percentage of interest in the Company's issued share capital immediately after the Global Offering and Capitalisation<br>(Note 2) |
|---------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Pioneer Vantage                 | Beneficial Owner              | 127,500,000 (L)                                                                                          | 63.75%                                                                                                                                        |
| Blaze Forum                     | Beneficial Owner              | 22,500,000 (L)                                                                                           | 11.25%                                                                                                                                        |

*Notes:*

1. The letter "L" denotes the person's long position in the relevant Shares.
2. The relevant percentages have been calculated by reference only to the aggregate number of Shares expected to be in issue on the Listing Date. We have therefore assumed that 200,000,000 Shares will be in issue on the Listing Date.

**5. Disclaimers**

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interests and short positions in our Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange;
- (b) so far as is known to any of our Directors or chief executive of our Company, no person has an interest or short position in our Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors nor any of the persons listed in the sub-section headed “Qualifications and Consents of Experts” below is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the persons listed in the sub-section headed “Qualifications and consents of experts” below is materially interested in any contract or arrangement with the 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;
- (e) none of the persons listed in the sub-section headed “Qualifications and consents of experts” below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

**D. SHARE OPTION SCHEME****1. Summary of terms of the Share Option Scheme***(a) Purpose of the Share Option Scheme*

The purpose of this Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to our Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to our Group.

*(b) Who may join*

Subject to the provisions in the Share Option Scheme, our Directors may at any time and from time to time within a period of ten (10) years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 per option, to grant option to any person belonging to the following classes of participants (the “Eligible Person(s)”):

- (i) any employee or proposed employee (whether full time or part time, including any director) of any member of our Group or invested entity; and
- (ii) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of our Group or any invested entity.

*(c) Maximum number of Shares*

- (i) Notwithstanding anything to the contrary herein, 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 schemes of our Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.
- (ii) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 20,000,000 Shares, being 10% of the total number of Shares (assuming the Adjustment Options and the Share Option Scheme are not exercised) in issue on the Listing Date (the “Scheme Limit”) unless approved by our Shareholders pursuant to paragraph (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Scheme Limit.

- (iii) Our Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares (assuming the Adjustment Options and the Share Option Scheme are not exercised) in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of our Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules shall be sent by our Company to the Shareholders.

- (iv) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Limit provided that the Options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought and that the proposed grantee(s) and his close associates (or his associates if the proposed grantee is a connected person) shall abstain from voting in the general meeting. For the purpose of seeking the approval of the Shareholders, our Company shall send a circular to the Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and any other information as required under the Listing Rules.

*(d) Maximum entitlement of each Eligible Person*

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time (the “Participant Limit”), unless:

- (i) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Eligible Person and his close associates shall abstain from voting;
- (ii) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Person, the number and terms of the options to be granted and options previously granted to such Eligible Person); and
- (iii) the number and terms (including the subscription price) of such option are fixed before our Shareholders’ approval is sought.

*(e) Grant of options to connected persons*

- (i) Any grant of options to any Director, chief executive, or substantial shareholder (excluding the proposed director or chief executive) of our Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is any offeree of an option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.
- (ii) Where an option is to be granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in our 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 under the Share Option Scheme and any other share option schemes of our Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue at the relevant time of grant; and (2) having an aggregate value, based on the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange), such grant shall not be valid unless: (aa) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of an option) to the independent Shareholders as to voting); and (bb) the grant has been approved by the independent Shareholders in general meeting (taken on a poll), at which the proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour of the grant.
- (iii) Where any change is to be made to the terms of any option granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the Shareholders in general meeting as required under sub-paragraph (ii) above.

*(f) Time of acceptance and exercise of an option*

An offer of grant of an option may be accepted by an Eligible Person within the date as specified in the offer letter issued by our Company, being a date not later than 21 days inclusive of, and from, the date upon which it is made, by which the Eligible Person must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten years after the date of adoption of the Share Option Scheme or after the termination of the Share Option Scheme, and no such offer may be accepted by a person who ceases to be an Eligible Person after the offer has been made.



An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Person, together with a payment in favour of our Company of HK\$1.00 per option by way of consideration for the grant thereof is delivered to our Company. Such consideration shall in no circumstances be refundable. Subject to the rules of the Share Option Scheme, option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period.

*(g) Performance targets*

There is no performance target that has to be achieved or minimum period in which an option must be held before the exercise of any option save as otherwise imposed by our Board in the relevant offer of options.

*(h) Subscription price for Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by our Board, and shall be at least the highest of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which our Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of our Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than five trading days after the listing of our Shares on the Stock Exchange, the new issue price shall be taken to be the closing price for any Business Day within the period before listing.

*(i) Ranking of Shares*

The Shares to be allotted and issued upon the exercise of an option shall be subject to our Company's constitutional documents for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

*(j) Restrictions on the time of grant of options*

No offer of an option shall be made and option shall be granted after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of our Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's result for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half year or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no option shall be granted.

*(k) Period of the Share Option Scheme*

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

*(l) Rights on cessation of employment*

Where the grantee of an outstanding option ceases to be an Eligible Person for any reason other than his serious illness, death, retirement in accordance with his contract of employment or service or the termination of his contract of employment or service on one or more of the grounds specified in paragraph (m) below, the grantee may exercise his outstanding options within 3 months following the date of such cessation, and any such options not exercised shall lapse and determine at the end of the said period of 3 months.

*(m) Rights on dismissal*

If the grantee of an option is an Eligible Person and ceases to be an Eligible Person by reason of a termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, his option (to the extent not already exercised) will lapse automatically on the date of cessation of being an Eligible Person.

*(n) Rights on death*

Where the grantee of an outstanding option dies before exercising the option in full or at all, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within 12 months from the date of death or such period extended by the Board.

*(o) Rights on a general offer*

If a general or partial offer is made to all our Shareholders (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 Directors shall as soon as practicable notify the option holder accordingly. An option holder shall be entitled to exercise his outstanding options in whole or in part within fourteen (14) days of receipt of such notice. To the extent that any option has not been so exercised, it shall upon the expiry of such period lapse and determine.

*(p) Rights on winding-up*

If notice is given of a general meeting of our Company at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice thereof to all option holders and each option holder shall be entitled, at any time not later than two (2) Business Days prior to the proposed general meeting of our Company to exercise his outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one (1) Business Day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up.

*(q) Rights on compromise or arrangement between our Company and its creditors*

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all option holders on the same date as it gives notice of the meeting to our Shareholders and our Company's creditors, and thereupon each option holder shall be entitled, at any time not later than two (2) Business Days prior to the proposed meeting of our Company, to exercise his outstanding options in whole or in part. Our Company shall as soon as possible and in any event no later than one (1) Business Day prior to the date of such general meeting, allot and issue such number of Shares to the option holders which fall to be issued on such exercise. Subject thereto, all Options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

*(r) Reorganisation of capital structure*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction), our Company shall (if applicable) make corresponding alterations (if any), in accordance with Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance issued by the Stock Exchange on 5 September 2005) to:

- (i) the number or nominal amount of Shares comprised in each Option for the time being outstanding; and/or

- (ii) the subscription price; and/or
- (iii) the Scheme Limit; and/or
- (iv) the Participant Limit;

as the auditors or the independent financial adviser to the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that:

- (a) the aggregate Subscription Price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;
- (b) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (c) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and
- (d) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

In addition, in respect of any such adjustments, other than any made on a capitalisation issue, the auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

*(s) Cancellation of options*

Our Board may cancel an option granted but not exercised with the approval of the option holder. Any such options cancelled by our Company cannot be re-granted to the same Eligible Person; the issue of new options must be made under the Share Option Scheme with available unissued options (excluding the cancelled options) within the Scheme Limit.

*(t) Termination of the Share Option Scheme*

Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provision of the Share Option Scheme shall remain in full force and effect. All options granted and accepted and remaining unexercised immediately prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the Share Option Scheme.

*(u) Rights are personal to grantee*

An option shall be personal to the grantee and shall not be assignable or transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option. Any breach of the foregoing shall entitle our Company to cancel any outstanding option or part thereof granted to such grantee.

*(v) Lapse of option*

The right to exercise an option (to the extent not already exercised) shall lapse immediately upon the earliest of:

- (i) the expiry of the option period to be determined and notified by our Board to the grantee;
- (ii) the expiry of the periods as referred to in sub-paragraphs (l), (n), (o), (p) and (q) respectively;
- (iii) subject to sub-paragraph (p), the date of the commencement of the winding-up of our Company;
- (iv) the date on which the grantee ceases to be an Eligible Person by reason of the termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally or has been convicted of any criminal offence involving his integrity or honesty; and
- (v) the date on which the Directors cancel any outstanding option or part thereof on the ground the grantee commits a breach of sub-paragraph (u) breach of the Share Option Scheme.

*(w) Alterations to the Share Option Scheme*

- (i) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the Listing Rules by resolution of our Board except that the following alterations must first be approved by a resolution of the Shareholders in general meeting:
  - (i) the purpose of the Share Option Scheme;
  - (ii) the definitions of “Eligible Person”, “Option Period” and “Scheme Period”;
  - (iii) the Scheme Limit;
  - (iv) the Participant Limit;
  - (v) the minimum period for which an option must be held before it can be exercised;

- (vi) the statement as to performance targets that must be achieved before an option may be exercised;
- (vii) the amount payable on acceptance of an option and the period within which it must be paid for such purpose;
- (viii) the basis of determination of the subscription price;
- (ix) the rights to be attached to the Shares to be issued upon the exercise of options;
- (x) the circumstances under which options will automatically lapse;
- (xi) the adjustment made in the event of any alterations of the capital structure of our Company;
- (xii) the cancellation of options granted but not exercised;
- (xiii) the effect on existing options of an early termination of the Share Option Scheme;
- (xiv) the transferability of options;
- (xv) this paragraph (w);
- (xvi) 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 to the advantage of such option holders; and
- (xvii) any change to the authority of the Directors in relation to any alterations to the terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options shall comply with Chapter 17 of the Listing Rules.

- (ii) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be altered in any respect by resolution of our Board without the approval of the Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guideline issued by the Stock Exchange from time to time.
- (iii) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

*(x) Conditions*

The Share Option Scheme is conditional upon:

- (i) the passing of the necessary resolutions to approve and adopt the Share Option Scheme;
- (ii) the Listing Committee granting approval of the listing of, and permission to deal in, our Shares in issue and the Shares which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme; and
- (iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions referred to above are not satisfied on or before the date falling thirty (30) days after the date of this prospectus, the Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme.

**2. Present status of the Share Option Scheme**

*(a) Approval and adoption of the rules of the Share Option Scheme*

The rules of the Share Option Scheme, the principal terms of which are set out above, were approved and adopted by our Shareholders on 8 November 2016. The provisions of the Share Option Scheme comply with Chapter 17 of the Listing Rules in all material respects.

*(b) Application for approval*

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in our Shares to be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Scheme and any other share option scheme(s) of our Company shall not exceed 20,000,000 Shares, being 10% of the total number of Shares in issue as at the date of listing of our Shares unless our Company obtains the approval of the Shareholders in general meeting for refreshing the said 10% limit under the Share Option Scheme, provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit above mentioned.

*(c) Grant of option*

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

**E. OTHER INFORMATION****1. Tax and other indemnities**

Each of Pioneer Vantage, Blaze Forum, Mr. Wong and Mrs. Wong (the “**Indemnifiers**”) has, pursuant to the deed of indemnity (“**Deed of Indemnity**”) dated 10 June 2016 referred to in the paragraph headed “Summary of material contracts” in this appendix, given indemnity in favour of our Group from and against, among other things, any tax liabilities which might be payable by any member of our Group (“**Group Member**”) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date, save:

- (a) to the extent that full provision or allowance has been made for such taxation in the audited consolidated accounts of our Group for each of the three years ended 31 March 2016 as set out in Appendix I to this prospectus;
- (b) to the extent that such taxation claim arises or is incurred as a result of any retrospective change in law or regulations or practice by the Hong Kong Inland Revenue Department or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any Group Member which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Deed of Indemnity becomes effective (the “**Effective Date**”);
- (d) to the extent that such Taxation or liability would not have arisen but for any act or omission by any Group Member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date hereof or carried out, made or entered into pursuant to a legally binding commitment created before the Effective Date; and
- (e) to the extent of any provisions or reserve made for taxation in the audited accounts of the Group up to 31 March 2016 which is finally established to be an over-provision or an excessive reserve as set out in Appendix I to this prospectus.

Further, pursuant to the Deed of Indemnity, the Indemnifiers have given indemnity in respect of, among other matters, any liability for Hong Kong estate duty, if any, which might be incurred by any of Group Member by reason of any transfer of property to any of the members of our Group on or before the Listing Date.



In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify the members of our Group and each of them and at all times keep the same indemnified on demand from and against, save to the extent that full provision has been made as set out in Appendix I to this prospectus, all claims, damages, losses, costs, expenses, fines, actions and proceedings whatsoever and howsoever arising at any time whether present or in the future as a result of or in connection with:

- (a) the restructuring and reorganisation undergone by our Group Members in preparation for the Listing;
- (b) any alleged or actual violation or non-compliance by any of our Group Members with any laws, regulations or administrative orders or measures in, among others, Hong Kong on or before the Effective Date by any of our Group Members;
- (c) any and all expenses, payments, sums, outgoing fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties which any Group Members may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of the Inland Revenue Ordinance or any other applicable laws, rules and regulations by any Group Members on or before the Effective Date (in the case of our Group Members);
- (d) any irregularities in relation to any corporate documents of any of our Group Members; and
- (e) any actual litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether of criminal, administrative, contractual, tortious nature or otherwise instituted by or against our Company and/or any of the Group Members arising from any act, non-performance, omission or otherwise of the Company or any of the Group Members on or before the Effective Date.

## **2. Litigation**

Save as disclosed in the section headed “Business — Legal Proceedings and Compliance” in this prospectus, as of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

## **3. Sponsor**

The Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sponsor has made an application on our Company’s behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all our Shares in issue and to be issued as mentioned in this prospectus. All necessary arrangements have been made for our Shares to be admitted into CCASS.

**4. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately HK\$42,000 and are payable by the Company.

**5. No material adverse change**

Saved as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our Group's financial or trading position since 31 August 2016 (being the date on which the latest audited combined financial information of our Group was prepared) and up to the date of this prospectus.

**6. Promoter**

Our Company does not have any promoter (as defined in the Listing Rules). Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

**7. Taxation of holders of Shares***(a) Hong Kong*

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong 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 the Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

*(b) Cayman Islands*

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty other than a transfer of shares of a company that holds land in the Cayman Islands.

*(c) Consultation with professional advisers*

Intending holders of our Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

**8. Qualifications and consents of experts**

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

| <b>Name</b>                          | <b>Qualifications</b>                                                                                                                            |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Cinda International Capital Limited  | A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| PricewaterhouseCoopers               | Certified Public Accountants                                                                                                                     |
| Conyers Dill & Pearman               | Cayman Islands Attorneys-at-law                                                                                                                  |
| Euromonitor International Limited    | Industry consultant                                                                                                                              |
| LCH (Asia-Pacific) Surveyors Limited | Property valuers                                                                                                                                 |
| Jon K.H. Wong                        | Barrister-at-law in Hong Kong                                                                                                                    |
| Robertsons                           | Legal advisers to our Company as to Hong Kong laws                                                                                               |

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or valuation certificate and/or opinions and/or the references to its name included herein in the form and context in which it is respectively included.

**9. Compliance adviser**

We have appointed Cinda International Capital Limited as the compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules. Further details of the appointment are set out in the sub-section headed “Directors and Senior Management - Compliance Adviser” in this prospectus.

**10. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no founders or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
  - (iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and
  - (v) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (d) the principal register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable our Shares to be admitted to CCASS;
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system; and
- (f) in case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

## **11. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms; and
- (b) the written consents referred to in “E. Other Information — 8. Qualifications and consents of experts”; and a copy of each of the material contracts referred to in the paragraph headed “B. Further Information about our Company’s Business — 1. Summary of material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Robertsons at 57/F, The Center, 99 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountant’s Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited combined financial statements of our Group for the three years ended 31 March 2016 and five months ended 31 August 2016;
- (e) the Hong Kong legal opinion prepared by Robertsons, our Hong Kong Legal Adviser in respect of the applicable laws and regulations of our operations in Hong Kong as well as our operational and corporate matters in Hong Kong;
- (f) the letter of advice from Conyers Dill & Pearman, our Cayman Islands legal adviser, summarising the constitution of our Company and certain aspects of Cayman Islands Companies Law as referred to in Appendix III to this prospectus;
- (g) the Euromonitor report referred to in the section headed “Industry Overview” in this prospectus;
- (h) a letter prepared by LCH (Asia-Pacific) Surveyors Limited our independent property valuer, in relation to the Connected Leases as referred to in the section headed “Continuing Connected Transactions” in this prospectus;

- (i) the legal opinion issued by Jon K. H. Wong, our Legal Counsel;
- (j) the Cayman Islands Companies Law;
- (k) the material contracts referred to in the paragraph headed “Further Information about our Company’s Business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (l) service contracts and letters of appointment with each of our Directors referred to in the paragraph headed “C. Further Information about the Directors and Substantial Shareholders — 1. Directors’ Service Contracts” in Appendix IV to this prospectus;
- (m) the rules of the Share Option Scheme; and
- (n) the written consents referred to in the paragraph headed “E. Other Information — 8. Qualifications and consents of experts” in Appendix IV to this prospectus.





Food Wise Holdings Limited

膳源控股有限公司