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## CONNECTED TRANSACTIONS

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### CONTINUING CONNECTED TRANSACTIONS

Upon the Listing, we will continue to have certain transactions that constitute continuing connected transactions of our Company as defined by the Listing Rules. Set out below is a summary of these transactions and the waivers we have applied for and have been granted by the Stock Exchange.

<u>Transaction type</u>	<u>Applicable Listing Rule</u>	<u>Waiver applied for and granted</u>
Property leases . . . . .	Rule 14A.34	Waiver from announcement requirement

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING AND ANNOUNCEMENT REQUIREMENTS

#### Property lease agreements

##### ***Des Voeux Road Central Tsui Wah Restaurant (德輔道中翠華餐廳)***

##### *Background*

During the Track Record Period, Joy Express leased the premises of a total saleable floor area of approximately 502.7 sq.m. located at G/F. and the basement, Cheong K. Building, 84–86 Des Voeux Road Central, Central, Hong Kong (the “Des Voeux Premises”) to TW Catering, an indirectly wholly-owned subsidiary of our Company, for use as our restaurant at HK\$2.8 million to HK\$9.6 million per annum. The annual rental was determined by the parties through arm’s length negotiations with reference to the then prevailing market rate for similar premises in the vicinity of the Des Voeux Premises.

##### *Relationship*

Joy Express is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, respectively, all of whom are our Directors, and is therefore an associate of a connected person under the Listing Rules. Joy Express is a limited liability company incorporated prior to the Track Record Period and wholly-owned by our Controlling Shareholders. Joy Express was engaged in the “*Cha Chaan Teng* (茶餐廳)” business of our Group from the beginning of the Track Record Period to September 30, 2009, the date of cessation of its involvement in the business of our Group, and thereafter was engaged in the business of property investment. Joy Express was, and remains as, the owner of the Des Voeux Premises and operated our Des Voeux Road Central Tsui Wah Restaurant (德輔道中翠華餐廳) under our “*Hong Kong Style Cafe* (港式餐廳)” brand prior to September 30, 2009. Through an intra-group transfer of the relevant business, this restaurant is currently operated by TW Catering, our wholly-owned subsidiary, and Joy Express has ceased to be engaged in the business of “*Cha Chaan Teng* (茶餐廳)”. Our Directors confirm that Joy Express does not operate any business that is, or is likely to, compete, either directly or indirectly, with the business of our Group.

##### *Future services*

In anticipation of the Global Offering, our Company entered into a new lease agreement with Joy Express on November 5, 2012 (the “Des Voeux Lease Agreement”), pursuant to which TW Catering agreed to lease from Joy Express the Des Voeux Premises. The term of the lease granted under the Des Voeux Lease Agreement is valid from November 5, 2012 to March 31, 2015. The rental of the Des Voeux Lease Agreement shall be HK\$9.6 million for each of the

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financial years ending March 31, 2013 and March 31, 2014, and HK\$11.6 million for the financial year ending March 31, 2015 which was determined based on arm's length negotiations between Joy Express and our Group and is fair and reasonable and comparable to the prevailing market rate according to an independent property valuer engaged by our Group.

Under the Des Voeux Lease Agreement, our Group has the right to terminate the lease of the Des Voeux Premises at any time prior to its expiration at our Group's discretion by giving not less than three months' written notice to Joy Express. As such, our Group enjoys the flexibility to relocate to other premises and to terminate the lease at any time should it consider the Des Voeux Premises no longer suitable for our Group's use or is no longer cost-competitive. Should there be any renewal of the term of the Des Voeux Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

### *Historical transaction amounts*

The aggregate amounts of rental charged from Joy Express to our Group for each of the three financial years ended March 31, 2010, 2011, 2012 and the three months ended June 30, 2012 were HK\$2.8 million, HK\$9.6 million, HK\$9.6 million and HK\$2.4 million, respectively. The amount of rent paid by TW Catering to Joy Express for the Des Voeux Premises for the two financial years ended March 31, 2011 and 2012 was more than those for the financial year ended March 31, 2010 because (i) the amount of rent payable prior to September 30, 2009 was not accounted for in the historical transaction amounts as the Des Voeux Road Central Tsui Wah Restaurant (德輔道中翠華餐廳) was operated by Joy Express during that period; and (ii) Joy Express has carried out a review of rental charges at the renewal of the relevant lease agreement in 2010 so as to reflect the then prevailing market rates. Our Group has engaged an independent property valuer who has confirmed that the historical transaction amounts concerning the Des Voeux Premises (i) are fair and reasonable to TW Catering and Joy Express; and (ii) reflect prevailing market conditions.

### *Annual cap on future transaction amounts*

The maximum annual amount of rentals payable to Joy Express, or companies controlled by it, by our Group for each of the three years ending March 31, 2013, 2014 and 2015 shall not exceed the caps set out below:

	<b>Proposed Annual Cap for the years ending March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<b>(HK\$ in millions)</b>		
<b>Rental payable</b> . . . . .	<u>9.6</u>	<u>9.6</u>	<u>11.6</u>

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid by TW Catering to Joy Express; and (ii) the market rental and the estimated increase of such rental of the properties in the same area and of similar grading as the Des Voeux Premises.

Our Directors, after reviewing the Des Voeux Lease Agreement, have confirmed that the terms and conditions of the Des Voeux Lease Agreement (i) are fair and reasonable to the parties thereto; and (ii) reflect prevailing market conditions.

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## CONNECTED TRANSACTIONS

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### ***Aberdeen Tsui Wah Restaurant (香港仔翠華餐廳)***

#### *Background*

During the Track Record Period, Champion Stage Limited leased the premises of a total saleable floor area of approximately 344.76 sq.m. located at Shops 1, 2, 3 and 10 on Lower Ground Floor, Comfort Centre, No. 108 Old Main Street Aberdeen, No. 18, Yue Fai Road, Hong Kong (the “Aberdeen Premises”) to Royal Gold, an indirectly wholly-owned subsidiary of our Company, for use as our restaurant at HK\$960,000 to HK\$1,572,000 per annum. The annual rental was determined by the parties through arm’s length negotiations with reference to the then prevailing market rate for similar premises in the vicinity of the Aberdeen Premises.

#### *Relationship*

Champion Stage Limited is owned as to 50%, 37.5%, and 12.5% by Mr. Lee, Mr. Ho, and Mr. YT Cheung, respectively, all of whom are our Directors, and is therefore an associate of a connected person under the Listing Rules.

#### *Future services*

In anticipation of the Global Offering, our Company entered into a new lease agreement with Champion Stage Limited on November 5, 2012 (the “Aberdeen Lease Agreement”), pursuant to which Royal Gold agreed to lease from Champion Stage Limited the Aberdeen Premises. The term of the lease granted under the Aberdeen Lease Agreement is valid from November 5, 2012 to March 31, 2015. The rental under the Aberdeen Lease Agreement shall be HK\$1,572,000 for each of the financial years ending March 31, 2013 and March 31, 2014, and HK\$1,900,000 for the financial year ending March 31, 2015, which was determined based on arm’s length negotiations between Champion Stage Limited and our Group and is fair and reasonable and comparable to the prevailing market rate according to an independent property valuer engaged by our Group.

Under the Aberdeen Lease Agreement, our Group has the right to terminate the lease of the Aberdeen Premises at any time prior to its expiration at our Group’s discretion by giving not less than three months’ written notice to Champion Stage Limited. As such, our Group enjoys the flexibility to relocate to other premises and to terminate the lease at any time should it consider the Aberdeen Premises no longer suitable for our Group’s use or is no longer cost-competitive. Should there be any renewal of the term of the Aberdeen Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

#### *Historical transaction amounts*

The aggregate amounts of rental charged from Champion Stage Limited to our Group for each of the three financial years ended March 31, 2010, 2011, 2012 and the three months ended June 30, 2012 were HK\$960,000, HK\$960,000, HK\$1,572,000 and HK\$393,000, respectively.

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### *Annual cap on future transaction amounts*

The maximum annual amount of rentals payable to Champion Stage Limited, or companies controlled by it, by our Group for each of the three years ending March 31, 2013, 2014 and 2015 shall not exceed the caps set out below:

	Proposed Annual Cap for the years ending March 31,		
	2013	2014	2015
		(HK\$)	
<b>Rental payable</b> . . . . .	<u>1,572,000</u>	<u>1,572,000</u>	<u>1,900,000</u>

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid by Royal Gold to Champion Stage Limited; and (ii) the market rental and the estimated increase of such rental of the properties in the same area and of similar grading as the Aberdeen Premises.

Our Directors, after reviewing the Aberdeen Lease Agreement, have confirmed that the terms and conditions of the Aberdeen Lease Agreement (i) are fair and reasonable to the parties thereto; and (ii) reflect prevailing market conditions.

### **Central Kitchen**

#### *Background*

During the Track Record Period, Fame City International Limited leased the premises of a total saleable floor area of approximately 1,133.87 sq.m. located at Units A–C, 4/F., Southeast Industrial Building, No. 611–619 Castle Peak Road, Tsuen Wan, Hong Kong (the “Central Kitchen Premises”) to Dragonsea, an indirectly wholly-owned subsidiary of our Company, for use as our central kitchen at HK\$240,000 to HK\$658,800 per annum. The annual rental was determined by the parties through arm’s length negotiations with reference to the then prevailing market rate for similar premises in the vicinity of the Central Kitchen Premises.

#### *Relationship*

Fame City International Limited is owned as to 20%, 20%, 20%, 20% and 20% by Mr. Lee, Mr. YT Cheung, Mr. WK Cheung, Mr. YP Cheung, and Mr. Ho, respectively, all of whom are our Directors, and is therefore an associate of a connected person under the Listing Rules.

#### *Future services*

In anticipation of the Global Offering, our Company entered into a new lease agreement with Fame City International Limited on November 5, 2012 (the “Central Kitchen Lease Agreement”), pursuant to which Dragonsea agreed to lease from Fame City International Limited the Central Kitchen Premises. The term of the lease granted under the Central Kitchen Lease Agreement is valid from November 5, 2012 to March 31, 2015. The rental of the Central Kitchen Lease Agreement shall be HK\$658,800 for each of the financial years ending March 31, 2013 and March 31, 2014, and HK\$800,000 for the financial year ending March 31, 2015, which was determined based on arm’s length negotiations between Fame City International Limited and our Group and is fair and reasonable and comparable to the prevailing market rate according to an independent property valuer engaged by our Group.

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## CONNECTED TRANSACTIONS

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Under the Central Kitchen Lease Agreement, our Group has the right to terminate the lease of the Central Kitchen Premises at any time prior to its expiration at our Group's discretion by giving not less than three months written notice to Fame City International Limited. As such, our Group enjoys the flexibility to relocate to other premises and to terminate the lease at any time should it consider the Central Kitchen Premises no longer suitable for our Group's use or is no longer cost-competitive. Should there be any renewal of the term of the Central Kitchen Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

### *Historical transaction amounts*

The aggregate amounts of rental charged from Fame City International Limited to our Group for each of the three financial years ended March 31, 2010, 2011, 2012 and the three months ended June 30, 2012 were HK\$240,000, HK\$240,000, HK\$658,800 and HK\$165,000, respectively.

### *Annual cap on future transaction amounts*

The maximum annual amount of rentals payable to Fame City International Limited, or companies controlled by it, by our Group for each of the three years ending March 31, 2013, 2014 and 2015 shall not exceed the caps set out below:

	Proposed Annual Cap for the years ending March 31,		
	2013	2014	2015
		(HK\$)	
<b>Rental payable</b> . . . . .	<u>658,800</u>	<u>658,800</u>	<u>800,000</u>

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid by Dragonsea to Fame City International Limited; and (ii) the market rental and the estimated increase of such rental of the properties in the same area and of similar grading as the Central Kitchen Premises.

Our Directors, after reviewing the Central Kitchen Lease Agreement, have confirmed that the terms and conditions of the Central Kitchen Lease Agreement (i) are fair and reasonable to the parties thereto; and (ii) reflect prevailing market conditions.

### ***Hung To Road Tsui Wah Restaurant (鴻圖道翠華餐廳) and Catering Services Centre***

#### *Background*

Since June 1, 2012, Success Path Limited leased the premises of a total saleable floor area of approximately 834.73 sq.m. located at G/F, 1/F and 2/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong (the "Hung To Road Premises") to Richberg, an indirectly wholly-owned subsidiary of our Company, for use as our restaurant and catering service centre at an annual rental of HK\$2.58 million. The annual rental was determined by the parties through arm's length negotiations with reference to the prevailing market rate for similar premises in the vicinity of the Hung To Road Premises.

#### *Relationship*

Success Path Limited is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, respectively, all of whom are our Directors, and is therefore an associate of a connected person under the Listing Rules.

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### *Future services*

In anticipation of the Global Offering, our Company entered into a lease agreement with Success Path Limited on November 5, 2012 (the “Hung To Road Restaurant and Catering Services Centre Lease Agreement”), pursuant to which Richberg agreed to lease from Success Path Limited the Hung To Road Premises. The term of the lease granted under the Hung To Road Restaurant and Catering Services Centre Lease Agreement is valid from November 5, 2012 to March 31, 2015. The rental of the lease granted under the Hung To Road Restaurant and Catering Services Centre Lease Agreement shall be HK\$2.58 million for each of the financial years ending March 31, 2013 and March 31, 2014, and HK\$3.1 million for the financial year ending March 31, 2015, which was determined based on arm’s length negotiations between Success Path Limited and our Group and is fair and reasonable, and comparable to the prevailing market rate according to an independent property valuer engaged by our Group.

Under the Hung To Road Restaurant and Catering Services Centre Lease Agreement, our Group has the right to terminate the lease of the Hung To Road Premises at any time prior to its expiration at our Group’s discretion by giving not less than three months, written notice to Success Path Limited. As such, our Group enjoys the flexibility to relocate to other premises and to terminate the lease at any time should it consider the Hung To Road Premises no longer suitable for our Group’s use or is no longer cost-competitive. Should there be any renewal of the term of the Hung To Road Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

### *Historical transaction amounts*

Success Path Limited has leased the Hung To Road Premises to Richberg since June 2012. The aggregate amounts of rental charged from Success Path Limited to our Group for the three months ended June 30, 2012 was HK\$215,000.

### *Annual cap on future transaction amounts*

The maximum annual amount of rentals payable to Success Path Limited, or companies controlled by it, by our Group for each of the three years ending March 31 2013, 2014 and 2015 shall not exceed the caps set out below:

	<b>Proposed Annual Cap for the years ending March 31,</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
		<b>(HK\$)</b>	
<b>Rental payable</b> . . . . .	<u>2,580,000</u>	<u>2,580,000</u>	<u>3,100,000</u>

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid by Richberg to Success Path Limited; and (ii) the market rental of the properties in the same area and of similar grading as the Hung To Road Premises and the estimated increase of such rental.

Our Directors, after reviewing the Hung To Road Restaurant and Catering Services Centre Lease Agreement, have confirmed that the terms and conditions of the Hung To Road Restaurant and Catering Services Centre Lease Agreement (i) are fair and reasonable to the parties thereto; and (ii) reflect prevailing market conditions.

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### **Office**

#### *Background*

During the Track Record Period, Success Path Limited leased the premises of a total saleable floor area of approximately 875.98 sq.m. located at 3/F, 5/F and 6/F, Tsui Wah Group Centre, 50 Lai Yip Street, Ngau Tau Kok, Kowloon, Hong Kong (the “Office Premises”) to TW Efford, an indirectly wholly-owned subsidiary of our Company, for use as our office at HK\$855,000 to HK\$1,140,000 per annum. The annual rental was determined by the parties through arm’s length negotiations with reference to the then prevailing market rate for similar premises in the vicinity of the Office Premises.

#### *Relationship*

Success Path Limited is owned as to 40%, 30%, 10%, 10% and 10% by Mr. Lee, Mr. Ho, Mr. YT Cheung, Mr. YP Cheung and Mr. WK Cheung, respectively, all of whom are our Directors, and is therefore an associate of a connected person under the Listing Rules.

#### *Future services*

In anticipation of the Global Offering, our Company entered into a new lease agreement with Success Path Limited on November 5, 2012 (the “Office Lease Agreement”), pursuant to which TW Efford agreed to lease from Success Path Limited the Office Premises. The term of the lease granted under the Office Lease Agreement is valid from November 5, 2012 to March 31, 2015. The rental of the Office Lease Agreement shall be HK\$1,140,000 for each of the financial years ending March 31, 2013 and March 31, 2014, and HK\$1,500,000 for the financial year ending March 31, 2015, which was determined based on arm’s length negotiations between Success Path Limited and our Group and is fair and reasonable, and comparable to the prevailing market rate according to an independent property valuer engaged by our Group.

Under the Office Lease Agreement, our Group has the right to terminate the lease of the Office Premises at any time prior to its expiration at our Group’s discretion by giving not less than three months’ written notice to Success Path Limited. As such, our Group enjoys the flexibility to relocate to other premises and to terminate the lease at any time should it consider the Office Premises no longer suitable for our Group’s use or is no longer cost-competitive. Should there be any renewal of the term of the Office Lease Agreement, our Company will ensure compliance with all relevant requirements under Chapter 14A of the Listing Rules.

#### *Historical transaction amounts*

Success Path Limited has leased the Office Premises to TW Efford since July 2010. The aggregate amounts of rental charged from Success Path Limited to our Group for each of the three financial years ended March 31, 2010, 2011, 2012 and the three months ended June 30, 2012 were HK\$0, HK\$855,000, HK\$1,140,000 and HK\$285,000, respectively.

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### *Annual cap on future transaction amounts*

The maximum annual amount of rentals payable to Success Path Limited, or companies controlled by it, by our Group for each of the three years ending March 31, 2013, 2014 and 2015 shall not exceed the caps set out below:

	Proposed Annual Cap for the years ending March 31,		
	2013	2014	2015
		(HK\$)	
<b>Rental payable</b> . . . . .	1,140,000	1,140,000	1,500,000

In arriving at the above annual caps of rental payable, our Directors have considered (i) the historical rental paid by TW Efford to Success Path Limited; and (ii) the market rental and the estimated increase of such rental of the properties in the same area and of similar grading as the Office Premises.

Our Directors, after reviewing the Office Lease Agreement, have confirmed that the terms and conditions of the Central Kitchen Lease Agreement (i) are fair and reasonable to the parties thereto; and (ii) reflect prevailing market conditions.

### **Application for waivers from the announcement**

#### *(a) Reason for the application*

Our Directors (including the independent non-executive Directors) are of the opinion that the transactions described in this section have been entered into, and will be carried out following completion of the Global Offering, in the ordinary and usual course of our business and on normal or better than normal commercial terms, as the case may be, from the perspective of our Company, and that the terms of the transactions and the annual caps below are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Upon Listing, the continuing connected transactions described above would, on each occasion on which they arise, be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the prior independent Shareholders' approval requirement set out in Rule 14A.48 of the Listing Rules since each of the percentage ratios based on the relevant annual cap as set out below, where applicable, on an annual basis, is expected to be less than 5%.

As the continuing connected transactions described above are expected to continue on a recurring basis after the Listing, and have been entered into prior to the Listing Date and have been fully disclosed in this prospectus, our Directors consider that it would not be practical, and would add unnecessary administrative costs to our Company, to make disclosure of the transactions in compliance with the announcement requirements in Rules 14A.45 to 14A.47 of the Listing Rules.

Accordingly, our Company applied to the Stock Exchange for, and the Stock Exchange has granted, the above-mentioned waivers from strict compliance with the relevant announcement requirements in respect of the Des Voeux Lease Agreement, the Aberdeen Lease Agreement, the Central Kitchen Lease Agreement, the Hung To Road Restaurant and Catering Services Centre Lease Agreement and the Office Lease Agreement.

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*(b) Compliance with applicable rules set out in Chapter 14A of the Listing Rules*

Our Company will comply with the applicable requirements under the Listing Rules in respect of the transactions under the Des Voeux Lease Agreement, the Aberdeen Lease Agreement, the Central Kitchen Lease Agreement, the Hung To Road Restaurant and Catering Services Centre Lease Agreement, and the Office Lease Agreement. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of this prospectus relating to the transactions, our Company will take immediate steps to ensure compliance with such requirements within a reasonable period.

*(c) Confirmation from the Directors*

Our Directors (including independent non-executive Directors) consider that the transactions under the Des Voeux Lease Agreement, the Aberdeen Lease Agreement, the Central Kitchen Lease Agreement, the Hung To Restaurant and Catering Services Centre Lease Agreement and the Office Lease Agreement have been entered into in the ordinary and usual course of business and on normal commercial terms and that the respective terms of the Des Voeux Lease Agreement, the Aberdeen Lease Agreement, the Central Kitchen Lease Agreement, the Hung To Restaurant and Catering Services Center Lease Agreement and the Office Lease Agreement and the annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole.

*(d) Confirmation from the Sole Sponsor*

The Sole Sponsor is of the view that the Des Voeux Lease Agreement, the Aberdeen Lease Agreement, the Central Kitchen Lease Agreement, the Hung To Road Restaurant and Catering Services Centre Lease Agreement and the Office Lease Agreement have been and shall be entered into in the ordinary and usual course of business and on normal commercial terms and that the respective terms of the Des Voeux Lease Agreement, the Aberdeen Lease Agreement, the Central Kitchen Lease Agreement, the Hung To Road Restaurant and Catering Services Centre Lease Agreement and the Office Lease Agreement and the annual caps set out above are fair and reasonable and in the interests of our Shareholders as a whole.